

What's News

Business & Finance

United Airlines said it is exploring the possibility of shedding almost half its U.S. workforce amid the pandemic-driven shake-up of the industry. **A1, B1**

◆ **Brooks Brothers** filed for bankruptcy protection. The clothier plans to halt manufacturing at its three U.S. factories on Aug. 15 and will search for a new owner. **A1**

◆ **Facebook** and its critics tried to win over advertisers after an audit found continued problems with how the firm polices hate speech and other content on its platform. **B1**

◆ **The Justice Department** is examining whether Wirecard played a critical role in an alleged bank-fraud conspiracy connected to an on-line marijuana marketplace. **B1**

◆ **A federal judge** dismissed a GM lawsuit accusing Fiat Chrysler of bribing union officials to gain an advantage on its labor costs. **B1**

◆ **The Nasdaq** rose 1.4%, to a record, while the S&P 500 and Dow gained 0.8% and 0.7%, respectively. Mainland Chinese shares extended a winning streak. **B11**

◆ **The U.S. budget deficit** totaled \$863 billion in June, nearly as much as the entire gap for fiscal year 2019. **A3**

◆ **KKR** struck a deal to buy insurer Global Atlantic for more than \$4.4 billion. **B1**

◆ **Allstate** agreed to acquire peer National General for about \$4 billion. **B10**

◆ **Bayer** is scrapping a \$1.25 billion proposal to resolve future lawsuits over whether Roundup causes cancer. **B3**

World-Wide

◆ **Trump** pushed federal health officials to ease coronavirus guidelines for schools and threatened to withhold funding from districts that don't reopen. **A1**

◆ **The U.S.** surpassed 3 million confirmed Covid-19 cases, as the coronavirus spread rapidly in California, Texas and Florida. **A6**

◆ **The Supreme Court**, in a pair of 7-2 decisions, expanded exemptions for religious employers from contraceptive-care regulations and antidiscrimination laws. **A1**

◆ **George Floyd** told the officers who arrested him that he couldn't breathe, was claustrophobic and afraid of being killed by police before he was pinned to the ground, according to court filings. **A3**

◆ **The FBI** is examining exiled Chinese businessman Guo Wengui and the money used to fund his media efforts in the U.S., including his work with Steve Bannon. **A4**

◆ **The U.K. government** announced up to \$38 billion in new stimulus measures to boost the country's economy as it exits lockdown. **A7**

◆ **Lt. Col. Vindman**, who testified against Trump in House impeachment hearings, is retiring from the Army due to pressure from the White House, his attorney said. **A4**

◆ **Facebook** said it had removed a network of more than 100 pages and accounts linked to Roger Stone. **A5**

◆ **A Hong Kong hotel** was converted into the headquarters of Beijing's new security agency for the city. **A7**

CONTENTS

Markets..... B11
Business News... B3-6
Capital Account... A2
Crossword..... A12
Heard on Street... B12
Life & Arts..... A9-11
Management..... B5

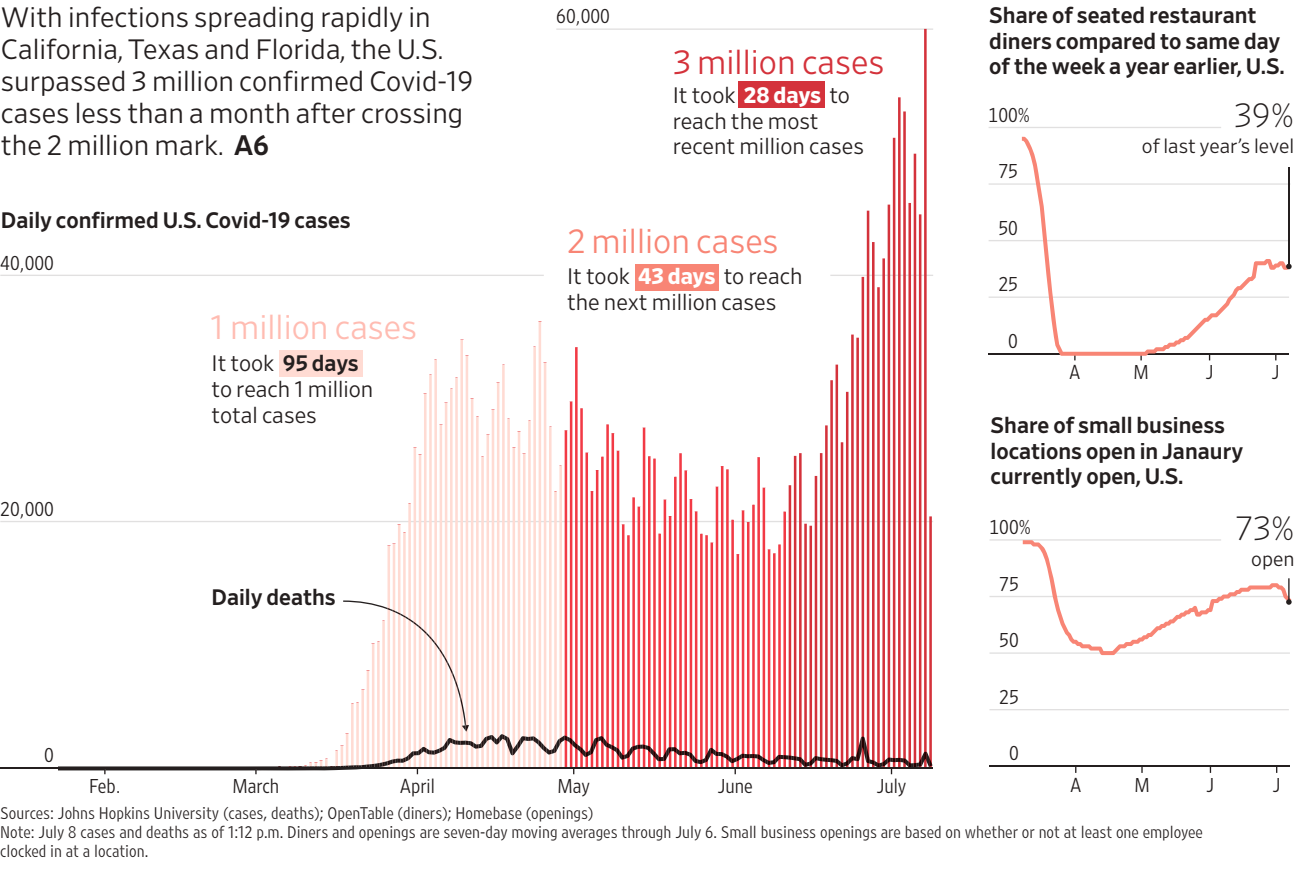
Opinion..... A13-15
Sports..... A12
Technology..... B4
U.S. News..... A2-6
Weather..... A12
World News..... A7,16

2 8 4 3 1 >

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Virus Cases in U.S. Climb Past 3 Million at Accelerating Pace



Trump Urges Schools to Open, Takes Aim at CDC Guidelines

By Alex Leary
And Catherine Lucey

WASHINGTON—President Trump pushed federal health officials to ease coronavirus guidelines for schools and threatened to withhold federal funding from districts that don't reopen, stepping up his effort to get children back in the classroom.

In tweets on Wednesday, Mr. Trump wrote that he disagreed with the federal Centers for Disease Control and Prevention on “their very tough & expen-

sive guidelines for opening schools,” which he said are “asking schools to do very impractical things.”

Administration officials said the CDC would provide new guidance next week that should allay some of the president's concerns.

Decisions about how and whether to reopen schools are largely up to state and local governments, and many districts have said they plan to offer learning in-person and remotely.

On Wednesday, New York City—the nation's largest public

school system—made public preliminary plans to have schools reopen this fall with a mix of in-person and remote learning.

Mr. Trump's comments Wednesday marked his second charge into the fraught debate in as many days, as districts roll out plans intended to balance the hopes of parents, teachers and students to return to normal school with the potential health risks arising from children learning in close quarters. On Tuesday, the Republican president said he would pressure governors and other

officials to open schools.

Administration officials responded to Mr. Trump's criticism by saying the CDC guidance wasn't meant to tie schools' hands or provide an excuse not to open.

“The president said today we don't want the guidance to be too tough,” said Vice President Mike Pence. “That's the

Please turn to page A2

◆ **Universities sue U.S. over foreign-student ban**..... **A2**

◆ **Plasma-derived drug to be tested**..... **A6**

United Explores 45% Cut to Staff As Travel Slumps

By Doug Cameron
And Alison Sider

United Airlines Holdings Inc. said it is exploring the possibility of shedding almost half its U.S. workforce, the first major domestic carrier to detail how deep the industry might have to retrench amid the pandemic-driven slump in passenger demand.

The Chicago-based carrier is sending mandatory 60-day notices under federal labor rules to 36,000 of its employees, a week after American Airlines Group Inc. said it might have as many as 20,000 more staff than it needs to handle reduced demand.

The U.S. airline industry is facing its biggest shake-up in a generation, with executives expecting a recovery in the demand slump to take years. United's decision follows the recent erosion of the fragile im-

provement in travel from April's low. The pickup in Covid-19 cases in some states and new quarantine measures in the New York City area and Chicago have kept fliers from resuming travel.

The global airline industry is preparing for tens of thousands of job cuts despite receiving billions of dollars in government aid. Federal money runs out on Oct. 1, and United executives said its final tally of furloughs should be clear by mid-August.

The airline said those receiving notices of potential furloughs, which are required under federal law, include 15,000 flight attendants, 2,250 pilots and 11,000 customer-service staff. United said em-

Please turn to page A6

◆ **The Middle Seat: An asterisk for world's busiest airport**...**A9**

◆ **Smaller carriers see an opening during the crisis**.....**B1**



Tensions Put Aside For Trade Pact

Mexican President Andrés Manuel López Obrador and President Trump pledged to work together on trade and other issues Wednesday at the White House. **A16**

Brooks Brothers Files Chapter 11 As Covid-19 Rages, Tastes Shift

By Suzanne Kapner
And Soma Biswas

Brooks Brothers dressed the U.S. business class in pinstripes for more than 200 years and survived two world wars and the shift to casual Friday. But it was no match for the coronavirus pandemic.

The closely held company, which is owned by Italian busi-

nessman Claudio Del Vecchio, filed for bankruptcy protection in Wilmington, Del., on Wednesday. One of the few brands to make clothes domestically, it plans to halt manufacturing at its three U.S. factories on Aug. 15 and will search for a new owner.

Brooks Brothers joins a parade of U.S. retailers seeking relief in bankruptcy court since

March, including Neiman Marcus Group Inc., J.Crew Group Inc. and J.C. Penney Co. Economic fallout from Covid-19 has also pushed high-profile companies in other industries into bankruptcy, including Hertz Global Holdings Inc. and Chesapeake Energy Corp.

Mr. Del Vecchio blamed the pandemic for Brooks Brothers'.

Please turn to page A6

INSIDE

LIFE & ARTS

Christie's tests the market with its livestream global art auction. **A9**

SPORTS

Ivy League calls off football and other sports for rest of 2020. **A12**

TikTok, Oasis of Fun, Ventures Into Politics

App allows protest videos, quits Hong Kong, while facing flak in Washington

TikTok has been one of the world's biggest distractions during the pandemic, thanks to its endless stream

By Georgia Wells, Shan Li and Liza Lin

of bite-size videos featuring dance-offs, pranks and other goofs.

Lately there has been a dash of something new at TikTok: politics.

Experimenting with letting users post short political videos, the app is emerg-

Theme Parks Ban Screaming, Roller-Coaster Fans Howl

* * *

Japan's reopening rule isn't so easy to follow; 'Please scream inside your heart'

By River Davis

TOKYO—At the Fuji-Q Highland amusement park recently, the chief executive and his corporate boss took a ride on the park's No. 1 attraction, the Fujiyama roller coaster, and plunged 230 feet without so much as a peep.

A video showed the two executives, both clad in masks, sternly riding the coaster in complete silence. It ended with a message: “Please scream inside your heart.”

From Fujiyama to Tokyo DisneySea's Tower of Terror, Japan's campaign against the

coronavirus is targeting thrill-seekers who might expel a burst of virus-carrying droplets with a mid-ride utterance. Enjoy the ride, say theme-park operators—just don't let your voice show it.

“There's just no way not to scream,” said college student Rika Matsuura on a visit to Tokyo Disneyland last week when it reopened after a four-month break. “It's kind of torture to be back at your favorite place in the world and to not be able to scream and enjoy everything 100%.”

The ban on screaming,

Please turn to page A8

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U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

China’s Trade Surplus, and Frictions, Persist



President Trump’s trade war with China is meeting at least one of his goals. The U.S. trade deficit with China in the past 12 months has shrunk to its narrowest since 2012. Unfortunately, that narrowing has come from the U.S. buying less from China, rather than China buying more from the U.S. Slack Chinese imports are a symptom of the underlying reason China’s trade surpluses, not just with the U.S. but the world, persist: China consumes too little and saves too much. True, China’s overall surpluses have shrunk sharply as a share of its gross domestic product in the past decade. But because GDP has grown so much, the surpluses, especially for manufactured goods, remain enormous. Consumption is still under 40% of Chinese GDP, one of the lowest percentages among major economies. The persistence of those imbalances is why trade conflicts aren’t about to go away even if Mr. Trump isn’t re-elected. The consequences of global trade surpluses and deficits are the subject of “Trade Wars are Class Wars:

How Rising Inequality Distorts the Global Economy and Threatens International Peace.” The authors are Matthew Klein, economics commentator at Barron’s, a sister publication of The Wall Street Journal, and Michael Pettis, an economist who teaches at Peking University’s Guanghua School of Management. Messrs. Klein and Pettis shed new light on an old issue by showing how global savings imbalances result from the growth model used by China, as well as Germany. That model systematically suppresses the wages and consumption of ordinary workers to generate high savings that can be invested in new industries, or abroad. “The high savings model forces ordinary people to spend less so that the government and business elites can spend more,” they explain. It’s the same model used by Britain during the Industrial Revolution and the Soviet Union in the 1920s and 1930s. Like South Korea and Japan before it, China grew rapidly by channeling people’s savings into high-return investments in education, public infrastructure and export-oriented in-



dustries. It did so through an undervalued exchange rate and a financial system that subsidized industrial borrowers by paying savers next to nothing. Both have been reformed, but Messrs. Klein and Pettis note that many features of China’s economy still discriminate against workers and consumers: adversarial unions are illegal, taxes on labor and consumption are high, and millions of migrant workers are deprived of social benefits.

By definition, surpluses in one country must equal deficits in another, so the trade surpluses generated by China and Germany force the U.S. (and other low-saving countries such as the U.K.) to run deficits. Trade deficits don’t necessarily reduce employment, but they change its composition. In the 2000s, Chinese imports wiped out millions of U.S. jobs while Chinese savings helped inflate the housing bubble. In that sense, Messrs. Klein and

Pettis write, inequality in China contributed to inequality in the U.S. “The U.S. financial system and consumer market function as a safety valve for exploitation elsewhere,” the authors write. “Unless policies in the rest of the world change, the U.S. cannot unilaterally reduce inequality, raise living standards, and stabilize or reduce its current account deficit.” Though the worst of the China shock had dissipated by 2016, its legacy helped send Mr. Trump to the White House on an anti-free-trade platform.

China may have hoped its “phase one” trade deal with Mr. Trump and narrowing surpluses would damp protectionism. Coincidentally, in the first quarter its current account, which includes trade in goods and services and investment income, flipped from surplus to deficit as the coronavirus hampered exports. But events are going in the wrong direction. Through May, Chinese purchases of U.S. goods are running at just half its commitment, according to Chad Bown of the Peterson Institute for International Economics.

China’s manufacturing has recovered faster than its retail sales, suggesting surpluses are about to re-emerge. Yet the world is in no mood to absorb China’s production glut: Demand is depressed everywhere. These are the ingredients of a global fight for market share fueled by protectionism and currency devaluation. In the U.S., anti-China sentiment in both parties has been whetted by the coronavirus, pursuit of technological dominance, geostrategic bullying and crackdown on domestic dissent, including in Hong Kong. Senators from both parties have taken aim at global imbalances by proposing a tax on foreign purchases of U.S. stocks and bonds, intervention in currency markets to weaken the dollar, and even repudiation of some Treasury debt held by China. If Joe Biden defeats Mr. Trump, it will be as the head of a Democratic Party more comfortable with interventionism and less attached to free trade. China has long sought to tamp down trade frictions by making its economic model more consumer friendly. It may find those efforts are too little, too late.



Education Secretary Betsy DeVos, with Vice President Mike Pence at the White House on Wednesday, has argued for in-person instruction.

Trump Calls For Schools To Reopen

Continued from Page One reason why next week the CDC is going to be issuing a new set of tools, five different documents that will be giving more clarity on the guidance going forward.” CDC Director Robert Redfield said: “I want to make it very clear that what is not the intent of CDC’s guidelines is to be used as a rationale to keep schools closed.” He said the next round of recommendations would include documents for parents, as well as symptom surveillance for schools and advice for using masks.

