

What's News

Business & Finance

JPMorgan and BofA are in line to split between \$1.5 billion and \$2.6 billion in fees for being the conduits of the government's aid program for small businesses hit by coronavirus shutdowns, according to an analysis of newly released data. **A1, A5**

◆ **Airlines are preparing** to cut thousands of workers and tap government loans as a surge of coronavirus cases and fresh government restrictions upend a nascent recovery in travel. **B1**

◆ **AMC Entertainment** is nearing a restructuring deal that would help stave off a near-term bankruptcy filing while turning down a competing financing offer. **B1**

◆ **TikTok's Chinese maker** said it would pull the app out of Hong Kong. Meanwhile, Pompeo hinted the Trump administration was weighing limiting U.S. users' access to the app. **B1, B4**

◆ **Civil-rights advocates** came out of a meeting with Facebook's Zuckerberg saying they didn't make progress on their demands for the social-media giant. **B3**

◆ **A federal judge** cast doubt on Bayer's proposal to neatly resolve all future lawsuits over the safety of its Roundup weedkiller. **B5**

◆ **U.S. stocks fell**, with the Dow, S&P 500 and Nasdaq retreating 1.5%, 1.1% and 0.9%, respectively. **B13**

◆ **New York's financial-services regulator** fined Deutsche Bank \$150 million for failing to properly monitor its dealings with Jeffrey Epstein. **A2**

World-Wide

- ◆ **The U.S. formally** notified the WHO it will withdraw from the U.N. agency over Trump's criticism of its ties to China, a move critics say will hamper the international fight against the Covid-19 pandemic and sap the U.S. of global influence. **A1**
- ◆ **Brazil's Bolsonaro**, one of the most prominent world leaders to play down the severity of the pandemic, said he tested positive for the coronavirus. **A7**
- ◆ **Trump pressured states** to reopen schools this fall, inserting the White House into a national discussion over restarting traditional classes that have been interrupted by the pandemic. **A3**
- ◆ **The U.S. awarded** a total of \$2 billion to Novavax and Regeneron in support of a potential vaccine and an experimental drug against Covid-19. **A6**
- ◆ **A general confirmed** that U.S. intelligence assessed that Russia had offered to pay Taliban militants to kill American service members, but said there was no evidence the proposed scheme resulted in any U.S. troop deaths. **A3**
- ◆ **Ghose wired** more than \$860,000 to a company tied to one of the two men being held in the U.S. on suspicion of aiding his escape from Japan, according to documents introduced by prosecutors. **A3**
- ◆ **Trump's niece**, Mary L. Trump, leaked critical financial documents about the family in 2017 in an effort to damage the president, she wrote in a coming book. **A4**

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No Bulls, No Running in Pamplona This Year



HORNS OF A DILEMMA: The Spanish city's famed bull-running route was nearly empty Tuesday, after the festival was canceled due to the pandemic. Across Europe, the absence of Americans and other tourists has hurt local economies. **A7**

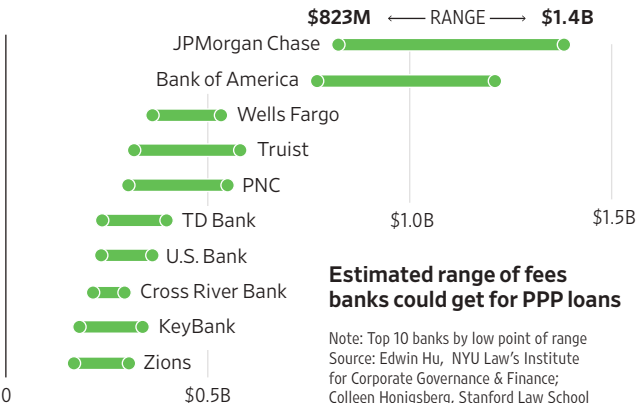
Federal Virus-Loan Program Delivers Big Fees for Banks

By DAVID BENOIT AND PETER RUDEGEAIR

JPMorgan Chase & Co. and Bank of America Corp. are in line to split between \$1.5 billion and \$2.6 billion in fees for being the conduits of the government's aid program for small businesses stricken by the coronavirus shutdown, according to an analysis of newly released data.

The nation's two biggest banks by assets delivered more emergency loans than any other lenders that participated in the Paycheck Protection Program, and the two are set to earn the biggest fees as well, according to a review of disclosures made Monday by the Trump administration.

In total, the more than 4,000 lending institutions in



the analysis are in line to split \$14.3 billion to \$24.6 billion in processing fees for PPP loans, according to Edwin Hu, at New York University School of Law's Institute for Corporate Governance & Finance, and Colleen Honigsberg of Stan-

ford Law School.

The government prioritized speed when it designed the \$670 billion program to support hard-hit businesses, betting that banks would be able to get huge sums out faster than a small government

agency. But that decision also required giving banks a financial incentive to participate, boosting the program's costs.

Running PPP through the banks also resulted in the government inadvertently picking winners and losers in the program's first weeks. Banks that already made loans through the Small Business Administration were the first ones authorized to submit applications to the program; most gave priority to existing customers. As more lenders were approved to participate in PPP, small businesses found securing aid easier.

Banks have said they don't expect sizable profits from the PPP loans.

◆ **Businesses across many sectors** got pandemic aid... **A5**

Brazil's President Tests Positive



Brazilian President Jair Bolsonaro, who has played down the severity of the pandemic and called on people in his country to return to work, said he tested positive for Covid-19. **A7**

Minneapolis Police Union Clout Reflects U.S. Trend

Federation President Robert Kroll faced abuse allegations of his own

By DOUGLAS BELKIN, KRIS MAHER AND DEANNA PAUL

At 10 p.m. on May 14, 2004, during an arts festival in northeast Minneapolis, a 24-year-old named Jackson Mahaffy was crossing the street when he bumped into a dark, slow-moving SUV with two off-duty police sergeants inside.

Robert Kroll and the second sergeant hopped out and began hitting Mr. Mahaffy, according to interviews and court documents. Not realizing the two men in civilian clothes were police officers, Mr. Mahaffy's

sister and at least three others came to his defense. The officers attacked them too; Mr. Kroll kicked one seated man in the face, breaking a tooth, witnesses said.

Mr. Mahaffy, by then bruised and bloodied, was arrested and spent three nights in jail. Prosecutors eventually dropped the charges, which included assaulting a police officer. A civilian police review board dismissed Mr. Kroll's story that he had been at the scene.

◆ **Protests prompt reviews of older cases**..... **A4**

This New RV for Pandemic Vacationing Is Great...Crunch

Rookie drivers hit road but struggle to maneuver large rigs; 'that can't be good'

By JOE BARRETT

Julie Homrich waxes eloquent about the benefits of the 21-foot RV trailer she and her husband decided to buy just as coronavirus hit Georgia in March.

Her 7- and 3-year-old boys are learning resilience, togetherness and U.S. history as the family charts its path through the pandemic, said Ms. Homrich, a 36-year-old therapist in Suwanee, Ga.

The picture hasn't been so pretty in her mother's yard on nearby Lake Lanier.

"Every time we backed in, we ran over something," Ms.

Homrich said. Her mother, she said, "took down the bushes. Then she had to take down the trees. The last three weeks she relandscaped her entire yard."

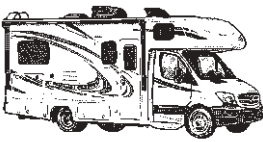
The summer of Covid-19 has unleashed a wave of RV newbies, and American roads will never be the same. RV sales and rentals are surging as the first-timers get out and see the country or just visit family while avoiding air-

planes, hotels, restaurants and even public bathrooms.

Those new drivers of the big rigs can get into big trouble.

Brad Swenson, who lives in

Please turn to page A8



Wide berth

Auto Makers Wrestle With Uneven Recovery

By WILLIAM BOSTON

BERLIN—The global auto market is splitting three ways, complicating efforts by the industry's main players to recover from their deepest crisis in years.

While sales in post-lockdown China are showing signs of recovery, they are continuing to fall in the U.S., according to company and industry data released in recent weeks. The data also show that Europe is becoming the world's weakest-performing auto market.

This lopsided recovery is putting extra stress on an industry that was already struggling with softening demand and soaring technology costs before the coronavirus pandemic hit. Shares of General Motors Co., Ford Motor Co. and Fiat Chrysler Automobiles NV are each down about 30% in 2020, and their combined

market value now represents just a third of Tesla Inc.

While persistently weak demand, particularly in Europe, is pushing some manufacturers to join forces, the recovery in China is helping those car makers with substantial business there, such as Tesla, shares of which have tripled this year.

"Those manufacturers relatively more exposed to China will be in a better position—or not as bad a position—than those where their footprint is skewed away from China," said Jonathan Poskitt, an analyst at forecasting group LMC Automotive.

Fresh sales data from German luxury-car maker BMW AG on Tuesday illustrate the industry's new world map. In China, BMW sold 212,617 cars in the second quarter, up 17% from a year earlier. In the same period, sales fell 40% in the U.S. and

Please turn to page A2

INSIDE

LIFE & ARTS

Virus precautions complicate the college drop-off, a family ritual for many. **A9**

BUSINESS & FINANCE

AMC is nearing a restructuring deal that would help stave off a bankruptcy filing. **B1**

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U.S. NEWS

Deutsche Bank Fined Over Epstein

By Patricia Kowsmann

New York’s financial-services regulator fined **Deutsche Bank** AG \$150 million on Tuesday for failing to properly monitor its dealings with the late financier and convicted sex offender Jeffrey Epstein.

The fine, marking the latest in a series of run-ins with U.S. regulators for the German lender, was issued also in part for its relationship with two European banks embroiled in money-laundering scandals. In those cases, too, Deutsche Bank failed to act on clear red flags, which resulted in those banks being able to transfer funds, including to the U.S.

The regulator’s penalty comes a year after Mr. Epstein was arrested on sex-trafficking charges. He died by suicide in custody roughly a month later. Last week, authorities arrested and charged Ghislaine

Maxwell, a longtime confidante of Mr. Epstein, reigniting federal prosecutors’ hopes that they will be able to lay bare what they describe as a years-long sex-trafficking ring.

“In each of the cases that are being resolved today, Deutsche Bank failed to adequately monitor the activity of customers that the bank itself deemed to be high risk,” Superintendent of Financial Services Linda A. Lacewell said. She said that “despite knowing Mr. Epstein’s terrible criminal history, the bank inexcusably failed to detect or prevent millions of dollars of suspicious transactions.”

The penalty from the New York Department of Financial Services comes after Deutsche Bank received a fresh rebuke from the Federal Reserve recently over its money-laundering controls at its U.S. operations, signaling U.S. authorities

remain concerned about the bank’s ability to prevent criminal activities by customers.

The New York regulator said it “recognizes and credits” Deutsche Bank’s ongoing efforts to address the shortcomings, adding the bank has fully cooperated.

The bank played a role in the convicted sex offender’s financial dealings.

“We acknowledge our error of onboarding Epstein in 2013 and the weaknesses in our processes, and have learned from our mistakes and shortcomings,” a Deutsche Bank spokesman said.

Deutsche Bank played a key

role in Mr. Epstein’s financial dealings in recent years, helping him move millions of dollars in cash and securities through dozens of accounts, The Wall Street Journal has reported.

Mr. Epstein amassed a fortune of more than \$500 million over three decades through close relationships with several billionaire clients, although it isn’t clear how much went through Deutsche Bank.

In its findings, the New York regulator said the bank processed transactions that should have been flagged, including periodic cash withdrawals totaling \$800,000 over four years and payments to individuals who were publicly alleged to have been connected to Mr. Epstein’s alleged activities involving young women. Among other transactions that should have raised questions, the regulator said,

were payments to Russian models, school tuition fees for women, and hotel and rent expenses that were consistent with public allegations of wrongdoing.

Mr. Epstein’s relationship with the bank started in 2013 after JPMorgan Chase & Co. dropped him as a client over reputational concerns. Mr. Epstein pleaded guilty in a Florida state court in 2008 to soliciting prostitution from an underage girl.

The regulator said the bank’s fundamental failure was that, although it properly classified Mr. Epstein as high-risk, it “failed to scrutinize the activity in the accounts for the kinds of activity that were obviously implicated by Mr. Epstein’s past.”

Deutsche Bank is going through an overhaul of its operations that includes exiting some businesses in the U.S.

Job Losses Fell in May Before Rise in Cases

By Eric Morath

The number of Americans dismissed from their jobs fell sharply in May to match levels recorded before the coronavirus pandemic and related shutdowns caused widespread layoffs.

In May, 1.8 million workers were laid off or otherwise discharged from their jobs, the Labor Department said Tuesday. That was down from 7.7 million in April and 11.5 million in March. May’s dismissals were in line with the numbers reported in January and February, before the pandemic shut swaths of the U.S. economy.

Tuesday’s report showed hirings and the number of open jobs also rose in May from April, signs that the labor market was healing this spring. However, the 5.4 million openings in May were dwarfed by the 21 million Americans unemployed that month.

“Layoffs and discharges are settling back to levels similar to those we saw before the virus, and hiring snapped back as employers recalled workers,” said Nick Bunker, an economist with job search site Indeed. But employer demand for workers moving forward is depressed, he said, noting job openings are down 23% compared with February.

The numbers, which reflect the job market through the last business day of May, are consistent with other measures showing that hiring picked up and layoffs eased late this spring. The data don’t capture the recent increase in Covid-19 cases in several states and related moves by governors to halt or reverse plans to reopen their economies.

The separate monthly jobs report, released last week, showed U.S. employers added about 7.5 million jobs to payrolls in May and June, after losing 22.2 million in March and April.

However, Tuesday’s report, the Job Openings and Labor Turnover Survey, a poll of employers, showed a low number of layoffs relative to the roughly 10 million Americans who sought unemployment benefits in May. Not all applications for benefits are approved. The number receiving ongoing benefits fell by nearly two million during the month.

Tuesday’s numbers indicate that while hiring was historically strong in May, there were relatively few open jobs compared with those seeking work.

U.S. WATCH

SUPREME COURT

Roberts Hospitalized In June After Fall

Chief Justice John Roberts was hospitalized last month after falling and injuring his forehead, a Supreme Court spokeswoman said Tuesday.

“The chief justice was treated at a local hospital on June 21 for an injury to his forehead sustained in a fall while walking for exercise near his home. The injury required sutures, and out of an abundance of caution, he stayed in the hospital overnight and was discharged the next morning,” said the spokeswoman, Kathleen Arberg.

She said doctors ruled out a seizure, adding, “They believe the fall was likely due to light-headedness caused by dehydration.”

Chief Justice Roberts, 65 years old, is known to have suffered seizures in 2007 and 1993.

The injury was reported Tuesday by the Washington Post, which said it received a tip. Several people witnessed the incident at the Chevy Chase Club, located in the Maryland suburb near the chief justice’s home, the Post said. The court didn’t disclose the incident before the newspaper’s inquiry.

The Supreme Court is scheduled to release one or more opinions on Wednesday, possibly including decisions on subpoenas for President Trump’s financial records and on religious exemptions to contraceptive-coverage requirements under the Affordable Care Act.

Due to the coronavirus pandemic, the Supreme Court canceled March and April argument sessions. It conducted two weeks of arguments by teleconference in May.

—*Jess Bravin*



A statue of Confederate Gen. J.E.B. Stuart was removed Tuesday in Richmond, Va. This statue and others are going into storage for now.

VIRGINIA

Richmond Removes Third Major Statue

Work crews in Richmond took down a monument to Confederate Gen. J.E.B. Stuart on Tuesday, the third major statue to be cleared away in less than a week as the Confederacy’s former capital rushes to remove symbols of oppression in response to protests against racism and police brutality.

As a crowd cheered, crews strapped the huge bronze equestrian statue in harnesses and used a crane to lift it from its granite base to be trucked away.

The Stuart statue was installed on Richmond’s Monument Avenue in 1907, a time

when white leaders across the South sought to glorify the “lost cause” of the Civil War and suppress attempts by Black people to assert their equality.

Mayor Levar Stoney, citing his emergency powers, on July 1 ordered the removal of all city-owned Confederate statues. Stonewall Jackson’s likeness was removed that day, followed by a statue of naval officer Matthew Fontaine Maury. Mr. Stoney has said the statues will be placed in storage while the city seeks public input on what to do with them.

A massive monument to Gen. Robert E. Lee on state land also is slated for removal, but that has been blocked at least temporarily by an injunction issued in one of several lawsuits.

—*Associated Press*

MISSISSIPPI

Governor Is Negative; His No. 2 Has Virus

Mississippi’s lieutenant governor tested positive for the new coronavirus, his spokeswoman said Tuesday, hours after Republican Gov. Tate Reeves said his own test came back negative.

The announcement about 73-year-old Republican Lt. Gov. Delbert Hosemann came two days after GOP House Speaker Philip Gunn, 57, said he tested positive for the virus.

Mississippi legislators were at the Capitol for most of June and on July 1, wrapping up their annual session that was interrupted for several weeks by the pandemic. Many legislators didn’t

wear masks.

Mr. Reeves, 46, said Monday that he was in isolation with his wife and their three daughters at the governor’s mansion. They were tested for the coronavirus after he came into contact with a lawmaker who tested positive last week.

Mr. Reeves said Monday that a large number of legislators have tested positive for the virus, but he didn’t name them. The Mississippi Department of Health hasn’t released more information.

Messrs. Gunn and Hosemann stood near Mr. Reeves and others last week as he signed a bill that retired Mississippi’s 126-year-old state flag with the Confederate battle emblem. None of them wore masks at the event.

—*Associated Press*

Car Makers Face New World Map

Continued from Page One

Mr. Poskitt said LMC expects China’s new-car market to decline 11% to 22.8 million vehicles this year, compared with the U.S. falling 22% to 13.3 million and Europe declining 24% to 15.7 million.

This is a different picture from just a year ago. Back then, global manufacturers with large China businesses such as Volkswagen AG and General Motors were struggling with a slowdown in demand in this market at the same time they faced rising investment costs linked to the transition to electric vehicles.

Now, after being hit first by the pandemic and the associated slump, China is also first to emerge on the other side. By April, China was nearly back to pre-Covid-19 sales levels and posted year-over-year growth of 6% in May. The China Association of Automobile Manufacturers said last week on its WeChat page that preliminary figures showed June new-car sales had risen 6.3% to 2.28 million vehicles.

In the U.S., auto makers reported sharp drops in second-quarter sales, despite discounts and cheap financing. General Motors posted a 34% drop in sales in the period, but

said demand had begun to pick up in May and June. Toyota Motor Corp.’s sales in the U.S. fell by about one-third, and Fiat Chrysler reported a 39% decline in U.S. sales.

Altogether, Ward’s Auto, an automotive-research group, has forecast that about 1.1 million light vehicles were sold in the U.S. in June, a decline of 27% from a year earlier.

In Europe, new-car sales were down 57% in May, an improvement on the 78% drop in April, when major markets such as the U.K., Spain and Italy barely sold any new cars. Still, May’s weak performance, which was worse than the U.S., suggests to some observers that Europe will be the last to emerge from the crisis even though it began reopening its economy before the U.S. did.

The European Automobile Manufacturers’ Association re-

cently slashed its forecast for 2020, saying European new-car sales would fall 25% to fewer than 10 million vehicles. Analysts have said it could take Europe several years to get back to pre-Covid-19 volumes of new-car sales. This slowdown in sales means any manufacturer dependent on profit from Europe could have a harder time recovering as rivals with strong businesses in China or the U.S. pull ahead.

Economists expect Europe to get a boost from government efforts to spur sales, including incentive programs in Germany, France and other countries as well as Berlin’s decision to lower value-added taxes for the next six months. But that might not be enough, given Europe’s aging population, widespread car ownership and historic reluctance to make big-ticket purchases in uncertain times.

“Factories and dealers reopened,” said Stefano Aversa, vice chairman of Alix Partners. “But the consumer isn’t buying.”

With analysts estimating that the industry now has at least 30% overcapacity, it might be hard for companies to gener-

New-car sales are rising in China while the U.S. and Europe still see sharp drops.

ate the profits needed to repay the more than \$1 trillion in debt they amassed to stave off insolvency early in the pandemic.

Calum MacRae, an automotive analyst at research firm GlobalData, said recent sales

data suggest that April was likely the trough in new-car sales, but the deeper damage to auto makers isn’t yet visible.

“The coming months will reveal the extent of economic scarring,” Mr. MacRae said.

With unsold cars piling up on lots, Volkswagen said last week that it was scrapping plans to build a new factory in Turkey. And Mercedes-Benz, owned by Daimler AG, said it was putting its Hambach factory, in France’s Lorraine region, up for sale.

Analysts see smaller or financially weaker companies—some of which were struggling even before the pandemic—as particularly vulnerable, unless they can find stronger partners.

“All of the smaller companies, but even a giant like VW, realize they have to gain size because they do not have critical mass,” said Elmar Kades, se-

nior Alix Partner executive and head of the firm’s Germany automotive consultancy. “Whenever you don’t have critical mass you’ll have consolidation.”

In January 2019, Volkswagen and Ford said they were in talks to form a global alliance to develop self-driving-car software and share some utility-vehicle and electric-car technology. They closed the \$2.6 billion deal last month.

Under the agreement, Ford will license Volkswagen’s electric-car technology. Using Ford’s truck systems, the companies will jointly produce eight million utility vehicles. Fiat Chrysler and **PSA Group** SA also stepped up efforts to seal their merger. Fiat Chrysler Chairman John Elkann, scion of the Agnelli family that controls Fiat, told shareholders last week that he was pressing ahead to complete the deal on schedule.

CORRECTIONS & AMPLIFICATIONS

In some editions Thursday, Seattle Police Chief Carmen Best was incorrectly referred to as “he” in one reference in a U.S. News article about the dismantling of the self-styled Capitol Hill Organized Protest area.

A producer’s slice of sound-recording royalties from REO Speedwagon’s album “Hi Infidelity” was sold for \$179,500, and a songwriter’s portion of publishing royalties

from Rihanna’s song “Don’t Stop the Music” was sold for \$203,000. A Business & Media article Thursday about music royalties incorrectly said the sound-recording royalties for “Hi Infidelity” and the publishing royalties for “Don’t Stop the Music” were sold for those amounts.

Brian Batt is the artist who painted “Venus,” a pixelated image of a woman. His name was incorrectly given as Bran-

don Blatt in a photo caption with a Mansion article Friday about an Icelandic home filled with art.

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U.S. NEWS

White House Wants Classes To Open in Fall

WASHINGTON—President Trump pressured states to re-open schools this fall, emphasizing the benefits of in-person instruction for children and the relief for parents marshaled into home learning, while school officials say more federal funding is needed from Congress to safely operate.

*By Alex Leary,
Tawnell D. Hobbs
and Andrew Duehren*

Mr. Trump’s demands insert the White House firmly into a national discussion over re-starting traditional classes for children. Classroom instruction is seen as one of the most fundamental institutions of precoronavirus life, but many districts say they plan to also offer alternatives to full-time in-person learning for parents concerned about their children returning to school.

“We’re very much going to put pressure on governors and everybody else to open the schools—get them open,” Mr. Trump said during a Tuesday event with a supportive audience, labeling political any opposition to such a move. “It’s very important for our country. It’s very important for the well-being of the student and the parents.”

Critics say the administration is rushing to reopen schools despite signs that the pandemic is worsening. In

many states, the number of cases is now much higher than it was last school year when children were sent home.

“Educators want nothing more than to be back in classrooms and on college campuses with our students, but we must do it in a way that keeps students, educators and communities safe,” said Lily Eskelsen Garcia, president of the National Education Association. “Trump has proven to be incapable of grasping that people are dying,” she said, calling his push to fully reopen schools a re-election ploy.

Decisions about how and whether to reopen schools are largely up to state and local governments. Many districts plan to offer in-person and remote learning, or a blend of both, and are also formulating plans on steps to take if students or staff become ill.

Vice President Mike Pence, who heads the White House coronavirus task force, said additional federal guidance on safety would come next week, though he said it wasn’t meant to replace local decisions. The effort echoes a similar push by the administration in April, when the president said he would force states to reopen businesses before backing off that effort.

Schools across the country closed this past spring, shifting instruction online and upending extracurricular activities



President Trump said, ‘We’re very much going to put pressure on governors and everybody else to open the schools—get them open.’

and graduations, likely leading to learning loss for many children and placing burdens on parents who have been forced to work from home.

The virus has killed more than 130,000 Americans and has continued to spread, causing some states and cities to reverse steps to ease lockdowns. But administration officials said sending children back to school this fall is critical, despite a sharp rise in coronavirus cases in Southern and Western states.

“With everything in life, there is some level of risk,” said Education Secretary Betsy DeVos. “And it’s a matter of assessing those risks and taking all the different factors into account, so not only physical

health and safety but also social, emotional health and mental health. And also the opportunity that a school environment provides.”

Health and Human Services Secretary Alex Azar said desks can be set up for distancing, teachers can be rotated and meals brought into classrooms to avoid larger gatherings.

School advocates and outside groups estimate that public schools will need billions of dollars in federal aid to cover the heightened costs of operating during a pandemic, which include purchasing new technology for remote learning, expanding testing, providing personal protective equipment and cleaning school facilities.

The American Academy of

Pediatrics has urged policy makers to prioritize reopening schools, citing the developmental and health benefits to children of attending class in-person and receiving regular school meals. Preliminary research suggests that low-income and minority children with less access to technology will have greater learning loss than other children under remote learning.

Senate Majority Leader Mitch McConnell (R., Ky.) has said that bringing children back to school is a priority for the party in the next coronavirus relief bill, though he hasn’t yet laid out any specific measures for accomplishing that goal. The Senate will return from a recess on July 20, when lawmakers will rush to put to-

gether another bill.

In a \$3.5 trillion bill they passed in the House in May, Democrats included \$100 billion in funding for the Education Department to support primary, secondary and post-secondary schools. The bill, which Republicans rejected, gives recipients flexibility in how to use the money.

The \$2.2 trillion stimulus bill Congress passed in the spring included \$13.5 billion for primary and secondary schools and \$14.3 billion for colleges and universities. Sen. Lamar Alexander (R., Tenn.), chairman of the Senate Health, Education, Labor and Pensions Committee, said last week that he still wanted to see how that money is spent before allocating more.

Foreign-Student Rules Test Schools

By Michelle Hackman
and Melissa Korn

The Trump administration’s latest rules on international students are leaving colleges in a bind: hold in-person classes—a proposition many have deemed too dangerous—or risk losing enrollees from abroad.

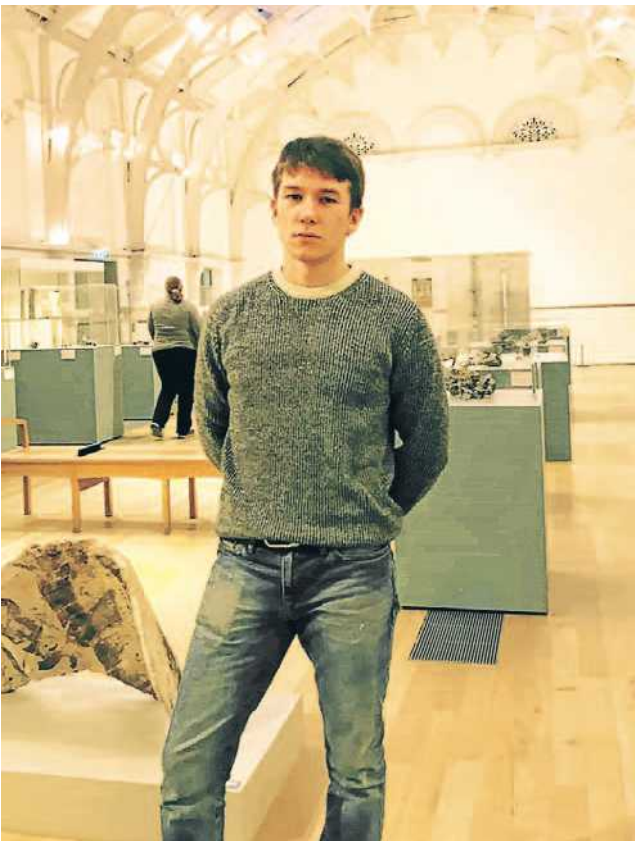
Under the mandate, issued Monday by U.S. Immigration and Customs Enforcement, international students won’t be allowed to enter or remain in the country if their universities opt to teach classes entirely online this fall.

And should institutions that start with in-person classes this fall revert to all remote teaching if the coronavirus pandemic worsens, international students would need to leave.

“For international students this really has a chilling effect,” said Bernie Burrola, vice president for international programs at the Association of Public and Land-grant Universities, which mainly represents state colleges and universities. “If you’re an international student, do you board that plane not knowing if you’ll be able to stay the whole semester?”

The news caught colleges and universities off guard, particularly after the generous posture the administration had taken as schools began closing down in the spring. Then, it swiftly issued guidance allowing foreign students already on campus to remain in the country despite classes going remote.

Normally, international students aren’t permitted to take more than one online course per semester—a rule meant to ensure students aren’t enrolling in dodgy academic pro-



Princeton student Cai Markham, who is from the U.K., says he is unclear about whether he will return to campus this fall.

grams and exploiting their visas to maintain legal immigration status in the U.S.

Now, schools are scrambling to adjust their teaching plans, which some had already publicly issued, to accommodate their international students. The University of Texas, El Paso, which had announced plans to offer a mix of face-to-face, hybrid and online classes, said Monday evening it would work with each of its more than 1,400 international students “so that their course schedule meets federal requirements”

and they can continue progressing toward their degrees.

Losing international students would mean losing crucial revenue, as many pay full tuition. That is a particularly worrisome prospect as schools face massive budget crunches tied to the pandemic.

Miriam Linz, who will be a senior at Columbia University and is from Australia, said she feels stuck as she awaits Columbia’s decision on whether to hold classes in-person or online in the fall.

If the campus reopens, she

could feasibly come to New York. If the school opts for remote instruction, she says she isn’t too keen on taking classes online but also worries about maintaining her student visa status, which would allow her to work a year in the U.S. after graduation.

“I just have to wait in limbo, not knowing if I should book flights and apply for travel exemptions to leave Australia, or if I should be looking for jobs in my home city to keep me busy until school begins at 10 p.m. [local time] for me each day,” said Ms. Linz, a 22-year-old computer science major.

Many international students opted to remain in the U.S. when schools closed in the spring. Many of them have been blocked from going home by travel restrictions or else fearful the pandemic might be worse in their home countries.

Others who left are now blocked from coming back to the U.S. by temporary travel bans the U.S. has placed on China, Brazil and much of Europe.

Still others, particularly new students, won’t make it in time for fall semester because U.S. consulates in their home countries remain closed and they can’t get their visas in time.

Cai Markham, who will be a senior at Princeton University, flew home to the U.K. when his school shut down in March. He had planned to come back—even taking out loans to cover a year of rent—but now fears he won’t be able to do so under travel restrictions.

“The prospect of missing my last year without having said goodbye to friends is hard,” Mr. Markham said.

No Deaths Are Known From Russia Bounties

By Nancy A. Youssef

A top U.S. military official confirmed Tuesday that U.S. intelligence assessed that Russia had offered to pay Taliban militants to kill American service members, but said there was no evidence the proposed payment scheme resulted in any U.S. troop deaths.

“I found it very worrisome,” Marine Gen. Frank McKenzie, in charge of U.S. Central Command, said of the intelligence. “I didn’t find that there was a causative link there.”

Gen. McKenzie’s public comments to a group of reporters while traveling in Qatar were the first by a top military official regarding the intelligence. Central Command is responsible for U.S. military operations in the Middle East and Afghanistan.

According to the classified assessment, Russia’s GRU military intelligence agency paid members of Afghanistan’s Taliban movement to carry out lethal attacks on U.S. troops in that country. Russia has denied the existence of the arrangement.