Current CDC guidelines advise schools to have students and staff wear face coverings when physical distancing is difficult, and consider spacing desks 6 feet apart and in the same direction rather than having students sit face to face. Schools are also advised to consider closing dining halls and playgrounds. While the guidelines don’t lay out maximum class sizes, they can have the effect of reducing in-person capacity as school districts try to have fewer people in a building at the same time. Some schools plan staggered schedules and remote learning when children aren’t in school. Two administration officials said new CDC guidelines have been in the works for a while, and Mr. Pence had mentioned them on Tuesday. Asked if the White House pressured the CDC to change the guidelines, press secretary Kayleigh McEnany responded: “No, not at all.” Mr. Pence said that while he hoped every school is able to

Local Risk Dictates CDC Guidelines

- The CDC has issued recommendations for schools to operate safely during the coronavirus pandemic.
- These recommendations ratchet up based on the level of illness in the community.
- Many districts plan hybrid in-person/at-home schedules for students in an effort to reduce the number of people at school at the same time, driven by these recommendations.
- When there is no community spread:
 - Teach and reinforce health hygiene practices

- Intensify cleaning and disinfection efforts
- Require sick students and staff to stay home
- Where there is mild to moderate community spread:
 - Cancel field trips, assemblies, and other large gatherings
 - Increase space between students’ desks and avoid having desks face each other
 - Stagger arrival and/or dismissal times
 - Teach staff and students to maintain a safe distance from each other
- When there is substantial community spread:
 - Consider extended school closures and implement distance learning

ceiving regular school meals. Mayor Bill de Blasio said New York City’s plan would balance the safety of students and staff with the need for academic progress. City officials said they are reviewing CDC guidance, and asking principals to create plans that take social

CDC guidelines can have the effect of reducing in-person capacity at schools.

distancing of 6 feet into account, as well as deep cleaning daily, hand sanitizer, and the use of face coverings by students and staff. “Whatever we do has to be first and foremost seen through the prism of health and safety,” said Mr. de Blasio, a Democrat. 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.

Senate Majority Leader Mitch McConnell (R., Ky.) has said getting children back in school is a priority for the next virus-relief bill. The Senate will return from a recess on July 20. House Democrats included \$100 billion in funding to support schools in a multitrillion-dollar bill the House passed in May, but Senate Republicans rejected that proposal.

Mr. Trump has taken an aggressive stance on reopening businesses and schools, and has played down the gravity of data showing a surge of coronavirus cases in the South and West.

“We’re going to be in a very good place very soon,” he said in an interview with Gray TV, when asked about comments by Anthony Fauci, the nation’s top infectious-disease doctor, that the U.S. needed to step up its response to the virus.

Democrats and their allies in teachers unions said they favor opening schools but want it done safely. The National Education Association accused Mr. Trump of trying to use the issue for his re-election campaign, while Mr. Trump has accused Democrats of blocking a fuller return to school for political purposes.

“The Dems think it would be bad for them politically if U.S. schools open before the November Election, but is important for the children & families,” Mr. Trump tweeted.

Sen. Patty Murray (D., Wash.) tweeted back to him: “You clearly don’t care about whether schools re-open. Because if you did, instead of ignoring public health experts, you would provide schools with the resources they need to re-open safely.”

Mr. Trump and other administration officials, including Education Secretary Betsy DeVos, said in-person instruction is better for educational development.

Universities Sue Over Foreign-Student Ban

By MELISSA KORN AND MICHELLE HACKMAN

Harvard University and the Massachusetts Institute of Technology sued the Trump administration in federal court over new rules barring international students from staying in the U.S. while taking classes entirely online this fall.

The suit, filed Wednesday in the U.S. District Court for Massachusetts, seeks a temporary restraining order prohibiting the government from enforcing rules that were laid out Monday by U.S. Immigration and Customs Enforcement governing how foreign students can—and can’t—enroll at U.S. universities this fall in light of the coronavirus pandemic.

Among the restrictions: Those foreign students attending schools offering classes only online can’t be in the U.S. to take their web-based courses, and those whose

schools are offering hybrid or in-person classes must be here to participate. Colleges and foreign students swiftly criticized the rules, saying they erected unnecessary obstacles that would prevent some from continuing or beginning their academic careers.

ICE, its parent agency the Department of Homeland Security and their acting leaders are named in the suit.

Ken Cuccinelli, a top official at the Department of Homeland Security, said on CNN Tuesday that the policy was designed in part to “encourage schools to reopen.” His words are cited in the universities’ lawsuit.

An ICE spokeswoman said she couldn’t comment on pending litigation.

There were nearly 1.1 million international students at U.S. colleges in the 2018-19 academic year, including those working after graduation while on student visas.

CORRECTIONS & AMPLIFICATIONS

The name of Javier Rodriguez Soler, chief executive of BBVA USA, was misspelled as Javier Rodriguez Solar in a Page One article Tuesday about bank drive-through lanes.

AMC Entertainment Holdings Inc. on Tuesday was nearing a restructuring deal that would help stave off a near-term bankruptcy filing. In some editions Wednesday, a Page One What’s News summary incorrectly said the company was bearing a restructuring deal.

A \$6.55 billion stock offering in China by Semiconductor Manufacturing International Corp. would rank as the world’s largest so far this year among initial public offerings and secondary listings in new markets, according to Refinitiv.

A Business & Finance article in some editions Tuesday about the Chinese chip maker’s offering incorrectly said it would be the world’s largest stock sale this year. Some companies have sold larger amounts of stock in markets where they are already listed.

The monthly U.S. jobs report was published on Thursday, July 2. A Markets article Wednesday about the stock market incorrectly said the report was published Friday, July 3.

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U.S. NEWS

Budget Deficit Ballooned In June

By KATE DAVIDSON

WASHINGTON—The U.S. budget deficit totaled \$863 billion in June, nearly as much as the entire gap for fiscal year 2019, as federal spending tripled to combat the coronavirus pandemic and tax revenues plunged, the Congressional Budget Office said Wednesday.

Outlays soared to \$1.1 trillion last month, nearly half of which went to emergency small-business loans under the Paycheck Protection Program, CBO estimated. Congress enacted the law in March to help small companies meet payroll expenses and keep workers attached to their jobs.

Spending on unemployment insurance benefits also surged last month, as millions of Americans remained out of work despite efforts by many states to resume normal activity after months of shutdowns. Outlays for jobless benefits climbed from \$2 billion in June 2019 to \$116 billion last month, nearly half of which was because of the extra \$600 in weekly benefits that Congress authorized as part of what is known as the Cares Act. Those enhanced payments are set to expire at the end of this month unless Congress chooses to extend them.

Spending for other safety-net programs also climbed last month, including outlays for nutrition assistance, Medicaid and emergency funds for hospitals.

Federal revenues, meanwhile, sank 28%, to \$242 billion, which the CBO attributed to declining wages and reduced economic activity, which weigh on tax collection, as well as the administration's decision to delay tax-payment deadlines until July 15.

Federal deficits typically deepen during economic downturns, as rising unemployment pushes up spending on safety-net programs such as jobless benefits and food stamps, and weighs on federal tax revenues.

The U.S. budget gap was already expanding—and was on track to exceed \$1 trillion in the fiscal year that ends Sept. 30—when the coronavirus pandemic hit. Congress has since authorized \$3.3 trillion in new spending to help combat the virus.

Local Governments Cut Spending

Education takes much of the reductions; 1.5 million jobs have been shed since March

By DAVID HARRISON

State and local governments from Georgia to California are cutting money for schools, universities and other services as the coronavirus-induced recession wreaks havoc on their finances.

Widespread job losses and closed businesses have reduced revenue from sales and income taxes, forcing officials to make agonizing choices in budgets for the new fiscal year, which started July 1 in much of the country.

Governments have cut 1.5 million jobs since March, mostly in education, and more reductions are likely barring a quick economic recovery. In Washington state, some state workers will take unpaid furloughs. In Idaho, Boise State University cut its baseball and swim teams in an effort to save \$3 million.

Dayton, Ohio, Mayor Nan Whaley says the city may have to cut up to 8% of its general fund budget, which pays for fire, police, roads, trash collection and other services.

"I'm concerned we'll have to lay folks off before the end of the year," Ms. Whaley said.

Nationwide protests sparked by the killing of George Floyd at the hands of Minneapolis police have heightened attention to municipal budgeting. In many cities, protesters are demanding that police budgets be cut or money redirected toward social services.

Across the country, the weeks before July 1 were marked by a scramble to complete spending plans. The task has been complicated by uncertainty over the economic outlook, which depends largely on unknowns such as the course of the virus and how quickly a vaccine can be developed. As a result, budgets may have to be rewritten in the coming months.

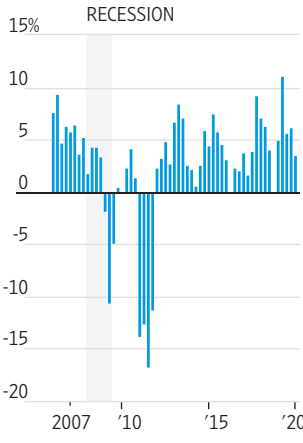
"I don't think you can overstate the amount of uncertainty that states are dealing with," said Tracy Gordon, an expert on state and local budgets at the Urban Institute in Washington. "You're asking revenue estimators basically to consult epidemiological models and public health experts and take account of all kinds of variables that are



Mayor Nan Whaley says Dayton, Ohio, may have to cut as much as 8% of the city's general fund budget.

Revenue Volatility

Year-over-year change in state and local quarterly tax receipts.



Source: Commerce Department

normally not part of their forecasts."

Adding to the uncertainty: Many states pushed back the income-tax-filing deadline to July 15 from April 15, following the U.S. Treasury's lead. While that should bring a short-term revenue boost, officials don't know how much revenue to expect in the months ahead.

It is also unclear whether states will get more help from Congress, which in March provided \$150 billion but limited its use for pandemic response. Dayton got about \$8 million and will use it to buy face masks, Ms. Whaley said.

States Built Up Rainy-Day Funds

The decadelong economic expansion that ended in February allowed states to replenish rainy-day funds. The median state went into the crisis with reserves totaling a record 7.8% of its general fund budget, according to the National Association of State Budget Officers.

California lawmakers used \$9 billion of their \$16 billion rainy-day fund to help balance the \$202 billion budget that Gov. Gavin Newsom, a Democrat, signed June 29. Even so, state employees will have to take up

The National Governors Association says states need another \$500 billion in federal aid. The U.S. Conference of Mayors says cities need \$250 billion.

The Democratic-led House in May passed a bill that included \$1 trillion to help state and local governments. Republican senators have paused discussion on another fiscal package until later this month.

Almost all states and local governments require balanced budgets. For now, they have largely avoided raising taxes to plug budget holes, opting instead to cut spending or dip into reserves.

to two unpaid furlough days a month, and public colleges and universities face about \$602 million in reductions.

Some states are putting off hard decisions. New Jersey Gov. Phil Murphy, a Democrat, signed a \$7.6 billion stopgap budget for the next three months, which cuts \$1.2 billion in previously allocated spending.

With an uncertain outlook, officials are trying to maintain reserves in anticipation of more lean years. "You may need to use it in 2022 and beyond," said Brian Sigritz, director of state fiscal studies at the budget officers' association. "They're not expecting this decline to be a one-year or two-year thing."

In Georgia, Gov. Brian Kemp signed a budget bill that reduces spending by about 10%, including a \$950 million cut to the main state education fund. Some poorer school districts rely on the state to cover 70% of operating expenses, said Margaret Ciccarelli, director of legislative services for Page Inc., the state's teachers' association.

"These are challenging times and the budget reflects that reality," Mr. Kemp, a Republican, said on June 30.

Maryland imposed \$412 million in cuts, of which \$136 million will come from higher edu-

cation, an 8% reduction. Funding was also reduced for Washington, D.C.-area transit system, neighborhood revitalization and drug treatment.

The fiscal squeeze comes as cities face demands to cut police funding in the wake of Mr. Floyd's killing. Los Angeles redirected \$150 million from the police department's nearly \$2 billion budget to social services.

In New York, Mayor Bill de Blasio and the City Council struck a deal that he said would cut the police budget by about \$1 billion, to \$5.2 billion, and protesters are demanding even larger reductions.

The Atlanta City Council narrowly defeated a proposal to hold back some police funding until the department presented a plan to become more inclusive and transparent.

Most years, Atlanta council members hear two to three hours of public comment on the budget. This year, they listened to about 50 hours, largely about police funding, said City Council President Felicia Moore. To comply with social-distancing efforts, people called in to record their comments rather than appear in person.

"We had calls from people all over the world," Ms. Moore said.

—Alicia Caldwell and Joseph De Avila contributed to this article.



People waited to enter the U.S. at a border crossing in Matamoros, Mexico, in May.

U.S. Seeks to Bar Asylum to Migrants From Disease Hubs

By MICHELLE HACKMAN

WASHINGTON—The Trump administration proposed a new set of rules that would block migrants from applying for asylum if they came from or passed through a country with a widespread contagious disease such as the coronavirus.

That would in effect block nearly all asylum seekers at the U.S. southern border from applying for any form of humanitarian protection in the U.S. and would put them on a fast track to deportation instead.

The new rules expand on a provision of immigration law, which says applicants can be denied asylum if they pose a danger to the security of the country, by classifying a public-health threat as a form of

danger. Communicable disease, the agencies say, could pose a threat to Department of Homeland Security facilities housing migrants, as well as to the U.S. economy if the disease were to spread.

Migrants themselves needn't exhibit symptoms of the disease to be considered a threat; merely passing through a country where the disease is present is enough.

According to the rule, the entry of people "traveling from these countries currently continues to pose a risk of further transmission to the United States, which otherwise has been making progress within its borders to stem the further spread of the pandemic."

The U.S. has the highest daily confirmed Covid-19 case average in the world, at 19,854 as of Wednesday, according to

data compiled by Johns Hopkins University. That compares with a daily average of 1,421 for Mexico, which ranks ninth. However, the data also shows the U.S. with a testing positivity rate of 5.48%, 17th in the world, compared with Mexico's rate of 21.94%, placing it fourth in the world after Peru, Brazil and Qatar.

The rules would apply to any disease the U.S. government has designated a public-health emergency, but would also permit the attorney general and secretary of Homeland Security to declare future outbreaks as threats for the purpose of judging asylum.

There were 212,846 asylum applications filed in the government's 2019 fiscal year, according to the government office that oversees immigration courts.

Floyd Told Police Officers Before Pinning He Feared Being Killed

By JOE BARRETT

George Floyd told the Minneapolis police officers who arrested him that he couldn't breathe, was claustrophobic and afraid of being killed by police before being pinned to the ground by officers, according to court filings that provide new details of his May 25 killing.

The filing came from an attorney representing Thomas Lane, one of the officers charged in the killing, who asked a Hennepin County judge Tuesday to dismiss charges of abetting second-degree murder against his client, saying the officer didn't play an intentional role in the slaying.

Mr. Lane said the officers had pinned Mr. Floyd to the ground after he struggled while being arrested, including smashing his head against glass inside the squad car until he bled.

The filing includes transcripts of body camera footage and interviews with Mr. Lane, who said he believed Mr. Floyd was in medical distress and repeatedly asked his more senior officer, Derek Chauvin, if they should roll Mr. Floyd on his side.

In videos that emerged after Mr. Floyd's May 25 killing, Mr. Chauvin is seen kneeling on Mr. Floyd's neck for around eight minutes. Mr. Lane is holding down Mr. Floyd's feet while another officer is on his back. A fourth keeps concerned bystanders away.

Mr. Chauvin has been charged with second-degree murder and the other three, including Mr. Lane, have been charged with aiding and abetting second-degree murder.

When officers first approached Mr. Floyd—who was

sitting in his car—on suspicion of using a counterfeit \$20 bill, he wouldn't immediately show his hands, so Mr. Lane drew his weapon, but put it away after Mr. Floyd complied, according to the filings. Still, Mr. Floyd wouldn't get out of the car.

"Please don't shoot me, Mr. Officer. Please, don't shoot me

Thomas Lane says George Floyd hurt his head in the patrol car.

man," Mr. Floyd said, according to a transcript of body camera footage.

"Step out and face away. I'm not shooting. Step out and face away," Mr. Lane said.

"Okay, okay, okay. Please. Please, man. Please. Please," Mr. Floyd said.

"Get out of the car," Mr. Lane said.

"Stop resisting Floyd!" said one of the other passengers in the car.

As officers tried to get Mr.

Floyd to walk to a squad car, he repeatedly said that he couldn't breathe and was claustrophobic.

When officers finally got him inside the car, Mr. Floyd began to thrash and hit his head against the glass inside the squad car, causing his mouth to bleed, the new filing says.

Officers called an ambulance because of the bleeding and then held Mr. Floyd down on the ground because they believed he would injure himself further if he wasn't restrained, according to the filing.

"I can't breathe," Mr. Floyd said at one point while he was on the ground.

"You're fine, you're talking fine," said officer J. Alexander Kueng, according to a transcription of body camera footage.

"I'm through, I'm through. I'm claustrophobic. My stomach hurts. My neck hurts. Everything hurts. Need some water or something, please. Please? Can't breathe officer," Mr. Floyd said, adding later: "You're going to kill me, man."

—Julie Wernau contributed to this article.



Former officer Thomas Lane with his attorney Earl Gray last month.

U.S. NEWS

Bannon Work Part of U.S. Probe of Exile

FBI looks into Chinese businessman, funding source of firm that hired ex-Trump aide

The FBI is examining exiled Chinese businessman Guo Wengui and the money used to fund his media efforts in the U.S., including his work with Steve Bannon, a former senior adviser to President Trump, according to people familiar with the matter.