U.S. officials learned about the intelligence as the Trump administration was withdrawing a significant portion of U.S. forces from Afghanistan and as U.S. diplomats tried to forge a peace accord involving the Taliban and the U.S.-backed Afghan government.

U.S. lawmakers said after briefings by White House and intelligence officials last week that information about the bounty scheme was included earlier this year in the daily intelligence briefing prepared

for President Trump.

The White House has denied that Mr. Trump had been personally briefed about the intelligence before reports about it emerged last month, though he has been briefed on it since then.

The administration has played down the intelligence and Mr. Trump has called it a “hoax.”

The Trump administration also has launched an investigation into who leaked information about the intelligence to news organizations.

Gen. McKenzie told the reporters that while there was no evidence tying the bounty offer to U.S. troop deaths, Rus-

A U.S. general says Moscow did offer the Taliban money for fatal attacks.

sia has given Taliban fighters money and weapons for years.

“We should always remember, the Russians are not our friends,” he said. “And they do not wish us well, and we just need to remember that at all times when we evaluate that intelligence.”

There currently are approximately 8,600 U.S. troops serving in Afghanistan. Mr. Trump has called for troop withdrawals tied to a U.S.-Taliban peace agreement, though the deal has snagged on the requirement of talks between the insurgent group and the Afghan government.

Ghosn Wired Money to Alleged Escape Plotter, Prosecutors Say

By Mark Maremont
and Nick Kostov

BOSTON—Carlos Ghosn wired more than \$860,000 to a company tied to one of the two men being held in the U.S. on suspicion that they helped the former auto titan escape from Japan late last year, according to new court documents introduced by federal prosecutors.

The new documents come as the two men, a Massachusetts father and son, filed a fresh lawsuit seeking to be released on bail as they battle extradition to Japan for their alleged roles in the escape.

Michael L. Taylor, 59 years old, and his son Peter M. Taylor, 27, argued that they should be

released on bail in part because of an outbreak of Covid-19 at the county jail where they are being held pending extradition. Thirty-six inmates at the county jail had tested positive for Covid-19 as of July 2, and one inmate died on that date, according to the new complaint, filed this week in U.S. District Court in Massachusetts.

Mr. Ghosn, who was living in a court-monitored Tokyo house while facing financial-crime allegations from his time running Nissan Motor Co., fled Japan late last year, smuggled inside a musical-equipment box onto a waiting private jet. U.S. prosecutors said the Taylors were key participants in the plot, citing the Japanese

investigation which included extensive video evidence of their movements in Japan.

Mr. Ghosn has denied the financial-crimes allegations in Japan and has said he fled the country because he wouldn’t receive a fair trial.

Michael Taylor is a longtime security operative and former Army Special Forces soldier who has made a career out of arranging complicated overseas rescues and other missions. He and his son were arrested in the U.S. on May 20 by federal authorities, acting at the request of Japanese officials.

The bank documents filed by U.S. prosecutors on Tuesday are the first allegedly demonstrating direct financial

ties between Mr. Ghosn and the Taylors.

The documents showed two wire transfers in October 2019 totaling \$862,500 from a Paris bank account prosecutors said was connected with Mr. Ghosn, to Promote Fox LLC, a limited-liability company managed by Peter Taylor and one of his brothers.

The wire-transfer records were included in a formal extradition request made by Japanese authorities for the Taylors, parts of which were introduced into court records this week. A spokeswoman for Mr. Ghosn and an attorney for the Taylors declined to comment on the wire transfers.

It isn’t clear how much, if

anything, the Taylors were paid by Mr. Ghosn to help with the escape. Expenses for the plot included the charter of two private jets. One jet, according to Japanese prosecutors, flew Michael Taylor and an associate from Dubai to Japan, where they allegedly loaded the box containing Mr. Ghosn through a cargo door.

That jet flew to Istanbul, where Mr. Ghosn transferred to a second jet bound for Lebanon, which has no extradition treaty with Japan.

The Taylors have hired a high-profile legal team to battle the extradition request, including Abbe Lowell, who has represented Jared Kushner and Ivanka Trump. Their law-

yers have argued the father and son didn’t commit a crime in Japan and in any case should be released on bail pending a decision on whether to extradite them.

Federal Magistrate Judge Donald L. Cabell on Tuesday rejected the Taylors’ motions filed early last month to quash their arrest warrants. Judge Cabell as of Tuesday afternoon hadn’t yet ruled on the Taylors’ request to be released on bail.

The Taylors’ new lawsuit cited the length of time it was taking Judge Cabell to rule on the bail request, saying it “allowed the Taylors’ improper deprivation of liberty under life threatening conditions to continue.”

U.S. NEWS

Protests Prompt Reviews of Older Cases

Moves come in wake of George Floyd killing; prosecutors face high hurdles to charge

By Laura Kusisto
And Dan Frosch

Protests over police brutality around the country are prompting local prosecutors to re-examine long-dormant cases and testing whether heightened national attention will lead to a different legal result.

In the wake of the killing of George Floyd in Minneapolis, protesters have called for a renewed look at cases where people died at the hands of law enforcement. Some, such as the deaths of Elijah McClain in Aurora, Colo., and Breonna Taylor in Louisville, Ky., have garnered widespread national attention, while other cases from Washington to Maine have been generating significant local attention.

The hurdles for prosecutors to press charges are high. Some of the cases are more than a decade old. Prosecuting police officers is challenging even when cases are fresh. Bowling Green State University criminologist Philip Stinson, who studies police shootings, said investigators typically start with the assumption that deaths at the hands of police are legally justified, meaning evidence may have been gathered and preserved less carefully. Prosecutors may also be loath to admit they made a mistake in not charging officers initially, unless perhaps new evidence, such as a video, emerges, he said.

“It would raise all kinds of questions with prosecutors if they suddenly found probable



A memorial for Manuel Ellis, who died in Tacoma, Wash., police custody in March. Washington's governor has ordered a probe of his death.

cause when they didn't find it before,” Mr. Stinson said.

Still, advocates say such cases are worth pursuing because they help shine a light on broader issues of biased policing in their communities.

“We're going to name and shame to keep this in the public's eye,” said Earl Burton, an organizer for Michigan Liberation.

The nonprofit, which advocates for a reduction in mass incarceration, long jail sentences and discrimination against ex-offenders, successfully pushed for one such case to be re-examined recently.

That six-year-old Oakland County, Mich., case—like some others being re-examined—

bears a strong resemblance to the recent killings that sparked national outrage, advocates say.

McKenzie Cochran, a 25-year-old Black man, visited the Northland Center mall wearing a heavy coat in late January 2014 and one shop owner said Mr. Cochran threatened that he was going to kill somebody that day, according to Gerald Thurswell, an attorney who represented Mr. Cochran's family in a civil lawsuit.

That prompted security guards to ask Mr. Cochran to leave the mall and eventually to pepper-spray him and pin him to the ground, according to Mr. Thurswell and court documents in the civil case.

Mr. Cochran died while being held down and his cries of “I can't breathe” were captured on video.

Mr. Burton said the parallels with Mr. Floyd's case were striking. “We didn't have to be outraged about something that was happening in Georgia or Minnesota when the same thing was happening in our backyard,” he said.

Members of Michigan Liberation organized a two-hour protest on June 11 outside the offices of Jessica Cooper, the local prosecutor who oversaw the initial investigation into the case. Her office didn't press charges against the security guards after the county medical examiner found that

Mr. Cochran's death was accidental and an investigation by an outside expert concluded the guards weren't criminally negligent.

“There were two of our experts who disagreed with the haunting optics of the first tape,” Ms. Cooper told The Wall Street Journal. “That is not a hurdle a prosecutor can overcome in a court of law.”

Amid the renewed interest, Ms. Cooper asked Michigan Attorney General Dana Nessel to review the case. “Reviewing this case serves as reassurance to residents that our ultimate goal is public service in the pursuit of justice,” a spokesman for Ms. Nessel said. The review is ongoing.

In Washington state, another case in which a Black man died after being restrained prompted Gov. Jay Inslee on June 17 to order the state patrol to investigate.

In a statement, Gov. Inslee's office said the results of the investigation into Manuel Ellis's killing would be turned over to the Washington attorney general's office for possible charges against the officers involved.

Mr. Ellis's case has roiled Tacoma for months. Several days after unrest over Mr. Floyd's killing began to sweep the U.S., Mayor Victoria Woodards called for the four officers involved to be fired following the emergence of video that showed officers punching Mr. Ellis. Another video showed Mr. Ellis being restrained with a chokehold.

State officials said they were also getting involved in the case because deputies with the Pierce County Sheriff's Department, which had been investigating Mr. Ellis's death, were present at the scene of the incident, compromising that agency's involvement.

Tacoma Police Chief Don Ramsdell, who has faced criticism for his handling of the case, placed the four officers on administrative leave. In various statements, he has denied the accusations, offered condolences to Mr. Ellis's family and said his department was committed to the investigative process regarding the incident.

“It's critical because it puts some light on an issue that is ever present in our society,” James Bible, a lawyer for Mr. Ellis's family, said of how the fallout over Mr. Floyd's case has influenced public officials' reactions to other cases. “It certainly furthered the dialogue, no question.”

Mexican Leader, Trump Set to Meet

By Juan Montes
And José de Córdoba

MEXICO CITY—President Trump and Mexican President Andrés Manuel López Obrador will hold their first face-to-face meeting on Wednesday in Washington, D.C., a potentially risky encounter for the Mexican leader who has entered into a useful marriage of convenience with Mr. Trump since being elected two years ago.

On paper, the one-day visit to Washington is partly to celebrate the United States-Mexico-Canada Agreement coming into force on July 1. The trade deal replaces the 1994 North American Free Trade Agreement. It is key for both the U.S. and Mexico, which traded goods and services for some \$615 billion last year.

Hopes for a trilateral meeting to mark the trade pact were scuttled when Canadian Prime Minister Justin Trudeau declined to attend, citing previous commitments.

But the Mexican leader's trip to Washington was always much more about cementing a personal relationship between him and the U.S. president—one that has defied expectations of trouble given that Mr. Trump's political rise was partly based on casting Mexico as a threat to the U.S., from illegal immigration to drug trafficking to trade that costs American jobs.

“This visit is not really about any asks,” a senior U.S. administration official said, adding the visit has no specific agenda. “It's about two statesmen building on their relationship.”

At first sight, the two presidents are an odd political couple. Mr. Trump is a flamboyant self-declared billionaire who loves to flaunt his wealth. His 2016 presidential campaign was



Andrés Manuel López Obrador stresses his personal austerity and has tried to sell the presidential jet.

fueled by inflammatory rhetoric against Mexican immigrants. Building a wall to stop migrants, for which he said Mexico would foot the bill, was Mr. Trump's fundamental electoral promise.

In contrast, Mr. López Obrador draws attention to his personal austerity and claims he doesn't even have a credit card. He has tried, unsuccessfully, to sell Mexico's presidential jet. He will arrive in Washington on a commercial flight. In 2017, Mr. Lopez Obrador criticized Mr. Trump's anti-immigrant rhetoric as racist.

But things quickly changed after the Mexican president won a landslide victory in July 2018, and fearing the economic impact of a confrontation with the U.S., sought a political accommodation with Mr. Trump. Since then, each leader has given a hand to the other in issues of importance to both.

Last year, Mr. Trump threatened to place tariffs on Mexican exports, a move that would have devastated Mexico's export economy, unless the country acted to help stop surging illegal immigration from Central America to the U.S. Mr. López Obrador deployed some

The meeting is ‘about two statesmen building on their relationship.’

27,000 soldiers to help turn back migrants. Monthly apprehensions of migrants at the U.S. border plummeted from a 13-year record high of 133,000 in May 2019 to just 30,000 in February of this year. K

Recently, Mexico's foreign

minister Marcelo Ebrard called the relationship between the two presidents excellent and said the bilateral relation is “at its best moment in recent years.”

Time and again, both sides have resolved conflicts. After cartel gunmen massacred nine American women and children in November in northern Mexico, Mr. Trump threatened to declare Mexican drug gangs to be terrorist organizations. The move could have given a green light to the U.S. to undertake military operations in Mexico, according to a Mexican security official. But Mr. Trump postponed the decision at Mr. López Obrador's request. In exchange, Mexico quickly boosted extraditions of drug traffickers and other criminals to the U.S., and increased joint anti-cartel actions, the official said.

—Gordon Lubold contributed to this article.

President's Niece Says She Leaked Family Documents

President Trump's niece Mary L. Trump leaked critical financial documents about the Trump family to the New York Times in 2017 in an effort to damage the president, she wrote in a coming book that tells a bitter story about the president's upbringing and family dynamics.

By Jeffrey A. Trachtenberg,
Deanna Paul
and Rebecca Ballhaus

In her memoir, Ms. Trump said she decided to share the documents—some related to a decades-old dispute within the family over her grandfather's estate—because of her concerns regarding the policies of the president.

“I had to take Donald down,” Ms. Trump wrote in “Too Much and Never Enough: How My Family Created The World's Most Dangerous Man,” a copy of which was obtained by The Wall Street Journal. The book will be published on July 14 by Simon & Schuster, the book-publishing arm of ViacomCBS Inc.

“I grabbed copies of my grandfather's wills, floppy disks with all of the depositions from the lawsuit, and some of my grandfather's bank records—all of which I was legally entitled to as part of the lawsuit—and stuffed them into my bags,” she wrote.

That information contributed to an article that the Times published in October 2018 providing an account of the Trump family's business activities.

The Times won a 2019 Pulitzer Prize for explanatory reporting for “an exhaustive 18-month investigation of President Donald Trump's finances that debunked his claims of self-made wealth and revealed a business empire riddled with tax dodges,” according to the citation.

Ms. Trump is the daughter of the late Frederick Trump Jr., the oldest son of real-estate magnate Fred Trump and the brother of Donald Trump and three other siblings. Fred Trump died in 1999, and his surviving spouse, Mary Anne Trump, in 2000.

In her memoir, Ms. Trump describes a complex set of rela-

tionships between the elder Fred Trump and his sons. She recalled the father shouting at Fred Trump Jr. in front of a group of employees: “Donald is worth ten of you.” Donald Trump was in high school at the time, she wrote.

“Mary Trump and her book's publisher may claim to be acting in the public interest, but this book is clearly in the author's own financial self-interest,” White House spokeswoman Sarah Matthews said Tuesday. “President Trump has been in office for over three years working on behalf of the American people—why speak out now?”

Ms. Matthews said the president describes his relationship with his father as “warm” and “loving.”

Ms. Trump cast a harsh light on the Trump family's relationship with her father. Ms. Trump wrote that when her father suffered a heart attack at age 42 after years of drinking and smoking, nobody from the family accompanied him to the hospital. Donald Trump, she wrote, went to the movies. Fred Trump Jr. died that evening.

Senior White House adviser Kellyanne Conway told reporters Tuesday the president is always privately complimentary of his brother and was strongly affected by his death.

Mr. Trump has often invoked his brother's alcoholism to explain why he doesn't drink.

Ms. Trump, who has a doctorate in clinical psychology, wrote that President Trump's “pathologies are so complex and his behaviors so often inexplicable that coming up with an accurate and comprehensive diagnosis would require a full battery of psychological and neuropsychological tests that he'll never sit for.”

Ms. Conway suggested Tuesday that the president's niece was out of her depth. “He's not her patient, he's her uncle,” she said.

In the book, Ms. Trump says President Trump cheated on a crucial college entrance test. He hired a “smart kid with a reputation for being a good test taker, to take his SATs for him,” she wrote.

Ms. Matthews, the White House spokeswoman, said: “The absurd SAT allegation is completely false.”

University of California Taps First Black Chief

By Melissa Korn

The University of California named Michael V. Drake as its next president, tapping the former head of Ohio State University to lead one of the nation's largest systems of higher education at a time when the sector is undergoing significant changes.

The board of regents for the sprawling university unanimously approved him for the role Tuesday, praising his experience and collegiality. He will begin in August, with a salary of

\$890,000, and will be the school's first Black president.

“We wanted a new president who can both lead UC through these unprecedented times and position the university to expand on its excellence in the years ahead,” said board chairman John A. Pérez.

Dr. Drake, an ophthalmologist, retired from Ohio State last month, after leading that school for six years. During that time, the school raised its graduation rates and increased need-based financial aid programs.

Dr. Drake had previously been

chancellor of the University of California, Irvine, and held other roles in the UC system.

The University of California has 10 campuses, five medical centers and three national laboratories, and has more than 280,000 students and 230,000 faculty and staff. The university—and the entire higher education sector—are facing a period of great transformation because of shifting student demographics, the coronavirus pandemic and institutional and state budget challenges.

Dr. Drake, 69 years old, ac-

knowledgeed great challenges ahead for the school and society, the global pandemic, inequality and climate change among them, and said UC was particularly well suited to address those problems.

California voters will decide in November whether to restore affirmative action in college admissions, 24 years after it was banned. The board of regents has endorsed the restoration of affirmative action.

Current UC President Janet Napolitano plans to step down after seven years.

U.S. NEWS

Swath of Businesses Got Pandemic Aid

WASHINGTON—The government’s \$670 billion Paycheck Protection Program reached a swath of small businesses across almost every sector of the economy, benefiting hard-hit industries such as hotels and restaurants, as well as professional firms and construction companies that were better able to weather the crisis, new data show.

By Yuka Hayashi, Anthony DeBarros and Ryan Tracy

More than 90 industry sectors each had more than 10,000 firms approved for PPP loans, according to a Wall Street Journal analysis of data from the Small Business Administration, which ran the program. About 264,000 companies in the restaurant business got PPP money, topping the list.

The next highest sectors were personal-care services; consultants specializing in management, science or technology; and legal services. Those three saw between 134,000 and 153,000 companies approved for loans.

The analysis also showed that many of the recipients of large loans worth at least \$2 million were in sectors that avoided significant impact from the coronavirus pandemic and were able to have their employees work remotely, such as architectural and engineering, legal services and computer-system design. Take computer-system design and related services, which lost 4.5% of jobs from January to June. Firms in the sector received 803 PPP loans worth at least \$2 million.

In contrast, the hotel and accommodation sector, with a similar number of jobs before the crisis, lost 38% of them from January to June. The sector received 513 PPP loans of at least \$2 million.

Recipients of PPP loans in the hotel business said the program helped to retain 980,890 jobs, while the recipients in the computer-system design sector said 589,532 jobs were retained, according to the Journal analysis.

The data showed for the first time how many jobs each business reported retaining with the help of PPP funds. In all, the number of jobs claimed by the reporting businesses totaled more than 51 million.

Whether that means the program actually saved 51 million jobs is less clear, said Eric Zwick, a professor of finance at the University of Chicago.

“We don’t know what the firm would have done in the absence of the funding,” he said. “A lot of firms who got this funding were only a little bit impacted in terms of revenues during the crisis and probably wouldn’t have changed their head count that much.”

In a recent paper analyzing the first phase of the PPP through late April, Prof. Zwick

More than 90 sectors each had more than 10,000 firms approved.

and his colleagues concluded they “do not find evidence that the PPP had a substantial effect on employment.”

The U.S. unemployment rate jumped to a post-Great Depression high of 14.7% in April. It has since fallen to 11.1% in June, still sharply above 3.5% in February, the Labor Department said last week.

More than 110 industry sectors reported retaining at least 100,000 jobs with the PPP funds, according to the Journal analysis. The restaurant industry reported retaining about 5.5 million jobs, the most of any sector.

The Journal’s analysis looked at data using more general sector categories than the ones reported by the SBA. A total of about 4.9 million companies have received loans under the program.

After restaurants, the next two highest sectors were physicians’ offices and building equipment contractors, which

retained 1.29 million jobs and 1.26 million jobs, respectively.

The Journal analysis shows that about 878,000 borrowers either didn’t indicate the number of jobs retained using PPP funds, or reported retaining zero employees.

An SBA spokesman said businesses didn’t necessarily have to provide the number of employees to obtain a loan, but that number would be required when they apply for loan forgiveness.

There was also evidence that larger firms were better able to navigate the program in its early days, when panic about the pandemic was at its height. Almost all of the companies receiving loans of between \$5 million and \$10 million, the maximum allowed in the program, were approved for their loan in April, according to the Journal analysis.

By comparison, 60% of all loans were approved in April, after the program began accepting applications on April 3. Most smaller loans, less than \$150,000, were approved starting April 27, when a second round of funding began. Congress recently extended the deadline to Aug. 8, and it had more than \$130 billion still available as of June 30.

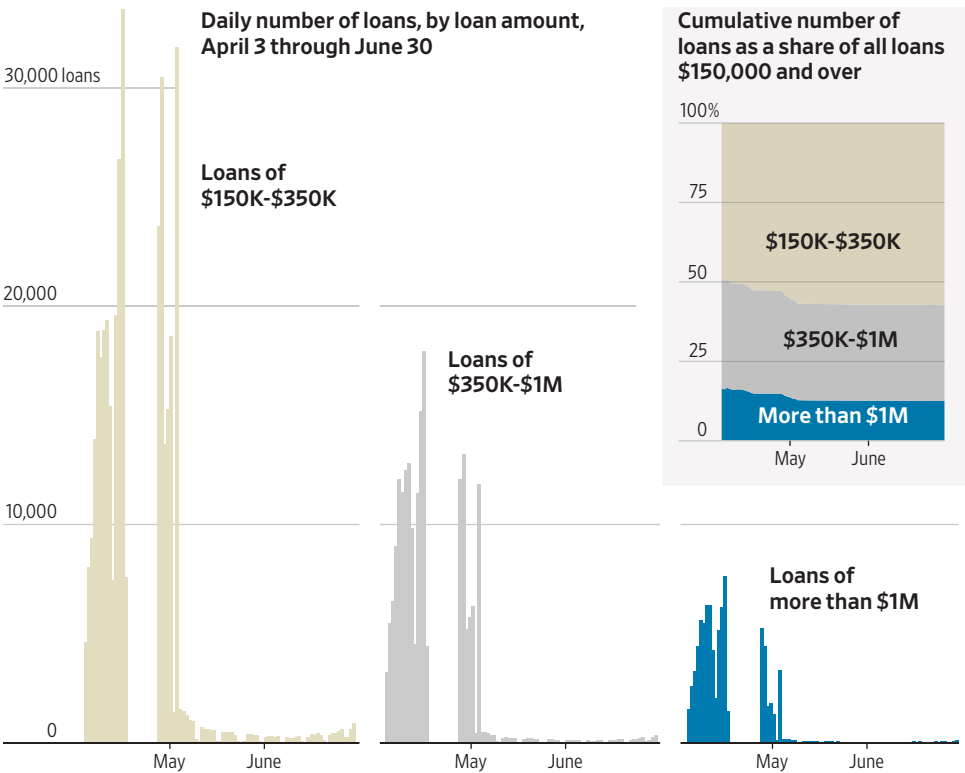
The Trump administration, which released data on PPP borrowers this week under congressional pressure, says the total amount of PPP loans added up to at least 72% of small businesses’ payroll in every U.S. state. Florida topped the list, with small business loans accounting for 96% of small businesses’ payroll.

The SBA also concluded that 27% of PPP funds were distributed to low- and moderate-income census tracts, in line with the 28% of Americans who live in those areas. About 23% of the funds went to small businesses in areas that the SBA considers economically distressed, and 15% of the funds went to rural areas.

“The top line data demonstrates that those small businesses that were able to access PPP loans were spread across the small business ecosystem,



Blue Plate, a San Francisco restaurant, received a Paycheck Protection Program loan.



with loan amounts of various sizes and diverse income communities represented,” said Karen Kerrigan, chief executive of Small Business & Entrepreneurship Council, in a statement. “The average loan size of \$106,744 is a good indication that very small firms also benefited from the program.”

One industry that saw a big boost from the program while weathering the pandemic relatively well was professional, scientific and technical services, which included sectors like architectural and engineering, legal services and computer-systems design.

That industry was the second-largest recipient of PPP loan dollars after health care and social assistance, receiving loans worth \$66.43 billion. Meanwhile, accommodation and food services, by far the largest victim of the pandemic measured by job losses, received \$42.1 billion.

Those numbers translate to roughly \$12,500 per employee in the professional-services sector, where many of the workers are highly paid, compared with \$4,800 for accommodation and food services, according to an analysis by Lawrence Schmidt, assistant

professor of finance at MIT Sloan School of Management, and Dimitris Papanikolaou, finance professor at Northwestern University’s Kellogg School of Management.

And professional services is the industry where the ratio of workers who can work remotely is highest, the professors found. For example, 78% of computer programmers say they can telecommute, while workers in accommodation and food services or transportation must nearly always be physically present at a workplace.

—Chad Day contributed to this article.

PPP Loans Deliver Big Bank Fees

Continued from Page One program—given the cost of building out loan infrastructure and having to dedicate thousands of workers—and the biggest banks have said they would donate any profits they do make.

The PPP has delivered more than \$520 billion in loans so far meant to soften the economic blow from the virus and related shutdowns. The loans can be forgiven if businesses spend the money on certain expenses like rent or payroll, though businesses have said the process is confusing.

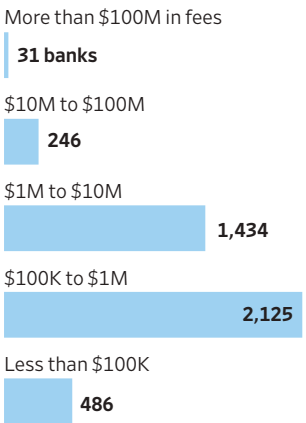


Bank of America is among the big U.S. banks that have said they would donate any profits they make from the PPP program.

It is common for banks to be compensated for facilitating loans made under government programs. What sets PPP

apart is its size: The high end of the range of PPP fees lenders can earn exceeds the total size of the SBA’s flagship lending

Number of banks by midpoint of estimated range of fees they could get for PPP loans



ing program in the 12 months ended Sept. 30.

In addition to the program’s fees, banks are also set to earn

1% in interest on PPP loans they hold that aren’t forgiven, not much more than their cost of funds. The SBA guarantees the loans, protecting banks against defaults.

JPMorgan, Bank of America and Wells Fargo & Co. are among the banks that have said they would donate whatever profits they make on PPP.

“We will use the net proceeds of fees...to support small businesses and the communities and nonprofits we serve,” a Bank of America spokesman said.

The fees banks earn depend on the size of the loans they make: 5% for loans less than \$350,000; 3% for loans between \$350,000 and \$2 million; and 1% for loans north of \$2 million.

If the SBA later determines a borrower was ineligible for a PPP loan, it can claw back the processing fee from the lender.

More than 30 banks, mostly smaller ones, could earn as much from the PPP loans as they reported in net revenue for all of 2019, according to a separate analysis from S&P Global Market Intelligence.

The government released exact loan sizes only for loans of less than \$150,000. The remaining loans were placed within several buckets. Ms. Honigsberg and Mr. Hu tallied the exact fees for those loans under \$150,000 and the potential range for every other loan.

JPMorgan customers received \$29 billion in PPP loans, and the bank stands to get between roughly \$800 million and \$1.38 billion in fees, according to the analysis.

Bank of America customers received \$25 billion in loans, and the bank is in line for \$770 million to \$1.21 billion in fees.

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U.S. NEWS



The emergency-room check-in area in May at Providence Holy Cross Medical Center in Mission Hills, Calif. Some people have opted not to risk a doctor visit during the pandemic.

Pitch Made to See the Doctor Again

By SARAH KROUSE

Several large health-care organizations are collaborating on an advertising campaign to encourage people to return to their medical providers, a sign of how difficult it has been to allay fears of catching the coronavirus during visits to a doctor or pharmacy.

Patients worried about contracting Covid-19 in medical facilities have for months canceled doctors' appointments for managing chronic conditions such as diabetes, delayed preventive care such as vaccinations and put off diagnostic work.

The coalition behind the new campaign, which includes insurer **Humana Inc.**, pharmacy chain **Walgreens Boots Alliance Inc.**, diagnostics company **Laboratory Corp. of America Holdings**, pharmaceutical distributor **McKesson Corp.** and the Children's Hospital of Philadelphia, asks patients to "stop medical distancing."

The group is running ads on many platforms including tele-

vision, social media and in print. "Stay six feet away from others, stay close with your doctor," part of the new ad campaign says, alluding to the social-distancing guidelines from the Centers for Disease Control and Prevention.

The unusual collaboration of the health-care groups underscores how significantly the declines in patient visits for regular checkups and even emergencies are rippling through the U.S. health-care system, reducing demand for some drugs and routine diagnostic tests as well as harming the financial stability of many doctors' practices from primary care to dermatology.

Many doctors have offered telehealth visits during the pandemic and have changed their office protocols to eliminate shared waiting areas and enhance cleaning to minimize the risk of infection. Some insurers waived copays for behavioral-health and primary-care visits to encourage members to see providers.

Still, across the U.S. patients have delayed seeing

their health-care providers and in some cases avoided going to the hospital for suspected strokes and heart attacks, according to primary-care organizations and the CDC. Patients are weighing their health concerns and needs as well as their age and pre-existing conditions in considering whether to leave home to pick up a prescription or visit a doctor,

Recent surges in infections in some states have added to patient anxiety.

health-care providers say, and sometimes opt to delay care.

Some hospitals have struggled to contain infections of Covid-19, which is caused by the coronavirus, within their walls, The Wall Street Journal has reported. Recent surges in coronavirus infections in Southern and Western states have added to patient anxiety.

Plus, many families have lost health-insurance coverage because of layoffs, causing them to further postpone doctors' appointments.

Michael Seiden, president of The US Oncology Network, said diagnosis of breast, prostate, skin and other cancers has declined since the start of the pandemic. That is because patients have put off medical visits or hospitals have shut down screenings and directed staff and resources to Covid-19 efforts, he said, not because cancer has gone away. "There is a concern that tumors that are early stage today will be in a more advanced stage next year," Dr. Seiden said.

The CDC in June published a report that found declines in emergency-room trips for strokes and heart attacks since the start of the pandemic, and said the drop in those visits might partly explain an increase in excess deaths in the U.S. not caused by Covid-19.

More than half—56%—of clinicians reported worsening health conditions among patients linked to a lack of ap-

propriate health care, according to a survey in late June of 735 clinicians by the Larry A. Green Center and Primary Care Collaborative, advocacy groups focused on that type of practice, and 3rd Conversation, which connects patients and care providers.

Fewer medical appointments have led to reduced demand for some tests and prescription drugs. It has already taken a financial toll on primary-care practices, many of which have furloughed or laid off workers.

Doctors and insurers fear that conditions left untreated or undiagnosed will require more extreme—and costly—health-care interventions later. In the near term, some insurers benefit from fewer claims and have provided rebates of premiums.

Some patient-advocacy groups urge the use of telehealth for high-risk individuals, if possible, as well as seeking longer supplies of prescriptions to limit the number of trips people make to get refills.

U.S. Awards Drugmakers \$2 Billion in Virus Battle

By PETER LOFTUS AND JOSEPH WALKER

The federal government awarded \$2 billion to two drugmakers to support development and manufacturing of an experimental drug and a potential vaccine against Covid-19.

Novavax Inc. said it would receive \$1.6 billion from the federal government to fund clinical studies of its experimental coronavirus vaccine and establish large-scale manufacturing of doses. With the funding, Novavax said it would deliver 100 million doses of its vaccine for use in the U.S., possibly by the end of this year.

Regeneron Pharmaceuticals Inc. said it has received a \$450 million federal contract to manufacture thousands of doses of its experimental Covid-19 treatment that the government will distribute at no cost to the public if the drug is authorized for use.

The new funding shows the federal government is taking steps to try to ensure that more effective tools against the pandemic are ready by fall and winter. But there is no guarantee that the drug and vaccine will work safely in clinical trials.

The exact number of treatment courses covered by the Regeneron contract is uncertain, the company said, in part because clinical trials have yet to show what the most effective dose will be.

Regeneron is testing its drug, a combination of two antibodies, as both an antiviral treatment for people already infected, and as a method of providing temporary preventive treatment against new infections. The Tarrytown, N.Y., company said Monday it is advancing the drug into later-stage studies.

The contract will cover 70,000 to 300,000 treatment doses as an antiviral treatment. If used preventively, a lower dose of the drug would be needed and the estimated treatment doses would range from 420,000 to 1.3 million, Regeneron said.

Novavax, of Gaithersburg, Md., started testing its vaccine, NVX CoV2373, in May in a small study in Australia, for which initial results are expected by the end of July. The new federal funding will support a Phase 3 study with up to 30,000 participants beginning in the fall, Novavax said.

"We've got all the tools to allow us to get the vaccine made in large scale," Novavax Chief Executive Stanley Erck said in an interview. "We just need data to show it works."

Embattled Test-Kit Company Abruptly Shuts Down

By JAMES V. GRIMALDI AND SUSAN PULLIAM

A company awarded a no-bid \$10.2 million federal contract to make Covid-19 test kits notified state regulators it closed its doors less than two months after it was created amid U.S. investigations, congressional inquiries and complaints from former workers.

Fillakit LLC was created in Florida on May 1; the Federal Emergency Management Agency awarded the company a contract on May 7. Fillakit notified the Florida Secretary of State it dissolved on June 26.

U.S. investigators for the inspector general for the Department of Homeland Security have been questioning former Fillakit employees and two other Department of Health and Human Services agencies are conducting investigations on the quality of its test kits.

HHS and FEMA recently became aware of potential quality issues with Fillakit test kits, an HHS spokeswoman said, and "out of an abundance of caution we recommend [the Fillakit transport] media not be used at this time" as the agency analyzes its quality. She said the federal govern-

ment is replacing the Fillakit products with testing supplies from other companies. DHS didn't respond to a request for comment.

On Monday, Michigan's Democratic U.S. senators, Debbie Stabenow and Gary Peters, asked FEMA to explain how Fillakit got the contract. Michigan received more than 322,000 Fillakit tubes for transporting samples to test for the virus.

But the tubes "were not manufactured in sterile conditions and would not provide reliable test results," the senators said. The dissolution notice and letter was reported earlier by

legal news site Law360.

The Wall Street Journal reported in June that workers alleged that Covid-19 testing materials came into contact with dust, debris, bugs and human blood and that the company didn't register as a regulated medical-device maker as required under Food and Drug Administration rules. The Journal later reported on the federal investigations into Fillakit's practices.

Fillakit's manager, Paul A. Wexler, didn't respond to a phone call or an email seeking comment on Tuesday. Mr. Wexler in 2013 settled an ac-

cusation by the Federal Trade Commission that one of his companies defrauded cash-strapped consumers during the 2008 financial crisis. Mr. Wexler, in an earlier interview, called the FTC allegations unfair and unrelated to Fillakit.

Mr. Wexler previously told the Journal that allegations of unsanitary conditions were baseless and came from a disgruntled former employee.

In Monday's letter, the Michigan senators wrote to FEMA that the sudden loss of the test kits now jeopardizes the state's ability to lift quarantine restrictions safely.

U.S. Tells WHO It Will Leave

Continued from Page One

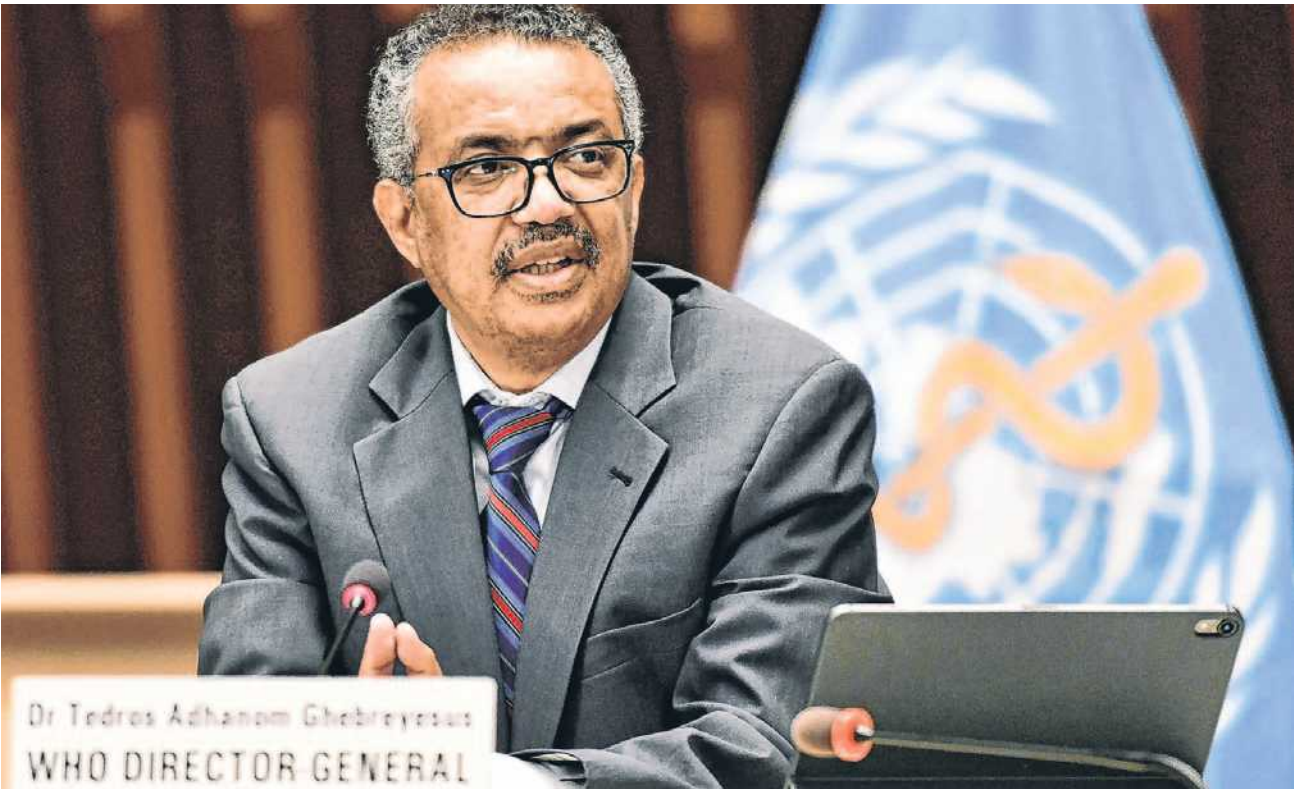
fect, and respond to infectious disease outbreaks with transparency and accountability."

Mr. Trump, a Republican, described the WHO in May as "a puppet of China." He said: "They give us a lot of bad advice."

The notice of withdrawal came as WHO Director-General Tedros Adhanom Ghebreyesus warned Tuesday that the "outbreak is clearly accelerating and we haven't reached the peak." The organization noted that more than 400,000 new cases of coronavirus had been recorded globally over the past weekend, a number that had taken 12 weeks to reach at the beginning of the outbreak.

The U.S. death toll topped 130,000 as of Tuesday. The country has 39.72 deaths per 100,000 residents, which places it among the top 10 countries in the world in that metric, according to data compiled by Johns Hopkins University.

On Tuesday, public-health officials, legal scholars and members of Congress from both parties condemned the move, arguing that during the Covid-19 crisis it would cost lives, hinder U.S. access to the global system for sharing outbreak data and vaccine re-



WHO Director-General Tedros Adhanom Ghebreyesus, who on Tuesday warned that the global coronavirus 'outbreak is clearly accelerating.'

search, and give China more sway over the U.N.

"Certainly there needs to be a good, hard look at mistakes the World Health Organization might have made in connection with coronavirus, but the time to do that is after the crisis has been dealt with, not in the middle of it," said Sen. Lamar Alexander (R., Tenn.), chairman of the Senate health committee.

In a statement, Mr. Biden said, "Americans are safer when America is engaged in strengthening global health.

On my first day as President, I will rejoin the WHO and restore our leadership on the world stage."

Rep. James Comer (R., Ky.) supported the decision. "China lied, the WHO complied, and Americans died," he said.

The U.S. withdrawal would be a seismic event for the global public-health regime and for the U.S.'s position within the multilateral world order. The U.S. is the single-largest donor to the WHO, giving about \$450 million a year, much of it

earmarked for specific diseases such as polio, which has nearly been eradicated.

A U.S. exit would eliminate that funding and leave the WHO more dependent on private donors, such as the Bill and Melinda Gates Foundation, its second-largest contributor.

The withdrawal would also reinforce a sense among Western leaders that the U.S. is retreating from the U.N. system while China grows in influence. Authorities in France, Japan, and Australia shared

Mr. Trump's frustration that the WHO was too quick to praise China in the early weeks of the Covid-19 pandemic, and in May more than 150 governments backed a proposal to audit the agency's perceived failures.

Since April, Mr. Trump has sharply criticized the WHO, whose senior officials condemned China's draconian and ultimately effective measures to quash the virus.

Mr. Trump has accused the agency of helping China con-

ceal the spread of the respiratory disease in its early weeks. The WHO—a small agency with few inspection powers—has said it relies on national governments such as China's to accurately report outbreaks.

The WHO has said it made the information coming out of China available to Washington and to the many U.S. government employees posted to the Geneva-based agency.

"We sounded the alarm early and we sounded it often," Dr. Tedros has said.

The WHO said it was aware of the announcement. "We have no further information on this at this stage," a spokesman said.

The WHO's founding documents contain no provision for countries to leave the agency, because its founders didn't anticipate any country would want to. No government has ever left.

The 1948 act of Congress that authorized U.S. membership in the WHO required the country to give notice one year in advance of its intent to withdraw. Meanwhile, U.S. government employees continue to work at the WHO's headquarters in Switzerland.

The U.S. would have to pay any outstanding financial obligations, under the 1948 congressional act.

Administration officials have floated the idea of creating an office within the State Department tasked with responding to pandemics. Previously, a similar office was situated in the National Security Council until it was disbanded in 2018.

WORLD NEWS

Brazil President Says He Has Coronavirus

Bolsonaro, who played down severity of pandemic, had been ordered to wear mask

By Jeffrey T. Lewis
And Luciana Magalhaes

SÃO PAULO—Brazilian President Jair Bolsonaro, one of the most prominent world leaders to play down the severity of the pandemic, on Tuesday said he tested positive for the coronavirus.

The 65-year-old, who frequently appeared in public without a mask until ordered in

June by a court to wear one, told a CNN reporter on Monday evening that he had been tested because he had a fever of 100.4 degrees Fahrenheit and other symptoms related to Covid-19, the illness caused by the coronavirus. His temperature has gone down since then, and he will continue working, he said Tuesday.

“This virus is like the rain, it’s going to get you,” a masked Mr. Bolsonaro told reporters Tuesday after revealing he is infected. He echoed earlier calls for Brazilians to get back to work. “Life goes on, Brazil has to produce.”

With the result, Mr. Bolson-

aro has joined the small group of heads of government who have been infected, including U.K. Prime Minister Boris Johnson and Honduran President Juan Orlando Hernández, along with dozens of high-level officials and politicians around the world.

Mr. Bolsonaro said on Monday that he had a blood oxygen level of 96, considered within the normal range, and that he underwent a chest X-ray that showed no problems. Mr. Bolsonaro is in good health and resting at the presidential residence, his office said Tuesday.

Since the pandemic began, the right-wing president has

played down the severity of the virus, comparing it to a “little flu.” Even as the virus began to spread, the president waded into crowds and called on people to get back to work. He fired one health minister and another quit over the government’s response to the pandemic, and their successor hasn’t been named.

Brazil is second behind the U.S. with 65,487 deaths and 1.6 million confirmed cases.

“The main factor that’s responsible for Brazil being the second country in the world for infections, for deaths, is the irresponsible stance of the president,” said José Gomes

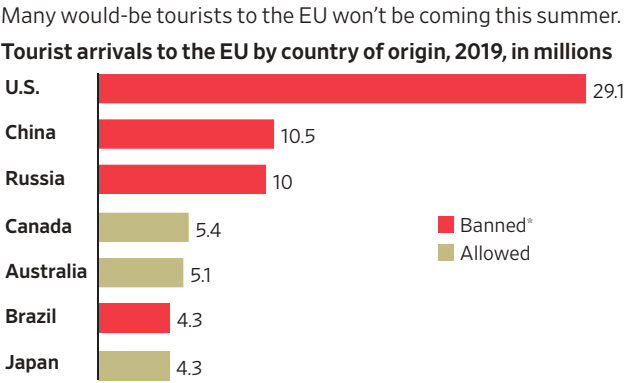
Temporão, health minister under former President Luiz Inácio Lula da Silva from 2007 to 2010, and a physician with a doctorate in public health.

“We’ve gone two months without a health minister, and our president doesn’t listen to science, does not respect the advice of experts, doesn’t respect the recommendations of” the World Health Organization, Mr. Temporão said.

Mr. Bolsonaro has pressured state and local officials to allow nonessential businesses to reopen, and in the past week vetoed important parts of a law requiring people to wear masks in public and publicly

accessible spaces. With the vetoes, churches, shops and prisons, among other places, are exempt from the law even as the number of confirmed cases and deaths have been rising.

The president fired his first health minister, the popular Luiz Henrique Mandetta, in April because the physician called for social isolation. Less than a month later, new health minister Nelson Teich quit after opposing the use of hydroxychloroquine to treat the infected even as the president was insisting on using the drug to fight the virus. Mr. Bolsonaro said he was taking the controversial medicine.



Ban on Americans Pinches Tourism Across Europe

By Eric Sylvers
And Benoit Morenne

BELLAGIO, Italy—From Lake Como to the Louvre, something is conspicuously absent from Europe’s tourist destinations this summer: Americans.

The European Union last week extended its travel ban on tourists from the U.S. and other countries due to surges in coronavirus cases. The loss of the Americans, in particular, is a heavy blow as they accounted for 29% of tourists arriving from outside Europe in 2018, according to the World Tourism Organization.

Europe’s hotels, restaurants, cafes, beaches, museums and other attractions are reeling from the loss of their biggest spenders.

aren’t going to see any Americans this year, but it is going to hurt,” says Giovanni Casillo, co-owner of Bar Rossi on Bellagio’s waterfront. “An Italian orders a coffee, Americans order drinks and food and they are generous with tips.”

The pain caused by the missing Americans is compounded by the inclusion of China in the EU ban. About 10% of tourists arriving from outside the EU came from mainland China in 2018. The bloc said it would lift the ban on China, where relatively few infections have been reported in the past few months, if the country does the same for EU tourists.

Travelers from the U.S. to Italy will drop by almost three-fourths in the period

Foreign business ‘is our strength, and this time it is our Achilles’ heel.’

from May to October, according to Enit, Italy’s national tourism agency. The 4.4 million Americans who traveled to Italy last year spent €5.5 billion (\$6.2 billion), making them the highest per capita spenders, according to Enit Chairman Giorgio Palmucci.

The pinch is being felt across Europe, which this year could lose half of its 37 million travel and tourism jobs as revenue drops by a similar amount, according to the World Travel and Tourism Council’s baseline forecast released last month. Travel and tourism account for 13% of the economy in Italy and 9% in France and Europe as a whole, according to the group.

About five million Americans visit France every year,

spending €4 billion to €5 billion, according to Didier Arino, the director of Protourisme, a French consulting firm.

At La Fontaine de Mars, a 112-year-old bistro tucked under the arcade of a street near the Eiffel Tower, Americans normally account for 70% of dinnertime clients and spend about €70 a person for specialties that include foie gras and duck breast fillet. French clients have taken up some of the slack but haven’t filled the hole left by U.S. customers.

Overall, diner numbers are down by about a third from normal levels, said Christiane Boudon, one of the restaurant’s owners. Before the coronavirus, “we would never have lunch or dinner without an American,” she says.

ism Office.

In Bellagio, most business owners already are focusing on next year, when they hope the virus will be under control. Italy and other countries want to gin up more domestic and European tourism this year. But the expected increase won’t be enough to fill the gap.

Four- and five-star hotels on Lake Como and across Europe are among the hardest-hit businesses because they rely on well-heeled U.S. travelers.

In the town of Cernobbio sits Villa D’Este, one of Italy’s most expensive hotels. In July, a standard room without a lake view costs €920 a night,


while a one-bedroom suite with a lake view goes for €3,350. Occupancy this month is about 35%, compared with 98% last July. In the first half of July, Americans normally account for 70% of clients, says General Manager Danilo Zucchetti. “This year is a sad anomaly for us,” he says.



Boats on Lake Como in Italy that normally would be full are carrying fewer passengers, as the pandemic cripples travel world-wide.




Maurizio Rizzo hasn't sold a painting since reopening his gallery near Bellagio's wharf a month ago.



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FROM PAGE ONE

Rookie RV Drivers Hit The Road

Continued from Page One

his RV, was at a spotlight in the Black Hills of South Dakota last month when he saw a rental RV trying to use a fast-food drive-through—a typical rookie mistake.

“It was like I was about to see a dog get hit by a car. I wanted to help, but there was nothing I could do,” said Mr. Swenson, 50, a Seattle property investor.

“He was about 2 feet away from doing major damage” but stopped when he reached a hanging sign alerting him that the RV was too tall, Mr. Swenson said.

Still, the man was going to have to ask everyone in line to get out of his way so he could back up. “I felt bad for him,” Mr. Swenson said. “I almost wanted to send him a Hall-mark card saying, ‘We’ve all been there.’”

Gina Marie Eynon knew her new 31-foot RV was too tall for a Starbucks drive-through as the family traveled from Mashpee, Mass., to Scottsdale, Ariz., to visit her ailing father-in-law in late May. So she parked and walked to the drive-in window to order her iced caramel macchiato.

But when she went to drive away from the Starbucks in Effingham, Ill., she cut a tight corner too close. “I tried to go wide,” said Ms. Eynon, 42, who sells essential oils, but all of a sudden she heard a crash. “The pole next to the building literally just pummeled my RV.”

When her husband, Deryk, 49, a schoolteacher, took over to try to free the camper from the pole, the two batteries that power the RV’s appliances fell out of their compartment. It took a repairman about two hours to get the family back on the road—including a brief pause when he got shocked.

“It was a \$200 coffee,” Ms. Eynon quipped, adding that the Grand Canyon was amazing.

Christopher Cook rented an RV last month to see if he and his wife, Zhivonni, would want



Deryk Eynon, right, and a repairman worked on his RV after it hit a pole making a tight turn at a Starbucks in Effingham, Ill.

to buy one so they would be more free to travel during the pandemic and beyond. The couple—both public information officers for Texas police

border.

Pulling out of a gas station about a quarter mile from where they needed to return the RV, Mr. Cook, 46, noticed there was a big dip but said he was already committed to the turn.

“I hear this loud screeching sound, and I looked at my wife and we were like, that can’t be good,” he said.

Turns out, the back bumper had dragged along the ground, causing more than \$1,000 in damage, on top of the \$1,000 rental fee.

“I don’t know much about RVs,” said Mr. Cook, “but I know everything about them is expensive.” They ended up buying an RV trailer anyway, he said.

Lauren Miller and her husband, Joe, both in their 40s, bought a 22-foot RV trailer in May as a way to travel during the pandemic. The jury is out on whether they will keep it, Ms. Miller said.

“We’re like the Three Stooges when we set up camp,” said Ms. Miller, who owns a home health-care company in Little Rock, Ark. “We’ve got two kids and two dogs. We kind of roll in like

the circus.”

When they got to the campground for their first trip, the sink and shower overflowed and they realized the waste tanks hadn’t been cleaned out by the dealer.

“I’m hot and screaming, and we couldn’t shower or do anything,” she said.

On their second outing, the family was an hour into the two-hour trip when she googled their destination. Mr. Miller, a police captain, had made the reservation, noting its reputation for great fishing. Ms. Miller learned it was also known for alligators—and read warnings about small children and pets making “tasty treats.”

Her husband said he couldn’t physically turn the trailer around on the narrow road, even if he wanted to. “We fought about it the whole way down,” she said, though they didn’t see any alligators in the end.

Ms. Miller said she is going to decide after their next trip whether the RV lifestyle is really for her.

“I like nice hotels,” she said. “This is the tipping point. It needs to go a lot smoother.”

Union Boss In Policing Spotlight

Continued from Page One

tacked by anarchists as having “low overall credibility.” Mr. Kroll and the other officer paid the victims \$17,000 to settle a civil lawsuit accusing them of excessive use of force, among other things, according to Mr. Mahaffy.

That incident, and nine prior complaints of excessive force, didn’t derail Mr. Kroll’s career. Over the next decade, he instead rose to what may be the most powerful law-enforcement position in the city: president of the Police Officers’ Federation of Minneapolis.

Like police union leaders around the country, Mr. Kroll has accumulated power and protection, both for himself and for the city’s roughly 850 police officers. Union contracts for police provide officers strong barriers to being investigated, disciplined or fired.

Target on back

In the arts-festival case, Mr. Kroll said “we did nothing wrong,” and complained that he has been singled out for discipline over the years because of his prominent union role. “If you work hard for your members there is a target on your back by the administration,” he said in an interview.

Now Mr. Kroll is in the national spotlight, trying to navigate a law-enforcement crisis sparked by the killing of George Floyd, a Black man, during an arrest in Minneapolis on May 25. The killing, captured on a video that shows Derek Chauvin, a white police officer, pinning Mr. Floyd’s neck to the ground for about 8 minutes, sparked world-wide protests and the worst civil unrest the U.S. has seen in decades.

Mr. Kroll condemned the killing and didn’t object when Minneapolis Police Chief Medaria Arradondo immediately fired Mr. Chauvin, who has since been charged with 2nd degree murder. But he wrote in a letter to union members it was “despicable” that the mayor and governor, both Democrats, had shifted blame for the ensuing violence to police officers.

The incident has sparked a national conversation about police protections and calls to defund police departments. Former mayors and police chiefs say the immense influence of the unions is a key reason attempts to overhaul policing practices, in Minneapolis and elsewhere, have failed. Many cities, lacking cash to boost police salaries, have handed unions authority over everyday functions of police departments, down to how shifts are assigned and overtime is meted out.

Tony Bouza, who led the Minneapolis police department from 1980 to 1989, described his tenure as “a constant and unrelenting battle” with the union. “I was never able to fire the alcoholics, psychos and criminals in the

ranks,” he said.

Stephen Rushin, an associate law professor at Loyola University Chicago, said there is plenty of blame to go around. “It’s easy to demonize police unions,” he said. “The truth is cities signed off on all these agreements.”

The power held by union leaders like Mr. Kroll has grown along with the ranks of police departments and their budgets. The war on drugs and the terrorist attacks on Sept. 11, 2001, led to large infusions of cash and personnel. Four out of five police officers in the country belong to a union, and they have used that base to accrue broad political power through campaign donations to lawmakers, endorsements and frequently by playing conservative state legislatures against progressive city councils, say labor historians, union officials and politicians.

Police unions were nonpartisan into the 1980s but began to gravitate toward the GOP about the same time Republicans started turning against other public-sector unions while refraining from attacking law enforcement. As the GOP portrayed itself as the party of law and order, the relationship with police strengthened, said William P. Jones, professor of history at the University of Minnesota.

Relations generally deteriorated between police unions and Democratic big-city mayors. Meanwhile Joe Biden, the former vice president and presumptive Democratic presidential nominee, has seen his own carefully cultivated ties with police unions fray.

“Republicans support the rhetoric of being tough on crime, crackdowns on immigration and drug enforcement,” which aligns with the agenda of law enforcement, Dr. Jones said.

Executive order

President Trump signed an executive order last month urging police departments to adopt stricter use-of-force standards and create a database to track officer misconduct, but also reiterated a hard line on law and order. “We need to bring law enforcement and communities closer together, not to drive them apart,” he said.

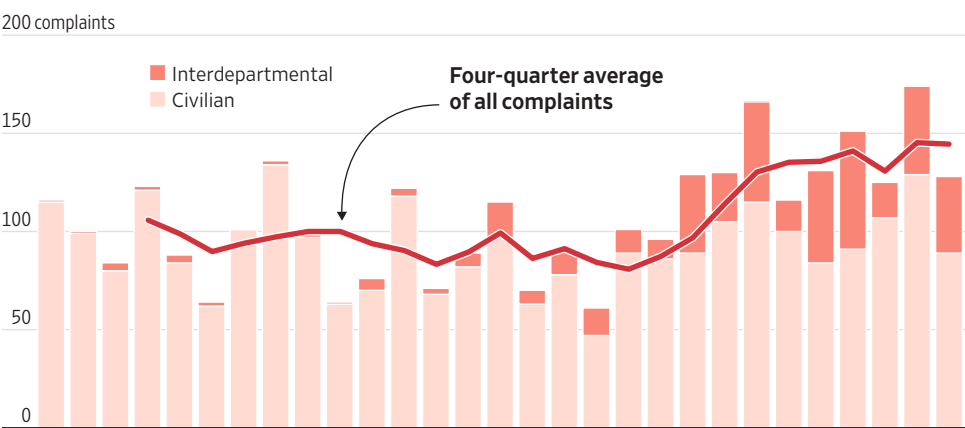
Mr. Kroll’s own rise through the ranks was marked by praise from his superiors as well as episodes of violent behavior.



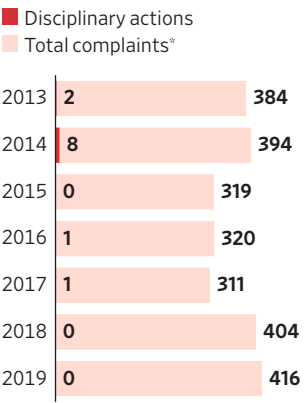
Robert Kroll, president of the Minneapolis police officers’ union, addresses the news media in 2016.

Critical Mass

Complaints against officers of the Minneapolis Police Department are on the rise, with more interdepartmental complaints in recent quarters...

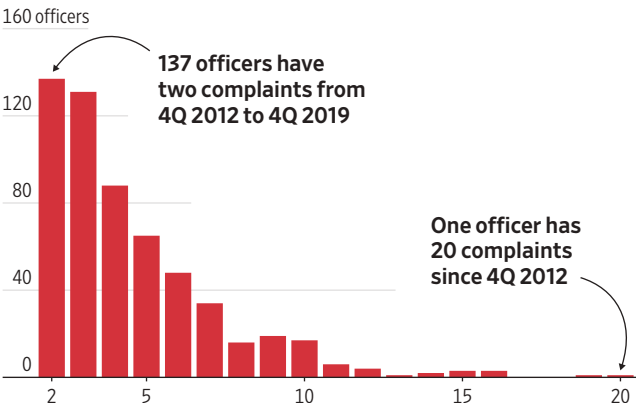


...but disciplinary actions against those officers with civilian complaints against them are rare...



*There are 104 complaints still under review for 2019, but no more than 10 still open for previous years. Note: All dates based on when complaints were filed, not when disciplinary action was taken. Source: Communities Against Police Brutality

...and there are hundreds of officers who have multiple complaints that were filed against them.



cords.

A spokesman for the police department said it releases information in accordance with state laws.

Through a union spokesman, Mr. Kroll declined to comment about these accusations or about his altercations outside work.

Mr. Kroll’s version of how the 2004 incident transpired is much different than Mr. Mahaffy’s. He said in a deposition and in an interview that almost as soon as he got out of the car he and his partner were attacked by as many as 20 people who looked to him like anarchists. He described being knocked flat on his back and fighting for his life as the crowd attacked him.

The city’s police review board collected testimony from several witnesses and recommended that Mr. Kroll be suspended without pay for 160 hours. He appealed and the suspension was dropped. Mr. Kroll said city authorities didn’t escalate the case to arbitration because they didn’t believe they would win.

A spokesman for the police department declined to comment on why it didn’t pursue arbitration.

A promotion

While his case was being adjudicated, Mr. Kroll was promoted to lieutenant.

Two years after the 2004 encounter, he was elected vice president of the union. He was elected president in 2015.

In 2007, five Black police officers, including the current chief, sued the city, the police department and the then-chief in U.S. district court, accusing them of a pattern of racial discrimination and creating a hostile work environment. They accused Mr. Kroll, who wasn’t named in the suit, of

wearing a “white power” badge on his leather motorcycle jacket and using a homophobic slur against an aide to the mayor at the time. The city eventually settled and paid the officers a total of \$740,000.

Mr. Kroll didn’t respond to requests for comment, but has denied publicly that he is a racist. A union spokesman said the allegation about the white-power badge was fabricated and that Mr. Kroll denies the slur.

In July 2014 a former girlfriend of Mr. Kroll sued the city alleging he improperly accessed her motor vehicle records 62 times over a seven-year period ending in 2012. Mr. Kroll received a letter of reprimand in his file for the actions.

For years, the police union in Minneapolis opposed the civilian review board, say people involved in the process.

In a court deposition in the Mahaffy case in 2009, Mr. Kroll said the police department and the city council considered the review board “a monkey on their back that they just can’t seem to shed and they can’t figure out.”

In 2012, the police union successfully lobbied state lawmakers to severely weaken the board’s authority by barring it from making a “finding of fact or determination” about an officer’s conduct following a complaint.

The board was dissolved that same year and replaced with a hybrid panel of police officers and civilians.

Last August, Mr. Kroll, now 54 years old, had a series of disagreements with Minneapolis Mayor Jacob Frey, a Democrat, over staffing and whether to allow officers to wear uniforms at political rallies.

The situation earned Mr.

Kroll an invitation from the White House to appear at an October rally alongside President Trump. Mr. Kroll wore a red “Cops for Trump” T-shirt and attacked the Obama administration for “the handcuffing and oppression of the police.” He also praised Mr. Trump for “letting the cops do their jobs.”

In an April interview on the “Nothing Sacred” radio show broadcast through YouTube, Mr. Kroll said local politicians have fueled antipolice sentiment in recent years.

“There wasn’t this disdain now that there is for police,” he said. “The misconception is that in America if you want the Black vote you have to come out against police, which is a false narrative to the nth degree.”

Many police unions attribute their negotiating tactics to a 1997 book written by John Burpo, “Police Association Power, Politics, and Confrontation: A Guide for the Successful Police Labor Leader.” Mr. Burpo, who formerly led a group that represented law enforcement unions in Texas, said he was inspired by left-wing union organizer Saul Alinsky and has been hired by unions around the country to help negotiate better contracts.

“The goal was always to push people who have power into a place where they feel really, really uncomfortable,” Mr. Burpo said.

Burpo’s book

Mr. Kroll said he had multiple copies of Mr. Burpo’s book and had attended several seminars with him. “It talks about having power through the political process because whether you like it or not you are involved in politics as many unions are,” Mr. Kroll said.

Between 1995 and 2019, the Minneapolis contract between the police union and the city grew to 128 pages from 40. It now includes more protections such as a two-day waiting period before interviewing officers in investigations of misconduct and other matters; mandatory paid leave for officers involved in critical incidents; and erasing misconduct records when complaints don’t lead to disciplinary action. Union leaders say such provisions ensure accused officers receive due process.

The rising tension in the aftermath of Mr. Floyd’s killing is already reverberating at the bargaining table. Minneapolis Chief Arradondo withdrew from labor negotiations with the union last month in what he said was an attempt to restore faith in the department.

“There is nothing more debilitating to a chief than when you have grounds to terminate an officer for misconduct and you’re dealing with a third-party mechanism that not only allows for that employee to be back in your department, but to be patrolling in your communities,” Mr. Arradondo said at a June news conference.

A union spokesman said “Chief Arradondo is wrongfully complaining about the employee contracts he and his predecessors—and the mayor and council members—all agreed to,” adding that “It is flat-out false to suggest disciplinary cases are routinely overturned.”