By Aruna Viswanatha, Brian Spegele and Rebecca Davis O'Brien

Federal Bureau of Investigation national security agents in recent months have asked people who know both men for information on Mr. Guo's activities, including the source of funds of a media company linked to him that hired Mr. Bannon in 2018 as a consultant, the people said.

As recently as last week, the FBI met with one person familiar with the companies tied to Mr. Guo, the people said. The probe has been under way for more than six months, and prosecutors from the U.S. Attorney's offices in Manhattan and Brooklyn have been involved, some of the people said.

The purpose of the FBI's interests couldn't be determined.

A lawyer for Mr. Guo said his client hadn't been contacted by the FBI.

"The FBI has never reached out to Mr. Guo or his colleagues about any of these matters," the lawyer said. "Mr. Guo is honored to have the freedom in the United States working

alongside others to eliminate the Chinese Communist Party and free his fellow countrymen in China."

Mr. Guo, a former property tycoon, in 2014 fled China, where he is accused of wrongdoing including bribery, fraud, money laundering, kidnapping and rape—allegations he has denied. He also has applied for asylum in the U.S.

Mr. Guo has vexed Beijing with online videos and social-media posts alleging corrupt links between political and corporate elites. Mr. Guo won the support of China hawks in the Trump administration in 2017 with a stream of criticism directed at Beijing.

A spokeswoman for Mr. Bannon said, "Neither Steve or any of his affiliates have been contacted by the FBI about anything, let alone this matter."

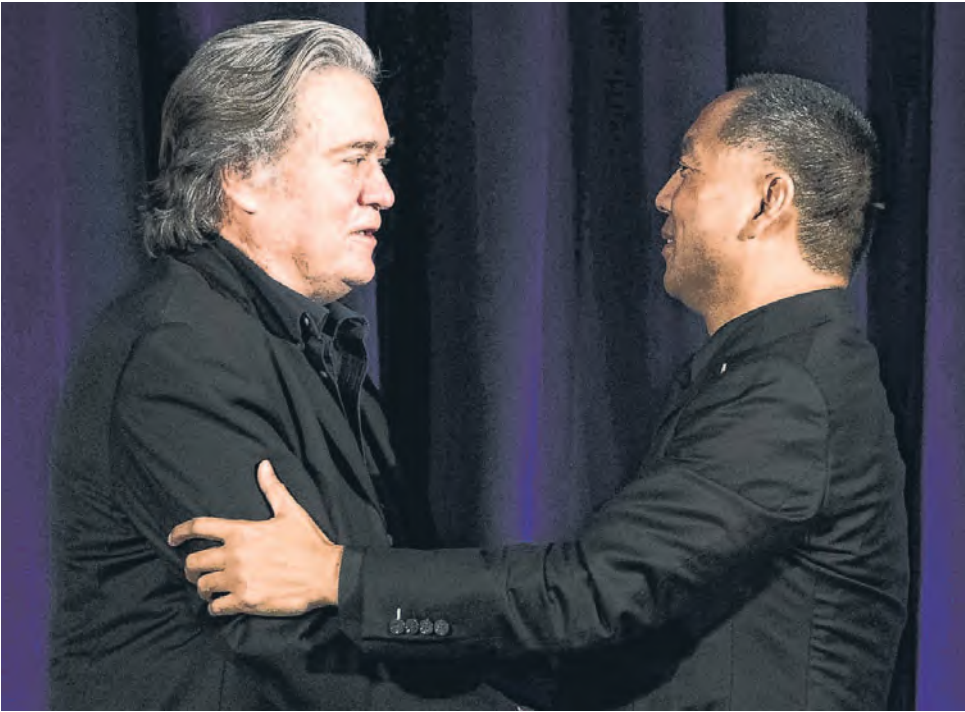
Mr. Bannon described himself as "public enemy #1" of the Chinese Communist Party.

A person familiar with Mr. Bannon's activities added that the contract signed in 2018, with Guo Media, was for one year only and wasn't renewed.

"Mr. Bannon and Mr. Guo have worked together on fighting the [Chinese Communist Party] and also on setting up a media and technology distribution platform that breaks through the firewall directly to the Chinese people in China and across the globe," the person said.

China's embassy didn't respond to a request for comment.

The Wall Street Journal couldn't determine the source of funds used to pay Mr. Bannon. But Mr. Guo has in the past used what appeared to be a third party to provide funds



Steve Bannon, left, with Guo Wengui at an event in New York in late 2018.

DON EMMERT/AGENCE-FRANCE PRESSE/GETTY IMAGES

to a contractor. He said in a court filing that a Hong Kong company, ACA Capital, paid a \$1 million deposit on separate work he commissioned from a research firm, Virginia-based Strategic Vision. At the time of the payment in January 2018, ACA Capital was owned by a man named William Je, Hong Kong corporate records show.

FBI agents have asked people familiar with Messrs. Bannon and Guo's activities whether they knew of Mr. Je and ACA, or the source of the money for Mr. Bannon, according to people aware of the inquiries.

A spokeswoman for the FBI declined to comment. Neither Mr. Je nor his attorney responded to messages seeking

comment.

Mr. Bannon teamed up with Mr. Guo after Mr. Bannon left the White House in August 2017, and together they launched what was billed as a \$100 million effort to investigate alleged abuses of power by Chinese President Xi Jinping and the Communist Party. He has also appeared in online videos alongside Mr. Guo.

Mr. Bannon entered into a \$1 million contract with Guo Media, which is owned by a Delaware entity, in 2018 for "strategic consulting services," which included "introducing the Company to media personalities," according to the contract, a copy of which was published by Axios.

Last month the two men

started a campaign to create a "New Federal State of China," and Mr. Guo persuaded two of China's most celebrated athletes to denounce the ruling Communist Party.

Still, some have raised doubts about Mr. Guo's loyalties. Mr. Guo hired Strategic Vision in 2018 to investigate certain people he said were tied to top officials of the Chinese Communist Party, according to court filings.

The contract between Strategic Vision and Mr. Guo is now in litigation. After examining the research list provided by Mr. Guo, Strategic Vision accused Mr. Guo himself of being a Chinese "dissident hunter," according to one of the court filings in the litigation; Mr. Guo

Biden and Sanders Allies Agree

By Eliza Collins and Ken Thomas

Allies of Joe Biden and Bernie Sanders are recommending the Democratic Party support eliminating carbon emissions from power plants by 2035 and making it easier to prosecute police for civil-rights violations, offering the latest evidence the party is uniting behind a common agenda faster than in 2016.

The recommendations, released Wednesday by the Biden campaign and compiled by task forces made up of people chosen by the former vice president and the Vermont senator, are expected to form the base of the Democratic Party platform, which will be formally voted on at the convention next month, according to people familiar with the plan.

Mr. Biden, the presumptive Democratic presidential nominee, hasn't promised to adopt all of the task force recom-



Task forces representing both camps compiled the recommendations.

JIM WATSON/AGENCE FRANCE-PRESSE/GETTY IMAGES

mendations, and the report Wednesday doesn't touch on some key areas of debate in the party, such as expanding Medicare to all Americans or a

push to defund police departments. Many of the policies in the document had already been proposed by Mr. Biden, including expanding the Af-

fordable Care Act, offering free college tuition for families making less than \$125,000 and expunging records of those convicted of cannabis use.

"I commend the Task Forces for their service and helping build a bold, transformative platform for our party and for our country," Mr. Biden said in a statement.

Mr. Biden has been aiming for a more unified party than in 2016, when supporters of Mr. Sanders and then-nominee Hillary Clinton fought over policy during platform negotiations. Some Sanders supporters walked out of the convention hall.

Mr. Sanders said in an interview Wednesday that his longtime relationship with Mr. Biden has influenced the process in a positive way this cycle. "We disagree on issues, but we have...a sense of trust and respect for each other, and I think those feelings were carried over into the task forces."

The Obama administration had sought to provide women with coverage while relieving religious employers that objected to providing it. The Obama-era system required those employers to file a notice with the Department of Health and Human Services, triggering an alternate mechanism to provide coverage.

But some employers, including a Catholic religious order called Little Sisters of the Poor, said filing such forms made them complicit in their employees' contraceptive practices.

The Trump administration responded by providing a blanket exemption from the coverage requirement for any employer, including for-profit and publicly traded corporations, that asserted religious or moral objections. The states of Pennsylvania and New Jersey challenged the blanket exemption.

Justice Thomas observed that the contraceptive mandate isn't part of the statute's text but was implemented under authority Congress gave to the federal Health Resources and Services Administration to define essential care for women.

"The same capacious grant of authority that empowers HRSA to make these determinations leaves its discretion equally unchecked in other areas, including the ability to identify and create exemptions from its own Guidelines," he wrote, joined by Chief Justice John Roberts and Justices Samuel Alito, Neil Gorsuch and Brett Kavanaugh.

Justice Elena Kagan, joined by Justice Stephen Breyer, agreed. But they stressed that the court had left unresolved

another argument by the states—that the Trump policy was unreasonable—and suggested the plaintiffs' position might prevail when the case returns to the lower courts.

In dissent, Justice Ginsburg, joined by Justice Sotomayor, said that the majority forced women to pay the cost of their employers' religious beliefs.

"For the first time, the Court casts totally aside countervailing rights and interests in its zeal to secure religious rights to the nth degree," she wrote. Congress, she said, had set the stage for women to have ready access to contraceptives and other preventive measures that safeguard their health and al-

The court has moved away from a strict separation of church and state.

low them "to chart their own life's course."

Mother Loraine Marie Maguire of the Little Sisters said the ruling means that the contraception mandate "will no longer steal our attention from our calling" to serve the elderly poor.

"No employer should deny their employees medicine based only on the employer's personal beliefs," responded Pennsylvania Attorney General Josh Shapiro, a Democrat.

As a practical matter, voters will likely have the next word. If November's election hands

has denied that claim. Mr. Guo, through a company he controlled, first sued Strategic Vision over breach of contract, and the research firm countersued with its own breach of contract claims.

A New York state court on June 28 dismissed a lawsuit filed by Mr. Guo against Wall Street Journal publisher Dow Jones & Co. over its reporting about the litigation between Strategic and the Guo-linked entity.

The FBI viewed Mr. Guo as a potential informant for the agency and tried unsuccessfully to cultivate him as one around 2017, according to people familiar with his recruitment. The FBI at that time also confronted Chinese agents who had allegedly come to the U.S. to force Mr. Guo to return to China and ordered them to leave the country, the Journal previously reported.

When Strategic Vision, the research firm that is involved in the dispute with Mr. Guo, attempted to subpoena Mr. Bannon last year to testify about his relationship with Mr. Guo and their contract, an attorney for Mr. Bannon said that the former White House adviser worked with Mr. Guo, but dismissed the subpoena as a fishing expedition.

"Strategic Vision is attempting to use the subpoena to harass, intimidate, and embarrass Mr. Bannon by prying into his professional relationship with Mr. Guo as well as his personal finances...in order to drum up a media circus and further harass Mr. Bannon," Mr. Bannon's attorney at the law firm Quinn Emanuel Urquhart & Sullivan LLP wrote in a December 2019 letter filed in the litigation.

Impeachment Witness Vindman to Exit Army

By Gordon Lubold

Lt. Col. Alexander Vindman, the Army officer who testified last year against President Trump during House impeachment hearings, has announced he is retiring from the service. He is leaving due to pressure from the White House, said David Pressman, his attorney.

Col. Vindman, formerly assigned to the National Security Council at the White House, realized his future in the Army would "forever be limited," Mr. Pressman said. "Through a campaign of bullying, intimidation and retaliation, the president of the United States attempted to force [Col.] Vindman to choose between adhering to the law or pleasing a president." The White House National Security Council declined to comment.

The House approved two articles of impeachment against

Mr. Trump. He was acquitted by the Senate earlier this year.

Col. Vindman, a decorated Iraq war veteran, confirmed on Twitter that he "requested retirement from the U.S. Army, an organization I love."

Col. Vindman's decision to retire came after his pending promotion to full colonel had been held up at the Pentagon.

Defense Secretary Mark Esper said last year that he would not retaliate against Col. Vindman. But an Army promotion list that included more than 1,000 names, including that of Col. Vindman, stalled as officials weighed how to proceed. A defense official said Wednesday that Mr. Esper on Monday approved the promotion list, including Col. Vindman's.

In the House inquiry, Col. Vindman testified that a call in July 2019 by Mr. Trump to the Ukrainian president was "inappropriate and improper."



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U.S. WATCH

SOCIAL MEDIA

Facebook Removes Pages Tied to Stone

Facebook Inc. said Wednesday it had removed a network of more than 100 pages and accounts linked to Roger Stone, the longtime confidant of President Trump, because it violated the company's rules against coordinated inauthentic behavior.

Mr. Stone and his associates used fake Facebook and Instagram accounts that were active since at least 2015 to promote media appearances and amplify material related to the release of hacked Democratic emails during the 2016 election by WikiLeaks, Facebook said.

In total, 54 Facebook accounts, 50 Facebook pages and four accounts on Instagram were removed, Nathaniel Gleicher, Face-

book's head of security policy, said. Some 260,000 accounts followed one or more of the pages.

A lawyer for Mr. Stone didn't respond to a request for comment. Mr. Stone was convicted last year on charges of lying to Congress, witness tampering and obstruction of a congressional proceeding. He was scheduled to begin serving a 40-month federal prison sentence on July 14 but has asked an appeals court to delay his reporting date over concerns about Covid-19.

—Dustin Volz

FLORIDA

Ex-Gov. Mixson Dies; Held Office 3 Days

Former Florida Gov. Wayne Mixson, whose three-day term was shortest in state history, died Wednesday. He was 98.



SMUGGLING ALLEGED: A federal official walked among 81 seized vehicles worth \$3.2 million in Fort Lauderdale, Fla., on Wednesday. The shipment to Venezuela violated sanctions, officials said.

Mr. Mixson took over the top spot on Jan. 3, 1987, when Gov. Bob Graham resigned early to be sworn into the U.S. Senate. Mr. Mixson died at his home in Tallahassee surrounded by his wife, Margie, and loved ones, according to his family.

The two-term lieutenant governor said his three days as gov-

ernor were "fully packed." A conservative Democrat, Mr. Mixson made close to 200 appointments before Republican Bob Martinez was sworn in as governor.

Mr. Mixson was later persuaded by longtime legislative historian Allen Morris to have his portrait hung alongside Florida's other governors at the Capitol.

—Associated Press

VIRGINIA

Richmond Removes 6th Civil War Statue

Work crews have taken down the Confederate Soldiers and Sailors statue, the sixth Confederate monument to be removed in Richmond amid national protests against police brutality and symbols many see as racist icons.

Crews arrived at about 7 a.m. Wednesday in the city's Libby Hill neighborhood to take down the monument, which towers 100 feet high and was installed in 1894. It depicts a Confederate soldier standing atop a pillar.

Richmond Mayor Levar Stoney, citing his emergency powers on July 1, ordered the removal of all city-owned Confederate statues. A statue of Gen. J.E.B. Stuart was taken down by crews on Tuesday and four other monuments were removed last week.

Richmond's largest statue left standing is on state land—the massive monument to Confederate Gen. Robert E. Lee. Its removal, under the orders of Gov. Ralph Northam, has been blocked at least temporarily by a court injunction.

State and local governments across the country have taken down monuments in response to impassioned demonstrators.

—Associated Press

DOJ Hits City Police Unit's Use Of Force

By SADIE GURMAN

Officers in the narcotics section of the Springfield, Mass., Police Department routinely violate the constitutional rights of citizens by using excessive force without accountability, the Justice Department said Wednesday in announcing the findings of an investigation into the police department's practices.

Narcotics officers "repeatedly punch individuals in the face unnecessarily, in part because they escalate encounters with civilians too quickly and resort to unreasonable take-down maneuvers that, like head strikes, could reasonably be expected to cause head injuries," officials from the Justice Department's civil-rights investigation wrote in a report of their two-year probe.

Justice Department officials found chronic problems with use of force, poor record-keeping and repeated failures to impose discipline for officers' misconduct, Massachusetts U.S. Attorney Andrew Lelling said.

The report noted that city officials cooperated with the probe, have already implemented some remedial measures and hired an outside consulting firm to help resolve the problems. A police department spokesman didn't return calls for comment.

"In the coming weeks, we will seek to work with you toward developing an appropriate settlement to ensure that all necessary reforms are implemented efficiently and effectively," Mr. Lelling and Eric Dreiband, head of the Justice Department's civil-rights division, said in a letter to Mayor Domenic Sarno.

As part of the inquiry, known as a pattern-or-practice probe, Justice Department officials said they studied more than 114,000 documents detailing the department's policies and procedures, internal reports, training manuals, video footage and investigative files. They also interviewed officers and police department command staff, city officials and community members as part of the expansive review, which found officers engaged in patterns of constitutional-rights violations.

Such wide-ranging civil rights investigations were a hallmark of the Obama administration's efforts to overhaul troubled local police departments, but the Trump administration has significantly curtailed their use, focusing instead on providing police departments money and resources for fighting violent crime and other administration priorities.

Democrats and at least one powerful Republican, Missouri Sen. Roy Blunt, have called on Attorney General William Barr to conduct more pattern-or-practice probes in the wake of George Floyd's killing in Minneapolis police custody in May, which prompted widespread protests and calls for a transformation of policing in America.

The inquiry into Springfield's narcotics bureau, opened in April 2018 after several highly publicized controversies involving its officers, is the only pattern-or-practice investigation opened under the Trump administration.