GREATER NEW YORK

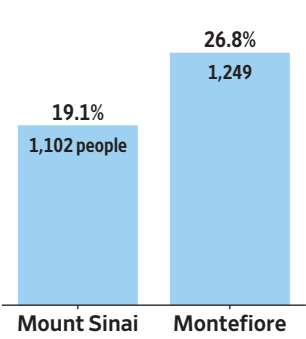
Union Files Labor Charges Against Hospitals

By SHALINI RAMACHANDRAN

New York’s largest nurses union filed charges of unfair labor practices against several hospitals, seeking the number of nurses who had been infected with the coronavirus. The union filed the charges on Tuesday with the New York City offices of the National Labor Relations Board, targeting multiple hospitals in the private Mount Sinai and NewYork-Presbyterian systems, as well as others such as Brooklyn’s Interfaith Medical Center, Kingsbrook Jewish Medical Center and Wyckoff Heights Medical Center. The New York State Nurses Association, which represents 42,000 nurses across the state, said it has been asking hospitals with little success for weeks to reveal tallies for union

nurses who reported Covid-19 symptoms, received tests, tested positive, and have been off work sick for any amount of time since early March. The union says the information is critical to understand what happened during the first surge of the virus to prepare for a possible second wave. The labor-relations board’s regional offices will typically seek to facilitate a settlement. If none can be reached, the offices will decide whether to file a legal complaint against the hospitals to compel them to provide the information, a matter that would go before an administrative law judge. So far the union has been able to piece together only a partial picture of the pandemic’s toll on health workers in New York City. More than 2,000 fell ill or had to leave

Share of NYSNA members out of work due to Covid-19



Note: Includes NYSNA nurses at the hospitals who responded
Source: NYSNA

work due to pandemic-related reasons at two hospital systems, according to data provided to the union and The Wall Street Journal. NYSNA says at least 22 of its members have died of Covid-19,

according to its own tally. NYSNA has been a vocal critic of New York’s hospitals and government policies during the pandemic, filing lawsuits against the state’s Department of Health and two hospital systems for a lack of proper protective equipment, among other things. On Tuesday, the union also filed a separate charge with the state to compel Westchester Medical Center, a public hospital system, to release data on nurse infections. A full accounting of worker infections may be a challenge. The main problem is that New York City hospitals didn’t aggressively test workers early on due to testing shortages. City officials also discouraged testing of asymptomatic and exposed workers, according to a memo it sent hospitals

March 20. City officials have said they relied on guidance from the Centers for Disease Control and Prevention. At Montefiore Health System, which operates in the hard-hit Bronx and in Westchester County, patients and health-care workers were contagious without showing symptoms, and asymptomatic staff exposed other staff, Laura Butler, a Montefiore administrator, said in an online seminar in April. Some hospitals, including Montefiore, recently have begun to release some data on infections to the union. Montefiore provided tallies for some of its hospitals, telling NYSNA that 1,249 union nurses, or 27% of the total at those institutions, were off the job at some point since early March for coronavirus-related

reasons, and about 13% of the nursing staff tested positive. In a statement, a Montefiore spokeswoman said the positive-test rate is “well below the 21% population infection rate in New York City.” She added that the staffers who couldn’t work for reasons tied to Covid-19 included people who needed to care for a sick family member. A spokesman for Westchester Medical Center, which is part of the WMCHHealth Network, said: “Our staff has tested positive for Covid-19 at a level consistent with or lower than community spread.” He added that “our practices (and these statistics) have been shared with NYSNA repeatedly, both informally and formally.” Mount Sinai, NewYork-Presbyterian and the other hospitals didn’t provide comment.

Boutiques Try New Strategies To Woo Shoppers

By ESTHER FUNG

New York City’s small retailers and boutique businesses are experimenting with fresh ways to engage shoppers as the city emerges from restrictions prompted by the coronavirus pandemic. Some—like Alice and Olivia LLC, a women’s designer-clothing store with five locations in the city—are offering personalized shopping experiences, including allowing long-time customers to take home clothing to try on if they are uncomfortable with in-store dressing rooms. “Come drive into the city and I’ll handpick outfits for you to try on at home,” said Desiree Miranda, a personal shopper at Alice and Olivia’s store near Bryant Park in Midtown Manhattan. Other retailers, like Necessary Clothing in lower Manhattan, display items on the sidewalks in front of their shops, taking advantage of the city easing regulations on public space to assist struggling businesses. Some family-run retailers are relying more heavily on social media or online marketing campaigns. Many stores resumed operations last month after the state and city officials imposed a lockdown in mid-March to stop the spread of the new coronavirus. As part of its phased reopening that began June 8, New York City allowed nonessential retailers to offer curbside pickup. Now it permits in-store shopping with limits on the number of people inside. Nearly all retail outlets deemed nonessential have struggled to some degree during the pandemic. But larger retailers have more of a cushion and flexibility when it comes to opening and closing stores. The closing of any one chain store in a hard-hit area won’t necessarily drive the business into bankruptcy, and the parent companies tend to have greater ability to raise capital. The stakes are higher for some smaller boutiques and many of the city’s family-owned enterprises, which need to ramp up business quickly or risk missing rent payments or defaulting on loans. Foot traffic at retail stores in New York City was down 22% during the week of June 15 compared with the same period last year, according to Placer.ai, a foot-traffic analytics firm that interprets location data from mobile devices. During the first week of June—before the city started

phase one of its reopening—traffic was down 36% year-over-year. While the state limits the number of customers entering East Village boutique Cloak & Dagger’s 1,000-square-foot shop at a time, browsers can try on a piece of clothing on top of their existing attire and twirl in front of a mirror placed outside the door. Cloak & Dagger offers appointments for shoppers who would prefer a more-private shopping experience. One customer booked a 2 p.m. slot on a recent Wednesday. The store manager said she wanted to reach over to help out with a zipper but had to stop herself. Brookelynn Starnes, Cloak & Dagger’s owner, has reservations about how lucrative this way of shopping may be. “I might have one item that might not get any attention for weeks, then one person looks at it, energy gets placed into that piece, and within two hours, we get a line for it,” Ms. Starnes said. “People like to see other people shopping.” This may not occur if fewer people are allowed in the store at the same time, she said, adding that while online sales have picked up, they have been insufficient to cover expenses and rent. Many New York store owners, even before the pandemic, were struggling with high rents and the shift to online shopping. Stores that cater to tourists have also seen sales receipts fall because of the stronger dollar and weakened tourism spending. Even though many chain stores have replaced mom-and-pop businesses over the past decade, some chains have also begun to retreat recently. Last year, national retailers closed 304 stores in the city, reducing the total number of stores from 8,136 to 7,832, according to data from New York City-based think tank Center for an Urban Future. This decline of 3.7% is the largest drop since the think tank started tracking the data in 2008. One of the latest is Sonos Inc., a publicly listed seller of audio products and speakers. The California-based retailer said on June 24 that it is closing its flagship retail store in SoHo and six other offices. “A lot of landlords are going to have to be more flexible,” said Jonathan Bowles, executive director of the Center for an Urban Future. “If they kick out existing tenants, there may not be any national retailers knocking on their door.”



At High Meadow Day Camp in Connecticut, campers are grouped into small pods of children their own age and can’t mingle with others.

Day Camp Comes With Health Checks, But No Swim Lessons or High-Fives

By LESLIE BRODY

NORTH GRANBY, Conn.—Parents drive up to a northern Connecticut day camp, take their children’s temperatures and show the results through their car windows to counselors wearing face masks. Then campers hop out and head for orange rectangles sprayed on the grass to mark where they can mingle with a small pod of children their own age. They have to stay away from all the other campers, all day. So begins every morning at High Meadow Day Camp in the summer of coronavirus. Camps nationwide that dared to open face a raft of state and local safety rules that preview, in some ways, precautions that may be in schools in the fall. That includes grouping children in cohorts that stay together daily to avoid spreading germs. Many states require camps to have face coverings for staff, frequent health screenings and constant disinfecting. “I see this whole program as a test run for schools,” said Bill Morneault, High Meadow’s associate director and a remedial teacher at a Hartford area elementary school. “If it works, it will help schools figure out what to do.” Here, each group of no more than 10 campers is supposed to stay at least 6 feet away from the other groups. Children said they were thrilled to be at camp, laughing and playing after months of being cooped up, but social distancing isn’t easy. Bradley Cramer, an 11-year-old, was excited to see a favorite counselor and tried to slap hands in a high-five. To Bradley’s dismay, the counselor said he was sorry but couldn’t join in. “I felt like Covid has really done something to the world,” Bradley said. Camps have the advantage of operating mostly outdoors, rather than in tight classrooms that may have poor ventilation. Even so, many parents were leery. Camp directors worried about the risks of illness if they brought hundreds of people together, and the financial pain that



A parent takes a child’s temperature before camp drop-off.

would ensue if they opened but had to close midseason because of a virus outbreak. Some camps didn’t open because they said guidance from health authorities came too late in the spring for them to be sure they could comply. About 50% of accredited day camps in New England are operating, as are 60% in New York and New Jersey, according to the American Camp Association’s office for those states. It said only 10% of overnight camps in the Northeast are open, with several states barring them. Typically, more than 15,000 camps—including those not accredited by the American Camp Association—serve more than 26 million children nationwide, it said. However, this summer about 19.5 million of those children will miss that day camp or overnight experience, according to the association’s preliminary estimates. Because of camp closures and reduced enrollments, the association predicted more than \$16 billion in lost revenues, over 900,000 lost jobs and \$4.4 billion in lost wages. The association is calling for an increase in federal economic disaster loans for camps, saying the Paycheck Protection Program and other U.S. Small

Business Administration loans aren’t enough to tide some camps over until next summer. A representative from the Small Business Administration didn’t provide a comment. Children need to socialize and unplug from technology more than ever after months of school closures, said Tom Rosenberg, president of the

“I see this whole program as a test run for schools,” says one camp official.

American Camp Association. “The field needs to grow, not shrink, that’s the tragedy,” he said. At High Meadow, which sits on a sprawling 100-acre property, leaders said they had the benefit of space and an open-air lodge for meals and rainy days. Director Ben Chaback said about 150 campers ages 4 through 13 came for last week’s opening, and the camp will cap enrollment at 200, even though it has capacity for 350. Under rules set by Connecticut, groups can have no more than 14 children. If anyone in

the group gets the virus, the whole group must stay home for two weeks, as well as anyone else who had close contact with the sick person. On a recent morning, few campers wore face coverings. The state required them only for staff, saying if young children mishandled their masks, they could risk spreading germs further. The state’s Office of Early Childhood, which requires daily verbal health screenings but not temperature checks, said health officials aim to track virus cases at child-care settings. Disinfectant bottles were on hand at every activity. Staff sprayed tether balls and climbing poles after each pod finished a turn and let them air dry in the sun. Down at the art barn, instructor Nancy Wallace-Sohn washed a pile of colored pens before a new pod of campers arrived. She predicted elementary schools will need more support staff to keep up with hygiene rules. The cleaning duties are “10-fold what’s normal,” she said. “If you’re asking individual teachers to do it, it’s tough on top of everything else.” The camp’s director said it wasn’t clear whether the camp will break even this year, considering six-figure expenses for hand sanitizer, cleaning, new portable sinks and bottled water to replace giant jugs. “I just want to keep everyone safe, separated and happy,” Mr. Chaback said. Swim lessons, where children typically are put in lessons by ability level, were canceled to avoid mixing children from different age groups. The pool was roped off in quadrants to keep swimmers apart. A few boys played Marco Polo in one section, while girls splashed in another. Being separated from some friends “was obviously annoying,” said Bella Del Guidice, a 12-year-old wearing a horned Viking headpiece for Funny Hat Day. “We have to yell because we can’t stand close.” Still, she said, “When I found out camp was happening, I was ecstatic.”




Some retailers display items on sidewalks in front of their shops.

GREATER NEW YORK

METRO MONEY | By Anne Kadet

New Yorkers Now Want Their Own Wheels



Liang Zhao considers herself a “die-hard subway rider.” The Prospect Heights, Brooklyn, marketing-consultancy owner loves the people watching and camaraderie. She hasn’t owned a car since 2011, when she lived in New Orleans. But just before Memorial Day, she and her husband crossed the great divide and signed a lease on a black 2020 Volkswagen Tiguan SUV.

“We were living in a 600-square-foot apartment in Brooklyn, and we were just cooped up,” she says of her lockdown experience. “To get the car was amazing—to have the mobility to go beyond where our feet and bikes can carry us.”

According to a survey of car shoppers nationwide conducted this spring by automotive shopping site CarGurus.com, 20% of those planning to buy a car in 2020 hadn’t planned to do so before the pandemic.

Meanwhile, 44% of those who had been using public transportation planned to decrease their use or stop entirely.

This is no big deal in most parts of the country. Only 8.5% of U.S. households are car-free, according to U.S. Census Bureau data. But in New York City, the majority of households—55%—own no car. If even a small percentage buy a vehicle, that is a lot more wheels on the streets, given the city’s population.

And that is just what seems to be happening. Online vehicle marketplace Cars.com Inc. reports that in late June, walk-in leads to New York City-rea dealerships were up 38% year-over-year, compared with 6% nationwide.

“People view their cars as a safe haven or an extension of their home,” says Cars.com



ILLUSTRATION BY TIM ROBINSON

President and CEO Alex Vetter. “Consumers don’t want to get back on mass transit, planes, trains or buses. They don’t feel safe getting into an Uber or a Lyft.”

And what are these folks seeking? Cheap rides. The average Cars.com price point for search in the New York City area dropped from \$30,000 to \$23,000 between late March and late June.

In Woodside, Queens, the Paragon Acura and Paragon Honda dealerships stretch along several blocks of Northern Boulevard. It is a big operation. Last year, it sold 13,704 new and used cars, says general manager Brian Benstock. The showroom was buzzing again last week as a dozen mask-clad sales representatives chatted with shoppers through new plexiglass dividers.

Business plummeted at the end of March, says Mr. Benstock. In April, the dealership sold 342 cars, all online. Sales jumped to 724 in May, when

the dealership opened by appointment. And in June, it sold 1,130 cars.

Some buyers were essential workers who didn’t feel safe taking public transportation or using a ride-share, says Mr. Benstock. Others wanted a car for trips.

“Many people, after a short period of time, had cabin fever,” he says. “People who had a 600-foot apartment.”

‘I only drove six times in my whole life,’ says a man who bought his first car.

He estimates 20% of recent buyers didn’t already own a car. And many were seeking very basic transportation. Demand for subcompact sedans, for example, came roaring back.

“It’s interesting to see cus-

tomers with Park Avenue addresses buying a Honda Civic or a Honda Fit, our entry-level car,” he says.

Rudy “El Patronn” Treminio, the managing partner of Sunrise Chevrolet in Queens’ Forest Hills, just enjoyed a record month, selling 50 new cars and more than 100 preowned vehicles.

“My used cars have gone through the roof with the Covid,” he says. “I’ve sold more than I had in stock.”

Current manufacturer incentives—in some cases no money down, 0% interest for 84 months—mean a buyer’s market for a new vehicle. But with increased demand for cheap wheels, some say it is harder to find a deal on a used car.

“It’s a rough market out there!” says Sherman Fabes. Last week, he and his wife, Naomi Fabes, bought a \$14,300 2017 Hyundai so she could commute from their apartment on Manhattan’s

transportation.

An additional upside for these unpracticed drivers: quiet streets.

Seth Nadler, who grew up in New York City, got his driver’s license as a teen but never owned a car. “I only drove six times in my whole life,” says the 31-year-old lawyer, who lives in Sheepshead Bay, Brooklyn. “I work in Manhattan and commute and it was like, ‘What’s the point?’ ”

But at the end of March, he bought a \$5,000 2014 Honda Accord so he could take his father back and forth to New Jersey.

The pandemic provided a perfect opportunity to build his driving skills. According to Waze, New York City traffic was down 80% at the time Mr. Nadler bought his car, and is still well below pre-pandemic levels.

“When I have to go somewhere, the roads are really empty,” says Mr. Nadler. “I do not fear for my life.”

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Child-Care Centers Cleared To Reopen

By MELANIE GRAYCE WEST

Thousands of New York City child-care facilities could reopen as early as next week under a measure approved Tuesday by the city’s Board of Health, bringing relief to struggling parents but putting some providers in a tough spot.

In April, in response to the novel coronavirus, the board temporarily closed most city-licensed child-care facilities and preschools.

Now that the transmission of Covid-19 has slowed in New York City and a testing and tracing program is well established, city health officials said child-care centers could open as soon as Monday, so parents won’t have to rely on informal arrangements to return to work.

Mayor Bill de Blasio said the board’s approval of the measure means as many as 3,000 child-care facilities could open next week.

State health officials recently released rules for reopening child-care centers, which limit a group size to 15 children, require providers to maintain stable groups of children and mandate that adults wear masks, among other measures.

The move came as a surprise, some child-care operators said. While facilities aren’t required to reopen next week, parents are going to want answers if they aren’t reopening, said Anna Siegal, executive director of Red Hook Playgroup in Brooklyn. The fear some operators have is if they don’t reopen, then parents may begin looking elsewhere, she said.

Ms. Siegal said her preschool and many others had made the decision to cancel summer programs and reopen in the fall. Training on the new protocols can’t happen overnight, she said. Schools want to reopen, she said, but “can’t be forced to reopen in a way that isn’t safe.”



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LIFE & ARTS

Virus Mars the College Drop-Off

Safety protocols turn an emotional family ritual into a constantly changing gantlet of decisions

By Nancy Keates

After her son John was admitted to Amherst College last December, Michelle Fitzhenry thought dropping him off to start his freshman year would be a family event. She and her husband, Jim, had planned to fly with him to Massachusetts from Portland, Ore., in August, spend a couple of days shopping for dorm essentials and then help him move into his room, meeting his new roommate's parents and staying around for dinner.

The plan now? To get in and out as fast as possible.

"We'll slow the car down as we go by so he can jump out the back," she jokes.

College drop-off—that emotional ritual that has spawned many a meme of weepy moms clinging to their child's legs—is the latest coronavirus casualty. What had morphed into an all-day occasion in recent times, with family picnics, informational sessions for parents and matriculation ceremonies, will be a mostly students-only, efficiency-oriented process this year.

Due to safety protocols, many colleges aren't allowing parents in the dorms, or, in some cases, even on campus. Move-in dates have been staggered over multiple days, to allow students to keep distant, with specific time slots allotted. Some schools are limiting the number of suitcases students can bring with them, asking that everything be shipped ahead to reduce trips in and out of the residence halls. Many students will be tested for the virus immediately upon arrival and quarantined as they await results.

The changes have created a travel conundrum. With move-in dates often unconfirmed, many parents have been booking rooms at multiple hotels for extended periods to make sure they're covered. Concern about the safety of air travel is leading some people to drive instead of fly, sometimes cross-country. Quarantine rules in some states, which require isolation periods for visitors, have families sending students off to college on their own.

"It's a huge deal. I'm kind of numb. I don't know how I'm feeling about it," says Tami Levy, whose daughter will be a freshman at the University of Colorado Boulder. With no concrete move-in date, Ms. Levy has proactively booked a hotel room for a whole week, figuring she would cancel the nights she doesn't need as soon as she knows when they have to be there.

She hasn't made a flight reservation for herself, even though airfares go up every time she looks, because she isn't sure if her young



ger children will be starting school at home and will need her there. If there's no school, she will rent a truck, and the whole family will drive the 14 hours from their home near Deerfield, Ill. "It feels safer than flying," she says. She booked her husband a flight just in case, figuring he would be the one to go to Colorado. Since only one parent is allowed in the university's residential hall at a time, she figures he will have to handle the heavy stuff.

Basma Elfandaki has also had to change plans. She had signed up to spend her sophomore year living on campus at American University in Washington, D.C. Then the university announced a reduced density plan that allowed only single dorm rooms and gave priority to first-year students. Ms. Elfandaki found an off-campus house to share with friends, but it cost her about \$4,000 more for the year than dorm living, which means she will have to take on additional tutoring work during the school year.

Since she now needs to bring furniture to Washington, Ms. Elfandaki will rent a U-Haul to drive from her home in New York. Before

she left for school, she was planning on spending a couple of weeks with her mother, who has been in Vermont since March when the family she works for moved there from the city. Now that she has to go earlier, Ms. Elfandaki will get to see her mom for only one day. "It's stressful," she says.

Booking multiple hotels, negotiating quarantine rules and taking long drives to avoid planes.

As the summer goes on, the stress has increased. Parents are confused about how to navigate the quarantine policies for states that require out-of-state visitors from viral hot spots to self-isolate. Some are considering flying into a nearby state that isn't on the list and staying there for a few days before drop-off. Others are planning on spending only one night, calculating that as long as they

just stay in the car and their hotel room while they are in town, they will not be violating quarantine rules. (In New York, for example, travelers are allowed to leave the state before the expiration of the 14-day quarantine period.)

Others are looking to avoid the dorm move-in process altogether and find accommodation elsewhere. Graduate Hotels, which has 22 properties in university-anchored cities, says more than a dozen students are booked to stay for the whole fall semester at its hotel in Bloomington, Ind., home to Indiana University's flagship campus, paying an average of \$100 a night. Graduate's president, David Rochefort, says the group is in conversations about potential semesterlong stays with students at 10 other locations, including Athens, Ga.; Eugene, Ore.; and Nashville, Tenn., among others.

For the Fitzhenry family, the dorm is the best option. Ms. Fitzhenry says she likes that every student at Amherst will have a single room and that the density in residence halls will be reduced from the usual levels. As the family was told in a Zoom call earlier

this month, students will be allowed entry into only their assigned hall and will not be permitted to have any guests in their residence halls.

That doesn't mean move-in will be easy. The dates haven't been determined, because they will depend on quarantine rules in Massachusetts at the time, so the Fitzhenrys have booked a room at a nearby hotel for a two-week period. And the college's decision to suspend its annual Family Weekend in October means more canceled travel plans. "It will all be hard. I'm not going to pretend it's not going to tug at my heartstrings," says Ms. Fitzhenry.

Elizabeth Hutchins isn't worried about drop-off: Her twin sophomores will drive themselves to Bates College in Lewiston, Maine, and Lafayette College in Easton, Pa., this year. What concerns her is when they return home to Manhattan for Thanksgiving, possibly bringing exposure to the virus with them. Ms. Hutchins isn't sure if the twins will have to quarantine in their rooms for 14 days. "Do I feed them a leg of turkey under the door?" she asks.

For Some Child Stars, Early Fame Takes a Toll

By Ellen Gamerman

IN THE DOCUMENTARY "Showbiz Kids," an acting coach puts a very young pupil through the wringer. During a private lesson, she chides the boy for yawning, criticizes his performance and questions whether he's ready to put in the hard work. When the youngster reunites with his mother afterward, he insists, "I still have to try."

The mom hugs him, saying, "As long as you're happy, I'm happy."

A number of new documentaries explore what happens when children pursue success as actors, sports stars or internet influencers. The young people in these films gamble with their childhoods, making choices as kids that often haunt them as they grow older.

"I was surprised by how absolutely universal all our stories were," said Alex Winter, a former child actor who directed "Showbiz Kids," which is out on HBO on July 14. All the actors he interviewed told him they felt lost in their late teens or 20s as they struggled to find a grown-up identity and trust the people around them. "They all hit this wilderness period."

The urge to stand out is powerful for any young person, and access to millions of screens via social media has made dreams of fame seem more possible than



ever. Nearly 30% of U.S. children indicated they wanted to become YouTube or video-blog stars, according to a 2019 Harris Poll/Lego survey. That is more than the shares of children who wanted to be teachers or astronauts or professional athletes or musicians.

Some kids have come to see "rich and famous" as a career choice, said filmmaker Lauren Greenfield, who photographed students at Los Angeles private schools and elsewhere during the 1990s. Back then, she said, audiences said her photos captured an extreme subculture of West Coast people with warped priorities. But two decades later, as she made her 2018 documentary "Generation Wealth," those values were no longer just an L.A. phenomenon but



Clockwise from left, actress Evan Rachel Wood in 'Showbiz Kids,' gymnast Maggie Nichols in 'Athlete A' and swimming star Michael Phelps, executive producer of the documentary 'The Weight of Gold.'

had entered the mainstream. Many rewards can come to talented children who become famous, and some thrive on the world stage. The trick is figuring out how to do it and not get hurt.

In "The Weight of Gold," a documentary executive-produced by swimming star Michael Phelps that debuts on HBO on July 29, Olympic athletes explore the mental-health toll from their single-minded pursuit of winning at the highest levels. The film delves into post-Olympic depression.

"Athletes come home from the Olympics and—win or lose—they often suffer from this feeling of, like, 'What's next and was it all worth it?'" said director Brett Rapkin.

Last month, Netflix launched its



documentary "Athlete A," about the sexual-abuse scandal in competitive gymnastics. In the movie, children describe keeping quiet for years while adults hurt them and powerful institutions failed to protect them.

Erin Lee Carr, who directed the 2019 HBO documentary "At the Heart of Gold: Inside the USA Gymnastics Scandal," said films about the dangers of child celebrity in sports or entertainment share a theme. "You always think

your child is the exception to the rule and you're going to be really safe," she said. "But what we've seen is that all these systems are basically predatory."

The Hulu documentary "Jawline," released last year, exposed how the quest to gain internet celebrity can derail. Filmmaker Liza Mandelup spent two years chronicling a teen from small-town Tennessee named Austyn Tester, who went from obscurity to near-stardom and back to obscurity. In another time, it would have been a long shot for someone like Austyn to become a celebrity, but the goal now seemed more achievable.

In "Showbiz Kids," former child actors described feeling pressure to continue as their parents poured time and money into their careers, a commitment that even the parents sometimes grew to resent.

Actress Evan Rachel Wood recalls walking out of a Golden Globes ceremony when a person she considered to be a pedophile won an award. "What surprised me when I got older was finding out that pretty much all the young men were abused in some way sexually," she said in the movie, referring to other child actors. She has spoken out publicly as a rape survivor.

The film features interviews with former child stars including Henry Thomas, who was 11 when he starred in "E.T."

"Now as an adult and a parent, you look at all of the ways that it takes a kid out of their world," Mr. Thomas said in the documentary. "And it's nice to be a kid and it's nice to have a childhood that's a childhood completely unto itself."

RYAN INZANA

FROM LEFT: HBO; NETFLIX; MICHAEL PHELPS FOUNDATION

LIFE & ARTS

MY RIDE | A.J. BAIME

She Found Herself by Souping Up Her Subaru

Rebecca Nguyen, a 30-year-old marketing manager at ClassicCars.com in Phoenix, on her 2003 Subaru Impreza WRX, as told to A.J. Baime.

Growing up, my family did not have a lot of luxury items. My dad introduced me to cars in a functional sense. He taught me how to change oil when I was 5. It was my older brother who got me into sports cars. He was the second owner of this yellow Subaru WRX. He taught me how to drive a manual in this car and when he went to college, I took it over. I had just turned 16.

When I was 23, I was working in the restaurant business and not sure about my future. Meanwhile, the Subaru's suspension started to fail and I thought, OK, I can replace the suspension with Subaru components, or I can spend a little more on aftermarket performance upgrades. I went for the latter, and that decision changed my entire life.

I discovered a wealth of information online and a community of Subaru enthusiasts, and through that I began to learn about the WRX's heritage. The model has a history in Japan dating back to 1992, and my car was among the first wave of WRXs to come to the U.S. (The model arrived in 2002 and my car is a 2003.)

There is a heritage of rally racing, and a community of young enthusiasts who love this car because it is an all-wheel drive vehicle with massive performance at a relatively affordable price. [WRX stands for World Rally eXperimental.] The year 2003 was the only year Subaru made this car in sonic yellow, the color of my car and my favorite.

There is a whole industry of WRX aftermarket performance components. I have modified my car with high-performance brakes (by StopTech), wheels (WedsSport), exhaust (Invidia), carbon fiber trunk lid (VIS) and hood (Seibon), and a lot more. In the process I have tried to stay true to the vehicle's Japanese heritage. Some of the modification components I had to purchase directly from Japan because they were not on sale here.

Because of this car, I started going to car shows. I started shoot-



Rebecca Nguyen with her 2003 Subaru Impreza WRX in Phoenix. Its interior and carbon fiber trunk lid, right.



CATLIN O'HARA FOR THE WALL STREET JOURNAL (3)

ing car photography. Friends and I launched a blog called the Car Street Journal, a pun off of Wall Street Journal (although I am no longer involved in that venture).

I started attending industry events and I met Roger Falcione, the CEO of ClassicCars.com. He had a vision for a car show that I shared. He hired me to work for his company, and together in 2016 we started an annual event now called the Future Collector Car Show in Phoenix.

The way I see it, my car is a perfect example of a future collector car for my generation. This

past January, before the pandemic hit, we had our best show yet, with some 12,000 people.

It has been inspirational getting involved in the WRX community. While learning about this Subaru's legacy, it helped me to create my own.

'WRITING A GOOD MOVIE brings a writer about as much fame as steering a bicycle." So said Ben Hecht, one of Hollywood's highest-paid screenwriters and the studio system's cynic-in-residence. Much the same thing could be said about writing movie music. Save for the handful of film composers who, like Henry Mancini and John Williams, also had successful careers as performers, scarcely any of the men and women who score films in Hollywood and elsewhere are known by name to moviegoers. As a general rule, it doesn't even help to write a song for a successful film that becomes a hit in its own right: David Raksin wrote "Laura," one of the most frequently sung ballads of the 20th century, yet he was and is known for the most part only to musicians and connoisseurs of the invisible art of film scoring.

Ennio Morricone and Johnny Mandel were near-identical cases in point. They scored far more than their share of box-office smashes, and some of the cues they wrote, like Mr. Morricone's wailing, warbling theme for "The Good, the Bad and the Ugly" (1966) or Mr. Mandel's "Suicide Is Painless," written for Robert Altman's "M*A*S*H" (1970) and later used as the theme for the even more popular TV series based on the movie, are familiar to moviegoers everywhere. Yet neither man won anything like full-fledged fame, and their obituaries spent a fair amount of space explaining who they were and why it mattered.

Mr. Mandel, who died last week at 94, came to Hollywood through the back door. He started out as a jazz trumpet and trombone player

SIGHTINGS | TERRY TEACHOUT

Maestros of the Movies



Ennio Morricone, left, died on Monday at age 91; Johnny Mandel, right, died last week at age 94



who wrote swinging original tunes for the big bands of Count Basie and Woody Herman. He was asked to score Robert Wise's "I Want to Live!" in 1958 because American filmmakers had become interested in integrating contemporary jazz into their soundtracks, and even after he established himself as a top-tier film composer, Mr. Mandel would continue to arrange for such jazz and pop singers as Tony Bennett, Shirley Horn, Diana Krall, Peggy Lee and Frank Sinatra, who appreciated both his impeccable sense of swing and his lush, swirling way with a ballad. In addition, Mr. Mandel discovered that he had the irreplaceable gift of melody,

and the two best songs that he wrote for films, "Emily" (1964, for "The Americanization of Emily") and "The Shadow of Your Smile" (1965, for "The Sandpiper"), have long since become permanent parts of the Great American Songbook.

Mr. Morricone, who died on Monday at 91, also got his start as a jazz trumpeter, but jazz was never more than a soon-to-be-abandoned sideline for him. He was a classically trained composer who began writing pop arrangements in 1950, scored his first film a few years later, and came decisively into his own when Sergio Leone tapped him to write the music for "A Fistful of Dollars"

(1964), the first in a hugely successful series of low-budget "spaghetti westerns" starring Clint Eastwood. Though he was permanently based in Rome and never learned to speak English, American directors were struck by his hard-edged yet unexpectedly tuneful style, which made striking use of the harmonica, an instrument rarely heard in Hollywood scores. "I like the way that its sound seems to come from out of the player's body," Mr. Morricone told me (through a translator) in a 2007 interview, and when he started writing for such films as Brian De Palma's "The Untouchables" (1987) and Barry Levinson's

"Bugsy" (1991), it often figured prominently in his idiosyncratic palette of instrumental colors.