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U.S. NEWS



Health-care workers at the Texas Medical Center in Houston. Cases in California, Texas and Florida drove the U.S. to a new single-day record.

U.S. Cases Exceed 3 Million

By TALAL ANSARI
AND CATHERINE LUCEY

The U.S. surpassed 3 million confirmed Covid-19 cases less than a month after crossing the 2 million mark, as the virus spread rapidly in the nation's three most populous states.

Climbing case counts in California, Texas and Florida drove the U.S. to a new single-day record of infections, with 60,000 new cases reported, according to data from **Johns Hopkins University**.

After the coronavirus was first reported in the U.S. in January, the first million reported cases developed over roughly three months, as testing centered around those who had fallen ill and essential workers. The second million

cases were reported over a period of about six weeks.

"We have never gotten out of the first wave," said Dr. Anthony Fauci, the nation's top infectious disease expert, in an interview with The Journal podcast. "So I wish we would stop talking about waves and just look at the reality of where we are right now."

Higher case counts are attributable in part to a rapid expansion of testing across the country. Even so, the percentage of positive test cases has also been rising in parts of Florida, California and elsewhere, an indication that the infection is accelerating, since the expansion of testing should bring the overall percentage of positive cases down. Experts have said that the higher percentage of posi-

tive tests can't be explained by increased testing alone.

Public-health officials say the percentage of positive tests combined with new case numbers, hospitalization rates and deaths, among other metrics, together show the virus's spread throughout a community. Increased coronavirus-related hospitalizations have strained hospital systems in several states including Texas, Arizona and Florida. Some hospitals have struggled to contain the spread of the disease from within their walls.

The U.S. death toll stands at more than 131,000, according to Johns Hopkins. The country currently has 40.19 deaths per 100,000 residents, which places it among the top 10 countries in the world in that metric, its data shows.

While the U.S. has the most fatalities of any country in the world, it doesn't have the highest percentage of deadly cases. The percentage of confirmed U.S. infections resulting in fatality declined slightly to 4.4% from 4.8% a week ago, according to a Journal analysis of Johns Hopkins data.

The **Centers for Disease Control and Prevention** has estimated that more than 20 million people may have contracted the virus, nearly 10 times the number of confirmed cases, so the actual rate may be much lower.

Still, infectious-disease epidemiologists caution that deaths typically lag behind other indicators, as the disease often progresses over the course of weeks in the most severe cases.

Plasma-Derived Drug to Be Tested

By AMY DOCKSER MARCUS

Drugmaker **Emergent Biosolutions** Inc. plans to work with Mount Sinai Health System in New York City to test whether a drug derived from the blood plasma of recovered Covid-19 patients can prevent infections in doctors, nurses and military forces.

The proposed study, which the partners announced Wednesday, would add to efforts evaluating the coronavirus-fighting potential of experimental drugs made from plasma donated by recovered patients. If the drug proves to work safely, it could help protect health-care workers and other people working in essential jobs who are at high risk of infection until a vaccine is ready and perhaps even after.

Some people don't tolerate vaccines, said Judith Aberg, chief of the division of infectious diseases and immunology at Mount Sinai. "This offers another avenue of prevention."

The trial is being funded with \$34.6 million from the Defense Department, which is looking for drugs that could help military units finding it difficult to do their work while maintaining social distance.

The partners are still working out the details, including the number of subjects and the start date. They must also get permission from the Food and Drug Administration to conduct the study.

Investigators said they would draw from previous work using hyperimmune globulin products in the prevention of diseases such as hepatitis B to set up the study. The researchers said they hope to meet with the FDA soon to dis-

cuss the design of the trial.

Convalescent plasma, as the plasma taken from recovered patients is known, has emerged as a promising, though unproven, treatment for Covid-19. Recently published results from an expanded-access study of the therapy involving 20,000 patients found that the transfusions resulted in few serious side effects and that there wasn't an excessive mortality rate. But investigators can't determine whether plasma improved outcomes because every patient in the study received it.

Researchers want to see whether drugs made by purifying antibodies taken from the donated blood could work better than the convalescent plasma. The drugs are known as Covid-19 hyperimmune globulin, or Covid-HIG.

The first of two trials sponsored by the National Institute of Allergy and Infectious Diseases testing Covid-HIG as a treatment will begin in seriously ill hospitalized patients later this summer.

The study by Emergent and Mount Sinai would explore whether such a drug could protect against infection.

Under the terms, **ImmunoTek Bio Centers** LLC, which manages and operates plasma-collection centers, would provide Mount Sinai with the machines to collect plasma from recovered Covid-19 patients at the hospital. ImmunoTek's FDA-approved license would be extended to Mount Sinai to set up plasma collection on site.

Mount Sinai would ship the plasma to Emergent, of Gaithersburg, Md., which would manufacture the Covid-HIG drug to be studied in the trial.

FROM PAGE ONE

United Sees 45% Cut to Workforce

Continued from Page One

ployees could be rehired when demand recovers.

"We can expect that this crisis will have a long shadow," said Alexandre de Juniac, director general of the International Air Transport Association, a trade group that expects global airlines to lose as much as \$84 billion this year, with revenues cut in half.

U.S. airlines have been among the industry's most profitable, improving efficiency and reducing debt after years of consolidation, but that wasn't enough to prepare

them for the pandemic.

United said it is still losing \$40 million a day, and airline executives have said the initial federal money provided time to prepare for resizing their businesses and secure more private sector cash. A senior United executive said the company didn't expect a further round of government support to cover staff costs beyond Oct. 1.

Delta Air Lines Inc. in June issued notices of potential furloughs to 2,500 pilots, but hasn't detailed how it could hit other workers.

Other big carriers such as Southwest Airlines Co. haven't said whether they might have to cut staff. American Airlines CEO Doug Parker said in June that the pandemic could force the U.S. industry to shrink by the equivalent of one major carrier.

As with United, the final number of industry furloughs hinges on travel demand and

the takeup of buyouts.

The industry had been on a roll before the crisis hit, with low-cost carriers in emerging markets helping drive a decadelong boom that added 100 million new fliers a year,

The airline doesn't expect a second round of job-saving federal aid.

while many airlines shrugged off their legacy of losses to generate record profits.

The pandemic has brought that to a grinding halt, and what United on Wednesday called "a last resort" in preparing staff for mass furloughs signals that worse is to come, with government aid providing

only a reprieve.

Overseas carriers including United's alliance partner Deutsche Lufthansa AG and British Airways have already made public plans to shed large parts of their workforce, with airline and finance executives not expecting global demand to recover to 2019 levels for between three and five years.

United's new CEO Scott Kirby has said he has been among the most cautious about an industry recovery. This week it reduced plans for more flying in August just days after issuing them, making the company among the hardest hit by an increase in Covid-19 cases in some states as well as new quarantine measures in the New York area and Chicago.

Unions representing flight attendants, pilots and others are seeking to have the federal payroll support extended another six months. "The United

Airlines projected furlough numbers are a gut punch, but they are also the most honest assessment we've seen on the state of the industry," said Association of Flight Attendants-CWA President Sara Nelson.

Airline executives have said they don't expect a second round to be approved in an election year, given what they view as the inevitability of a demand recovery that will be years in the making.

Delta CEO Ed Bastian and others have said it would take a vaccine or effective treatment against the coronavirus to restart growth.

While airports have been jittery to improve social distancing and airlines are pressing the wearing of masks and the ability of in-cabin filters to prevent the spread of the virus, travelers are still nervous.

IATA this week said that passengers are pushing back

potential travel plans, with only 45% of almost 7,000 they surveyed in early June aiming to travel within the next six months. That compares with 61% during a poll in April.

United employs 95,000 staff world-wide, and the potential furlough notices cover 45% of its domestic employees, though thousands have already taken buyouts in a program open through July 15. Unpaid leave and other offers that also could ultimately reduce the number of involuntary cuts.

It expects the number of involuntary cuts required should be clearer by mid-August, and a United executive said 26,000 staff have already taken part in some form of voluntary program this year, including buyouts and unpaid leave.

U.S. airlines employed 751,000 workers at the start of the year, according to Transportation Department data.

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Brooks Brothers in Bankruptcy

Continued from Page One

current troubles, saying in an interview on Wednesday that temporarily closing stores during the lockdowns greatly reduced revenue, yet the company still met its contractual obligations to workers, suppliers and other vendors. He said he wished that the government had provided a lifeline to larger retailers the way it did to small businesses.

"Through every era, we had challenges, but we were confident we would be able to manage through them," he said. "Retailing has been changing a lot in the last four to five years, and we were in the process of adapting to that new environment. When coronavirus came, there was really no way to sustain things."

While it seeks a buyer and restructures its debts, Brooks Brothers said it has secured a \$75 million debtor-in-possession loan from WHP Global. WHP, backed by Oaktree Capital and BlackRock, is a brand-management firm that owns the Anne Klein and Joseph Abboud brands.

Brooks Brothers was facing challenges before the health crisis forced nonessential retailers temporarily to close their stores. The company had



In-store tailors at Brooks Brothers, which is known for its suits.

about \$1 billion in revenue in 2019, and about a quarter of its sales came from e-commerce. It has 500 stores around the world and about 200 in North America, after deciding to close about 50 locations because of the pandemic.

Corporate America had turned increasingly casual, and fewer men were buying suits. Once people started sheltering at home, they turned to even more casual attire, such as sweatpants. As people begin to head back to the office, it isn't known whether they will return to a more formal way of dressing.

"I've seen a growing trend toward more casual dress partly because that's how our clients are dressing," said Quyen Ta, a partner in law firm King & Spalding LLP's San Francisco office. "I've met with general counsels of public companies who are in hoodies."

Brooks Brothers hired the

investment bank PJ Solomon last year to explore strategic options, including a possible sale, according to people familiar with the situation. It also received a \$20 million loan from liquidation firm Gordon Brothers, these people said. The loan was from the firm's financing arm, which is separate from the division that handles liquidations, one of the people said.

Brooks Brothers is expected to attract buyers, other people familiar with the situation said. Authentic Brands Group LLC, a licensing company that owns the Barneys New York and Sports Illustrated names, is a potential suitor, they said.

Other sellers of men's business attire have also struggled since the pandemic. Tailored Brands Inc., parent of Men's Wearhouse and Jos. A. Bank, said in June that it had moved to conserve cash, such as by taking longer to pay landlords

and suppliers. Last week, Tailored Brands skipped a bond interest payment.

Founded in 1818, Brooks Brothers, which pioneered ready-made suits, came of age along with the nation. Its clothes have been worn by dozens of U.S. presidents, including Abraham Lincoln and Theodore Roosevelt, as well as tycoons ranging from the Astors to the Vanderbilts.

Brooks Brothers popularized looks such as the reverse-stripe "repp" tie, a take on Britain's regimental neckwear, as well as Harris Tweed and the Shetland sweater.

Brooks Brothers was acquired by the British retailer Marks & Spencer Group PLC in 1988. It was sold in 2001 to Retail Brand Alliance Inc., which was controlled by Mr. Del Vecchio, whose father founded Luxottica Group SpA, the Italian eyeglass maker. It changed its name to Brooks Brothers Group Inc. in 2011.

Robert Herbst, a 62-year-old lawyer, remembers his father taking him to buy a Brooks Brothers shirt, tie and blue blazer when he was about 7 years old. Later, when he joined the law firm White & Case LLP, he bought his first Brooks Brothers suit.

"It was the uniform," said Mr. Herbst.

Mr. Herbst said that although he has a closet full of Brooks Brothers suits he has been dressing more casually in recent years.

"I used to wear suits five days a week, and that's very rare now," he said.

WORLD NEWS

Hong Kong Security Office Opens

Chinese agents move into high-rise hotel to start policing city as new law takes effect

By Dan Strumpf

HONG KONG—First the construction signs went up, then a flagpole appeared and police officers started to swarm the streets. Within hours, a skyscraper hotel in a cozy neighborhood of bars, apartments and boutiques was transformed into something new: the headquarters of Beijing’s powerful new security agency for the city. Soon after dawn Wednesday, Chinese and local officials formally inaugurated the Office for Safeguarding National Security, with Chinese state media invited to attend while many local and foreign journalists had to watch the proceedings from afar.

The rapid arrival of China’s security agents, handed sweeping powers to start policing the city under Beijing’s new national security law, underscored how quickly this cosmopolitan financial center is changing.

“We will strictly follow the law to fulfill our duty, under legal supervision, and we will not violate any individual’s or organization’s legal rights,” Zheng Yanxiong, head of the Office for Safeguarding National Security, told assembled guests, which included mainland officials and the political commissar at the city’s People’s Liberation Army garrison. Hong Kong’s top local official, Chief Executive Carrie Lam, welcomed their arrival.

“Having a law to follow is the starting point for maintaining national security,” Mrs. Lam said, according to remarks released by the government. “We must ensure that law enforcement is strict and violations of the law will be investigated.” The speed at which the hotel was transformed into a base for mainland intelligence agents is



China’s national flag is raised at the headquarters of Beijing’s security agency in Hong Kong.

the latest sign of Beijing’s quickstep approach to enforcing new laws designed to rein in a city that was gripped by mass and sometimes violent antigovernment protests last year.

Just a week ago, the new national security law was approved by Beijing’s legislature in a fast-tracked process that bypassed local lawmakers. Since then, officials have moved quickly to create the enforcement apparatus: appointing judges and prosecutors; forming a security committee

with an adviser from Beijing that resolved to keep its decisions private; and issuing new rules giving local police broad powers to implement the legislation that targets secession, subversion, terrorism and collusion with foreign entities.

Claudia Mo, a pro-democratic member of Hong Kong’s legislature, said she was struck by the speed with which Beijing installed its new office and the building chosen to house it. “The way it juts into the sky,” Ms. Mo said of the new

security office. “It’s such a visual and physical reminder that big brother is watching.” “The fact that it was opening first thing this morning—I didn’t know about it until after the fact,” she added. “It’s all secretive.”

In the Wednesday flag-raising ceremony, Mr. Zheng, installed by Beijing to lead the new office, was flanked by Mrs. Lam and the head of China’s local liaison office. He pledged to work with the Hong Kong government and other mainland institutions to enforce national security in the city while also respecting citizens’ freedoms. The new office will wield broad powers to enforce the new national security law, as well as act as a sort of minder of the local Hong Kong agencies tasked with enforcement. Mr. Zheng is a hard-liner who won attention for a crackdown on a rebellion in China’s neighboring Guangdong province a decade ago.

Under the new law, the office will also have the power to take over national security cases from Hong Kong authorities if they meet certain criteria, including if a case involves a foreign power or if the office determines that the Hong Kong government is “unable to effectively enforce this law.” “That could be a scenario where the judges aren’t making the right decisions” in the view of mainland authorities, said Sharron Fast, a lecturer at Hong Kong University, calling the new office’s powers “wide-ranging.”

LI GANG/NTB, SCANPIV/ZUMA PRESS

Stimulus Targets U.K. Lockdown Aftermath

By Paul Hannon

The U.K. government announced up to \$38 billion in new stimulus measures to boost the country’s economy as it exits lockdown, a path that is being considered by other rich nations as they seek to prevent the economic shock of the pandemic from snowballing into a multiyear slowdown.

Since lockdowns designed to contain the coronavirus became widespread in March, governments world-wide have committed trillions of dollars to ensuring the survival of businesses that saw their revenues tumble and to supporting household incomes as the number of hours worked plummeted.

The U.K.’s new package marks the start of a second phase of government spending and tax cuts designed to boost demand and give businesses the confidence to put their employees back to work as the lockdown is lifted.

“We need people feeling confident,” Rishi Sunak, the government’s treasury chief, told lawmakers. “That will drive growth,” he said. “That will create jobs.”

However, the package was much smaller than that announced by Germany’s government in June, and some economists question whether it would deliver the desired boost to sentiment.

The package includes payments to businesses for retaining furloughed workers and hiring young people, as well as grants to make homes and public buildings more energy efficient. There also were cuts in taxes on hospitality and home purchases. Mr. Sunak said the package could cost the government up to £30 billion (\$38 billion) and that further measures would be announced in the fall.

U.S. Ready to Restart Talks With North Korea, Envoy Says

By Timothy W. Martin

SEOUL—The U.S. stands ready to resume nuclear talks if North Korea is willing to make a deal, a top State Department official said Wednesday, though Pyongyang has signaled it is in no mood to come back to the negotiating table.

In his first visit to Seoul this year, Stephen Biegun, the

U.S. deputy secretary of state, reiterated Washington’s long-held goal in negotiations with Kim Jong Un’s regime: eliminate Pyongyang’s nuclear weapons and bring peace to the Korean Peninsula.

“Dialogue can lead to action, but action is impossible without dialogue,” said Mr. Biegun, after a meeting with South Korea’s nuclear envoy.

The two countries haven’t sat down for formal negotiations since October, when North Korea abruptly cut off talks in Stockholm. Since then, Mr. Kim has all but closed the door to diplomacy and ordered his citizens to prepare for a protracted life under economic sanctions.

North Korea’s foreign minister last month said U.S. rela-

tions had “shifted into despair.”

The two sides hold differing views on how and when the North should relinquish its nuclear arsenal. The Trump administration prefers the Kim regime agree to specifics before sanctions are relaxed. Pyongyang wants the process to unfold gradually, as the U.S. removes some penalties.

In the days before Mr. Bie-

gun’s visit, North Korea said it had no interest in talks with the U.S. before November’s presidential election.