Mr. Morricone became somewhat more widely known in the U.S. as American musicians of all kinds, among them Yo-Yo Ma, Quincy Jones, Pat Metheny and Bruce Springsteen, started playing and recording his film music. Many of them were drawn not to his angular scores for westerns and crime films, but to his instrumental ballads, perhaps the most purely lovely of which come from Giuseppe Tornatore's "Cinema Paradiso" (1988). To hear Mr. Metheny and Charlie Haden perform the main-title theme from "Cinema Paradiso" on acoustic guitar and bass (as they do on "Beyond the Missouri Sky," released in 1996 and available on YouTube) is to be reminded that Mr. Morricone was at least as talented a tunesmith as Mr. Mandel.

Yet neither man felt any particular need to strive for celebrity. Instead, they were content to labor in the background, selflessly serving the films for which they wrote and the singers and instrumentalists who wholeheartedly embraced their music, leaving it to their colleagues—and posterity—to acknowledge them as the artists they were. Such was the shadowy but undeniable greatness of Ennio Morricone and Johnny Mandel: You might not know their names, Mr. Mandel's in particular, but you definitely know their music.

Mr. Teachout, the Journal's drama critic, is the author of "Satchmo at the Waldorf." Write to him at tteachout@wsj.com.

FROM LEFT: AMPAS HANDOUT/EPA-EFE/SHUTTERSTOCK; JEWAL COUNTLESS/GETTY IMAGES

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CULTURAL COMMENTARY

Resolving a Monumental Problem

Confederate statues should be repurposed, not removed

By ERIC GIBSON

LATE LAST MONTH the National Trust for Historic Preservation issued a “Statement on Confederate Monuments.” The Trust’s mission is “to save America’s historic sites” and “tell the full American story.”

Not this time. Because “most Confederate monuments were intended to serve as a celebration of Lost Cause mythology and to advance the ideas of white supremacy,” the statement read, “the National Trust supports their removal from our public spaces when they continue to serve the purposes for which many were built—to glorify, promote, and reinforce white supremacy, overtly or implicitly.”

Leave aside the troubling precedent of a cultural heritage conservancy suddenly making exceptions. How is “implicitly” to be defined—and by whom? George Washington owned slaves. Does this mean that monuments to the first U.S. president “implicitly” celebrate white supremacy? A mob in Portland, Ore., on June 18 thought so. It toppled a Washington statue.

I am instinctively opposed to removing or destroying public monuments. Civilized societies protect cultural heritage, they don’t erase it. And many of these statues are part of the story of American art. Are we to erase that history, too?

Nor is relocation to a museum a viable option. In some cases, their site is integral to their meaning, it being where the event in question occurred. Moving them would transform them from historical markers into purely aesthetic objects. And it would violate the principle that works of cultural heritage should be moved only when physically endangered.

Still, we have to recognize that if monuments exist to celebrate our ideals and values, those dedicated to the Confederacy are inimical to them and deeply offensive to large numbers of Americans. Take Stone Mountain. Purchased by the state of Georgia in 1958 expressly to commemorate the Confederacy, it bears a Mount Rushmore-scale relief of Jefferson Davis, Thomas J. “Stonewall” Jackson and Robert E. Lee. And the eponymous park in which it sits officially opened on April 14, 1965, 100 years to the day after Abraham Lincoln’s assassination.

How, then, to proceed? The Trust’s statement contains a reference to communities whose Confederate monuments have been “contextualized with educational markers or other monuments designed to counter the false narrative and racist ideology that they represent, providing a deeper understanding of their message and their purpose.”

Exactly. Don’t remove—repurpose. Transform those structures from odious emblems into teaching tools. It’s a solution broad enough to accommodate contested monuments of all types.

To understand how contextualization might work, look to the city of Atlanta. In 2016 the Atlanta History Center published the “Confederate Monument Interpretation Guide” on its web site, an “online toolkit” designed “to help communities address Confederate monuments in their midst.”

The toolkit begins by delineating the parameters: monuments created during the Jim Crow era beginning in the 1890s, those of the preceding decades being legitimate memorials to the Confederate dead. It then explains the Lost Cause mythology, contrasting its states’ rights rationale for the Civil War with an unequivocal assertion of historical fact: “Slavery was the central cause” of the war.

It goes on to offer a metric: In each case communities should “examine what was said about the causes of the Civil War prior to Confederate

A plan from the Atlanta History Center offers a useful blueprint

ate secession and after United States victory.” The Lost Cause mythology “ignores the overwhelming historical evidence linking secession directly to slavery. By examining this evidence, the meaning of Confederate monuments as symbols of Lost Cause mythology and thus, the doctrine of white supremacy as manifested by Jim Crow segregation, become clear.” Over time the toolkit has been expanded to include case studies and other resources.

Then in August 2017, following violence in Charlottesville, Va., Atlanta’s then-Mayor Kasim Reed formed an advisory committee to address the issue of Confederate memorials and street names. According to Claire Haley, special adviser to AHC CEO Sheffield Hale, “The research process and resources from the toolkit were used to inform some of the research conducted on monuments for the advisory committee.”

While the committee regrettably opted for removal of some monuments, in cases where the law prevented removal its approach to contextualization has been exemplary, a model for communities nationwide. Interpretive “exhibition panels” are placed at the sites, their content developed by a process of extensive research



followed by inputs from elected officials, members of the public, the relevant historical societies and outside academics, with a vote on the final wording by the City Council.

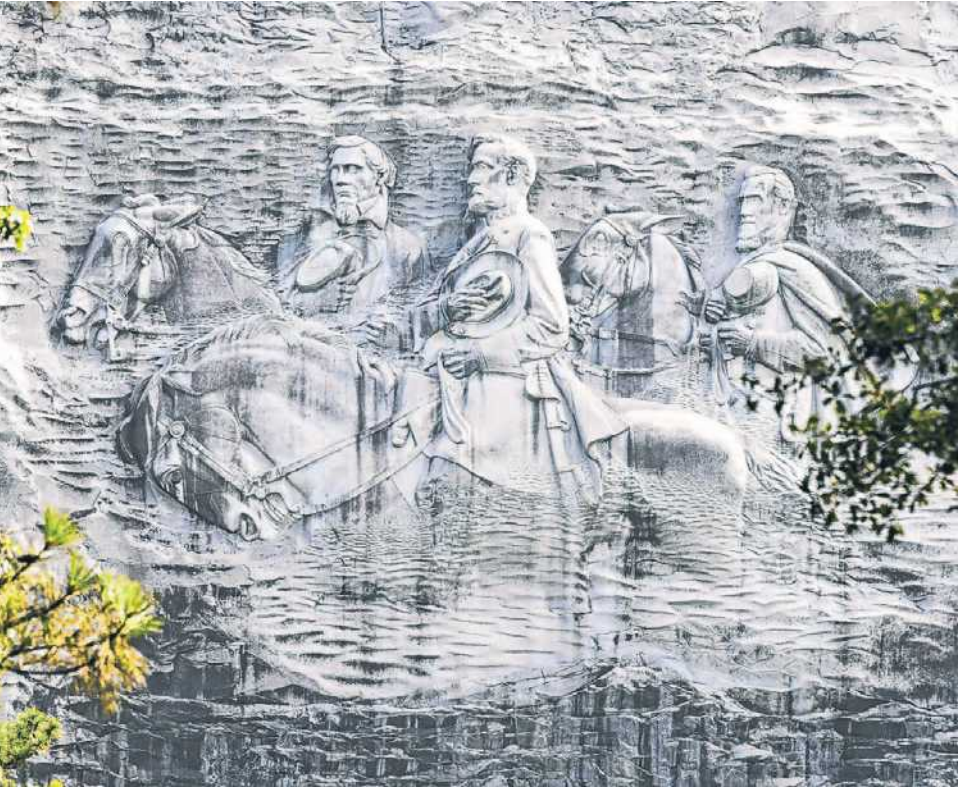
The process is broad-based, transparent and deliberate, so it can take several months to get from initial research to installing the display. If that sounds too cumbersome or unequal to the moment in other ways, consider an example from a different context: Auschwitz. The analogy isn’t perfect—the concentration camp is a historical artifact, not an after-the-fact commemorative structure. And, of course, the Confederacy wasn’t the Third Reich. Still, it offers useful lessons.

If any “monument” ever deserved bulldozing into oblivion it was Auschwitz, whose name has become synonymous with every evil of the Final Solution. Yet after World War II, the decision was made to leave it standing, and in the years since, preserved and with a museum, archive and interpretive programming, it has taken on a second life: as a solemn memorial to its victims; as a symbol of the singularity of the Holocaust—and as an instrument for confronting, understanding and learning from a monstrous episode in human history.

As such, it stands as an object lesson in the wisdom—even necessity—of preserving the past. Think how much easier life would have been for the Holocaust deniers without the presence of Auschwitz to bear witness to the Nazis’ crimes.

This last is perhaps the strongest argument for contextualization. Want to delegitimize the Lost Cause and other hateful ideologies? Then leave those monuments standing and debunk their messages point by point with accompanying displays. Erase them, and you allow those ideas to lurk, unchallenged, in the fever swamps of collective memory.

Mr. Gibson is the Journal's Arts in Review editor.



Stone Mountain bears the image of Jefferson Davis, Robert E. Lee and Thomas J. 'Stonewall' Jackson

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OPINION

The Press on Mount Rushmore



BUSINESS WORLD
By Holman W. Jenkins, Jr.

Every American, regardless of how he or she feels about Donald Trump, should read his July 3 speech at Mount Rushmore and then the Washington Post account of the speech by Robert Costa and Philip Rucker. The Post account begins: “President Trump’s unyielding push to preserve Confederate symbols and the legacy of white domination, crystallized by his harsh denunciation of the racial justice movement Friday night at Mount Rushmore . . .”

Except that Mr. Trump made no reference to the Confederacy or any of its symbols. His only reference to the Civil War was to Abraham Lincoln and the abolition of slavery as a fulfillment of the American Revolution.

Sen. Tammy Duckworth, as many commentators on the right noted, also lied when she said Mr. Trump “spent all his time talking about dead traitors.” He mentioned not a single leader or champion of the Confederacy.

In its own account, though hardly friendly to Mr. Trump, the New York Times went out of its way to counter these rampant distortions, reporting that Mr. Trump “avoided references . . . to the symbols of the Confederacy that have been a target of many protests.”

A day later, when he unleashed his uninformed Twit-

ter rant about Nascar’s misconstrued noose incident and an unexplained “flag” reference possibly related to its ban on Confederate symbols, the Times again noted of Mr. Trump’s holiday speech, “In that address he avoided specifically mentioning anything related to Confederate monuments.”

Which I’m guessing means that Trump-defending pundits aren’t the only ones troubled by the Rubicon we’ve crossed when mainstream press outlets and a U.S. senator flagrantly lie about the content of a presidential address.

Welcome to one of the weirdest moments I’ve witnessed in the national press business. All this comes not long after a Times profile of Post editor Marty Baron, portraying him as a fading, old-school newsman battling a “woke” newsroom.

It comes as a straw-man version of “media objectivity” is widely attacked by journalists as a pillar of white supremacy.

Mr. Baron is quoted as saying: “The Post is more than a collection of individuals who wish to express themselves. The reputation of The Post must prevail over any one individual’s desire for expression.” His admirable words echo a favorite passage from the great Peter Drucker: “Every first-rate editor I have ever heard of reads, edits and rewrites every word that goes into his publication. . . . Good editors are not ‘permissive’; they do not let their colleagues do ‘their thing’; they

make sure that everybody does the ‘paper’s thing.’ ”

Drucker, who died in 2005, understood the perils of groupthink and biased reasoning. He helped invent modern management education to guard against such errors. He and Mr. Baron were right: In the business of the press, it ultimately falls to management to impose standards (known as intellectual honesty) on employees, some of whom will actively work against such standards if given the chance.

When Donald Trump is gone and forgotten, the media’s lies won’t be so easy to forget.

My guess is the real key to the Post episode is its monotonous reference to “racial justice demonstrators” and “racial justice protesters.” Any intelligent reader, even if unfamiliar with the term, will recognize the fallacy of begging the question, or presuming that which needs to be proved. Even Mr. Trump is capable of understanding that the people in the street have multiple, discordant and not automatically creditable motives.

What we may really see in the Post’s disingenuous formulation is an attempt to appease its own newsroom, by some unnamed editor who cared less about putting a good and honest piece of writ-

ing in front of Post readers than about protecting himself from personal blowback. (I’m assuming it’s a “him”; such cowards usually are.)

So we return to a signature astonishment of our age. After almost four years in office, Mr. Trump has not managed to damage his own reputation (as any libel lawyer will tell you, he had no reputation to damage). He has done less damage to his office than you might think for the simple and obvious reason that people distinguish Mr. Trump from his office.

Seemingly effortlessly, though, he has incited people and institutions that do have something to lose to wreck their own reputations: The FBI, CNN, our universities, etc.

Tens of millions of voters who plan to vote against Mr. Trump in the fall hardly need Post lies to give them more reason to do so. But millions of others *will* vote for Mr. Trump, or consider voting for him, exactly because the Washington Post lies about him. Their wavering support at this point in his ill-starred presidency is sustained only by the deranged dishonesty of his opponents.

So here we are: America faces the virus, the protests, a new and dangerous tension with China, and the most tumultuous election in recent memory. And it does so without thought leadership worth the name, with only intellectual and emotional chaos, from some of our once-credible news organizations.

urged white Americans to “stand by those principles, be true to them on all occasions, in all places, against all foes, and at whatever cost.”

America’s fault lay not in its founding principles, Douglass argued, but in the fraud and hypocrisy that had excluded African-Americans from their protection. “Are the great principles of political freedom and of natural justice, embodied in the Declaration of Independence, extended to us?” he asked. The question was rhetorical; the facts spoke for themselves.

For Lincoln and Douglass, the failure to make the Declaration’s promise real for all Americans served as a goad to unending reform. For many Americans, they play the same role today. But reform isn’t possible until more people—especially whites—acknowledge the need for it. Reformers must begin as critics rather than celebrants. They do this out of love for their country, not hate. They wish to build up, not tear down.

In South Dakota, Mr. Trump invoked the principles of the Declaration. I take him at his word. Yes, some demonstrators broke the law, and a minority descended into violence. But it is hardly un-American to oppose public statues honoring Confederate generals. By telling his followers that today’s protesters want to “wipe out our history, defame our heroes, erase our values,” the president is equating dissent with disloyalty and reform with revolution.

Scott v. Sandford (1857), Abraham Lincoln argued that the Declaration of Independence represented an aspiration, not a social reality. In words that should be engraved on every American heart, Lincoln said that the men who drafted the Declaration “meant to set up a standard maxim for free society, which should be familiar to all, and revered by all; constantly looked to, constantly labored for, and even though

Like Lincoln, they labor to realize the Declaration’s ‘maxim for free society.’

never perfectly attained, constantly approximated, and thereby constantly spreading and deepening its influence and augmenting the happiness and value of life to all people of all colors everywhere.”

Five years earlier, in 1852, another great American had delivered an oration commemorating the Fourth of July. His denunciation of slavery has never been surpassed. He had every reason to turn his back on the country that had enslaved millions of his fellow African-Americans.

But Frederick Douglass did nothing of the sort. On the essential points, he anticipated Lincoln’s claim about the Declaration of Independence. “The principles contained in that instrument,” declared Douglass, “are saving principles.” He



POLITICS & IDEAS
By William A. Galston

of George Floyd, adding a new chapter to the never-ending debate about the right way to tell America’s story.

Speaking against the backdrop of Mount Rushmore, Mr. Trump decried “angry mobs” wreaking “violent mayhem” and invoking a goal of social justice that would “turn our free and inclusive society into a place of repression, domination and exclusion.” But the American people, he declared, “will not allow our country and all of its values, history and culture to be taken from them.” The demonstrators, he implied, were attacking not only America’s practices but also its principles.

By contrast, in an essay for NBC News, Mr. Biden placed the protests in the tradition of struggles to close the gap between American principle and practice. “There has always been a push and a pull between our founding ideals and the forces of inequality,” he said. “But Independence Day is a celebration of our persistent march toward greater justice.” He might well have added that the Pledge of Allegiance, which I recited every day in school as a boy, speaks of liberty and

justice for all—not liberty or justice. If Americans were forced to choose between them, the outlook for the country would be bleak. But we do not.

Some on the right say there is no longer a significant gap between America’s principles and practices. Civil-rights laws have torn down most barriers to equal opportunity. Except for a few “bad apples,” they contend, the police treat people fairly, regardless of race. They say the market rewards its participants in line with the economic value each contributes.

Some on the left believe the country’s principles were corrupted from the beginning by the exploitation of enslaved people and the killing and displacement of Native Americans. Part hypocrisy, part fraud, white Americans’ solemn invocations of liberty and equality have always served as ideological cloaks for domination, they say.

But there is a third voice in this debate—the voice not of reaction or revolution but reform. In his first inaugural address Bill Clinton declared, “There is nothing wrong with America that cannot be cured by what is right with America.” I believed those words the day I heard them nearly three decades ago. I still do. So do most Americans, I would wager. And so did the country’s greatest president, who was the wisest interpreter of its founding principles.

Speaking in Springfield, Ill., against the decision in *Dred*

Princeton Sets a Bad Example

By Baher Iskander

I will matriculate this fall at Princeton’s School of Public and International Affairs. I’m disappointed by the university’s decision to cast Woodrow Wilson as a racist and remove his name from the school.

I am a direct beneficiary of Wilson’s foreign policy, which advanced free trade, democracy, human rights and self-determination—not white supremacy. My native Egypt joined the League of Nations after gaining full independence from Britain in 1936. My mother, an Egyptian national, worked for the U.S. Embassy in Cairo promoting Egypt-U.S. trade, before my family immigrated to the U.S. when I was a teenager. Without the values Wilson fought for, and were it not for the leadership he exemplified, I wouldn’t be an American, much less a Princeton student.

Many students have cele-

brated Wilson’s erasure as a victory for “diversity and inclusion.” Yet it fits a pattern of college administrators acquiescing to noisy demands instead of urging us to do the difficult work of facing the complicated reality in both history and the present.

I personally benefited from his ideals. It’s reductive to judge him solely as a racist.

Growing up as a Coptic Christian in Cairo, I saw injustice. My aunt’s career in the Education Ministry was stymied because of her unmistakably Christian name. I learned as a child that Egypt could never have a Christian president because Christians couldn’t wield authority over the Muslim majority. I was harassed for eating in public

during Ramadan. Two years ago, I visited a church I attended as a child and saw the shrapnel of terrorist bombs that pierced its columns, the vestige of an attack that killed and maimed dozens of worshippers.

I am therefore puzzled when some of my peers allege that the name of Woodrow Wilson, an avowed progressive, made them feel “unsafe” and “unwelcome.” It’s reductive to believe we can neatly categorize complex historical figures into two buckets, “racist” or “antiracist,” and that nothing else matters. Princeton had named its public policy school after Woodrow Wilson to honor his idealism, especially in foreign policy, not celebrate his racism. We should be able to hold tensions and think critically.

While I recognize the importance of challenging simple narratives of heroism, equally simplistic stories of villainy are no better. Erasing Wilson’s

name and taking down his large photograph from Princeton’s dining hall evinces an unjustified sense of self-righteous certitude.

I will not be compelled by a vision that seeks to refocus the public eye only on the most damning aspects of a leader. If history judges me today, or sometime in the future, I certainly wouldn’t want to be reduced to one or two descriptors of my worst impulses or deeds.

Princeton should have set an example for students by restating its 2016 recommendations to maintain the Wilson name while also acknowledging his racist ideas and actions and formulating long-term policies that would improve circumstances for students of color in meaningful ways.

Mr. Iskander is an incoming master’s student in international relations at Princeton and a former Senate Armed Services Committee staffer.

BOOKSHELF | By Barton Swaim

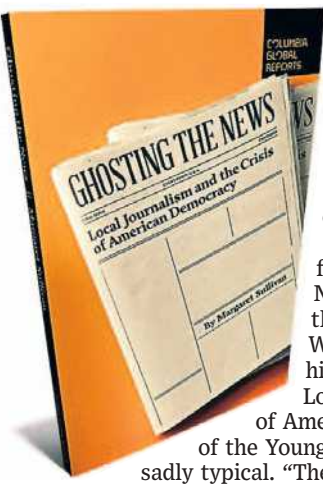
News You Can Lose

Ghosting the News

By Margaret Sullivan
(Columbia Global Reports, 105 pages, \$15.99)

A recent Gallup poll found that 72% of Americans expressed a “great deal” or “fair amount” of trust in local government, and 63% said the same about state government. In my experience, alas, local and state governmental bodies are some of the most palpably corrupt places in the American republic. Measured in absolute dollars, the local guys pocket and waste far less than the pros in Washington, but they get away with more—for the simple reason that nobody’s paying attention.

News coverage of state and local government affairs has never been great, but in the past decade or two it has ranged between abysmal and nonexistent. Craigslist began siphoning off newspapers’ ad revenue in the early 2000s; social media gave people the feeling of keeping up with the “news” without actually reading any news; and all the while newspapers—not including this one, I’m happy to say—were gullible enough to believe that they could give away their content on the internet and make up for the



consequent drop in subscriptions with digital-ad revenue. The result: Regional newspapers, already struggling for attention in the 1990s, have spent the past two decades shedding employees and closing their doors.

Margaret Sullivan, the former public editor of the New York Times and now the media columnist for the Washington Post, recounts this history in “Ghosting the News: Local Journalism and the Crisis of American Democracy.” The story of the Youngstown, Ohio, Vindicator is

sadly typical. “There was a time,” Ms. Sullivan writes, “when the Vindicator was able to send a staff reporter or a freelance stringer to every municipal board meeting and every school board meeting in the surrounding three-county area.” An employee union went on strike for nine months in 2004 just as ad revenue began migrating elsewhere. The Vindicator never recovered. In 2019 the paper closed its doors (though a paper in nearby Warren now publishes an edition under the Vindicator’s name). Youngstown, home of some of the most famously corrupt politicians in America—James Traficant was a native—is now a “news desert.” Online projects by ProPublica and McClatchy have tried to fill the void, but websites are just, well, websites. Nothing replaces a hard-copy newspaper.

Ms. Sullivan surveys some of the efforts to give new life to newspapers, or to create something like them. One of these, the uninspiringly named Community Impact Newspaper, is based in Pflugerville, Texas, and publishes in 34 locations in four states. It’s a free, direct-mailed newspaper that survives exclusively by advertisements from local businesses, and its modestly paid reporters write stories on traditional local-news subjects like taxes and road projects. The associated websites have no paywall, and the company has made a small profit almost every year since its founding in 2005. “The full-color tabloid-size papers are ‘stitched and trimmed,’” Ms. Sullivan explains, “meaning they are neatly edged and stapled, creating a high-end look.” Community Impact may not be the business model to save local reporting, but it proves at least this: Print still sells.

Local and regional newspapers have spent the past 20 years firing their employees and closing their doors. Who bears the blame?

What’s really to blame for all this destruction? If Ms. Sullivan’s book had been published 10 or 20 years ago, I suspect she would have found much more room to discuss the need for diversity in the newsroom. That was the industry’s chief concern from the 1980s to the 2000s, but—and who could have predicted this?—a heightened obsession with race and identity somehow failed to reverse the decline. Ms. Sullivan dutifully mentions that, as editor of the Buffalo News, she “aggressively hired people of color” but otherwise leaves the topic alone. In “Ghosting the News,” blame attaches to a wider array of culprits: Facebook and Craigslist for killing ad revenue, unimaginative newspaper chains whose answer to every financial problem is to cut staff, private-equity firms that buy struggling papers and asset-strip them before selling them off.

Maybe I shouldn’t be surprised that a Washington Post columnist couldn’t find a negative word to say about the practice of journalism in America’s newsrooms, but I thought perhaps she might give it a throwaway paragraph. Nope. Ms. Sullivan writes of “journalism,” sometimes of journalistic “talent,” as though it’s a natural resource, the same in quantity and quality at all times. The only question, for her, is whether all this “talent” can find a place to exhibit itself. Right now, thanks to a set of economic circumstances mostly out of our control, Americans have trouble getting access to this great and noble thing called “journalism,” but a number of billionaires and philanthropic organizations are exploring ways to keep open the “journalism-talent pipeline.”

I do not like to fault books for the things they don’t include, but allow me to suggest a few trends in the field of news journalism that make the work of selling it to ordinary Americans more difficult than it once was. (1) The search for young, woke readers: People willing to pay for news want to know the score of Friday night’s football game and the gist of a tax hike proposed by the mayor. If they want to know about the new Drake album or trans dating conventions, they have the internet. (2) The nationalization of everything: Reporters at regional papers often appear to believe that the most important thing to know about the state’s governor or the local congressman is his attitude to Donald Trump, not his position on a subsidy for a local company or plans to build a highway extension. (3) The charade of “objectivity”: American news reporters, for the most part unlike their European counterparts, have been taught to pretend they have no view on the issues of the day, although it’s plain to any person of moderate intelligence that they have very strong views and that those views mostly tend to the left.

But perhaps I’m naive to think “America’s premier media critic,” as the book’s back cover proclaims Ms. Sullivan to be, would dare to criticize the media.

Mr. Swaim is an editorial-page writer for the Journal.

OPINION

REVIEW & OUTLOOK

The Trouble in Mexico

Mexican President Andrés Manuel López Obrador meets President Trump at the White House Wednesday to celebrate immigration controls and the new North American trade agreement. But this should also be a moment to discuss deeper economic ties because trouble is brewing south of the Rio Grande for whoever is the next U.S. President.

Mr. Trump’s anti-Mexican rhetoric since the 2016 campaign has strained relations with our southern neighbor. But the willingness of the two Presidents to meet is an admission of shared interests. Chief among them is the economic development and security of Mexico, both of which have deteriorated since Mr. López Obrador took office in December 2018.

* * *

The Mexican President, a left-wing economic nationalist, is making his first trip abroad in office and flying commercial to boot. But if he wants his *sexenio* to be a success he’ll have to go beyond populist symbolism and change his political course. On Wednesday Mr. Trump will have a rare opportunity to engage on ideas to pull Mexico out of its economic and security tailspin.

Mr. Trump will no doubt boast about the revised U.S.-Mexico-Canada (USMCA) trade deal, which went into force on July 1. But the truth is that this is more relief than trade breakthrough, and the best news is that it reaffirms a shared commitment by all three countries to North American economic integration. Mr. López Obrador deserves credit for hanging in during difficult final negotiations.

The absence of Canadian Prime Minister Justin Trudeau is a shame and another example of Mr. Trump’s misguided trade policy of punishing friends. Mr. Trudeau is rightly miffed about Mr. Trump’s threats of new aluminum tariffs even as the USMCA is being launched. Like other foreign leaders, he may be waiting out Mr. Trump in anticipation of a new U.S. President in 2021.

But Mexico is the main issue now, as Mr. López Obrador has governed like an old-fashioned caudillo—a strongman who dictates economic decisions rather than unleash the genius of the Mexican people. His policies have reduced growth and caused domestic and foreign capital to flee.

Per-capita GDP fell by 1.2% in 2019 and, according to the central bank’s balance of payments statistics, foreign direct investment declined to \$29.6 billion from \$38.7 billion in 2018. Covid-19 will make this an even more difficult year, but any chance of mitigating the damage with the new trade deal has been diminished by Mr. López Obrador’s hostility toward investors.

It’s not too late to reverse course. Energy is an obvious opportunity for Mexico and the U.S. to work together. Mexico has abundant supplies of oil but is short on capital and technology, which North American investors could provide. By allowing private bids on oil-field production or setting up joint ventures, Mexico could better exploit its resources and raise living standards.

Plentiful American natural gas is also a potential win-win because Mexican manufacturing depends on affordable electric power. After an early attempt to renege on contracts for new gas pipelines signed by the previous government, Mr. López Obrador accepted a renegotiation. But not before he damaged Mexico’s reputation for respecting the rule of law. He also canceled the New International Airport for Mexico City when it was nearly 40% complete, and he more recently announced that Mexico is canceling a \$1.4 billion brewery in Mexicali.

Perhaps the President believes that state-owned oil company Petróleos Mexicanos (Pemex) can somehow escape without help from its more than \$100 billion in outstanding debt, another \$10 billion owed to suppliers, and some \$77 billion in unfunded pension obligations. And maybe he doesn’t care that Pemex lost \$18 billion in 2019, nearly twice what it lost in 2018.

But AMLO, as he is known in Mexico, does care about his popularity, which has been slumping with the economy. Next year he faces midterm elections that won’t go well if he doesn’t restore growth.

Trouble in Mexico inevitably flows north across the border, no matter how strict the immigration controls. Mexico’s progress in the last 30 years was led by an entrepreneurial class that is deeply worried about where AMLO is taking the country. His trade and immigration blinkers aside, Mr. Trump understands the importance of private economic growth, and it’s in America’s interest if he can move his fellow populist in the right direction.

The Media’s PPP Potshots

What do Citizens Against Government Waste, Nancy Pelosi’s husband, and Jared Kushner’s family have in common? All are getting unfairly maligned for having dared take the government’s offer of financial help to survive the government-imposed pandemic shutdowns.

The Small Business Administration on Monday released information about the 4.9 million small-business loans the Paycheck Protection Program has disbursed since March. Cue the gotcha headlines. “Groups critical of taxes, spending not opposed to PPP loans,” declared Roll Call, naming Taxpayers for Common Sense and the Americans for Tax Reform Foundation.

A Bloomberg non-expose noted that among entities receiving a “bailout” were companies with “Trump ties,” “religious organizations,” “investment firms,” and the Kushner family. Republican operatives highlighted that Joe Biden’s former law firm received funds, as did a company in which Speaker Pelosi’s husband, Paul, is a passive investor. Watchdog group Open the Books produced a map of “mega loans,” calling out Kanye West’s sneaker company and Robert Redford’s Sundance Institute.

Lost among the cheap shots is that the PPP

bears no relation to typical government pork. Congress created it as a lifeline for companies that were closed by government fiat, not due to mismanagement or poor investment decision. As Americans for Tax Reform noted in a statement, PPP loans are akin to “compensation for a government taking.”

Many of the stories imply cronyism or opportunism, but none offer evidence that political favoritism played a role in the loans, or that the entities in question didn’t qualify for assistance. Congress set up PPP to enable SBA-affiliated banks to distribute cash quickly and widely—without the usual political mediation—and in that regard it succeeded.

According to SBA data as of May 30, PPP had provided support to some 84% of small business employees, underwriting some 51.1 million jobs. Many of those outfits will now have a shot at survival, and they stand in contrast to companies like Hertz or Neiman Marcus, which went bankrupt, or to thousands of small businesses that couldn’t survive the shutdown with or without a government loan.

The politicians and their media retainers shouldn’t attack firms for accepting the loans they were offered to survive the bad decisions made by government.

Payday Lending Survives

Small-dollar borrowing shrank last quarter while Americans were stuck at home, but demand may swell soon as many

workers adapt to reduced hours or wages. They’ll have that option thanks to the final rule issued Tuesday by the Consumer Financial Protection Bureau on payday loans.

The new rule replaces a draft by Obama-era director Richard Cordray that would have required lenders to apply a stringent standard for assessing creditworthiness. The bureau found that the proposed rule would have reduced payday loan volume by at least 62%, driving thousands of storefront lenders out of business. In effect the revision will preserve the status quo, leaving regulation of payday loans to the states.

This will be welcome news for millions: Americans took out \$90 billion in short-term loans in 2018. Critics focus on the “debt spiral” that traps some borrowers who fail to repay within the two-week term. But the weight of the evidence—including a 2012 study by Ronald Mann of Columbia Law School, cited in both versions of the CFPB rule—shows that most borrowers understand the risks.

The need for quick credit is broader than many admit. Like credit-card operators, the more than 12,000 payday lenders nationwide set fees at a level that allows them to sustain the model for all customers. The volume of pay-

day loans has fallen by nearly 40% since 2007, mostly as a result of states tightening caps on monthly interest rates. But consumers keep showing up where the law permits.