If Mr. Kim appoints a counterpart empowered to negotiate, the North Koreans “will find us ready at that very moment,” Mr. Biegun said, adding that the U.S. hadn’t requested a meeting with the North during his visit.

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FROM PAGE ONE

Politics
Joins Mix
On TikTok

Continued from Page One
snippets featuring disabled people, too much cleavage and, in one case, “Make America Great Again” caps. When protests over the killing of George Floyd first rocked the U.S. in late May, some TikTok users said the hashtag “Black Lives Matter” was being censored on the app.

TikTok then apologized and attributed the problem to a glitch. It has featured videos of the protests in recent weeks, including scenes of police firing tear-gas canisters, the looting of a barbershop and protesters carrying a man with a gunshot wound—content that former moderators say would surely have been blocked in the past.

Meanwhile, some users are experimenting with ways to organize politically on the app. When President Trump’s June rally in Tulsa, Okla., drew a far smaller crowd than anticipated, TikTok users said they had reserved masses of tickets and then stayed away, upending expectations and giving the campaign a black eye. The Trump campaign disagreed, blaming the limited turnout on fear of violent protests and what it called biased media coverage.

Out of Hong Kong

This week, Chinese politics embroiled TikTok as its parent company said it would pull the app out of Hong Kong, where a new national-security law imposed by mainland China will empower police to make internet companies hand over user data. TikTok will exit from Google and Apple app stores in Hong Kong and cease operations for users there.

TikTok also faces growing flak in Washington, rooted in concerns that the app’s Beijing-based parent could share information with the Chinese government. The State and Defense departments prohibit employees from downloading TikTok on government devices. Some members of Congress are seeking to widen that ban, and Secretary of State Mike Pompeo this week hinted the Trump administration was considering limiting U.S. users’ access to the app.

A spokesman for TikTok said that the Chinese government has never requested access to any of its user data and that TikTok wouldn’t share any if asked. Though controlled by a Chinese company, TikTok is registered in the Cayman Islands and its CEO is based in Los Angeles.

All this comes at a time of roiling debate over how much control social-media companies ought to wield over content. The boom TikTok has enjoyed shows the rewards of its policy of tight control of content. Its 315 million downloads in the first quarter were the most ever for an app in one quarter, according to research firm Sensor Tower.

Yet as TikTok grows in the West, the app built under a



A sign for TikTok at an expo in China, above, and below, its new CEO, former Disney executive Kevin Mayer. Known for the light tone of its videos and tight grip on content, the Chinese-controlled app has recently started allowing users to post political videos.



Chinese legal system that involves concessions to censorship faces the risk of alienating users accustomed to free expression. TikTok has eased up somewhat lately not only on political but also on its cultural strictures.

With a new American chief executive, hired from Walt Disney Co., TikTok is trying to find the right balance between letting users freely address sensitive topics and retaining the upbeat vibe that made it a staple of smartphones. How CEO Kevin Mayer handles the tricky task will bear on the fortunes of a parent company, ByteDance Ltd., that is planning an initial public offering.

Dealing with China

Mr. Mayer arrived from a company well-versed in dealing with authorities in China. Disney has cleared numerous movies with Chinese censors, who are known for scrutinizing every frame of a film.

“I do have a lot of comfort with wholesome or family-friendly companies,” he said in an interview. Disney and TikTok “do very different things,” he said, “but the family friendliness and the wholesomeness of it I really like. That’s a comfort zone for me for sure.”

ByteDance, which already owned the popular Chinese app Douyin, developed TikTok

in 2017 out of a fast-growing Chinese app called Musical.ly, which ByteDance acquired. TikTok is similar to Douyin, which operates only in China.

Disney also considered buying Musical.ly, said former colleagues of Mr. Mayer, who added he was among the Disney executives who discussed an acquisition before deciding to pass. A Disney spokeswoman declined to comment.

From its start, TikTok has used artificial intelligence to detect violations of its rules concerning permissible content. It also hired human content moderators.

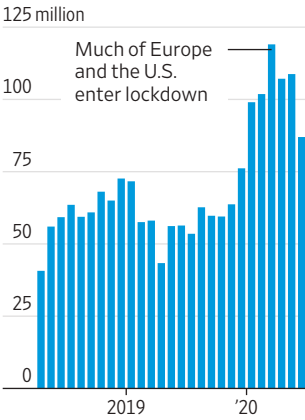
After pro-democracy protests erupted in Hong Kong last year, TikTok asked moderators to remove videos about the protests until mid-2019, according to a person familiar with the matter.

“We do not, and have not, remove videos based on the presence of Hong Kong protest content,” the spokeswoman for TikTok said.

When prosecutors in the U.S. last year charged actor Jussie Smollett with filing a false report of being attacked by men yelling “This is MAGA country,” former TikTok moderators said, they were told to watch for hats and shirts with the slogan “Make America Great Again” and take down any video that appeared controversial.

Filling a Lot of Time

Monthly TikTok downloads world-wide



The spokeswoman for TikTok said taking down MAGA content in response to the Jussie Smollett incident was never a policy at the app. Mr. Smollett denied filing a false police report.

Early this year, videos of women working out in sports bras and leggings flashed on the screens of TikTok employees in Los Angeles. The employees knew videos of some of the heavier women violated a TikTok rule against showing

In a departure from form, TikTok let its users post videos of protests in the U.S.

more than two inches of cleavage, but let the videos remain in a silent rebellion against rules they believed punished large women and didn’t fit with American culture, according to one employee.

The U.S. content-moderation team was already battling with Beijing executives over how much cleavage should be permitted, members said. The team started having a weekly conference call with executives to air frustrations with rules that included no hip thrusting, shaking of the upper torso,

tattoos, drugs or cigarettes.

The spokeswoman for TikTok said it constantly evaluates and adjusts its policies if they unfairly disadvantage certain users.

Katie Seccombe said she was banned from TikTok in early May after posting a question-and-answer livestream during which she kissed her girlfriend on the cheek.

“It was just really confusing,” said Ms. Seccombe, a 20-year-old film-production major at Florida Atlantic University. “I would watch other people in bikinis and that was fine, but me doing something cute with my girlfriend would always get taken down.”

In mid-June, her TikTok account started working again. A notification said it had been blocked for “serious pornography.” She said she wasn’t told why it was reinstated.

A TikTok spokesman said videos from gay creators are among the most popular types on the app and are subject to the same policies as others.

Last month, TikTok launched a campaign to celebrate gay pride events. It said it would promote content from LGBT users, along with the hashtag #MyPride.

TikTok said its decisions are rooted in a wish to keep the tone light, not in censorship. There now is no limitation to political speech, the spokeswoman said, provided it doesn’t violate other rules, such as a ban on hate speech. She also said TikTok’s U.S. policies are run by executives there, and U.S. content isn’t moderated in China.

“In its early days, TikTok took very blunt strategies, all in the sake of trying to keep the platform as positive as possible. That was unequivocally the wrong approach,” said Eric Han, the app’s head of safety in the U.S.

The TikTok spokeswoman added that “as our local safety teams have grown in size and sophistication, we’ve been able to take a more thoughtful approach to developing and enforcing our Community Guidelines, incorporating things like important contex-

tual nuances and feedback from outside experts.”

Mr. Han said TikTok is customizing its rules to fit cultural norms of the places it operates. It has hubs in California, Ireland and Singapore, formed last year to fine-tune the rules for differing regions.

The move followed an incident in July 2018 when Indonesia blocked TikTok after a group of local mothers complained about videos they saw as pornographic, according to Rudiantara, Indonesia’s former information communications and technology minister. The videos showed young people dancing provocatively, a TikTok employee said. Mr. Rudiantara said TikTok executives flew to Jakarta and promised to form a team to filter out videos that could offend in Indonesia.

Indonesia let TikTok back online, but the incident impressed executives with the importance of respecting individual countries’ norms, said former staff members.

As TikTok has slowly rolled back certain restrictions, former moderators said they have been able to allow some curse words and, depending on the country, shirtless men, tattoos and alcohol.

In November, Dwayne Johnson, the actor and former wrestler known as The Rock, posted his first video to the app. In January, Tommy Lee, the drummer for the band Motley Crue, joined TikTok. Both have large tattoos.

In response to the concerns of some in Washington that TikTok’s Chinese ownership makes it a national-security risk, officials of TikTok have said that servers in the U.S. and Singapore hold its user data, and they won’t share the data.

Moves to ban it

That hasn’t satisfied Rep. Abigail Spanberger (D., Va.), a former Central Intelligence Agency officer, who said TikTok would be legally obligated to share with the Chinese government if asked.

The House in March passed a bill Ms. Spanberger sponsored that would ban the TikTok app on TSA employees’ phones. Earlier, U.S. regulators launched a national-security review of the app after some senators raised concerns TikTok was censoring content to please the Chinese government, which TikTok denied.

Sen. Josh Hawley (R., Mo.), who in an interview labeled TikTok “a surveillance machine on every phone that downloads it,” has introduced a bill to ban the app on all government devices and called for testimony from TikTok’s new CEO, Mr. Mayer.

At TikTok, Mr. Mayer sometimes faces risks beyond the company’s control. In late June, India banned TikTok and dozens of other Chinese apps following a deadly border clash with Chinese forces in the Himalayas. New Delhi cited cybersecurity concerns for the ban.

Mr. Mayer told Indian officials that Chinese authorities had never requested the data of TikTok’s Indian users and the app wouldn’t comply if they did.

—Erich Schwartzel contributed to this article.

Theme
Parks Ban
Screaming

Continued from Page One
along with a recommendation that visitors wear masks, is included in guidelines released by Japan’s theme-park associations when parks began reopening in May. The guidelines are being followed by most parks in the country, including Disneyland and Universal Studios Japan in Osaka. The associations said they were following the judgment of health officials, who have said actions such as coughing and singing can spread droplets widely.

Florida’s Disney World is due to start reopening to the general public Saturday, and while face coverings are required there’s nothing in the rules about screaming.

The rules in Japan are voluntary, a formula the country has used largely successfully in beating back Covid-19. Mask-wearing in Japan is optional, but it is nearly universal—although cases are now rising in

part because of infections spread by lax behavior at night-spots. During a state of emergency in April and May, when the government requested voluntary lockdown measures, new cases fell below 50 a day as most stores closed and events were canceled.

Tokyo Disneyland operator Oriental Land Co. said it was following the industry body’s guidelines and asking riders to think of the safety of others. Screaming violations won’t be punished.

Yuuki Suzuki said that he and his wife, who spent 12 hours refreshing Tokyo Disneyland’s home page to get tickets for reopening day, intended to get the full experience of the park. “You don’t see Disneyland in other countries asking people not to scream. It’s too strict,” said Mr. Suzuki, noting that reopened parks in Hong Kong and Shanghai don’t have such a rule. “If a scream comes out, it comes out.”

Walt Disney Co. didn’t respond to a request for comment.

Natsumi Kumasawa said that she tried to keep her 3-year-old daughter, Umi, quiet while on rides at Disneyland. “Basically she ended up shrieking the whole time,” said Ms. Kuma-



Thrill seekers at Tokyo's Toshimaen amusement park on June 25.

sawa. “It was Umi’s first time at Disneyland, so it really couldn’t be helped.”

At Fuji-Q Highland, west of Tokyo, the Do-Dodonpa ride holds the world record for fast-

est acceleration—hitting 112 miles an hour in 1.56 seconds, according to the park’s website. The Takabisha ride held the world record for steepest drop, 121 degrees, according to the

operator. (It was recently beat by TMNT Shellraiser coaster, in New Jersey, by a half a degree, according to Coasterpedia.) Fuji-Q Highland park awarded both the Do-Dodonpa and Takabisha rides five out of five “scream points.”

Fuji-Q Highland would rather not encourage screaming these days, which is why CEO Daisuke Iwata and his boss, Koichiro Horiuchi, chief executive of Fuji Kyuko Co., found themselves barreling around on the Fujiyama coaster at 80 miles an hour for their video.

“We received complaints that the theme park association’s request to not make loud noises was impossible and too strict. That’s why we decided to release the video,” a Fuji-Q spokesman said.

The video inspired a trend on social media of people posting stone-faced, mask-clad photos of themselves on roller coasters with the hashtag “serious face challenge.”

Minoru Nagasawa, who works for an auto-parts company, aced the challenge on a recent visit. He said he wanted to try again, this time with a date who might be impressed. “It would be great to find someone who sees my lack of fear as cool,” he said.

Alexander Semencic, a New York native who has lived in Japan for 15 years, said he found it relatively easy to stay quiet on Disneyland’s rides on reopening day. That wasn’t the case a couple of weeks earlier when Mr. Semencic was on a Universal Studios Japan roller coaster called the Flying Dinosaur, where riders are strapped into a prone position so they feel as if they are flying without anything under them.

“I screamed so much. As it was coming out, it was a sound that I couldn’t even believe,” he said.

Mr. Semencic said he was seated next to four teenage girls who showed no sign of fear. One asked if he was OK after the ride. “The no-screaming rule added another level of shame, I guess,” he said.

Kindergarten teacher Natsumi Goka tried meditating to avoid screaming on a Fuji-Q ride. By closing her eyes and emptying her mind of any of the fear or fun she was experiencing, she completed the ride successfully. But not happily.

“That’s the idea of a roller coaster—you scream,” said Ms. Goka. “I’m just waiting for the day when we can ride roller coasters and scream our hearts out again.”

GREATER NEW YORK

Cuomo, de Blasio Spar Over NYC Schools

The governor calls the mayor’s plan to reopen in the fall ‘reckless,’ premature

By LESLIE BRODY AND LEE HAWKINS

New York City Mayor Bill de Blasio unveiled a plan Wednesday to reopen the nation’s largest school district this fall, using a mix of schedules in different schools that would have most children learning in classrooms for one to three days a week and remotely the other days.

The mayor said his preliminary plans would balance the safety of the district’s 1.1 million students and staff with the need for academic progress.

Gov. Andrew Cuomo called the announcement premature, and said his team would issue guidance for all of the state’s 700-plus school districts next week. Districts must submit proposals by July 31 for state approval, he said, with state officials aiming to make decisions by Aug. 7. He called it “reckless” to make a determination so far in advance because of the fast-moving nature of the pandemic.

“You don’t know what the



A teacher at P.S. 124 Yung Wing School in Manhattan prepared to teach remotely in early June.

infection rate is, you don’t know what else is going on, and you decided at a much earlier time than you actually had to decide?” Mr. Cuomo said at a news conference.

By Wednesday afternoon, the city had 214,570 Covid-19 cases, with 18,618 deaths of

people confirmed to have had the virus and 4,606 deaths probably tied to the illness, according to city health department data. While the number of new daily cases in New York City has been trending down since early April, infections are surging in many states.

City Hall responded that its school reopening plan was tied to health indicators. “If the data tells us we have to do something differently, we will, and we will work with the state very closely on that,” the mayor said earlier in the day. “But my responsibility is to

have the schools ready to go.” A fall reopening proposal is an important piece in restarting New York’s economy because many parents can’t return to work sites without plans for their children.

Parents will have the option of keeping students at home for full-time remote learning, a choice preferred by 26% of families surveyed by the city. The city has estimated as many as 20% of its 80,000 teachers also could end up working remotely due to “high-risk medical conditions” that could make them more vulnerable to the coronavirus.

Schools will require face coverings for all, with a few exceptions, said Chancellor Richard Carranza. There will be fewer students in each classroom, with optimal class sizes of nine to 12 students, he said. The district will deep clean schools nightly, with more cleaning throughout the day.

Parents and educators had conflicting feelings about the plan. Angela Guerrero, a Manhattan parent who quit work as a housecleaner to care for her three children when schools closed in the spring, said she is torn about whether to send them back. Her 9-year-old has autism and asthma. She wor-

ries he would fall further behind if he stays home, but he might get sick if he gets the virus and could infect her elderly mother, who lives with them.

Kim Watkins, a parent member of the Community Education Council in Manhattan’s District 3, expressed concern that not all schools had full-time nurses. She said she would decide on a plan for her sixth-grader after hearing more details from her school, whose leaders she trusts. “This is just the beginning of what is going to be the next step of a really painful learning curve for parents,” she said.

The district offered principals of most schools three options, depending on their space and grade levels. One requires students to alternate schedules every week, going to school two days in one week and then three days the next week. Another would have a child go to school for two days for two weeks, and then one day in a third week. A third would have a six-day cycle that includes two in-person days and four remote.

Many educators, including representatives of the principals union and teachers union, said more funding from Congress is key.

SUV Incident Probed

By BEN CHAPMAN

The New York Police Department is investigating why a man drove his SUV through a Black Lives Matter protest in Midtown Manhattan.

The man drove a black Dodge Durango through a demonstration on Tuesday night after protesters tried to stop the vehicle at 42nd Street and Sixth Avenue while they marched, according to NYPD officials. Police briefly detained the man a few blocks away but then released him, the officials said. They declined to provide the driver’s identity. No one was injured or arrested, officials said.

Video of the incident was shared on social media.

New York City Public Advocate Jumaane Williams said on Twitter on Wednesday that his office also is investigating the matter. “This video is extremely troubling. Someone could have been killed,” he wrote.

Representatives for Mayor Bill de Blasio declined to comment on the incident.

Protesters on Tuesday initially pushed their bikes under the SUV to prevent it from moving forward, the NYPD officials said. Then the vehicle rolled over the bikes.

The SUV drove a couple of blocks where the driver was stopped by police. NYPD officials couldn’t say if police previously had been notified of the march where the confrontation occurred.