Perhaps more than any agency outside the intelligence community, the CFPB has been a stage for struggle between Trump appointees and tenured staffers. A memo by a departing bureau economist that leaked in April described how midlevel employees fought to block management from rewriting the payday rule. These critics allege that Director Kathleen Kraninger and her predecessor, acting Director Mick Mulvaney, rushed the process and ignored analysis on the industry’s harms.

Yet the new final rule retains the economic research the bureau produced under Mr. Cordray. It also preserves stricter limits on how lenders can collect repayment. In revising the rule, Ms. Kraninger simply explains that consumers would suffer more from the elimination of lending businesses than they do from the fees. She has the final say over rules.

Progressives will no doubt take this fight to court. But the 2017 provisions to restrict lenders never took effect, so even a sympathetic judge should find it hard to rule that the rewrite harms consumers. Meanwhile, millions of Americans will be able to get the cash they need on short notice.

AMLO visits Trump as economic woes grow south of the U.S. border.

LETTERS TO THE EDITOR

Eugene Scalia Off the Mark on ESG Investing

Labor Secretary Eugene Scalia proclaims his department is doing right by retirees by making it harder to invest with environmental, social and governance (ESG) considerations in mind (“Retirees’ Security Trumps Other Social Goals,” op-ed, June 24). Mr. Scalia claims retirement advisers shouldn’t consider these factors because “retirees’ security trumps other social goals.”

Mr. Scalia overlooks that ESG funds routinely outperform other offerings and ignores well-documented economic risks from climate change. Unlike Mr. Scalia, investors know climate change threatens investments. Mr. Scalia even admitted, himself, investors want ESG investing, and reports predict this trend will surge. Instead of limiting ESG considerations, Mr. Scalia should call for strong ESG standards and risk disclosures, such as those in my Climate Risk Disclosure Act.

It’s no surprise Mr. Scalia is on the wrong side here—the Trump adminis-

tration has worked to roll back nearly 100 environmental safeguards. But he’s even on the wrong side of Wall Street. In January, BlackRock announced it will “make investment decisions with environmental sustainability as a core goal” and will release climate disclosures for their mutual funds.

Apparently Mr. Scalia wants to keep investors from considering ESG. But climate change threatens the stability of our economy, and ESG investing helps protect against those threats—hardly a fiduciary’s “personal preference.”

Mr. Scalia seems to think that burying our heads in the sand and pretending that there is no risk to manage is risk management itself. If Mr. Scalia truly wanted to protect retirees, he’d remove roadblocks to ESG investing, call on his colleagues to create strong ESG standards and support my Climate Risk Disclosure Act.

SEN. ELIZABETH WARREN (D., MASS.)
Cambridge, Mass.

Populists, Private Equity and Social Benefit

M. Todd Henderson and Steven N. Kaplan’s “Populists Don’t Know Much About Private Equity” (op-ed, July 1) shouldn’t have been necessary. Even if it were true that “private equity and venture capital are socially wasteful,” so what? Much of human activity can be considered “socially wasteful,” including much of what happens in our universities and governments. Investment funds can only “waste” assets that are placed there voluntarily, by free people. This isn’t the case when society’s wealth is spent, for example, on government subsidies of college degrees for people who end up working as baristas or Uber drivers.

PAUL WESSEL
Bethlehem, Pa.

Messrs. Henderson and Kaplan paint a stereotypical picture of private equity: better incentivized and (magically) more competent management improving operations and creating financial value. They also note that when a private-equity fund buys a firm, it can put in place “a more sustainable capital structure.” They must be kidding. That is the opposite of reality and the core of the private-

equity problem. Private equity typically invests modest amounts of equity and burdens companies with a great deal of debt. The new capital structure adds a great deal of risk to all stakeholders, including stakeholders who have no participation on the upside. It also makes these companies less flexible, more susceptible to operational or macroeconomic problems and subtracts financial and social value.

The record of Mitt Romney at Bain Capital is revealing, as the Journal detailed in “Romney at Bain: Big Gains, Some Busts” (Page One, Jan. 9, 2012). From the beginning of Bain Capital in 1984 up to 1999, the firm invested in 77 companies. Ten deals produced more than 70% of the returns to Bain Capital investors, but as the Journal noted: “Of the 10 businesses on which Bain investors scored their biggest gains, four later landed in bankruptcy court.” Bain Capital did well for its investors, but failed others.

Is that the social capital creation that Messrs. Henderson and Kaplan are talking about?

GEORGE MELAS-KYRIAZI
New York

Here’s an Election Exit Ramp for Mr. Trump

Many, and not only Never Trumpers, would be relieved if the president dropped out of the race and declined to anoint a successor. The Democrats would achieve their objective of getting rid of him. The Republicans would recover the “anybody but Trump” vote.

In “The Global Political Pandemic” (Global View, June 30), Walter Russell Mead suggests why President Trump might hesitate to drop out. Mr. Mead notes that “some Democrats are already talking about launching criminal proceedings against Trump officials for alleged abuses after President Trump leaves office.” And perhaps against President Trump personally?

Enter Sun Tzu, whose advice was: “Build your opponent a golden bridge to retreat across.” With the help of Vice President Mike Pence, the president could build his own golden bridge. He could issue pardons for past and present advisers exposed to politically motivated prosecution. The Internal Revenue Service could accept his tax returns as filed. On the eve of Inauguration Day he could resign in favor of the vice president, who would then pardon him. He would be beyond the reach of impeachment proceedings or criminal prosecution.

President Trump could declare victory. Like Lyndon Johnson in 1968, he would say that he is doing it for the good of the country because, although a great president, he is a polarizing figure and, at the cost of a second term, he is acting in the best interest of a

Things ‘Going South’ Will No Longer Be Permissible

Regarding Michael Taube’s “Strike Up the Banned” (op-ed, July 2) describing how “Dixie” and “antebellum” can no longer be used in polite PC circles: Isn’t the real elephant in the room here the word “South,” which conjures up all sorts of hurtful images for woke Northerners. Admittedly, banning this despised word would create some issues when giving directions, but we could learn from Prince and call it “the direction formerly known as south” or borrow from J.K. Rowling (who is under suspicion by lefties already) and refer to it as “the direction which must not be named.”

LOGAN ROBINSON
Bloomfield Hills, Mich.

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deeply divided country. Some might disagree and say that he spared himself a humiliating defeat. Who is to say?

S. PAUL POSNER
New York

Karl Rove misses a key “reset” in “The Trump Campaign Needs to Hit ‘Reset’” (op-ed, July 2). The Trump team needs a new candidate for vice president. Mike Pence comes across as a nice guy, but also as an old, white guy who doesn’t speak well and has little public personality or stature. Let him drop out and retire in Indiana. If President Trump and the GOP want my vote, the party needs to replace Mr. Pence with a candidate such as Nikki Haley, a female, minority, daughter of immigrants, former South Carolina governor and ambassador to the United Nations. When she speaks, people pay attention.

JON TITUS
Herriman, Utah

Ticker-Tape Play by Play And Young, Eager Minds

Gerald Eskenazi’s “A Radio Trick for TV Sports: Make Stuff Up” (op-ed, June 30) on ticker-tape broadcasting took me back to about 1949. Official score book in hand, I’d score the game—play by play, inning by inning. The announcer was “the Old Scotchman,” Gordon McLendon from Dallas. Years later Texas Monthly had an article about McLendon and only then did I realize the truth: How could he be in Dallas broadcasting a game being played in St. Louis or New York? As a boy it never crossed my mind.

GORDON DAUGHERTY
Austin, Texas

Pepper ... And Salt

THE WALL STREET JOURNAL



WORLD NEWS

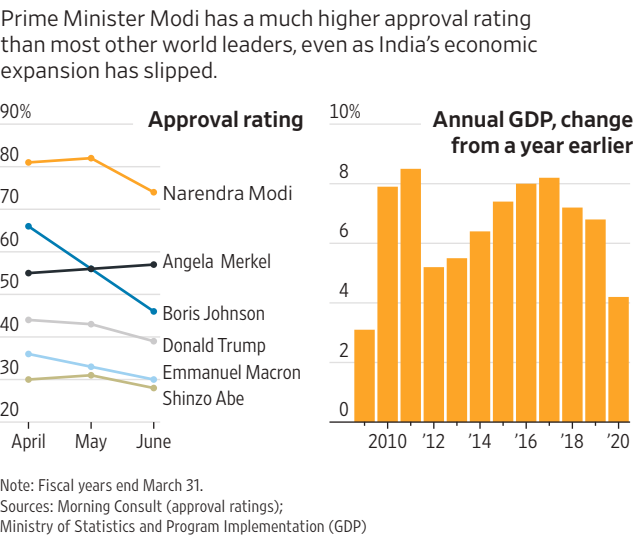
Clash With China Tests Modi’s Approach

Confrontation fuels Indian prime minister’s nationalist agenda, but also reflects its limits

By Vibhuti Agarwal
And Krishna Pokharel

NEW DELHI—A deadly clash with China high in the Himalayas has posed a tricky domestic challenge for Indian Prime Minister Narendra Modi, who has cultivated an image as a strong nationalist leader and struggled to deliver on promises to transform his country’s economy. The showdown has stoked the sort of nationalist feelings that Mr. Modi has proved adept at turning into political support, but unlike past confrontations with Pakistan, India can’t afford to turn China into an archenemy, some analysts say. “Nationalism is all right to rally people to your support,” said Subramanyam Chandrasekharan, director of South Asia Analysis Group, a New Delhi-based think tank. But, he said, “You have to be careful. It’s a double-edged sword. The

situation can only be solved diplomatically.” Mr. Modi responded to the border clash by banning 59 Chinese smartphone apps, citing cybersecurity concerns. Still, India has continued negotiating to de-escalate tensions on the border. Chinese and Indian troops started to withdraw from some friction points in disputed areas along the two countries’ Himalayan border, Indian security officials said this week, following talks between senior diplomats and military commanders to calm tensions. “Never in history has expansionism been successful for those who tried it,” Mr. Modi told Indian forces during a visit last week to Ladakh, part of the disputed border region. “Today, the world is dedicated to development. India will always focus on this.” The clash with Asia’s fastest-rising power has come after a storm of bad news for Mr. Modi and his Bharatiya Janata Party. They were voted into power in 2014, then re-elected last year, based in large part on confidence that Mr. Modi could build a stronger, more stable India



and raise the standard of living for its many poor citizens. Mr. Modi, who built his political résumé overseeing Gujarat, one of India’s most economically vibrant states, pledged to add trillions of dollars to India’s gross domestic product. Instead, growth began to sputter a few years into his first term. It entered a sharp downturn last year and has now collapsed with the disruption caused by the pandemic. Growth slipped to an 11-year low in the 12 months through March and economists predict the first contraction in 40 years this year. South Asia, led by India, could be the region worst hit by the pandemic globally, with possibly more than 100 million people pushed back below the poverty line, according to a study at the United Nations Univer-

sity World Institute for Development Economics Research. Despite one of the world’s tightest lockdowns, India has become one of the countries suffering the most from the virus, trailing only the U.S. and Brazil in the total number of cases. Its biggest cities are struggling to contain the spread, and health experts say it could be months before the number of infections peaks. All of that comes after anti-government demonstrations last year protesting the BJP’s change in a citizenship law that many saw as undermining the country’s commitment to diversity and religious freedom. “Modi’s image has taken a serious beating” domestically, said Bibhu Prasad Routray, director of Mantraya, an Indian strategic think tank. Still, Mr. Modi’s popularity remains remarkably high, with 74% of Indians expressing approval of his leadership in a poll conducted in late June by U.S. polling and research company Morning Consult. Still, the string of challenges faced by Mr. Modi and the BJP—some the result of

their own actions, others beyond their control—came after the prime minister and party cruised to re-election in no small part on a wave of nationalist sentiment stirred up during a confrontation with Pakistan after a terrorist attack killed 40 Indian soldiers in the part of disputed Kashmir that India controls and considers a full-fledged Indian state. Some of Mr. Modi’s supporters have tried to suggest his decision to block Chinese apps is a similarly bold move, calling it a “digital strike” on China. The showdown with China is a stickier challenge, since China is a major Indian trade partner and has a far greater array of ways to counter India if it wanted, from cyberattacks to seeking to undermine its standing in international organizations, some analysts say. More than half of India’s overall trade deficit is with China, including imports of critical technology. Mr. Modi “knows that India can’t afford a military confrontation with China,” said Tanvi Kulkarni, a visiting fellow at the Institute of Peace and Conflict Studies based in New Delhi.

Russia Detains Former Journalist

By Georgi Kantchev

MOSCOW—Russian authorities detained a former journalist working at the country’s space agency and accused him of allegedly handing over military secrets to NATO, the latest in a string of treason accusations brought against prominent Russians. The Federal Security Service, the country’s main security agency, said Tuesday that Ivan Safronov, a former defense reporter who recently became an aide to the head of Roscosmos, worked for the foreign-intelligence service of an unspecified member of the North Atlantic Treaty Organization and provided it with classified military information. Mr. Safronov was charged with treason and could spend as many as two decades in prison if convicted. “Acting on orders from a NATO security service, [Mr. Safronov] gathered and passed to the security service’s representative classified information about the military-technical cooperation, defense and security of the Russian Federation,” said the FSB, as the Russian security service is known. Federal security authorities didn’t disclose further information about the nature of the material Mr. Safronov is accused of passing on. A NATO spokeswoman on Tuesday said the organization doesn’t have an intelligence service and it’s “not going to speculate on allegations made by the Russian security service against a Russian citizen.” Mr. Safronov pleaded not



Russian authorities allege Ivan Safronov, an aide to the head of the nation’s space agency, handed over military secrets to NATO.

guilty in court, Russian state media reported. A lawyer for Mr. Safronov couldn’t be immediately reached. The Open Russia Human Rights Project, which assists people accused by the state for their political or social views, said a lawyer the group dispatched to help Mr. Safronov was waiting to talk to him. Mr. Safronov’s detention comes less than a month after Russian prosecutors charged a

distinguished Russian scientist with treason after accusing him of passing classified information to China. At least eight Russian scientists have been arrested and charged with treason in recent years for allegedly disclosing state secrets in high-profile criminal cases. “It’s obvious that the case was initiated because of his journalistic activities,” said Valya Dekhtyarenko, a spokeswoman for the Open Russia Human Rights Project. “All

this is an attack on independent journalists.” Presidential spokesman Dmitry Peskov told reporters that Mr. Safronov’s detention wasn’t related to his work as a journalist. Roscosmos said the detention wasn’t connected to his job at the space agency, where Mr. Safronov began work as a communications adviser to the organization’s director general, Dmitry Rogozin, in May. Before taking the space

agency job, Mr. Safronov was a prominent journalist for business dailies Kommersant and Vedomosti, where he reported on politics, military and space topics. Vedomosti declined to comment, and Kommersant didn’t respond to a request to comment. The editors in chief of both newspapers told the state news agency, TASS, that they were unaware of the reasons for the detention of their former employee.

Pandemic Job Losses Will Persist, OECD Warns

By Paul Hannon

Unemployment rates in the world’s advanced economies will end the year higher than at any time since the Great Depression and not return to their pre-pandemic levels until 2022 at the earliest, the Organization for Economic and Cooperation and Development said Tuesday. The Paris-based research institute that serves the U.S. and 36 other countries warned against the premature withdrawal of emergency measures designed to support employment, and said governments should launch new programs to encourage businesses to hire workers, particularly those entering the jobs market for the first time. Jobless rates could be even higher if a second wave of outbreaks leads to fresh, if partial lockdowns, the OECD said. If the U.S. is hit by a second wave of lockdowns, the OECD forecasts jobless rates of 12.9% in 2020 and 11.5% in 2021, compared with 11.3% this year and 8.5% next year if there is no sustained resurgence. The lockdowns that governments imposed from mid-March in an effort to contain the coronavirus led to large-scale layoffs. Across the OECD’s members, the jobless rate has returned to the level last seen in the aftermath of the global financial crisis. “We are basically back where we were in 2010,” said Stefano Scarpetta, director of employment at the OECD. “In three months, we’ve lost all the gains in employment that it took a decade to make.” Mr. Scarpetta estimates that even if a second wave of coronavirus outbreaks is avoided, the jobless rate for OECD members will hit 9.4% in the final three months of this year, a level not seen since the 1930s. In the event of a second wave of coronavirus outbreaks, the jobless rate could rise to 12.6%. Even if further outbreaks are avoided—an outcome the OECD labels the “optimistic” scenario—the jobless rate is expected to fall only gradually, to 7.7% by the end of 2021. In the event of a second wave, it is expected to stand at 8.9%. The loss of jobs is only one measure of the pandemic’s impact on the labor market. Based on statistics from a small group of countries that includes the U.S., the OECD estimates that total hours worked fell by 12.2% in the first three months of the lockdown, compared with 1.2% in the first three months of the global financial crisis. Although the U.S.’s jobless rate fell in May and June, the OECD expects it to experience the largest rise in unemployment this year, an increase of 7.6 percentage points. By comparison, Germany’s unemployment rate is expected to rise by 1.4 percentage points this year, while the French rate is forecast to increase by 2.5 percentage points.

WORLD WATCH

NORTH KOREA Former POWs Win Suit Against Kim

A South Korean court ruled that Kim Jong Un must pay more than \$35,000 in damages to two former prisoners of war who were detained in North Korea for decades, a legal victory that could help boost similar cases against the regime. It was the first time a South Korean court placed liability on a North Korean leader for damages in a civil suit. The Seoul Central District Court on Tuesday awarded roughly \$17,570 each in civil damages to Han Jae-bok, 87 years old, and Ro Sa-hong, 90. They were captured behind enemy lines during the 1950-53 Korean War and, after fighting was halted by an armistice, were put to work alongside other South Korean prisoners of war. They spent 33 months in forced labor and then decades more consigned to work at coal mines until they escaped to South Korea. Mr. Ro managed to flee in 2000 and Mr. Han got out a year later. An estimated 83,000 South Korean prisoners of war were held captive in North Korea at the end of the war, though the majority of them remain unaccounted for, according to Mulmangcho, a group supporting POWs. —Eun-Young Jeong



A resident helping clear debris at a friend’s house reacted Tuesday as more rain fell in Hitoyoshi, in southern Japan. At least 55 people have died in floods in the country and a dozen were missing.

JAPAN Heavy Flooding Leaves Dozens Dead

Soldiers used boats to rescue residents as floodwaters flowed down streets in southern Japanese towns hit by heavy rains that were expanding across the region on Tuesday. At least 55 people have died and a dozen remain missing.

Pounding rain since late Friday in the southern region of Kyushu has triggered widespread flooding. More rain was predicted in Kyushu and the western half of Japan’s main island of Honshu as the rain front moved east. In Fukuoka, on the northern part of Kyushu, soldiers waded through knee-high water pulling a boat carrying a mother, her 2-month-old baby and two other

residents. “Good job!” one of the soldiers said as he held the baby up to his chest while the mother got off the boat, Asahi video showed. Several children wearing orange life vests over their wet T-shirts arrived on another boat. About 3 million residents were advised to evacuate across Kyushu, Japan’s third-largest island. Tens of thousands of army troops, police and other rescue workers worked their way

through mud and debris in the hardest-hit riverside towns along the Kuma River. Rescue operations have been hampered by the floodwater and continuing harsh weather. —Associated Press

NETHERLANDS Torture Chamber Found, 6 Arrested

Dutch police arrested six men after discovering sea containers that had been converted into a makeshift prison and sound-proofed “torture chamber” complete with a dentist’s chair, tools including pliers and scalpels and handcuffs, a high-ranking officer said Tuesday. Authorities said police conducted the raid before the torture chamber could be used and alerted potential victims. The grisly discovery was made last month by officers investigating leads generated by data from encrypted phones used by criminals. The communications network was cracked recently by French police. Detectives in Britain and the Netherlands have already arrested hundreds of suspects based on the encrypted messages. The announcement gave a chilling insight into the violent Dutch criminal underworld, which is involved in the large-scale production and trafficking of drugs. —Associated Press

BUSINESS & FINANCE

Airlines Ready New Staffing Cuts

As reservations fall in major hubs, United considers schedule reductions, furloughs

By ALISON SIDER

After New York, New Jersey and Connecticut said last month they would require people arriving from hot-spot states to quarantine for 14 days, **United Airlines Holdings** Inc.'s reservations for travel within the coming month quickly began to slide, according to a presentation to United employees Monday viewed by The Wall Street Journal.

The drop-off has been most acute at United's Newark, N.J., hub, where near-term

net bookings were about 16% of a year earlier's levels as of July 1, according to the presentation. Just weeks earlier, net bookings there had climbed to about a third of last year's levels. The bookings metric, which is the difference between new reservations and cancellations, has also started to fall in other hubs, the airline told employees.

That is a worrying sign for the struggling airline industry's hopes for a recovery.

Denver-based **Frontier Airlines** also told employees this week that bookings had taken a hit and that it is evaluating what schedule reductions it would need to make.

United shared the more dire outlook with many employees across the country Monday as it told them to prepare to receive notifications of potential furloughs under the Worker Adjustment and Retraining Notification Act as soon as this week.

The airline told employees

that tens of thousands of employees would receive such notices.

The exact number couldn't be immediately determined, and it isn't clear how many will be let go.

Airlines including United have offered early retirement and buyout packages to encourage workers to leave on their own.

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◆ **Heard on Street: Airlines try to keep down supply..... B14**

AMC Nears Deal to Stave Off Bankruptcy

By ALEXANDER GLADSTONE

AMC Entertainment Holdings Inc. is nearing a restructuring deal that would help stave off a near-term bankruptcy filing while turning down a competing financing offer from senior lenders including **Apollo Global Management** Inc., according to people familiar with the matter.

The proposed deal, which could be announced within days, would require bondholders to provide a \$200 million senior loan and to swap their unsecured claims at a discount for new, second-lien debt, people familiar with the matter said.

Private-equity firm **Silver Lake Group** LLC, which has a representative on the company's board and owns \$600 million of convertible bonds, would swap for first-lien debt, they said.

Senior lenders including Apollo, **Davidson Kempner Capital Management** LP and **Ares Management** Corp. have pushed back against the proposal, which would allow Silver Lake to share in the collateral pledged to them.

The group, which is represented by law firm Gibson, Dunn & Crutcher LLP, submitted a counterproposal in recent days in which they offered to inject an additional \$200 million in senior debt financing, on top of \$200 million supplied by junior bondholders.

As a condition of the counteroffer, the senior lenders wanted Silver Lake blocked from swapping into the top-ranking debt and subordinated beneath the senior loans in the payment line, people familiar with the matter said.

Silver Lake resisted the counteroffer, and AMC is close to rejecting it, they said.

The conflict marks the latest instance of asset managers and private-equity funds competing with each other to protect investments in companies that are running low on cash due to the coronavirus pandemic. Similar disputes have broken out between investors in companies ranging from travel-bookings platform Travelport Worldwide Ltd. to mattress maker Serta Simmons Bedding LLC.

AMC was forced to shut down its more than 1,000 theaters world-wide due to the

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TikTok Battles Political Tensions

By LIZA LIN AND EVA XIAO

The Chinese maker of TikTok, the popular short-video platform, said it would pull its app out of Hong Kong amid concerns about a new national-security law, its second market exit in as many weeks, as Secretary of State Mike Pompeo hinted the Trump administration was considering limiting U.S. users' access to the app.

Tuesday's developments underscored the geopolitical challenges facing the first global social-media sensation to emerge from China. Last week, India—one of TikTok's largest markets by users, accounting for roughly a third of its downloads—banned the app as part of an escalating border dispute between Beijing and New Delhi.

TikTok, which won over millions with its catchy dancing and lip-sync videos, has faced intense scrutiny in the U.S. as it grows around the world, and as U.S.-China relations hit the skids. In Washington, some lawmakers have called for an outright ban, saying data in the smartphone app would be available to Beijing.

On Monday, when asked during a Fox News interview if the U.S. should ban Chinese social-media apps including TikTok, Mr. Pompeo said the government was looking at it. The Trump administration has worked to keep network-equipment makers **Huawei Technologies** Co. and **ZTE** Corp. out of its mobile infrastructure, he added.

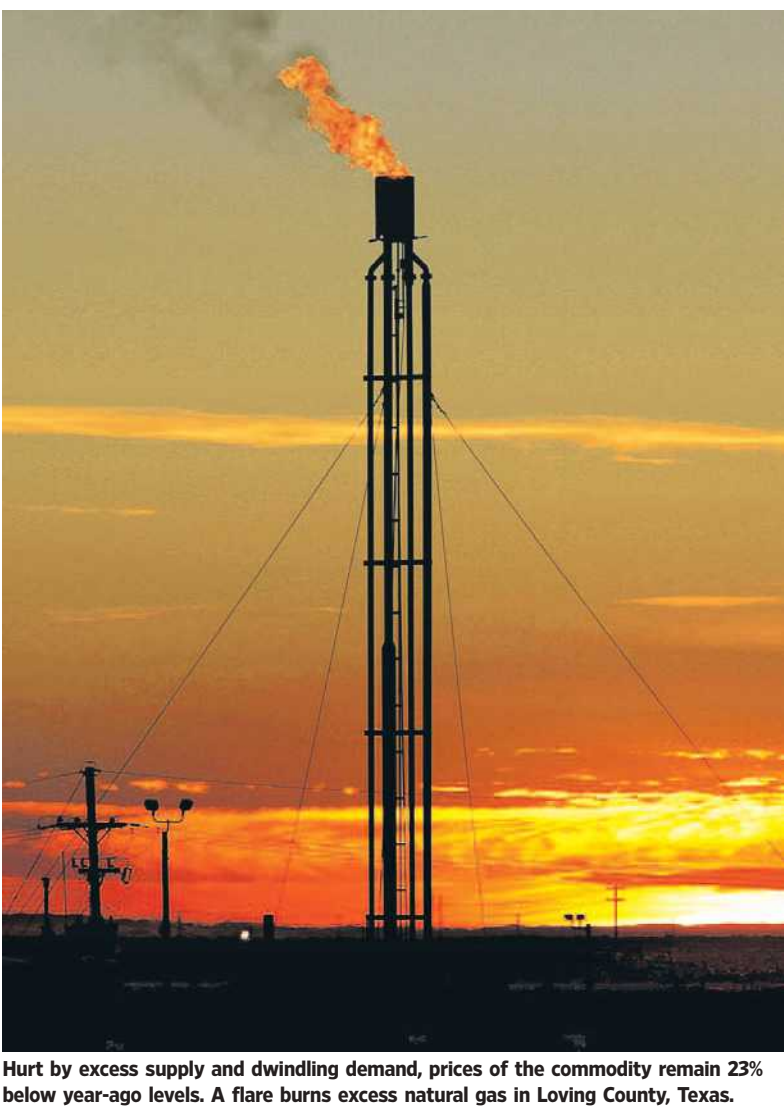
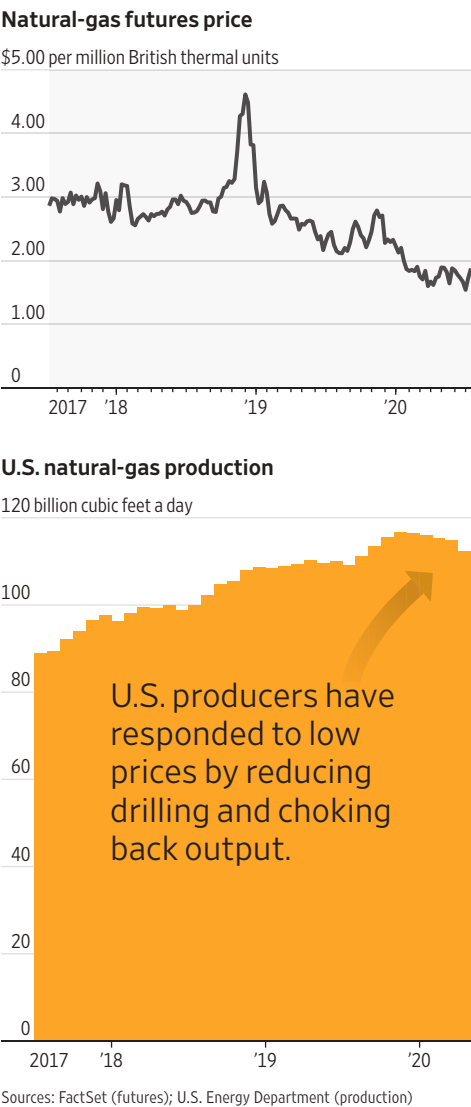
"With respect to Chinese apps on people's cellphones, we can assure you the United States will get this one right," Mr. Pompeo said. He didn't offer details about how the U.S. would restrict access or indicate how seriously the White House is considering the move.

A spokesman for TikTok, which is owned by Beijing-based **ByteDance** Ltd., said it has an American CEO and employs hundreds in the U.S. "We have no higher priority than promoting a safe and secure app experience for our users," he said. Previously, TikTok has said it never provided user data to the Chinese government, and wouldn't do so if asked.

The pressures TikTok faces reflect the continued fracturing of the internet along geopolitical lines amid rising tensions between the U.S. and China. The Chinese government's decision to wall off the country's internet once helped its tech companies grow by shielding them from foreign competition, but the idea of erecting national boundaries in cyberspace now threatens the future of the first Chinese internet company to enjoy mainstream global appeal.

In Hong Kong, TikTok's decision to pull back in response to the new national-security law came alongside similar moves by its U.S. social-media peers including **Facebook** Inc., **Twitter** Inc., Google parent **Alphabet** Inc.

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Hurt by excess supply and dwindling demand, prices of the commodity remain 23% below year-ago levels. A flare burns excess natural gas in Loving County, Texas.

Natural-Gas Prices, Trading Falter As Other Energy Assets Recover

By RYAN DEZEMBER

Natural-gas prices have bounced back from the 25-year low reached late last month, but analysts and traders don't expect them to go much higher—at least until it is time to turn on the heat.

As other assets recover from the coronavirus meltdown and even exceed pre-pandemic highs, natural gas has lagged behind. There is simply too much of it.

Stockpiles of the power-generation and heating fuel are bloated world-wide. The international trade in liquefied

natural gas, or LNG, has collapsed, squeezing an important outlet for U.S. shale gas. And with crude prices back up to around \$40 a barrel, oil producers are reopening the spigots and, as a byproduct, putting a lot of cheap gas into the market.

Natural-gas futures for August delivery ended Tuesday at \$1.876 per million British thermal units. That is up 27% since June 25, when futures for July delivery closed at \$1.482—their lowest level since August 1995. Yet it is still 23% below the price this time last year and 34% less than the price

two years ago.

Investors have trimmed their bearish bets in recent weeks, reducing their net short position, or wagers that prices will fall, according to Commodity Futures Trading Commission data. But analysts caution against getting too bullish. They don't expect prices to exceed \$2 for any sustained period until Americans are turning on the heat in their homes.

The heights of summer and winter are when gas prices are typically at their highest, given the demand to power air conditioners and fuel furnaces.

But the global gas glut and diminished demand due to the pandemic shutdowns have produced not only the lowest June prices ever in the U.S. but also the lowest price on record for any month in Europe.

The collapse in European prices has been especially problematic for U.S. producers. BofA Securities analysts describe Europe as the "dumping ground" for LNG. Buyers there are usually eager for shipments to augment local production and compete with Russian pipeline exports.

But the continent's storage

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Executive Leaves Microsoft for Startup

By DAVE SEBASTIAN

Augmented-reality headset maker **Magic Leap** Inc. named **Peggy Johnson**, a top **Microsoft** Corp. official, as its new chief executive officer, as the company tries to shift its focus from the consumer market to enterprise customers.

Ms. Johnson served as executive vice president of business development at Microsoft, a role in which she was the Redmond, Wash., company's top deal maker, managed relationships with external partners and had oversight of the M12 corporate venture fund.