Manhattan Borough President Gale Brewer said on Twitter that the protesters were conducting a peaceful demonstration when they were hit. “To willingly drive your car into human beings using their voices to improve social conditions is reprehensible,” she wrote.

During the past month, large-scale protests over police brutality and racism have occurred across the U.S., including in New York City. The protests were spurred by the May 25 killing of George Floyd in Minneapolis police custody.

A driver was arrested in Seattle after he drove into demonstrators on a closed highway on July 4. One protester was killed and another was seriously injured.

On Monday, a Long Island man was arrested after he struck two Black Lives Matter protesters at a roadside demonstration in Huntington Station, said Suffolk County Police officials. The demonstrators who were hit there suffered minor injuries, they said. The driver in that case was charged with assault and released, officials said.

The New York City protests mostly have been peaceful, although there has been some violence, and hundreds of demonstrators have been arrested.

A Touch of Pomp Under Difficult Circumstances at a New Jersey High School



GO FORTH: As a pandemic precaution, students practiced social distancing Wednesday during an outdoor graduation ceremony at Millburn High School in New Jersey.

Advocates Push for More Services for Police

By LEE HAWKINS AND BEN CHAPMAN

New Jersey Attorney General Gurbir Grewal was leaving a holiday police luncheon in 2018 when a smiling officer greeted him in Mr. Grewal’s native language of Punjabi.

The officer, Pablo Santiago, told him that he did monthly volunteer work at a Sikh temple in Lawrenceville, N.J., cooking food and giving it out to the city’s homeless and low-income residents. Mr. Grewal was touched by Mr. Santiago’s good work and agreed to join him for a volunteer day at the temple. But the two never met again. Three weeks later, Mr. Santiago, 42 years old, died by suicide after shooting himself.

“It absolutely floored me,” Mr. Grewal said.

In 2019, inspired by Mr. Santiago’s death, Mr. Grewal created the New Jersey Resiliency Program for Law Enforcement, a program that trains officers to better handle the stress of police work.

That same year, following a string of officer suicides in New York City, New York Police Department officials created a program to provide better psychological support to officers.

Officials in the NYPD and in New Jersey say the programs have been helpful, with an increasing number of officers taking advantage of therapy.

These efforts are especially needed now, say police and

mental-health experts. Support programs for officers are critical amid public outcry over the death of George Floyd, a Black man killed in Minneapolis police custody, they say. His death has spurred nationwide protests concerning police brutality and racism.

Michael Bizzarro, director of clinical services for first responders at New Jersey’s Penn Medicine Princeton House Behavioral Health, said the policing protests are especially challenging for officers now because many have been lauded for their work during the pandemic. “In March, April, and May, they were heroes,” he said. “Now they are being seen as villains.”

Police nationwide are more likely to suffer from post-traumatic stress disorder, said Karen Solomon, president and co-founder of Blue H.E.L.P., a nonprofit that advocates for more services for law-enforcement members to prevent suicides. The recent protests may fuel a rise in officer depression and suicide, she said.

“There’s too many pressures on them, and they’re scared,” Ms. Solomon said. “They’re scared they are going to get fired and scared that they’re going to accidentally hurt somebody.”

Nationwide, the number of suicides involving law-enforcement members jumped from 142 in 2016 to 230 in 2019, according to the group. So far,



N.J. Attorney General Gurbir Grewal, right, was stunned when Pablo Santiago, a Mercer County Sheriff’s Office detective, killed himself.

the organization has recorded 90 suicides nationwide for 2020.

Mr. Santiago was a detective for the Mercer County Sheriff’s Office in New Jersey. He started his career in law enforcement in 1994. His wife, Jennifer, and his colleagues said he never revealed any problems before killing himself. She said her husband hid much of his pain, including childhood trauma. “There weren’t any signs,” she said.

Ms. Santiago praised Mr. Grewal’s efforts to better support officers. “I wish it could have helped my husband,” she

said.

Dr. Bizzarro, a former officer who regularly counsels first responders, said some members of law enforcement suppress their emotions and internalize traumatic memories to get through their shifts.

“When you’re responding to a traumatic situation such as an armed robbery or a child drowning in a pool, could you imagine if you allowed your emotions to come out?” he asked. “If it’s a robbery, you run the risk of not making it home. And if you can’t save the child, you have to go home and look your son or daughter

in the eye, thinking about the kid that you couldn’t save.”

In an interview, NYPD Commissioner Dermot Shea said his department improved its mental-health programs for officers after a rise in suicides in the first half of 2019.

A recently hired mental-health director and ongoing training for peer counselors are providing support to officers who need it, Mr. Shea said.

“Historically we’ve had a number of programs available, formal and informal, clergy and counselors, things of that nature,” he said. “Clearly we had to do more and do better.”

Ten NYPD officers killed themselves in 2019, according to the department. So far, three have died by suicide this year. New Jersey lost four officers to suicide in 2019, and there have been three in 2020, according to Ms. Solomon.

Mental-health programs in New Jersey also have shown promise, Mr. Grewal said. His directive requires the appointment of “Resiliency Program Officers” to teach techniques to officers in their departments. The officers are trained in areas such as suicide prevention and understanding the effects of stress-induced trauma on the brain.

“I have been around law enforcement for at least half of my career,” Mr. Grewal said. “It took my experience with meeting Pablo Santiago and his death to really bring home how real of an issue this is.”

GREATER NEW YORK

City Improves Disease Surveillance

By MELANIE GRAYCE WEST

Technology used by New York City public-health officials to spot cases of Legionnaires’ disease or a serious food-borne illness has been fine-tuned to pick up potentially connected cases of the novel coronavirus.

It is the latest advancement in an effort by the New York City Department of Health and Mental Hygiene to tease out potential links in clusters over time and, hopefully, trace them back to the initial sources of infection.

“It’s not just about test, test, test everybody, although that’s important,” said Oxiris Barbot, New York City’s health commissioner. “It is about how you take that information and make smart decisions and really track down where transmission is actively happening.”

More than 200,000 people in New York City have tested positive for Covid-19 and more

than 23,000 have died or are presumed to have died as of Tuesday from the disease, according to city data. The virus has disproportionately affected Black and Latino residents in densely packed, lower-income areas.

Now—while the percentage of people testing positive for the disease is around 1%—Dr. Barbot said her department is aiming to get to the lowest possible number of Covid-19 cases. The goal is to use the data to deploy resources to communities where the need is the greatest.

This fine-tuning of testing and tracing hopefully will stem a resurgence as the city continues to reopen, and as the fall approaches, when many health experts worry about a collision of Covid-19 and seasonal flu cases.

Health officials, physicians and public-health experts repeatedly have said New York City was hindered in its initial

response by a lack of testing. Officials initially didn’t have good estimates for prediction models, and scientists didn’t understand that people were spreading the disease while asymptomatic, said Lorna Thorpe, a professor of epidemiology at NYU Grossman School of Medicine.

This spring hospitals were overwhelmed in their ability to report daily on new cases and there wasn’t a good way to determine how many people already had been exposed to the disease, she said.

Public-health officials are triangulating different data sources to guide outbreak response, Dr. Thorpe said. Part of that effort includes data gathering in communities where you know there is a higher possibility for infection spread, she said.

“There’s no one single measure to guide us through this, but you need the best possible measures, and they all have

imperfections,” she said.

One tool, which officials have said they are now using, is testing of the city’s wastewater for evidence of the coronavirus. That effort could help health workers track a resurgence of the disease.

The analytical tool being rolled out by the health department is a software called SaTScan. It works by looking at coronavirus cases reported by laboratories and comparing them against what is expected in an area over time.

If the system shows more cases than typically expected, it triggers a signal to health department epidemiologists to conduct deeper case investigations, said Demetre Daskalakis, deputy commissioner for the division of disease control at the city’s health department.

Without years of data on the virus, health workers have had to create models. Already, signals from SaTScan led to a cluster that was tracked to a



A Covid-19 mobile testing site operating in the Bronx last month.

private event where multiple people were sickened, he said.

The way the city operates its Test & Trace Corps also is being refined for adaptation in the fall, said Ted Long, its executive director.

The contact-tracing initiative is designed to absorb as many as 250,000 initial cases and traced contacts, he said. In June, 16,000 cases and contacts were expected, and the

city had about 10,000. In August, the system is designed to absorb a maximum of 165,000 people. What test and trace will look like in the fall will be determined based on the summer, Dr. Long said.

“There’s two buckets of tools that we need to have at the ready for fall,” he said. “The first bucket is analytics. The second bucket is as much testing as possible.”

GREATER NEW YORK WATCH



HONORING VICTIMS: Mothers who have lost children to gun violence and other advocates gathered Wednesday for a vigil at Brooklyn Borough Hall. During the remembrance, 101 pairs of shoes and a casket were on display to represent victims of recent shootings in the city.

NEW JERSEY
Shooting Leaves 4 Dead, 3 Wounded

A street shooting in a northern New Jersey community has left four people dead and three others wounded, authorities said.

The gunfire in Paterson erupted shortly after 11 p.m. Tuesday. Four victims found at the scene were taken to a hospital, where they all died a short time later, authorities said.

Three other victims went to the hospital on their own seeking treatment, but further details on their conditions weren’t disclosed.

“I want to be clear that we will have zero tolerance for violence in our city,” Mayor André Sayegh said in an email Wednesday.

It wasn’t clear how many shooters may have been involved, authorities said. Witnesses said the gunfire came from a vehicle that sped away from the scene.

A motive for the shooting re-

mains under investigation. The Passaic County Prosecutor’s Office is leading the probe.

—Associated Press

MANHATTAN
Building Facade Collapse Injures 1

One person suffered minor injuries when the brick facade of a vacant parking garage in Manhattan partially collapsed on Wednesday, officials said.

Part of the parapet of the five-story building on East 38th Street collapsed shortly before noon, said Deputy Fire Chief Nicholas Corrado.

One person suffered minor injuries from falling bricks and was treated by emergency services workers, he said.

A spokesperson for the city Department of Buildings said the property owner has been ordered to install scaffolding to protect the public. The department is investigating the collapse.

—Associated Press



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Nearly all gates at Dallas-Fort Worth International Airport will be used at peak hours, CEO Sean Donohue says.

April, and stronger than many other U.S. airports.

Mr. Donohue decided early in the pandemic that the airport wasn't going to furlough any of its 2,000 employees, so when traffic started returning quickly, there were plenty of workers available. That decision was supported when the federal airline bailout, the Cares Act, made airports eligible. DFW received \$300 million.

DFW waived rent payments to concessionaires if they closed. If they stayed open, rent was significantly reduced. Concessions also pay a portion of their revenue to the airport, but those minimum annual guarantees were eliminated until next March. These policies caused the airport to eat \$70 million in potential revenue, Mr. Donohue says.

About \$100 million in landing fees and terminal rents have been deferred for airlines—they will pay it back later.

Ray Mickens, owner of M2 Concepts, an operator of several food outlets at DFW, says business has doubled since the end of March and early April. "People are eager to get out," he says.

Mr. Mickens, a cornerback in the National Football League for 11 years, hired people back, then had to shut down bars when Texas backtracked and ordered bars re-closed. Now he's unsure whether to keep them coming to work or not.

"Right now our challenge is dealing with regulations," he says.

The airport went into the pandemic in strong financial shape, with 600 operating days of cash on hand. Mr. Donohue says DFW can reduce its operating costs further by taking advantage of lower interest rates and refinancing debt. He says the North Texas community, which owns and operates the airport, is basically investing to keep its economic engine running so it can help the local economy recover.

The airport stopped work on a huge new terminal—it may be many years now before that's needed. But it's actually accelerated some construction projects, including a four-gate expansion to the airport's main international terminal and a rebuilding of some gates at one of American's terminals. Reconstruction of one of the runways was moved up, starting in June instead of December.

"I am pleasantly surprised by all this, but also realistic," Mr. Donohue says. "After Labor Day, we are going to have to be very efficient at how we run the airport, because we are not going to see traffic like this post-Labor Day."

THE MIDDLE SEAT | SCOTT McCARTNEY

The World's Busiest Airport*

*Dallas-Fort Worth International is the default No. 1 for now with coronavirus reducing travel

There's an occasional line at the Chick-fil-A counter, and an occasional line of airplanes waiting to take off, too. Dallas-Fort Worth International Airport looks...sort of busy. And that's enough to make DFW the busiest airport in the world.

The sprawling Texas hub, with seven runways and five terminals, has more than 90% of its gates and half its restaurants in operation. DFW typically ranks behind Atlanta, Chicago O'Hare and Los Angeles in takeoffs and landings. But due to the instant transformation of the airline business, DFW finds itself at least temporarily on top, with long-lasting implications for travelers.

For the past two decades, airlines have moved to more nonstop flights, bypassing big hubs in the middle of the country. Now the midcontinent hub is back. For years to come, many travelers will find they must connect rather than go nonstop.

American Airlines, which makes its home at DFW, has been pushing connecting service more than its competitors, focusing mainly on DFW and Charlotte, N.C. American even announced it was dropping five routes to Asia from Los Angeles, making DFW its main trans-Pacific gateway.

From a low of about 200 flights a day at DFW, American will hit 667 flights a day later this month. Last summer it flew more than 300 a day, and with larger airplanes.

In May, DFW had 12,109 departing passenger flights, edging out Chengdu, China, by 86 flights for the title of busiest in the world, according to Cirium, a London-based travel data and analytics firm. In June, DFW widened its lead over Chengdu, Cirium says.

World's busiest is a dubious title in the middle of a pandemic—even DFW has lost half of its business. It's still seen more passenger flights than anyone else.

"It does feel weird to be busy," says Sean Donohue, DFW's chief

executive.

Chengdu has seen larger passenger airplanes, so it has more departing seats, Cirium says. And counting cargo flights, it has more total takeoffs. Among U.S. airports, scheduled flights at DFW in June topped Atlanta, Denver, Charlotte and Chicago O'Hare, in that order, according to OAG Aviation Worldwide, another data firm.

At DFW, American's airport clubs have reopened, and while the passenger flow rises and falls with each bank of connecting flights, terminals can look downright normal at times. About 90% of gates are used for the late-afternoon rush, and because American expanded its schedule again on Tuesday, Mr. Donohue says, utilization will approach 100% at peak hours.

The traffic surge means that at peak periods, travelers won't be able to socially distance in domestic terminals, he says. Sending extra travelers around the country and beyond may prove to be a big concern, especially if coronavirus

continues to surge in Texas.

The airport has what it calls a strike team of 150 workers on patrol to continuously clean high-touch areas. It's added some 300 hand-sanitizer dispensers on advertising displays and all kinds of other locations. By the end of July, restrooms will be all touchless—hands-free paper, soap, toilets, water fountains, etc. Sensors in paper-towel dispensers alert workers to low supplies.

Masks are now required at the airport. Employees can get tested at no cost when they want.

It takes strong demand to fill planes on nonstop routes without connecting passengers. That doesn't exist today, and may not for several years. So airlines are back to the future emphasizing hubs, where the number of possible connections often drives just how full flights are.

The airport says it expects July passenger traffic to be down only about 45%. That's far better than the 95% plunge it saw in early

Art Market Confronts A Pandemic-Era Test With Christie's Auction

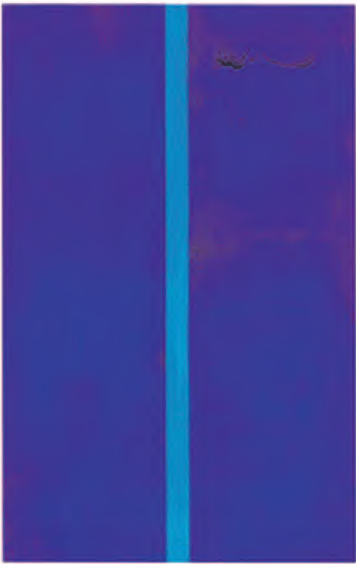
By KELLY CROW

A WEEK AFTER a Sotheby's sale revealed a healthy high-end art market, rival Christie's will offer its own test Friday when it livestreams a global auction that could strengthen or shake collectors' confidence.

Heading into this postponed spring series, collectors wanted reassurances that blue-chip art could still command predictable prices, despite the pandemic and volatility in the broader financial markets. Sotheby's "rose to the crisis," said art adviser Beverly Schreiber Jacoby, when its June 29 trio of online sales of 74 pieces brought in \$363 million, led by an \$85 million Francis Bacon triptych. A few days later, smaller house Phillips sold every one of its 25 offerings for a total of \$41 million.

Now it is up to Christie's to round out the series with "One: A Global Sale of the 20th Century." The 82-lot auction lacks a trophy priced to outsell the Bacon but does contain well-known artists and carries a \$337 million low estimate. Collectors, Ms. Schreiber Jacoby said, are managing their expectations amid the pandemic and don't need the house to break a slew of artists' records. "It's not the level at which Christie's pieces sell that matters now," she said. "It just matters if the art sells at all."

To minimize risk, the house has pledged to buy a dozen works and lined up investors to buy 18 more unless others outbid them during the sale. That means 37% of the lots, or 30 works, are essentially presold. With a few exceptions, the



auction is heavily weighted toward familiar names like Pablo Picasso and Roy Lichtenstein rather than less-proven upstarts.

The sale's star is Barnett Newman's 1952 "Onement V," a striped abstract estimated to sell for \$30 million to \$40 million.

The wild card in Christie's sale may be the experimental format. In the relay-style, live-streamed event, auctioneers in four cities plan to conduct back-to-back segments, each fielding real-time bids before passing the digital gavel. The sale will begin at 8:30 p.m. in Hong Kong (8:30 a.m. in New York) with the sale of several works including an estimated \$10 million painting by Zao Wou-ki from 1963, "21.10.63." Then an auctioneer in Paris will take over, followed by



Barnett Newman's 1952 painting, 'Onement V,' left, and Wayne Thiebaud's 'Four Pinball Machines,' from 1962, are among the highlights of the auction.

another in London, ultimately moving to the sale's priciest offerings at Christie's Rockefeller Center saleroom in New York.

The house said it can't let people bid in person at the New York sale, but a handful of bidders have been invited to attend in the other cities. Christie's also created an online skybox where VIP bidders can log in and watch the sale together, with specialists offering real-time commentary.

Here are four artists whose works could signal the strength of the market.

Takeo Yamaguchi (1902-1983) Born in Japanese-occupied Korea, Yamaguchi studied in Europe before discovering his own avant-garde style that involved painting flat geometric shapes floating in black backgrounds. His works have been collected by the Solomon R. Guggenheim Museum, and his minimalism influenced contemporary

art stars like Lee Ufan.

For sale: "Yellow Quadrangle," 1959 (asking price: \$259,000-\$389,000)

Auction record: Three years ago, Sotheby's sold a smaller yellow-on-black monochrome from the same year, "Yellow Eyes," for \$948,500, tripling its high estimate.

Collectors who admire Ufan, a Korean artist whose paintings have sold for as much as \$2.2 million, are starting to reappraise his much-cheaper mentor, Yamaguchi.

Ruth Asawa (1926-2013) This San Francisco sculptor studied Mexican basket-weaving before gaining fame in the 1950s for creating her own woven-mesh forms that evoke cocoons.

For sale: "Untitled (S.401)," 1953-54 (asking price: \$3 million-\$5 million)

Auction record: Last November, Christie's sold "Untitled (S. 387)," a shorter hanging of wire from

around 1955, for \$4 million—over its \$900,000 high estimate.

Collectors continue to mine the overlooked oeuvres of women artists like Asawa, whose works rarely traded above \$1 million a decade ago. Size matters here, as longer examples dotted with more overlapping forms tend to outsell shorter, simpler versions.

Wayne Thiebaud (b. 1920) Born in Arizona, the artist earned a living drawing for Walt Disney before breaking out on his own. He helped pioneer Pop art by thickly painting images of cakes and other treats in bakery cases as if they were a collection of circles, squares and cones. His images of carnival hot dogs and San Francisco streetscapes have been collected by major museums like the Los Angeles County Museum of Art.

For sale: "Four Pinball Machines," 1962 (asking price: \$18 million-\$25 million)

Auction record: In November, Sotheby's sold "Encased Cakes" from 2011 for \$8.4 million—above its \$8 million high estimate.

Ms. Schreiber Jacoby said this record estimate will test how much collectors are willing to pay for one of the artist's rare 1960s works, which tend to be more coveted than his later pieces.

Barnett Newman (1905-1970) The mustachioed New Yorker dabbled in surrealism before discovering his signature abstract style in the 1940s with his so-called zips, in which he bisected a bold monochrome with a zipper-like stripe. Of the six pieces in his "Onement" series, two belong to the Museum of Modern Art.

For sale: "Onement V," 1952 (asking price: \$30 million-\$40 million)

Auction record: Six years ago, Christie's sold his 1961 "Black Fire I" for \$84.2 million.

Trophy hunters may go after this example by an abstract master in part because Newman's works seldom come to market.

LIFE & ARTS

WHAT TO WATCH THIS WEEK

Tom Hanks Is Officially America’s Captain

By Don Steinberg

IN “GREYHOUND,” Tom Hanks once again suits up as a captain who keeps his head amid chaos. It’s no surprise he’s returning to the helm. Mr. Hanks has delivered strong performances portraying brave, humble captains before, in “Apollo 13,” “Saving Private Ryan,” “Captain Phillips” and “Sully.”

Why so many captains? The rank seems ideal for Mr. Hanks. A captain is a leader who’s also a teammate, a boss who’s hard to hate. Mr. Hanks’s captains give orders but skip grandiose speeches, opting for action alongside the crew.

“The reason Tom Hanks fits so well into the role of a captain is because he’s a curious and empathetic and goal-oriented person himself. He’s a creative leader,” says Aaron Schneider, who directed “Greyhound,” from a script Mr. Hanks wrote for himself, adapting a 1955 novel. The movie premieres Friday on Apple TV+. “When he brings that to the role of a captain in a film, it’s like sliding into a comfortable shoe. And he matches the role in a way that audiences find comforting.”

Mr. Hanks’s movie captains clearly have crisis-management skills. What else can they teach about leadership?

Capt. Jim Lovell in ‘Apollo 13’ (1995)
Leadership lesson: Managing unexpected change

Apollo 13 astronauts were supposed to walk on the moon, but... “Houston, we have a problem.” Plan B is to return to Earth in a damaged spacecraft. As mission commander Jim Lovell, Mr. Hanks must hold the ship and his disappointed team together. “Just breathe normal, fellas,” he reassures his co-pilots as they scramble to repair the carbon dioxide scrubbers. When



they ogle the moon regretfully, he reminds them to focus on their revised objective: “We’re gonna need a contingency if we lose comm with Houston. Freddo, let’s get an idea where we stand on the consumables. Jack, get into the Odyssey and bag up all the water you can before it freezes in there...Let’s go home.”

The takeaway: When plans go awry, a strong boss needs to adapt decisively and gracefully, rallying the team to give the new course as much energy as the original one.

Capt. John Miller in ‘Saving Private Ryan’ (1998)
Leadership lesson: Keeping the company on mission

The traumatic carnage of the Normandy invasion is barely behind them, and there’s a war to be won. But U.S. Army Capt. Miller’s unit has orders to locate PFC James Ryan and get him home before he becomes the fourth Ryan brother killed in action. The captain, a Pennsylvania schoolteacher, must keep his team on mission while they question the sense of risking eight men’s lives to save one. When sharpshooter Jackson complains the job is a waste of his skills, Capt. Miller jokes to the soldiers, “Pay attention to Jackson, this is the way to gripe.” A tragedy illustrates the peril of straying from the mission. “Get your gear. Let’s go,” Capt. Miller tells the soldiers after one of them nearly des-



Mr. Hanks loves to play a captain. Above: Mr. Hanks captains a WWII Navy destroyer in ‘Greyhound’ out Friday on Apple TV+. Clockwise from below left: Mr. Hanks as a captain in space in ‘Apollo 13,’ a cargo ship captain in ‘Captain Phillips,’ an airplane captain in ‘Sully’ and an Army captain in ‘Saving Private Ryan.’

erts. He leads by example, wins his team’s trust, and sacrifices himself to get the mission done.

The takeaway: The more chaos there is, the easier it is for a team to get distracted and lose focus on its key assignment.

Capt. Richard Phillips in ‘Captain Phillips’ (2013)
Leadership lesson: Negotiating under pressure

Richard Phillips is no Jean-Claude Van Damme. When armed Somali pirates board his civilian cargo ship, he needs to use his wits. First he must negotiate with his own crew, merchant seamen who complain that they didn’t sign up to fight crime. With the pirates’ rifles pointed at him, his eyes move constantly. He seeks every resource and advantage to alert his crew to dangers and guide rescuers. Most of all, he gets inside the heads of the hijackers, appealing to their reason, fears, and pride. “You’ve got a man injured. Take the money out of the safe, and let’s call it a day,” he offers the pirate leader. In the end, he outplays the pirates.

The takeaway: Understanding what everyone wants, from employees to competitors, is vital to success.

Capt. Chesley Sullenberger in ‘Sully’ (2016)
Leadership lesson: Owning your decisions



It’s remarkable that while lauded as a national hero for landing a damaged passenger jet on the Hudson River in 2009, saving all 155 people aboard, Capt. Sullenberger

was called to task for what he might have done differently. Investigators question Sully’s personal life and his rundown of what happened. Computer simulations second-guess his decisions. The probe fills Mr. Hanks’s character with self-doubt. “I did the best I could,” he tells his wife, as if he failed. But he defends his choices. “There wasn’t time for calculating. I had to rely on my experience of managing the altitude and speed on thousands of flights, over four decades,” he testifies. “The best chance those passengers had was on that river. I’d bet my life on it. In fact, I did.”

The takeaway: A leader steps up to take responsibility for what hap-



pened, and can explain why.

Cmdr. Ernest Krause in ‘Greyhound’ (2020)
Leadership lesson: Rising to new challenges

“Greyhound” is a World War II sea battle film, based on the novel “The Good Shepherd” by C.S. Forester and reminiscent of the 1957 Robert Mitchum movie “The Enemy Below.” Mr. Hanks is Ernest Krause, a U.S. Navy Commander captaining the Greyhound. The destroyer is escorting troop and supply ships across the Atlantic when German U-boats swarm. Mr. Hanks plays a chess game of maneuvering, avoiding torpedoes, and dropping depth charges. Nobody knows, until they already trust his moves, that it’s his first Atlantic crossing in charge of a ship.

The takeaway: A strong manager shows confidence even while moving into unfamiliar territory.

MORE PICKS TO ADD TO YOUR QUEUE



An Expert Recommends: ‘Giri / Haji’ (Netflix)

Kevin Kwan is best known for his best-seller-turned-movie, “Crazy Rich Asians.” His new novel, “Sex and Vanity,” was released in June. Here, he recommends a series in which East meets West.

“I absolutely have been in love with ‘Giri / Haji,’ a series that takes place in England and Japan. It’s about a Tokyo cop who’s sent to London on a special mission to find someone who is hiding there. He infiltrates the Japanese underworld that exists in London and meets an amazing cast of characters who help him and become like family.

It’s amazing fusion of East and West. There are Japanese characters who are so authentically Japanese. And British characters who are so authentically British. I was just in awe watching it and also a little bit jealous. So much of what creator Joe Barton accomplished I’m



also trying to do. I’m trying to create TV projects that really are a fusion of East and West, and he sort of beat me to it and did it so beautifully. He was able to authentically portray all these people in a very real, very honest, beautiful way that shows off differences in cultures, but also the universal commonality in all of us. I don’t want to give away too many spoilers, but there’s something so spectacular that happens in the final episode that takes it from a level of just great TV to absolute brilliance.”

An Expert Recommends: ‘Patriot’ (Amazon Prime Video)

Magician Penn Jillette is the co-star of “Penn & Teller: Fool Us,” which returned to CW for its seventh season last month. Here, he recommends two novelistic TV shows created by Steve Conrad.

“I thought you really couldn’t get better in the novel form of television than ‘Breaking Bad’ and ‘Better Call Saul’ or ‘Fargo.’ Then I stumbled upon two shows created by Steve Conrad—‘Patriot,’ and ‘Perpetual Grace, LTD’ (available on Amazon and Epix), which he created with Bruce Terris.

‘Patriot’ is about an intelligence officer named John Tavner (Michael Dorman) who’s also a folk singer. His psychosis from being a spy trips out into folk songs. So you have essentially James Bond going on stage in coffee houses and pouring out his heart. It has something I’ve thought about, which is that if you made the decision to forsake personal morality for the bigger



picture, what damage would that do to you psychologically? It is the show that I’ve laughed the hardest at, that I’ve cried over and that has kept me on the edge of my seat in every way.

‘Perpetual Grace, LTD’ is the same heart and the same mind, but this time starring Ben Kingsley and Jimmi Simpson. It is about a con man running a church and someone trying to rip him off. Together, the two shows are just the greatest things I’ve seen.”

—Chris Kornelis



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LIFE & ARTS

MUSIC REVIEW | MARK RICHARDSON

A Young Artist’s Final Dispatch

IN FEBRUARY, Brooklyn, N.Y., rapper Pop Smoke, born Bashar Jackson, was murdered in Los Angeles during a home invasion. He was 20 years old. His death came as a shock both because he was so young and because it happened during his rapid ascent to the upper echelon of stardom. Pop Smoke had been making music only since 2018, but he had a startlingly distinctive voice and was the most visible exponent of a once hyperlocal style, Brooklyn drill, that was poised for a global breakthrough. During his brief life he issued two mixtapes, 2019’s “Meet the Woo” and its sequel, which came out just two weeks before his murder. His proper debut album, “Shoot for the Stars, Aim for the Moon” (Victor Victor/Republic), out now, had been one of 2020’s most anticipated releases in the hip-hop sphere, a record designed to propel him to the mainstream and that now serves as his epitaph.

Pop Smoke will be forever defined by the distinctive grain of his voice, which is deep, gravelly and expressive. He doesn’t often rap fast, but his words sometimes emerge as a blur—a highly rhythmic series of vowels delivered in a growling baritone. Older listeners might be reminded of the half-mumbled intonation of 50 Cent, an

The record extends and refines the Brooklyn-based hip-hop genre he helped pioneer

acknowledged influence who also executive produced “Shoot for the Stars,” but the style is some distance from anything released during the earlier artist’s heyday.

Drill is a subgenre made possible by the internet, where potential collaborators from anywhere in the world can find each other. It’s defined in part by its sonic sensibility—medium tempo, block-shaking bass; the pitter-patter 16th-note high-hat sounds of trap music with dramatic string-like synths—and in part by its lyrical depiction of violent street life. Drill music emerged in Chicago around 2010, in the scene surrounding then-young rapper Chief Keef, and variants began to crop up in other cities not long after.

In England, the style known as U.K. drill streamlined the aesthetic, hollowing out the mid-range, stressing the low end, and adding tricky off-beats to the snare patterns. Pop Smoke heard a track from East London producer 808 Melo and reached out about collaborating, and the latter became the primary producer of the rapper’s two mixtapes. Their respective sounds developed in parallel, and their transatlantic hybrid has become an important representation of Brooklyn drill as a whole.

The tracks on “Shoot for the Stars” for which 808 Melo is once again the producer carry that sound forward and form the heart of this record. The second track, “Aim for the Moon,” is one of these, with a cavernous low end



Pop Smoke performing in November; the rapper was murdered in February and his debut album, ‘Shoot for the Stars, Aim for the Moon,’ has just been released

that seems to gather energy and then lash out like a venomous snake, as Pop Smoke and featured guest Quavo of Atlanta’s Migos swap chants and exclamations. Later in the release, “Creature,” featuring Swae Lee of the hip-hop duo Rae Sremmurd, quickens the pace and adds a layer of percussive clatter. Despite being seven years older, Swae Lee sounds like a kid next to Pop Smoke, as they trade lines about sex and partying. These songs are an extension and refinement of Brooklyn drill, allowing a slight twinkle of brightness in but maintaining its

aggressive posture.

Elsewhere, “Shoot for the Stars” takes a clear turn toward accessibility. These pop-leaning gestures are well executed but less distinctive. “For the Night,” assembled by several producers including Mike Dean, known for his work with huge stars like Kanye West, features bits of twangy guitar, flute, and processed moans from guests Lil Baby and DaBaby, and the tone is warmer and more welcoming next to Pop Smoke’s earlier work. “Yea Yeah” brings to mind Dr. Dre circa “2001” by combining a wispy R&B

sample with a punishing snare-drum thwack. And “Enjoy Yourself” has a bright nylon-string guitar refrain in the mix to complement a Spanish-language guest spot from Colombian reggaeton singer Karol G.

In an interview with the New York Times last year, Pop Smoke said that his music is meant for kids growing up the way he did, who carry guns to school because they don’t feel safe but are still working toward a diploma to make their families proud. “I do it for them,” he said. “That’s me.” His work implies the tension be-

tween those forces instead of stating it outright. His lyrics are filled with references to violence of all kinds, and moments of lightness and ease are few. Perhaps that would have come later. Cut down just as he was discovering the power of his creative voice, he’s been denied the opportunity for growth, artistic and otherwise. “Shoot for the Stars” offers a sadly incomplete sketch of what that might have looked like.

Mr. Richardson is the Journal’s rock and pop music critic. Follow him on Twitter @MarkRichardson.



Cristin Milioti as Sarah and Andy Samberg as Nyles in ‘Palm Springs,’ streaming Friday on Hulu

TELEVISION REVIEW | JOHN ANDERSON

‘Palm Springs’: ‘I Do,’ Again and Again

BASED ON PURELY anecdotal evidence, the hunger for brainless but amusing content right now seems very high, and “Palm Springs” would, at first glance, appear to qualify: Two guests at a destination wedding in the California desert take a contemptuous attitude toward everything they see, including each other, but seem ultimately destined to spend eternity together.

None of which is untrue, exactly, and events do follow the rom-com blueprint for at least 12 minutes—with a riot of pre-nuptial sex; eye-rolling, cringe-inducing speeches at the reception; and small-caliber sniping between the principals. Then a guy with a crossbow (J.K. Simmons) appears out of the darkness and plants a few bolts in our hero, Nyles (Andy Samberg), while his new frenemy,

Sarah (Cristin Milioti), screams, disappears into a vortex of time and space, and wakes up in the morning. On the day of the same wedding.

“This is today,” Nyles explains to his bewildered and not-quite-time-traveling companion. “Today is yesterday. And tomorrow is also today. It’s one of those infinite time-loop situations you might have heard about.”

The incredulous Sarah: “That I might have *heard* about!?”

Yes, maybe in “Groundhog Day,” to which “Palm Springs” bears no small resemblance. Likewise the series “Russian Doll.” Viewers, early on, might be rolling their own eyes at the prospect of watching another 90-minute feature about a day that never ends.