She will succeed Magic Leap founder Rony Abovitz in the role Aug. 1. Mr. Abovitz, who in May said he was stepping down, will remain CEO during the transition period.

Ms. Johnson joined Microsoft in 2014 and was one of three women on the company's senior leadership, according to Microsoft's website. Microsoft said Ms. Johnson's last day at the company was Tuesday. Major acquisitions during her tenure include the roughly \$26 billion purchase of LinkedIn Corp. in 2016 and \$7.5 billion purchase of GitHub Inc. in 2018.

Before joining Microsoft, Ms. Johnson was at **Qualcomm** Inc. for 24 years, holding leadership positions spanning engineering, sales, marketing and



Peggy Johnson, who had been the software giant's top deal maker, will be CEO of Magic Leap, a maker of augmented-reality headsets.

He said he stepped down to let a new chief executive lead the company's shift to targeting business-related customers.

The spatial-computing startup has raised \$3.48 billion in funding, including \$350 million this year, according to PitchBook data. The company was valued at about \$6.69 billion as of April 2019, the data show. Its investors include Alphabet Inc.'s venture arm GV, Alibaba Group Holding Ltd. and Qualcomm Ventures.

Augmented reality, or AR, has transitioned during the pandemic from intriguing experiment to an everyday tool across various industries. Employees who aren't able to travel due to coronavirus-related restrictions have used the technology, which imposes digital images onto views of the real world, to instruct each other in the production process without standing shoulder-to-shoulder. Companies have struggled to develop AR products for the consumer market for reasons ranging from cost to ease of use.

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AMC Nears Deal On Debt

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Covid-19 pandemic and the company hired law firm Weil, Gotshal & Manges LLP and financial adviser Moelis & Co. for advice on weathering the outbreak.

The financing proposals were designed to keep the company afloat through the planned reopening of its theaters around the country, while putting the creditors that participate in a better position if AMC does end up filing for chapter 11 protection.

AMC is postponing plans to reopen the bulk of its U.S. locations until July 30, following date changes for the releases of two major films, the live-action remake of “Mulan” and science-fiction thriller “Tenet.”

States across the U.S. have been reopening parts of their economies, such as restaurants, retail stores and other public commercial spaces. But movie theaters have largely stayed shut because of the challenges of packing large numbers of people into indoor auditoriums.

Smaller, independent theaters have reopened in some states, showing older films to a

limited number of moviegoers. But the three biggest chains—AMC, Cineworld Group PLC’s Regal Entertainment Group and Cinemark Holdings Inc.—have decided to stay closed until they have new movies to show.

Separately, large U.S. movie-theater chains are suing the governor of New Jersey over the state’s plans to allow some public spaces—such as churches and shopping malls—to reopen while continuing to bar cinemas from resuming operations.

The National Association of Theatre Owners, which filed the lawsuit Monday on behalf of its members, alleges New Jersey’s current reopening plan unfairly shuts out theaters and violates its members’ First Amendment rights. New Jersey has been rolling out a phased reopening plan in recent weeks, allowing some indoor businesses to resume as of July 2, including museums, bowling alleys and casinos.

Movie theaters are included in the third stage of the state’s reopening plans, but officials haven’t said when that phase will begin.

AMC, Cineworld and Cinemark were included in the lawsuit, which names Gov. Phil Murphy as a defendant.

A spokesperson for the New Jersey governor’s office didn’t immediately respond to a request for comment.

—R.T. Watson contributed to this article.

Glut Curbs Natural Gas Prices

Continued from page B1

facilities, already pretty full following a mild winter, brimmed as cargoes were diverted from Asia. Supplies were robust in Asia when the pandemic slowed industrial activity in China at the start of the year, sending local prices crashing to all-time lows.

With tanks and storage caverns filling up around the world, LNG buyers canceled orders. More than 110 cargoes for export have been scrapped, according to the U.S. Energy Information Administration.

The amount of gas delivered to U.S. shipping terminals has fallen by more than half since late March, when a record 9.8 billion cubic feet a day was piped to such facilities, it says.

Gas that would have been chilled to a liquid, put on a boat and sold overseas has been pumped into U.S. tanks and storage caverns instead. The price slide to the 25-year low last month followed an usually large build in U.S. stockpiles. Forecasts for

steamy weather and an injection into storage last week that was less than analysts expected brought prices back.

Goldman Sachs Group Inc. analysts estimate that canceled LNG exports will add 760 billion cubic feet to U.S. inventories, which are already 30% higher than a year ago and 18% above the five-year average. Inventories could exceed the country’s capacity to store gas in October, they said in a note to clients.

Goldman lowered its October price forecast to \$1.40, from \$1.75, and said that prices could drop to 90 cents at a key Pennsylvania trading hub. That is below cost for the Appalachian drillers that price their product there and would likely prompt big regional producers like EQT Corp. to choke back output and shut in even more wells than they have already.

Less Appalachian output and the resumption of industrial activity around the world could send gas prices shooting up around the time that Americans are dialing up their thermostats.

BofA’s analysts expect prices to average \$1.75 this summer but bump up to \$2.60 in the fourth quarter and \$2.90 during the first three months of 2021. Goldman predicts \$3.50 in December and the winter months of 2021.

BUSINESS & FINANCE



A former journalist, Dana Canedy most recently served as the administrator of the Pulitzer Prizes.

Simon & Schuster’s Canedy To Strive for Bold Voices

Dana Canedy is about to become publisher of **Simon & Schuster’s** flagship imprint, taking over a storied house in the middle of a pandemic, with several high-profile books in the pipeline.

Starting July 27, Ms. Canedy, 55 years old, will succeed Jonathan Karp, the former publisher who in late May was named president and chief executive officer of the Simon & Schuster book-publishing unit of **ViacomCBS** Inc. The unit’s other imprints include Scribner, which publishes Stephen King.

Ms. Canedy, a former New York Times journalist, most recently served as the administrator of the Pulitzer Prizes. At the Times, she was a member of a team that won a Pulitzer for national reporting for a series titled “How Race Is Lived in America.” She is the first Black woman to head Simon & Schuster, one of the country’s leading imprints, as publisher.

Forthcoming Simon & Schuster titles include Mary L. Trump’s “Too Much and Never Enough: How My Family Created the World’s Most Dangerous Man,” set to publish July 14. In September, Simon & Schuster is expected to publish a new book about the Trump administration by Bob Woodward, an associate editor

of the Washington Post.

Ms. Canedy is the author of a memoir, “A Journal for Jordan: A Story of Love and Honor,” published in 2008, which she wrote about her son’s father, who died in Iraq during combat. A movie version is in the works, for which she is a producer, she said in an interview Monday.

She said reading and writing have been her favorite activities since she was 12 years old.

Below are edited excerpts from her interview with The Wall Street Journal.

Simon & Schuster is publishing many political titles during an election year. Do you feel like you are jumping into the combat zone?

Absolutely not. I’m good under pressure. It doesn’t get any tougher than being a reporter doing high-level good work at the New York Times, so bring it on.

Simon & Schuster recently published former national security adviser John Bolton’s memoir. Why has it sold so well?

People are thinking about the election, and they remain curious about the inner workings of the White House. That has always been the case, but it is even more true today because so much of the information you get from the presi-

dent is from tweets. People are hungry for inside information like this, whether you agree with how John Bolton presented it or not.

Why did this job interest you?

The chance to influence literature and culture was so appealing that I had to say yes. It felt important and right for me.

What are your goals as publisher?

Number one, it will be a bit of a challenge to get to know the staff during Covid, but I want to get to know them so that I can best support their goals. Also, I’d like to see more narrative nonfiction books, the books that take hold of you in the middle of the night, where you say to yourself, “Just one more page.” And I want people with bold, big voices who have something interesting to say across genres.

Do you plan to broaden Simon & Schuster’s offerings of new titles?

We can and should broaden our range. I’d like to hear more voices from Native American authors and from the LGBTQ community. There are a lot of books to be written about our divided nation on both sides of the cultural aisle. I have three lists: authors I’d love to bring in, emerging authors and a list of

books I’d like to commission.

Issues regarding the lack of diversity—both in terms of employees and authors—in book publishing have long been discussed. What will be your approach at Simon & Schuster?

There’s work to be done, not just in publishing but across all industries. As for Simon & Schuster, it’s too early to say; I have to get in and roll up my sleeves and get to work. Come back in a year and find out what was done in terms of the books I’ve commissioned, the authors we’ve published and the work we’ve done on the diversity front.

Simon & Schuster is up for sale. Did that give you pause before taking this job?

I thought about it, but I’m a risk taker. This is a calculated risk with a small “c.” When I joined the Times I started as a trainee and was told I had three years to prove myself. I was promoted after nine months. I’m not worried at all.

Could you elaborate on risk-taking?

Life will continue whether you look back or forward, so I’m focused on what’s in front. I went through grief and loss, but once I got up and took a step forward, I said to myself, “If I can endure that and get off the floor, then I don’t need to look back.”

Airlines Ready Staff Cuts

Continued from page B1

Most airlines, including United, have cautioned workers they would have to reduce staff on Oct. 1, when the restrictions that accompanied \$25 billion in federal aid are lifted. United has already said it plans to cull its management and administrative workforce by 30%.

Delta Air Lines Inc. last week sent similar notices to more than 2,500 of its pilots.

Airlines are also lining up another \$25 billion in federal loans that were authorized under the same broad stimulus package approved in March, as they stockpile cash to weather a crisis that they have said will likely last years.

United, Delta, **Southwest Airlines** Co., **JetBlue Airways** Corp., and **Alaska Airlines** have signed letters of intent with the U.S. Treasury Department to obtain the loans, the Treasury said Tuesday.

Five other airlines, including **American Airlines Group** Inc., signed letters of intent last week.

The Treasury didn’t detail the terms of the loans but said the borrowers would have to provide warrants, equity stake, or senior debt instruments, as well as agree to limits on executive compensation and share buybacks, among other requirements. United has previously said it



Some travelers see similarities to the beginning of the pandemic's spread, when demand dried up.

would be eligible for as much as \$4.5 billion in loans under the program.

Airlines have through the end of September to decide whether to draw the funds.

Planning has become more difficult for airlines in recent weeks as the outlook has become murky again.

After passenger volumes fell 96% in April, demand had started to thaw more quickly than some analysts were expecting.

New bookings began to overtake cancellations, planes began to fill up and carriers started to add more flights, setting expanded schedules in some cases through August.

More than 760,000 people passed through Transportation Security Administration checkpoints Thursday heading into the July 4 weekend—the most since March.

Now states and cities are clamping down on travel from new coronavirus hot spots. Chicago is also requiring visitors from 15 states to quarantine for two weeks upon arrival, as is Pennsylvania.

At the same time, businesses and attractions that had been planning on reopening are having to shut down again in hard-hit areas.

Miami-Dade County Mayor Carlos Giménez on Monday rolled back reopening there, ordering gyms to close and restaurants to limit service to takeout and delivery, starting Wednesday.

Walt Disney Co.’s Disney-land resort, which was slated to reopen July 17, will remain closed until an unspecified date, the company said last month. Texas also paused its reopening.

United also told employees

that it plans to make some adjustments to its August schedule in response to reduced demand to destinations where there have been an increase in Covid cases or new quarantine requirements.

The airline now expects to operate about 35% of its year-ago schedule in August, an increase from July but pared back slightly from the plans it announced last week.

“Members of management noted that the Company does not expect the recovery from COVID-19 to follow a linear path, as illustrated by recent booking and demand trends, and that consolidated capacity through the end of 2020 is expected to be generally consistent with August 2020,” the company said in a filing Tuesday.

—Kate Davidson contributed to this article.

BUSINESS NEWS

Facebook, Activists Meet but Gain Little

By Jeff Horwitz
And Deepa Seetharaman

Civil-rights advocates came out of a meeting Tuesday with Facebook Inc. Chief Executive Mark Zuckerberg saying they didn't make progress on their demands over how the social media giant polices the platform.

The lack of headway, one week into a boycott by some of the company's top advertisers over the issue, points toward the likelihood of a protracted campaign as the advocates called on advertisers to continue to withhold spending on Facebook beyond July, the original time frame.

"Facebook had our demands in multiple ways and they showed up to the meeting expecting an A for attendance," said Rashad Robinson, head of the Color of Change, a progressive advocacy group for Blacks.

Facebook said in a statement after the meeting that it has invested billions of dollars in content moderation and taken hundreds of white supremacist entities off its platforms. "They want Facebook to be free of hate speech and so do we," the company said.

After years of simmering discontent and requests for change, a coalition including Anti-Defamation League and Color of Change has seized on swelling concerns about institutional American racism and corrosive election discourse on the platform to make the case that Mr. Zuckerberg and Facebook haven't combated racism and misinformation on its platforms in good faith.

Top brands including Unilever PLC and Clorox Co. have agreed to pause advertising on the platform in a show of solidarity with demands Facebook do more.

The meeting on Zoom lasted

The groups called on advertisers to continue their boycott beyond July.

a little over an hour and involved Mr. Zuckerberg, Chief Operating Officer Sheryl Sandberg, product chief Chris Cox, other members of Facebook's policy team and a product official, the groups said.

On paper, the differences between Facebook and civil-rights organizations seem limited: Both agree that incitements to violence have no place on Facebook, that hate speech should be suppressed and that the company should vet its products for potential bias.

But the groups also argue that Facebook's enforcement of its policies hasn't lived up to its past commitments to address misinformation, hate speech, radicalization and brand-safety concerns, and say that many examples of such content are easy to find on the platform.

Among other things, the civil rights leaders have pushed Facebook to remove groups that allow white nationalism to thrive. Jonathan Greenblatt, chief executive of the Anti-Defamation League, which combats anti-Semitic speech, said the ADL had previously flagged the growth of these groups on Facebook to no avail. "They talked about nuance. And Mark specifically said he appreciated the opportunity to hear from us and hear the nuances of the issues," said Mr. Greenblatt. "And as we said to him, 'there is no nuance in white nationalism.'"

Facebook said in its statement: "We know we will be judged by our actions not by our words and are grateful to these groups and many others for their continued engagement."

The civil rights groups' other demands include that Facebook create a C-suite level executive position staffed by someone with civil rights expertise to ensure greater attention to their concerns.

In a statement after the meeting, the groups said Facebook executives acknowledged their push for a new civil-rights-focused executive, but that the company wouldn't say more about the requirements or stature of the role.

—Sahil Patel contributed to this article.

Virus Worries Shut Buffet Dining

By Heather Haddon
And Jaewon Kang

Bad news for fans of buffet meals: It might be a long time until your next one.

Pizza Hut, Ponderosa & Bonanza Steakhouses and other restaurant chains have roped off their buffets to prevent contamination and crowding as they seek to reopen dining rooms during the Covid-19 pandemic. And grocery stores such as Whole Foods Market and Wegmans Food Markets Inc. have kept hot-food bars closed since March, until lately a growing part of the business and a draw for customers. Now, those sales have plummeted given the risk of self-service food.

"Right now with the mood that the customers are in today, I don't see them reopening," said Stew Leonard Jr. of his grocery chain's food bars. The chief executive of the Northeast grocery chain said the Stew Leonard's stores' popular hot-food section will remain closed for the year and serve boxed meals there instead.

Health officials have advised suspending self-service food stations because they lead to crowding of customers and repeated touching of utensils. Restaurants are trying to restore dine-in service in states where they still can, and grocers are starting to return some features common before the pandemic, including sampling and prepackaged meals. But they say many buffets and salad-bar stations are unlikely



The buffet at this Branson, Mo., restaurant was converted to a cafeteria where masks are required.

to return soon, if ever.

Without a clear way to move to a takeout model, Garden Fresh Restaurants, owner of around 100 Souplantation and Sweet Tomatoes buffet-focused restaurants, filed for bankruptcy in May. "Our sales collapsed," said John Haywood, Garden Fresh's prebankruptcy chief executive.

Even Las Vegas casinos, which gave birth to the buffet in the U.S. nearly eight decades for now. Some casinos are trying to remake the experience through a lengthy list of dishes served to diners at tables, or boxed items available on menus.

"We used to go to buffet

three times a week, and now zero," said Leeyuan Huang, a 77-year-old retiree from Henderson, Nev., who frequented area casinos to fill up his plate with danishes, mashed potatoes with gravy, Chinese porridge and chicken for \$6. He said he would steer clear of casinos and their buffets until a vaccine is discovered.

"People are really sad about it," said Daniel Hoppen, 30, a podcast host from Omaha, Neb., about the closure of a local Valentino's Grand Italian Buffet, a chain known for its stations of breadsticks and lasagna.

Self-service food, with origins in Europe such as the Swedish smorgasbord, began to gain mass popularity in the U.S. in the 1940s in Las Vegas after the El Rancho Vegas introduced a "Buckaroo Buffet" to keep gamblers inside its casino by offering unlimited food for a low price.

The concept spread to chains such as the Golden Corral, along with Sizzler, Ponderosa Steakhouse, Yum Brands Inc.-owned Pizza Hut and various Chinese restaurants that became known for big portions on the cheap.

Buffets are a small part of the overall dining market, accounting for around 1% of annual restaurant sales of roughly \$500 billion, according to industry-research firm NPD Group Inc. Some chains were growing

ahead of the pandemic, though, by focusing on healthier options. Garden Fresh, which served 25 million customers a year at its 55-foot salad bars, had been in the midst of an expansion plan.

Food and Drug Administration recommendations to suspend buffets and salad bars, along with rules restricting buffet service in at least 38 states and Washington, D.C., have been a blow. According to NPD Group, full-service restaurants with buffets made about \$106 million in sales in May, one-third of the total from the same month a year earlier.

Wait lines and high-touch surfaces such as common utensils make buffets and salad bars more risky, said Ben Chapman, a food-safety specialist and a professor at North Carolina State University. "What we need to think about is how do we get people in buffet lines to wear face masks and not stand so close to each other," he said.

Pizza Hut's longtime lunch buffet had a loyal following, particularly in Midwestern states, but franchisees said they tended to lose money. Kevin Hochman, Pizza Hut U.S.'s president, said the chain wants to bring back buffets for operators who want to resume that service, but they will operate differently moving forward to ensure safety. The buffet's best hope may be the grocery store. Kroger Co. and Albertsons Cos. were among those that invested in self-service salad bars and buffets to make their stores one-stop shops.

IN FOND MEMORY OF BILL ROBINSON

RECLUSIVE SOUTHERN GENTLEMAN WHO ROSE FROM OBSCURITY TO PIONEER THE INTERNATIONAL EXPRESS INDUSTRY

William (Bill) Armistead Robinson III:
Born December 1, 1938. Passed away June 10, 2020.



Bill Robinson was born in Shreveport, Louisiana. In 1969, he moved to San Francisco to work as a driver for a local courier company. There, he met Larry Hillblom and together with Adrian Dalsey, Robert Lynn, and a couple of other workmates formed DHL. Thanks to Bill's tireless efforts over decades, DHL rapidly expanded

to become the logistics company for the world with locations in more than 220 countries and territories.

Bill passed away, peacefully, in his own bed in his home town of Shreveport on June 10, 2020. May he rest in peace.

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Tech Firms Show Hong Kong Fears

Refusal to help China enforce security law has brought business concerns to forefront

By Dan Strumpf
And James T. Aredy

HONG KONG—The stand taken by several U.S. tech giants against China’s national-security law in Hong Kong brings into the open concerns many foreign companies in the city are discussing internally but executives dare not talk about publicly for fear of getting dragged into the political fray.

By suspending the processing of Hong Kong government requests for user data, Facebook Inc., Twitter Inc. and Alphabet Inc.’s Google put up a united front in challenging the law that is the sharp edge of Beijing’s crackdown on the city’s protest movement. The opaque and top-down nature of the law has sown fear among companies and lawyers who have scrambled to interpret new rules that are published only as they take effect.

The Silicon Valley giants—shut out of the censored internet on China’s mainland—have less to lose than many other foreign companies with offices in Hong Kong. Businesses in the city typically have operations in China and more at stake by stepping into Beijing’s crosshairs. Many also store data in Hong Kong that falls under sweeping new powers of scrutiny and disclosure handed to law-enforcement agencies.

Although there are likely millions of combined users of the companies’ messaging apps and social-media platforms in Hong Kong, the city is insignificant for their revenue on a global scale. The reputational risk in the West of being seen as working with Chinese authorities to stamp out dissent in the city is much larger. Facebook cited human-rights concerns in its decision.

“Companies headquartered in the U.S. or overseas are going to face pressure in their



A pedestrian on Tuesday walked past cameras in Hong Kong, where a new national-security law has sparked widespread concern.

home governments and in their home jurisdictions that they shouldn’t be complying with these sorts of orders, particularly when it comes to people being arrested and charged under this law,” said Antony Dapiran, a Hong Kong-based lawyer and writer.

On Tuesday, additional U.S. tech firms said they were suspending processing requests for user data in the city. A Microsoft Corp. spokeswoman said the company, which also owns the Skype communications service, is “pausing” its responses to requests from Hong Kong authorities as it reviewed the law. Microsoft’s LinkedIn, one of the few Western social-media companies to operate in the mainland, is also suspending responses to local law-enforcement requests, the company said.

China’s TikTok, the short-video platform owned by technology titan Bytedance Ltd., said on Tuesday it would pull out of Hong Kong within a week in light of “recent developments” in the city. Also on

Tuesday, Zoom Video Communications Inc. said it would pause its cooperation with Hong Kong authorities’ requests for user data.

Until now governed by a British-type legal system, Hong Kong suddenly faces limits on dissent more commonly associated with mainland China. The new law overrides key Hong Kong freedoms that many of the city’s seven million residents exercised in citywide protests over the past year. The U.S. and some other Western governments say they are recalibrating trade and other policies toward the city to reflect its greater control by Beijing.

Hong Kong’s government late Monday enacted a legal framework for police to enforce bans on activities considered counter to China’s national-security interests.

Dropped without prior warning, and taking immediate effect, the rules state police can conduct investigations for suspected violations, in some cases in secret without

warrants. The rules also give police powers to collect suspect data or order it deleted online, in line with how authorities in mainland China limit internet dissent.

Refusal to comply with orders to remove content or hand over messages and user data is an offense liable to a fine or as much as a year in jail.

Business executives say privately that they are just getting their heads around the law and new rules to gauge how it affects their activities, from publishing financial reports to storing data. Many businesses that operate in mainland China use Hong Kong as a regional headquarters.

“This is new territory for us,” said the head of research at an international investment bank who now worries about what authorities might find actionable in the tens of thousands of pages his team publishes annually.

Several executives say remaining compliant will require companies to operate as they do in cities such as Beijing and

Guangzhou, where police regularly order businesses to adjust or remove language on corporate websites deemed illegal for touching on issues such as Chinese economic policy and foreign affairs.

On Tuesday, local media reported that the new office created by Beijing to administer the national-security law would be based in a hotel in the residential neighborhood of Tin Hau, overlooking a popular protest gathering site. Tuesday night, workers could be seen erecting a flagpole and more than a dozen police stood in front of the hotel.

Regina Ip, an adviser to Hong Kong’s administration and chairwoman of the pro-Beijing New People’s Party, said the moves by the tech giants to suspend data requests from the government are an “overreaction and based on misunderstanding of the scope of the new law.”

“Day-to-day data requests are nothing to do with national-security offenses,” she said.

TikTok Data Use Brings U.S. Scrutiny

By Robert McMillan
And Liza Lin

Chinese-owned TikTok has faced scrutiny as concerns grow that Beijing could tap the platform’s information to gather data on Americans. TikTok has said it wouldn’t hand U.S. user data to Chinese authorities.

Here is a look at TikTok’s user data practices.

What kind of user data does TikTok collect?

The app collects a range of user information such as location data and your internet address. It stores your browsing and search history as well as the content of messages you exchange with others. If you opt in, TikTok says it can collect your phone and social-network contacts, your GPS position and your personal information such as age and phone number.

Is any of this unusual?

Other social-media platforms such as Facebook and Twitter also collect large amounts of information about users. TikTok said the app collects less personal data than some U.S. tech companies.

Why is the U.S. concerned?

Washington worries about the possibility of Beijing performing mass data collection on American citizens. U.S. officials are concerned that the government is potentially building a database of information that could be used for espionage—identifying U.S. government employees who might be susceptible to blackmail, for example—says Susan Ariel Aaronson, a professor at George Washington University. Beijing has never asked for user data from TikTok, and if asked to do so, the company would refuse that request, TikTok said.

Ex-eBay Employee Faces Charge

By Maria Arment

A retired police captain who oversaw security operations at eBay Inc.’s European and Asian offices has been charged in a cyberstalking campaign that targeted a couple whom eBay executives viewed as critical of the company, the Justice Department said Tuesday.

Philip Cooke, 55 years old, is the seventh former eBay employee charged in the alleged cyberstalking campaign against a Massachusetts couple who publish an e-commerce blog, EcommerceBytes.

Mr. Cooke was charged in

Boston federal court with conspiracy to commit cyberstalking and conspiracy to tamper with witnesses to hinder the local police investigation. A lawyer for Mr. Cooke declined to comment.

The attacks, according to court documents, included sending the couple threatening Twitter messages and packages that contained live cockroaches, a preserved fetal pig, a bloody-pig Halloween mask, a funeral wreath and a book on surviving the loss of a spouse. In addition, the authorities said, a subscription for pornographic magazines was ordered in the

name of the husband to be sent to the neighbors’ homes.

The Justice Department also accuses the former eBay employees, whose responsibilities included security and global intelligence, of conducting covert surveillance of the Natick, Mass., couple.

The couple, Ina and David Steiner, didn’t respond to a request for comment.

eBay Chief Executive Jamie Iannone, speaking at the annual shareholder meeting last month, called the actions attributed to the fired workers “awful” and said he had apologized to the couple.

App Maker Looks for A Balance

Continued from page B1 and Microsoft Corp.

Those U.S. tech firms—which operate popular social-media services including Facebook, Instagram, WhatsApp, YouTube and LinkedIn—on Monday said they would suspend compliance with government requests for user data in Hong Kong, after Beijing fast-tracked national-security legislation that gives law-enforcement officials in Hong Kong similar powers to those enjoyed by mainland Chinese authorities.

On Tuesday, Zoom Video Communications Inc., another U.S. tech-industry darling that has come under scrutiny in Washington for its China ties, said it too would pause its cooperation with Hong Kong authorities’ requests for user data.

The San Jose, Calif., company added Wednesday that traffic from free accounts, including those of Hong Kong users, doesn’t pass through data centers located in the financial hub. Meanwhile, paid customers can choose where to route their data, said a company spokesperson.

Zoom drew criticism in June for suspending the accounts of U.S.- and Hong Kong-based activists commemorating the Tiananmen Square massacre at the request of Beijing.

But for TikTok, its move to end its services for Hong Kong users and remove its app from Apple Inc.’s App Store and Alphabet’s Google Play store went beyond that of its peers. That reflects in part the eagerness of TikTok’s owners to try to strike a balance between its Chinese home base and its global ambitions—particularly in the U.S.

TikTok has spent much of the past year trying to distance itself from its Chinese roots. It has considered moving its headquarters out of China and in May hired Kevin Mayer, an American who spent most of his career at Walt Disney Co., to be its new CEO. This year, the com-

1%

Approximate Hong Kong downloads out of 2.2 billion total

pany also stopped using Chinese moderators to monitor overseas content.

Ensuring a smooth global expansion for TikTok is key for Bytedance, one of the world’s most valuable startups and whose initial public offering is highly anticipated. Shares of Bytedance recently traded on the secondary market at a valuation that implies a market capitalization of \$150 billion for the company, people familiar with the transaction said.

Like other Chinese tech companies with increasingly global ambitions, most notably Huawei,

TikTok has found its Chinese roots an increasingly heavy burden to bear as Beijing adopts a more confrontational approach on the global stage, and as President Trump steps up his rhetoric against Beijing.

The fast-moving geopolitical developments are forcing TikTok to respond quickly. After last week’s ban by Indian authorities, Mr. Mayer wrote a letter to Indian authorities emphasizing the company’s local hiring and investments in the country. Mr. Mayer also told Indian officials the app hasn’t and wouldn’t share Indian user data with the Chinese government.

Beijing’s move to impose the new national-security law on Hong Kong has added to the headaches for TikTok. Many of the senior Western government officials who condemned the move in Hong Kong are some of the same ones who are expressing alarm over TikTok’s rapid spread around the world.

TikTok’s move to pull out of Hong Kong is a convenient gesture by the company to emphasize its independence from China to the Indian and U.S. government, said Charles Mok, a Hong Kong lawmaker who represents the city’s information-technology sector in the Legislative Assembly.

Hong Kong accounts for less than 1% of TikTok’s 2.2 billion lifetime installs, according to market-research firm Sensor Tower. In contrast, the app has garnered more than 660 million downloads in India since its introduction.

—Julie Steinberg contributed to this article.

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Roundup Settlement Met by Judge's Doubts

A federal judge cast doubt on **Bayer** AG's proposal to neatly resolve all future lawsuits over the safety of its Roundup weedkiller, potentially snagging the German company's attempts to move past the massive liability.

Bayer said recently it would pay up to \$10.9 billion to settle tens of thousands of current Roundup cases and create a system for handling future cases. The deal came after three juries in recent years awarded large verdicts to plaintiffs alleging Roundup caused non-Hodgkin lymphoma, spooking investors.

But with Roundup still being sold and no plans to change the label or active ingredients, settling the litigation isn't as easy as paying those who have already sued. Bayer proposed a novel type of class action to capture all future claims, which would be guided by the conclusions of a court-approved panel of scientists chosen to study the product's potential carcinogenicity.

U.S. District Judge Vince Chhabria in San Francisco, who must approve the class action, said Monday he was skeptical of the plan and likely to reject the idea.

In a four-page order refusing to delay a July court hearing in the case, he questioned "whether it would be constitutional (or otherwise lawful)" to hand the issue to a panel of scientists instead of judges and juries.

The company's shares fell 5% Tuesday in Europe.

"In an area where the science may be evolving, how could it be appropriate to lock in a decision from a panel of scientists for all future cases?" the judge wrote. Bayer had proposed giving the panel four years to study existing research on whether Roundup and its active ingredient, glyphosate, cause cancer.

Meanwhile, no one could bring new Roundup lawsuits, and if the panel found the

weedkiller to be safe, it would essentially shut down any future cases. If the panel concluded Roundup was dangerous at certain exposure levels, lawsuits could go ahead, but those suing couldn't seek any punitive damages.

The judge said he also found it "dubious" that news of the class action could possibly reach all farmer workers, gardeners and other Roundup users who haven't gotten cancer yet and may want to sue.

Judge Chhabria said a July 24 hearing will go ahead, noting that "if the parties are going to need to move to Plan B, they would presumably prefer to do that sooner rather than later."

Bayer said Tuesday: "We appreciate the Judge's order raising his preliminary concerns with the proposed class settlement, which we take seriously" and will address at the hearing.

"Shareholders want finality, they want certainty, they want the Roundup ordeal to be over," said Tom Claps, an analyst at Susquehanna Financial Group. At the same time, he said, "investors have always known there's no neat bow and ribbon that they could wrap up around future claims to provide full closure for the company."

Mr. Claps said the company could try to tweak the proposal to meet the judge's approval, but that it appeared unlikely to go through otherwise.

Bayer had proposed setting aside \$1.1 billion as part of the class action, to go toward

tools to diagnose non-Hodgkin lymphoma and relief payments to low-income plaintiffs. Another \$150 million would go toward attorneys' fees.

Bayer inherited the Roundup litigation in its 2018 acquisition of U.S. agricultural giant Monsanto Co. The recent settlement of existing cases, which doesn't need a court's approval, will cost the company between \$8.8 billion and \$9.6 billion.



The companies told investors the merger will allow them to cut operating costs and leverage complementary sales strategies.

Two Solar Firms to Combine As Growth Prospects Dim

The two largest U.S. rooftop solar companies are merging as the coronavirus pandemic casts a cloud over the market to install panels on homes.

Sunrun Inc. is acquiring **Vivint Solar Inc.** in an all-stock deal, the companies said late Monday. The transaction values Vivint at \$1.6 billion, excluding debt, according to Sunrun.

It comes after a tough few months for the home solar sector, which analysts say faces diminished growth for years because of the virus.

The companies told investors Tuesday the merger will allow them to cut operating costs and leverage complementary sales strategies.

The combined company will have nearly 500,000 customers.

"It felt like now was a perfect time because we have been through the Covid test," said Sunrun Chief Executive Lynn Jurich, who will lead the combined firm. "Both companies are emerging stronger

from this transition.”

The second quarter was estimated to have been one of the industry's worst in years as companies grappled with restrictions on making sales in person, as well as delays in permitting and installations. The slowdown is expected to continue as coronavirus cases climb in many sunny states, including Texas, Arizona, California and Florida.

Before the pandemic, energy consulting firm Wood Mackenzie expected U.S. residential solar companies to add nearly 3,089 megawatts of capacity this year, up nearly 9% from 2019.

The firm has since slashed that forecast to 2,118 megawatts, one-quarter less than last year.

"The timing couldn't have been worse for the residential segment," said Wood Mackenzie's global solar head, Ravi Manghani. "It is basically setting the industry back by two or three years."

That poses a big challenge for a sector that had only recently regained the momen-

Year	Pre-Covid-19 (MWh)	Post-Covid-19 (MWh)
2015	1,100	-
2016	2,000	-
2017	2,500	-
2018	2,100	-
2019	2,300	-
2020	3,500	2,000
2021	3,000	2,500
2022	3,200	2,800
2023	3,400	3,100
2024	3,700	3,500
2025	3,800	3,800

tum it lost after 2016, when **Tesla Inc.** acquired SolarCity, the market leader at the time. Tesla tried to shift the company's business online by scrapping door knocking and other means of customer solicitation. Sales fell as a result.

Now, Sunrun and Vivint are

forced to try similar strategies with many cities and states in various stages of lockdown. Both companies traditionally sought new customers by setting up sales booths in retail stores such as Home Depot, and Vivint has historically relied on door-to-door sales.

Sunrun and Vivint told investors on Tuesday they had seen some success in ramping up sales online and by phone and expected that momentum to continue. But each cut or furloughed employees at the start of the pandemic and withdrew annual earnings guidance.

"We are performing above our prior expectations," said Vivint CEO David Bywater, who is expected to join the Sunrun board. "We have innovated, adjusted and quickly learned how to serve our customers by providing a contactless selling and installation experience."

The shift to an online sales model has affected rooftop solar companies broadly, but proven easier for the industry's larger players.

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THE PROPERTY REPORT

Doubts Loom Over U.K. Home Prices

Demand is up after lockdown, but other measures suggest a slowdown is on its way

By AVANTIKA CHILKOTI

Nicola McCarthy listed her home in Cheshunt, a 20-minute commute from central London, for sale at 6 p.m. on June 2. A prospective buyer was through the door by 8 p.m. Eight days and 10 viewings later, she accepted a bid slightly under her asking price.

Ms. McCarthy was in a hurry to take advantage of a jump in interest. The coronavirus pandemic, which forced real-estate agents to hit pause on home viewings in England for some two months until May 13, created pent-up demand for properties that is now driving up prices, according to analysts. But Ms. McCarthy had a hunch it wouldn't last.

"We're in the middle of a miniboom," she said. "As time goes on, and the government's furlough program comes to an end, there might be people being made redundant, mortgages will be harder to come by."

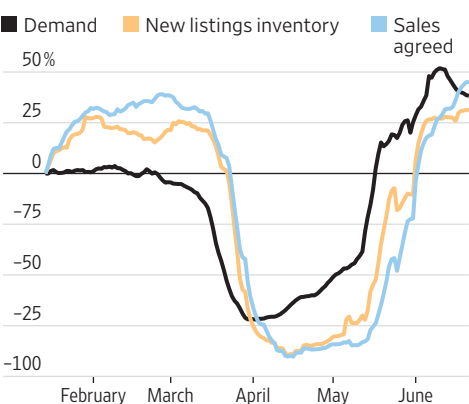
After being stuck indoors for months, Brits have taken a look around their homes and decided they need something different—a garden or space for an office.

Despite economists' warnings of a global recession, U.K. house-price growth ticked up 2.4% in May compared with the same period last year, and up from 1.4% at the start of January, according to data from Zoopla, an online real-estate portal. By the final quarter of the year, Zoopla analysts expect prices to begin falling.



Buyers can find properties with more space in the village of Lower Slaughter, Gloucestershire, U.K.

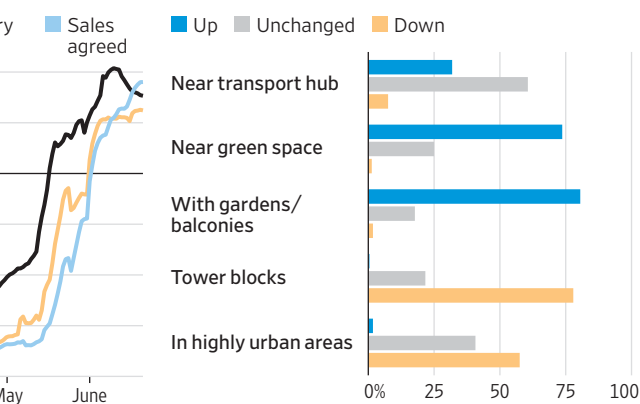
Change in U.K. housing-market metrics since mid-January*



*Measures are seven-day moving averages; demand is based on inquiries about specific properties. Figures as of June 21.
†May 2020 survey with 237 responses, representing 479 different realtor branch offices
Sources: Zoopla Research (market measures); Royal Institution of Chartered Surveyors (demand)

Meanwhile, demand—measured by consumer emails or phone calls to real-estate agents about a specific property—was up 25% compared with June 2019, according to Zoopla.

Expected shift in demand over the next two years, by property feature†



But other measures suggest the initial flurry is giving way to a slowdown. U.K. lender Nationwide reported that home prices in the country fell in June for the first time since 2012.

Measurements of the housing market have been complicated in the wake of the lockdown, analysts say, given the sharp drop in transactions.

"It's like trying to run a stock index over the Christmas

holiday, there is hardly any pricing evidence being set," said Richard Donnell, research director at Zoopla.

U.K. regulation has helped prop up the market recently. The government furlough program has prevented many job losses, by paying workers a share of their wages and keeping them tethered to their employers.

New rules provide mortgage payment holidays and repossessions are temporarily banned, too. Meanwhile, interest-rate cuts from the Bank of England have reduced the cost of borrowing.

The market had been congested for years as uncertainty around the U.K.'s exit from the European Union put homeowners off making big decisions following the 2016 referendum.

Even now, London isn't seeing the same surge in interest as the rest of the country, particularly in the most expensive areas that usually draw international buyers, many of whom are now unable to fly in to tour properties.

Prices in the capital were up 1.7% in May compared with last year, by Zoopla estimates, compared with a 4.3% rise in Nottingham and 3.9% in Manchester, major cities in the north.

The pandemic has complicated the process of house hunting, too. Regulation in England dictates that initial viewings should be done virtually. There is a long list of requirements for in-person visits: Multiple buyers can't arrive at once, all doors should be open and surfaces should be cleaned between visits.

Ms. McCarthy, who is downsizing, signed up to view

several properties virtually. She drove to see some from the outside. But she booked a formal visit to just three homes.

That saves time for agents, many of whom are understaffed with employees on furlough. "There isn't a lot of unproductive work," said Mark Hayward, chief executive of NAEA Propertymark, the professional body for real-estate agents.

Whatever happens to prices, analysts expect a shift out of cities to cheaper, quieter rural areas if employers continue to encourage remote working.

In a survey of agents at Savills earlier this month, over 90% reported a greater demand for properties in the countryside, in terms of inquiries, purchases and bids coming through.

Charles Farquhar, who recently sold the five-bedroom house with a garden in London where he lives with his wife and two children, has spent his whole professional life in the city and hadn't ever considered leaving before.

Unless he finds an ideal property to buy Mr. Farquhar plans to rent for a few months, with a view that prices will move lower. Like many analysts, he questions how long the recent surge in demand will continue, as the government's furlough program ends and the full economic impact of the pandemic becomes clear.

"When furloughing ends and businesses start to really feel the squeeze and start to make people redundant, the knock-on effect for the whole economy, including house prices, is going to be totally catastrophic," he said.

Tech Startup Is Latest Aiming to Mass-Produce Housing

By KONRAD PUTZIER

California's housing crisis has turned housing development into an obsession for tech giants such as Google and Facebook. Now, more venture-backed startups are getting into the game.

The latest is **Juno Residential Inc.**, a San Francisco-based company co-founded by Apple and Tesla veterans and backed by **Khosla Ventures**. The firm, which was founded quietly last year and launched on Tuesday, hopes to make the building of apartments more efficient by using mass-production techniques such as those employed in automotive and electronics manufacturing.

Most developers view apart-

ment projects as one-time ventures, each with their own architect, contractors and building materials. In contrast, Juno wants to essentially mass-produce branded apartment buildings across the U.S.

Juno's buildings will have the same components and basic designs, although some elements, such as building size, facades and lobbies, will vary and look different at different properties. The idea is to make apartment development quicker and less costly in the same way car or smartphone manufacturers save time and money by using assembly lines to make identical products.

The firm, which has raised \$11 million in venture funding to date, has yet to start its first

development. Co-founder and Chief Executive Jonathan Scherr said the company plans to form partnerships with local developers and is looking at cities including Seattle, Los Angeles, Denver and Salt Lake City. Aside from Khosla, investors include Canaan Partners, Vertex Ventures and MetaProp, among others.

Juno also hopes to make its buildings more environmentally friendly by using timber instead of steel and concrete, adorning facades with plants and skipping natural-gas-based heating and appliances. The company hopes its use of organic materials will appeal to renters.

Mr. Scherr, who previously worked at fintech company Cir-

cleUp and whose father is a retired developer in Boston, said he saw real estate as an industry "that was both massive and very much in need of a different way of thinking."

The company's other co-founders are B.J. Siegel, former senior design director for real-estate development at **Apple Inc.**; Chester Chipperfield, former global creative director at **Tesla Inc.**; and Marshall Everett, a former managing director at developer **Advance Realty Investors**.

Juno isn't the first startup that wants to make the construction supply chain more like manufacturing, and others have run into difficulties. Modular construction companies assemble entire rooms in facto-

ries, but the industry has been slow to grow.

Katerra Inc., a California-based company that has raised more than \$2 billion in venture funding from investors including **SoftBank Group Corp.**, hopes to make construction more efficient by assembling more building parts in factories, but has run into delays and cost overruns at some projects and recently cut 7% of its staff.

Juno hopes to avoid some of these pitfalls by not making any components itself. While it will handle design and oversee development, it plans to outsource the actual manufacturing of building parts to others, the way tech companies often outsource manufacturing.

Not having to spend time and money to build its own factories will also allow the company to grow more quickly, Mr. Scherr hopes. "We are treating our supply chain like Apple treats its supply chain," he said.

The company's suppliers won't assemble buildings off-site. Building entire rooms in factories leads to high transportation costs, said Mr. Siegel, who was instrumental in designing and building Apple's global network of stores.

Instead, the company is taking the IKEA approach: It will ship flat, standardized building components that can be easily assembled on a construction site. "We decided very purposefully to not ship air around," Mr. Siegel said.

Gyms Were a Bright Spot for Mall Owners Until Pandemic Hit

By ESTHER FUNG

As retail real estate swooned in the five years leading up to the coronavirus pandemic, shopping center owners pinned some of their hopes on the expansion of gyms fueled by the health and wellness craze.

But those hopes might be upended, like so many others, by Covid-19.

Indoor gyms where people are breathing heavily as they work out are danger spots for possible contagion, according to health professionals.

New York Gov. Andrew Cuomo recently delayed gym openings in the state indefinitely, drawing dismay from operators and landlords. Meanwhile, last week in Arizona, Gov. Doug Ducey produced a similar reaction when he ordered movie theaters, bars and gyms to close for 30 days.

Shopping center and mall landlords also are feeling the pain from bankruptcy filings by Gold's Gym International Inc. and **24 Hour Fitness Worldwide Inc.** in May and June, respectively. In both cases, temporary closures mandated by public-health officials exacerbated the pressure from their already high debt levels.

In regions hit hard by Covid-19, consumer enthusi-

asm for working out near others has weakened. "I belong to a couple of gyms, and it's driving me crazy that I can't work out," said New York City resident William Abramson, who used to go to the New York Sports Club for cardio and weights exercises.

But he won't be returning to the gym soon. "As much as I want to, it's not worth risking my life," said Mr. Abramson, who now bikes outdoors and does sit-ups, push-ups and stretching at home.

In recent years, retail real estate suffered rising vacancies as a supply glut and e-commerce hurt many malls and shopping centers. As of the first quarter of 2020, the national mall-vacancy rate was 9.7%, unchanged from the previous quarter and remaining at its highest rate in 10 years, according to data from Moody's Analytics REIS.

Gyms were seen as part of the solution because they offer experiences that were difficult to reproduce on the internet. Some of these fitness destinations also drew other tenants such as spas and salad and juice chains.

In some states where gyms have reopened, such as Tennessee and South Carolina, foot traffic for some chains recovered to around 80% of the year-earlier period during the week of June 15, according to



Foot traffic in the fitness sector was down 57% year-over-year during the week of June 15. Gym members line up for temperature checks.

data from Placer.ai, a foot-traffic analytics firm that interprets location data from mobile devices.

But across the country during that week, overall foot traffic in the fitness sector was down 57% year-over-year, said Placer.ai, which tracks large and regional gyms and fitness centers including 24 Hour Fitness, Planet Fitness Inc., **Anytime Fitness**, Gold's Gym, **Orangetheory Fitness** and LA Fitness.

Some are in better shape than others, especially those that offer inexpensive options in Middle America, landlords said.

"If you're not that different from the discount guys and you're used to getting a bigger

monthly payment, you might have a bigger problem," said Jeff Edison, chief executive officer of Phillips Edison & Co., an owner and operator of grocery-anchored shopping centers across the country. His company has collected 37% of rent payments from fitness operators in the past few months.

Some operators said they saw pent-up demand after reopening. Almost all gyms that have reopened have capacity restrictions, and many have pivoted to reservation models and limited class sizes to prevent crowding.

Planet Fitness, which has reopened 1,500 locations, said visits are approximately 60% of the prior year in stores that

have been reopened for at least a couple of weeks.

Some reservations for treadmills and pools are in such high demand that members have to be quick to make reservations when slots become available. Others are using outdoor spaces such as the park and rooftop for classes, which are safer compared with an indoor space.

But some boutique fitness and yoga studios in New York, Chicago and New Jersey have decided to close their bricks-and-mortar locations permanently. Equinox Holdings Inc. said it closed one of its centers in Highland Park, Ill., and has no plans to close any of the remaining 105 locations.

Tilton Fitness, which had

seven locations in New Jersey, closed them permanently on July 1. "Unfortunately, like other fitness centers across the country, our facilities have been hit hard by the mandatory closures due to the coronavirus pandemic, forcing us to make this difficult decision," said the gym operator on its website.

Landlords who lease space to gyms in states such as Arizona, Florida and Texas thought they had seen the worst of the pandemic until the new increase in cases. "A lot of people want to return to the gym, but the model has to change," said Greg Tannor, executive managing director at property brokerage Lee & Associates.

Luckin Investor Vote Is Challenged

id	Net YTD	
	NAV	Chg %RET
dmsrl	32.74	-0.49 -9.4
INGUR INDEX FDS		
AdmVal	45.36	+5.57 -22.3
Bd2	11.58	+0.04 -0.4
Int	16.23	-2.81 -8.5
St	77.17	-0.98 -2.3
INGUR INSTL FDS		
AdmVal	39.53	-0.22 -2.0
MktInstnl	12.69	-0.17 -9.5
MktInstnl	19.83	-0.28 -9.5
YthInstnl	9.04	-1.14 -4.9
YthInstnl	107.08	-0.91 14.6
Sel	11.25	+0.01 -0.1
Bd2	28.09	-3.06 -1.6
Plus	236.00	-3.07 -1.6
St	38.64	-6.14 -7.4
ICpInstl	45.11	-0.57 -6.6
ICpInstl	222.47	-2.82 -6.6
ICpInstl	69.66	-0.88 -11.7
ICpInstl	10.96	-3.55 -1.7
PSvincs	25.23	-0.21 -0.1
BdInstl	11.58	+0.04 6.9
BdInstl	11.66	+0.04 6.9
BdInstl	34.62	+0.02 2.5
InstlInstl	10.85	-1.42 -8.4
InstlInstl	17.92	-1.43 -8.4
StInstl	77.92	-0.52 -1.2
StInstl	38.91	-0.95 -2.4
IM Focus Funds		
Global/Gvins	20.17	-1.07 6.7
Asset		
eBond	NA	...
ePlusBd	NA	...
ePlusBdS	NA	...

MARKETS

Doubts About Shape of Recovery Drive Dollar’s Rise

By AVANTIKA CHILKOTI

The dollar briefly crept higher as concerns about the rise in new Covid-19 infections in parts of the U.S. and across emerging markets took the edge off the broader market rally of recent days.

The Wall Street Journal Dollar Index, which measures the dollar against a basket of other currencies, ticked up 0.2% to close at 91.23 on Tuesday.

The gauge, which jumped sharply in mid-March as stock markets tanked, has been hovering between 90 and 95

The wild card for the U.S. currency is renewed trade tensions with China.

Analysts expect the dollar to remain at historically high levels—or even gain—as recent virus cases damp hopes for a V-shaped economic recovery once economies reopen.

“Dollar weakness is going to be more difficult to come by now,” said James Athey, senior investment manager at Aberdeen Standard Investments.

The dollar, alongside the Japanese yen and Swiss franc, is considered a haven asset that investors buy when stocks fall and the economic outlook turns sour.

A volatile dollar can impact all corners of financial markets. Jittery investors buying up dollar assets in the March rout triggered record capital outflows from emerging markets. A stronger dollar adds to the cost of paying off dollar-

denominated debt.

The dollar rose against the Mexican peso and the South African rand Tuesday before retracing gains toward the end of the day.

A wild-card for the dollar is China. The yuan, which is partially managed by Beijing, has strengthened against the dollar in recent days amid signs the economy in China is opening faster than expected. China’s stock market has also rallied.

The yuan traded for 7.0139 per \$1 Tuesday, almost unchanged from Monday.

Richard McGuire, senior fixed income strategist at Rabobank, says the dollar’s performance this year has proven its status as a haven, something that could be tested again if U.S.-China tensions flare up.

“In the instance that geopolitical tensions rise so much that China sacrifices its own interest to harm the U.S., that will drive demand for safety more broadly,” he said.

Mr. McGuire noted that the dollar’s correlation with the stock market was at its highest level since September 2016, indicating that traders see it as a place to shelter when markets retreat.

On average in recent months, for every 1% decline in the S&P 500, there was a 0.37% strengthening of the dollar in trade-weighted terms, he said.

AUCTION RESULTS

Here are the results of Tuesday’s Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

THREE-YEAR NOTES

Applications	\$116,250,061,300
Accepted bids	\$50,035,625,700
* noncompetitively	\$14,234,200
* foreign noncompetitively	\$103,000,000
Auction price (rate)	99.805647 (0.190%)
Interest rate	0.125%
Bids at clearing yield accepted	82.90%
Cusip number	912828ZV9
The notes, dated July 15, 2020, mature on July 15, 2023.	

By ANNA HIRTENSTEIN AND PAUL VIGNA

Stocks pulled back after a recent rally, as gloomy economic forecasts suggested a recovery will be uneven.

Major indexes opened lower and the declines accelerated in the last 30 minutes of the session. The S&P 500 fell 34.40 points, or 1.1%, to 3145.32, snapping a five-session winning streak. The Dow Jones Industrial Average dropped 396.85 points, or 1.5%, to 25890.18. The Nasdaq Composite lost 89.76 points, or 0.9%, to 10343.89.

All three have risen more than 40% from their March lows. But investors still have to weigh a recession and what are expected to be especially weak second-quarter earnings against their bets for a longer-term recovery.

“We’re in this wait-and-see mode,” said Oanda analyst Craig Erlam, adding traders are seizing on encouraging economic data in the U.S. and elsewhere but continue to worry about the pandemic. “Every day, it seems always to be explained by optimism or anxiety,” he added, referring to the market’s moves.

Friday’s U.S. jobs report showed continued improvement in the labor market, though the jobless rate is still high at 11%.

That comes even as new U.S. cases of coronavirus rise and some states are forced to ease reopening plans.

Investors also anticipate second-quarter earnings season, which will kick off later this month.

Profits are expected to plunge 44%, according to FactSet, but investors will likely focus on the outlooks for this year and next. Expectations are already very low, which could play into the market’s hands, Mr. Erlam said. “As long as the bar is low enough, investors always find a reason to be optimistic,” he said.

Shares of airlines were among the biggest decliners af-

ter **United Airlines** said reservations for travel within the coming month began to slide after new quarantine measures were put into effect. The carrier also warned employees to prepare to receive notifications of potential furloughs as soon as this week.

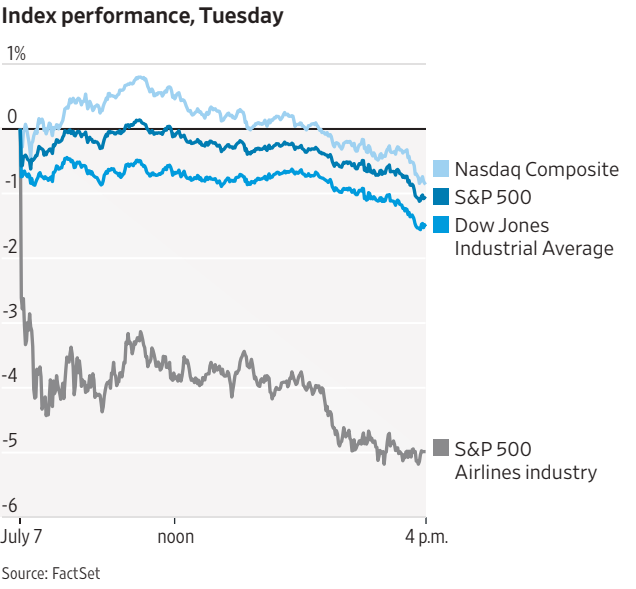
United fell \$2.66, or 7.6%, to \$32.55, while **Delta Air Lines** dropped \$1.43, or 5%, to \$27.01 and **JetBlue** declined 51 cents, or 4.6%, to \$10.50.

Airlines are also lining up an additional \$25 billion in federal loans as they stockpile cash to weather a crisis they have said will likely last years.

Elsewhere, **Carnival** fell \$1.04, or 6.7%, to \$14.57 after it



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canceled a series of cruises planned for the fourth quarter and the beginning of next year due to the coronavirus and resulting delays at shipyards.

Energy and financial stocks were among the biggest decliners in the S&P 500, with both groups falling more than 2%. The economically sensitive groups have suffered the steepest losses in the broad index this year.

Valero Energy fell \$3.35, or 5.9%, to \$53.12 and **Devon Energy** fell 81 cents, or 7.3%, to \$10.35.

Among financials, **Goldman Sachs** dropped \$8, or 3.9%, to \$199.36 and **JPMorgan Chase** fell \$2.68, or 2.8%, to \$92.32,

weighing on the Dow.

With investors hesitant about the economy, bond prices and the dollar rose. The yield on the 10-year Treasury note dropped to 0.648% from 0.683% on Monday, declining for the second day. The WSJ Dollar Index, which measures the greenback against a basket of currencies, rose 0.2%.

Gold futures climbed above \$1,800 for the second time in two weeks, settling at \$1,804.20 a troy ounce. That puts them less than 5% from their 2011 record of \$1,888.70.

The gains come as investors worry about the growing disconnect between rising stocks and an economy still deep in recession, said ThinkMarkets analyst Fawad Razaqzada.

“People are trying to hedge their long-equity bets by going long gold as well,” he said.

Investors are keeping an eye on Covid-19 infection rates. “We are in a situation where the latest news from the U.S., Germany, parts of the U.K. and the Melbourne lockdown in Australia, it just acts as a reminder to investors that not everything is going to proceed on a smooth trajectory,” said Peter Dixon, an economist at Commerzbank.

Overseas stocks were mainly lower. The pan-continental Stoxx Europe 600 dropped 0.6% after reaching its highest level in nearly a month.

At midday Wednesday in Tokyo, the Nikkei 225 Stock Average was down 0.2%, Hong Kong’s Hang Seng Index was up 0.4% and South Korea’s Kospi was down 0.1%. U.S. stock futures were up 0.3%.

The Organization for Economic Cooperation and Development said Tuesday that unemployment rates in the world’s advanced economies will reach the highest level this year since the Great Depression.

And the European Commission released its Summer Forecast report, which downgraded its expectations for the trade bloc’s economy. It is now expecting a contraction of 8.3% for 2020, compared with its earlier prediction of 7.4%.

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HEARD^{ON}THE STREET

FINANCIAL ANALYSIS & COMMENTARY

China Orders Up A ‘Healthy Bull Market’

Stocks take cues from buoyant state media

Analysts fret that U.S. markets have become irrational thanks to so-called Robinhood retail traders with plenty of time on their hands. But American markets have nothing on China.

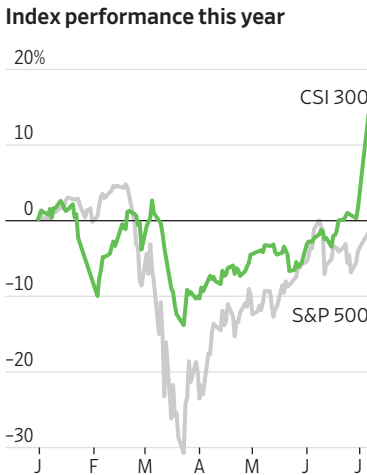
Chinese stock markets have been on a tear lately. The CSI 300 index, a gauge of the largest companies listed in Shanghai and Shenzhen, gained 14% in the past week. There has certainly been positive news: China’s economy is slowly getting back on track, and corporate earnings are improving. And while China refrained from the high-profile monetary interventions seen in the West, monetary conditions have loosened significantly. The central bank’s preferred measure of outstanding debt and equity finance rose at its fastest pace in more than 20 months in May year-over-year, and money-market rates have fallen sharply since January.

What really seems to have gotten Chinese investors excited is state media’s switch to a bullish tone. A Monday front-page editorial in the state-owned China Securities Journal said it’s now important to foster a “healthy bull market”—in part because of more complicated global trade and economic relations. A U.S. Senate bill passed in May could force Chinese companies listed on American exchanges to delist. A separate Senate bill threatens sanctions on banks dealing with individuals complicit in undermining Hong Kong’s freedoms.

The editorial’s tone is reminiscent of how state media were the cheerleaders for the rally in



What seems to have gotten investors excited is state media’s switch in tone.



Source: FactSet

2014-2015—which saw the market more than double in about six months. The epic crash in mid-2015, which erased most of those gains, may make state media more circumspect this time. But the government wants more robust domestic capital markets to avoid businesses’ overreliance on bank loans, and to help cushion any financial blows from abroad. A buoyant stock market is helping **Semiconductor Manufacturing International Corp.**, a key component in China’s semiconductor ambitions, to raise up to \$7.5 billion in Shanghai.

Individual investors, who make up a big part of the Chinese market, haven’t missed the hints. Daily turn-

over has picked up, exceeding one trillion yuan (\$143 billion) for four straight days. New brokerage-account openings for individuals are rising, according to local media.

The market has yet to reach the euphoria of 2015. Margin finance, which fueled the rally five years ago, increased 20% this year, but the amount outstanding is about half the 2015 peak. The valuation of the overall Chinese market may look undemanding at 14 times historical earnings, according to Wind, but that has been dragged down by the heavily weighted financial sector, which is rightly trading at low multiples. Some sectors may have become overvalued—the tech-focused ChiNext index has gained 44% this year. And the CSI 300 has diverged sharply on the upside from its historical relationship with Chinese industrial profits, notes consulting firm Gavekal Dragonomics.

That doesn’t mean the party couldn’t go on for quite a while longer given the current political tailwinds. But bullish talk aside, regulators chastened by the experience of 2015 are unlikely to tolerate another gargantuan surge in margin finance.

Tighter margin rules and rising money-market rates triggered the end of China’s last great stock bubble. Should similar signals start emanating from regulators in the weeks or months ahead, investors would be wise to get out in a hurry.

—Jacky Wong

Airlines Struggle to Keep a Lid on Supply

Want to keep prices high? The textbook says keep a firm grip on supply, just like major oil producers regularly try to do. Much to travelers’ delight and investors’ dismay, however, airlines are likely to be even less successful at it.

The Covid-19 crisis is expected to cost carriers more than \$80 billion in 2020. Restrictions on short-haul travel are being eased first, raising hopes of a faster recovery for low-cost operators: Their stock prices are down about 30% this year compared with a much larger 55% drop for legacy airlines.

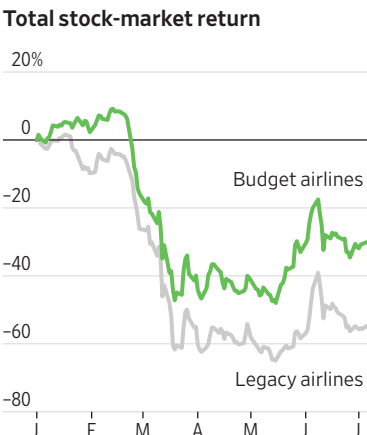
Cash is finally flowing in as households emerge from lockdowns eager to spend and travel. Michael O’Leary, chief executive at European budget leader **Ryanair**, recently told U.K. newspaper the Telegraph that the first July planes taking Britons to their summer spots in Spain and Italy were more than two-thirds full.

But selling tickets isn’t enough. The big question for investors is whether, amid health concerns, airlines can sell them at a profit. Preliminary data suggest this notoriously cutthroat industry won’t stop being cutthroat.

In theory, low-cost carriers should have the flexibility to carefully bring back just the right number of seats while keeping airfares high. Unlike hub-and-spoke strategies, which need the network to be profitable as a whole, they can decide not to restore less-promising point-to-point routes.

In practice, however, recoveries can be even more competitive than booms.

Data by travel-research firm OAG suggests that European low-cost airlines are quickly beefing up schedules. Hungary’s **Wizz Air** has used its large cash buffers to keep operating as close to normal as possible and is now seeking a first-mover advantage—including a big expansion in Serbia. Weaker competitors are taking longer to recover, but their



Note: Using selected U.S. and European stocks. Data are through Monday. Source: FactSet

schedules seem to point to a flood of flights in August and September.

Fittingly, an analysis by investment bank UBS suggests that a scarcity of supply drove up short-haul airfares right after the lockdown period, but that price trends are now pointing lower. The exception appears to be Ryanair, which has scheduled conservatively. Yet, given its good financial health and the historical precedent—Ryanair famously used the 9/11 aviation crisis as a growth opportunity—it probably won’t stay out of the fray for long.

The outlook is harder to divine in the U.S. The resurgence of coronavirus cases there could delay the aviation recovery.

Yet there are commonalities. Niche carrier **Allegiant**, like Wizz Air, hasn’t shrunk much during the outbreak. Meanwhile, August schedules seem to point to a combative stance by **Spirit Airlines**. Prudent market leader **Southwest Airlines** might be pushed to respond too.

Pandemic or not, investors shouldn’t expect airlines to stop reverting to old habits. In this business, cooler heads rarely have the ability to prevail.

—Jon Sindreu



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