Worry not. Sarah and Nyles—and Roy, the guy with the arrows and the grudge against Nyles—are stuck in time, but screenwriter Andy Siara (Max Barbakow directs) does inventive things with their cosmic staycation, having his heroes resist their plight but also exploit it. He also commits some cleverness with his script, causing us to double back on what’s already been said. For instance, when Nyles mutters “kill me” to his girlfriend, Misty (played with a rarified airheaded-ness by Meredith Hagner), you assume it’s because of her. It is, but not entirely: He’s reached the end of his rope on repeat viewings of his own life. So what’s the use of living at all, Sarah asks him later, after a few too many reruns of her own day. “There might be some way to kill yourself,” Nyles says, “but I haven’t figured it out yet.”

So they make the best of it, taunting the police, driving head-on into a tractor-trailer, and stealing a plane and crashing it into the ground. The only repercussion is that they wake up, again, on the day of the wedding.

For a few years, Mr. Samberg was the Cast Member Who Overdoes Everything on “Saturday Night Live,” a position held at one point or another by performers ranging from Chris Farley to Leslie

Jones. In “Palm Springs,” he is refreshingly restrained, even wry, and maintains a reservoir of existential dread behind his general irreverence. But with all due respect, it is the saucer-eyed Ms. Milioti (“How I Met Your Mother”) who is the revelation (to me, anyway) and is playing every one of Mr. Siara’s laugh-out-loud lines for maximum impact. Mr. Simmons, in the J.K. Simmons-type role of Roy, could not be better cast. Likewise, Peter Gallagher as the father of the bride.

“Palm Springs” waxes a bit more philosophical than is entirely necessary, but Nyles and Sarah would lose our respect entirely if they didn’t ask some questions about their uncertain status and its metaphysical meaning, never mind marriage. Speaking of which, the bride, Tala, and her fiancé, Abe, are played by Camila Mendes (“Riverdale”) and Tyler Hoechlin (“Supergirl”), and while one is tempted to say they have little to do but do it repeatedly, that’s not really true: Each time around the block for Sarah and Nyles the landscape and the circumstances are changed (sometimes by them), and the actors around them are really giving a different performance each time. The sweet thing about “Palm Springs” is what it says about weddings, romance and perfect matches: As we see, Tala and Abe don’t really know each other well enough to get married. But are Sarah and Nyles meant for each other? You might say they have an eternity to find out.

Palm Springs
Friday, Hulu

SPORTS



The Harvard-Yale football rivalry will be put on hold until at least 2021 due to the pandemic. The Ivy League didn't rule out the possibility of playing football and other fall sports in the spring.

Ivy League Says No Sports Until 2021

The decision postpones, and possibly cancels, football and other fall athletics. Bigger conferences to face the same decision.

By LAINE HIGGINS

The Ivy League on Wednesday became the first Division I conference to postpone football and other sports until at least the start of 2021, setting the stage for bigger college sports bodies to either follow suit or try to press on toward an uncertain season.

The Ivy League is far from the big-money world of other football-dependent Division I conferences. But it is sometimes a barometer of what larger institutions might do. Last March, the Ivy League canceled its men's and women's basketball tournaments days before the NCAA followed suit.

The move comes less than two months before the football season is supposed to begin with high-profile clashes like Alabama vs. USC on Sept. 5 and Ohio State at Oregon the following week. The giants of college sports will soon be forced to confront whether their seasons can safely start, or proceed at all.

The decision leaves open the possibility that some or all of the sports could hold their seasons in the spring. That is far from a given, however, given how uncertain the future path of the pandemic is.

"With the information available to us today regarding the continued spread of the virus, we simply do

not believe we can create and maintain an environment for intercollegiate athletic competition that meets our requirements for safety and acceptable levels of risk," said the Ivy League presidents in a joint statement.

The prognosis for fall sports in the Ivy League was cast into doubt in recent days when several member institutions outlined plans to limit student capacity on campus this fall. Dartmouth, last year's co-champion in football, said it would place an emphasis on bringing freshmen to campus, with no more than 40% of the student body present. Princeton's campus will be populated exclusively with incoming freshmen and rising juniors. Harvard will house first years and a select few upperclassmen who must return to "progress academically." Brown will split the academic year into three semesters and offer students a place on campus for only two of them.

The situation presents an obvious difficulty for fall athletic teams trying to field a squad, especially in football. As a consolation, the conference will allow athletes that are on campus to attend practices and weightlifting sessions in accordance with school health protocols.

Fall sports athletes will not use one of their seasons of eligibility in

2021 regardless of whether they enroll. However, the Ivy League does not make it easy to play for five years: there are no graduate transfers in the conference and the only way to get an extra year of competition is through a medical redshirt. When spring athletes saw their seasons suspended, the NCAA declined to request a blanket waiver from the NCAA that would allow them to come back for another season.

The move comes less than two months before the football season is supposed to begin.

The Ivy League didn't rule out the possibility of playing football and other fall sports in the spring. But this comes with its own set of logistical challenges. While many universities in the Power Five sponsor the NCAA minimum of 16 sports, the Ivies field more than twice as many teams. There are 40 varsity sports at Harvard; Columbia has the fewest with 29.

Dartmouth football coach Buddy Teevens envisions a space issue. His team has an indoor facility they

could use when the temperature hovers around 10 degrees, but they share a practice field with both lacrosse teams and track and field. Deciding which teams would get priority for space and practice times would be a major headache. In Philadelphia, late-April football games could conflict with the Penn Relays, the largest track and field meet in the country that fills Franklin Field's 53,000-some seats.

Ivy League schools compete in the lower tier of Division I, the Football Championship Subdivision, and see few of their games televised or played in full stadiums. The conference's last national champion was Yale in 1927. With billion-dollar endowments and robust academic fundraising operations, athletics isn't as essential to the Ivies' bottom line as it is to schools in the Power Five conferences.

"Maybe our group can look at it objectively and say, 'maybe this is the best thing from a health standpoint for the greatest number,'" said Teevens. "The FCS, Division II and Division III programs are all pretty much in the same boat."

But the pressure to play football—and collect the revenue from it—is much more powerful for most schools in the Power Five Conferences, including giants like Michigan and Texas that turn a profit

most seasons. There might not be swimming or golf at some of these schools if football goes away. There may not be upgraded libraries or dorms either.

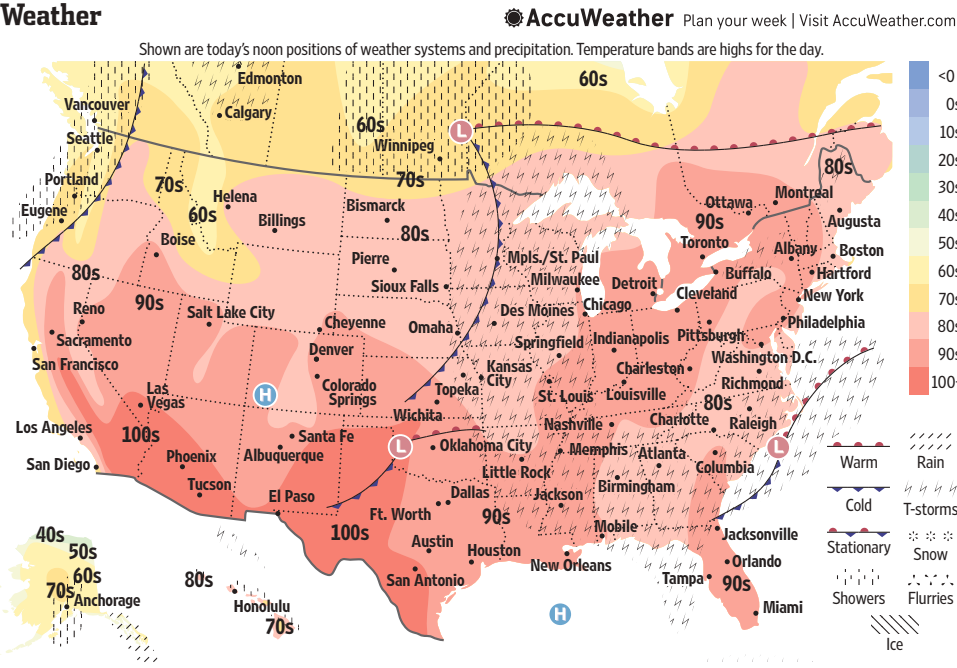
At independent Notre Dame, football accounted for 87% of the athletics revenue in 2019 and no one on the 103-man roster has yet tested positive for the coronavirus during preliminary voluntary workouts. There's far more reason for the Fighting Irish to forge ahead than there is for the Columbia Lions, a team that's won just 26 games in the past decade.

Schools in the Power Five aren't immune to the havoc of coronavirus, however. Stanford announced Wednesday that financial challenges were behind its decision to discontinue 11 of its 36 varsity sports: men's and women's fencing, field hockey, lightweight rowing, men's rowing, co-ed and women's sailing, squash, synchronized swimming, men's volleyball and wrestling.

The Ivy League's decision will ripple through Division I football by way of scheduling. The eight teams in the conference were slated to play 24 games against teams in the Patriot League, Colonial Athletic Association Conference and Pioneer League.

—Melissa Korn contributed to this article.

Weather



U.S. Forecasts

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	66	55	c	67	56	sh
Atlanta	88	74	t	90	74	t
Austin	98	77	s	100	76	s
Baltimore	90	74	pc	84	72	t
Boise	91	60	s	89	63	s
Boston	85	68	pc	78	67	t
Burlington	94	72	s	93	72	pc
Charlotte	89	72	pc	92	72	s
Chicago	92	73	t	88	71	pc
Cleveland	92	73	t	89	70	t
Dallas	96	76	s	98	77	s
Denver	92	63	s	99	60	s
Detroit	93	72	pc	88	70	t
Honolulu	88	74	sh	89	76	pc
Houston	96	78	s	98	79	s
Indianapolis	91	71	pc	86	69	t
Kansas City	83	68	t	91	68	pc
Las Vegas	107	81	s	110	86	s
Little Rock	91	76	pc	93	75	t
Los Angeles	84	63	pc	89	67	s
Miami	96	80	pc	96	80	t
Milwaukee	90	71	t	86	70	pc
Minneapolis	85	68	t	86	66	s
Nashville	90	75	pc	90	73	t
New Orleans	94	77	c	94	79	s
New York City	90	74	s	82	72	r
Oklahoma City	98	72	pc	98	75	s

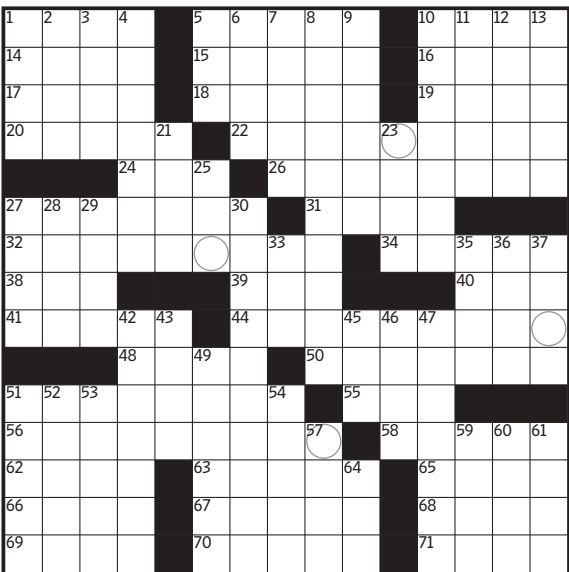
City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Omaha	87	68	t	91	71	s
Orlando	92	77	t	91	77	t
Philadelphia	92	75	pc	82	72	r
Phoenix	111	87	s	113	90	pc
Pittsburgh	91	69	t	90	68	s
Portland, Maine	84	65	c	78	65	c
Portland, Ore.	73	57	sh	79	57	pc
Sacramento	98	62	s	98	59	pc
St. Louis	93	73	t	91	72	t
Salt Lake City	94	72	s	97	69	s
San Francisco	74	54	s	72	54	pc
Santa Fe	96	58	s	99	64	s
Seattle	69	56	c	75	55	pc
Sioux Falls	82	62	pc	87	67	s
Wash., D.C.	90	75	pc	87	74	t

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	66	58	r	63	50	r
Athens	88	72	s	88	72	s
Baghdad	118	88	pc	118	88	pc
Bangkok	95	80	c	96	80	t
Beijing	78	67	t	83	70	c
Berlin	66	57	r	75	54	r
Brussels	72	60	r	66	49	r
Buenos Aires	56	47	pc	60	46	pc
Dubai	108	93	pc	107	92	pc
Dublin	61	46	c	61	46	pc
Edinburgh	63	50	sh	62	47	sh

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	82	61	pc	79	52	t
Geneva	87	62	t	83	63	t
Havana	91	75	t	90	74	t
Hong Kong	93	84	t	92	84	sh
Istanbul	84	71	s	84	73	s
Jakarta	91	76	r	90	76	pc
Jerusalem	82	65	s	83	65	s
Johannesburg	64	43	pc	65	42	s
London	69	54	r	67	51	pc
Madrid	93	64	pc	94	68	s
Manila	95	80	t	94	80	t
Melbourne	62	49	pc	61	51	c
Mexico City	74	55	t	79	54	t
Milan	88	66	s	91	67	s
Moscow	69	51	r	72	60	pc
Mumbai	88	80	t	88	80	t
Paris	88	62	pc	75	54	pc
Rio de Janeiro	78	69	pc	73	66	pc
Riyadh	113	84	pc	114	85	pc
Rome	86	65	s	88	66	s
San Juan	91	79	s	91	80	pc
Seoul	90	74	pc	85	72	t
Shanghai	86	75	t	86	76	c
Singapore	84	79	t	86	78	c
Sydney	66	50	pc	66	53	c
Taipei City	94	82	c	94	81	c
Tokyo	82	74	sh	82	76	c
Toronto	94	74	s	89	72	t
Vancouver	66	54	pc	69	55	pc
Warsaw	70	60	pc	80	65	t
Zurich	86	58	pc	83	59	t

The WSJ Daily Crossword | Edited by Mike Shenk



PLUS ONE | By Erik Agard & Alison Ohringer

Across			Down		
1	Downtime	24	Yoga necessity	50	Grave
5	Phone foes	26	Lies	51	Less crunchy
10	Union alert sound	27	Like many ketchup bottles	55	Abject sorrow
14	In excess of	31	Main character in Cather's "The Song of the Lark"	56	Rutted road
15	Pioneering company in imaging technology	32	Peak times for jams	58	Pecs' place
16	"Te quiero"	34	Fire proof	62	What some teams play to
17	She may read your messages	38	Cry in la plaza de toros	63	Quarters
18	Winner of six Grammys on February 12, 2012	39	Drama performed in front of a painted image of a pine tree	65	High in Honduras
19	Subway fare	40	Back in time	66	They share their home arena with the WNBA's Liberty
20	Photo collection	41	Flash of light	67	Where an eligible Goldberg may meet an eligible Katz
22	Shining expanses formed by evaporation	44	Turquoise, e.g.	68	"lol," escalated
		48	Colleague of Elena and Sonia	69	Scamper

- 70 Formal "ain't"
- 71 What the letters added to the four "stirred" words in this puzzle spell
- 28 Respite
- 29 "Ohhh!"
- 30 Early computer inputs
- 33 Bush jumper
- 35 Robust
- 36 They might be checked at the door
- 37 Ilk
- 42 Drawing challenge
- 43 Pound pick
- 45 Bar concern
- 46 Gator's look-alike
- 47 Partner's share, often
- 49 ___ P. Henson of "Empire"
- 51 Barely sufficient
- 52 Western, informally
- 53 Corn chip
- 54 Hurricane's birthplace
- 57 1960s TV role for Bruce Lee
- 59 Michelle Obama's partner in a 2009 health PSA
- 60 Cowboys helmet feature
- 61 Made off with
- 64 Filming locale

Previous Puzzle's Solution

NANA	SOD	QIANDA
ABASH	TRE	USERS
DITTO	AGE	TRIP
HOIOM	LAMB	CHOPS
REV	EDEN	OHM
BCON	INLEAGUE	
CABANA	ZEAL	ALA
ALOFO	RAW	ONSET
LTR	HEAT	PROBES
CONFETTI	URDU	
SEPERA	OLGA	BOIS
SEPTATOR	ONE	COMBUE
ALIGN	OMG	NOLTE
SLUNG	PEA	EMERY
HESSE	SNL	ASEA

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

OPINION

A Fourth of July Election



WONDER LAND
By Daniel Henninger

18 points. Most polls look like a permanent path to the golf course for the president. Gallup's most recent presidential approval number is 38%.

Yes, Mr. Trump needs to put up an agenda for 2021. And yes, there's never been a president who can't sleep if he hasn't shot himself in the foot before turning out the lights.

Polls won't tell you how the beaten-down American population will vote this year.

Still, I'm not sure traditional metrics and analysis apply in this election. We are in a constantly shape-shifting campaign that has been overwhelmed by the unprecedented intensity of events and how people are processing the experience.

In mid-March, normal life stopped in America. The workforce was sent home. Schools were closed. Life went on through Zoom and Google Hangouts. People got Covid-19, and many died.

Then on May 25, George Floyd died during an arrest in Minneapolis. There have been constant protests since, watched nightly by a stay-at-home nation. They've seen monument smashing, CHOP in Seattle and calls to defund the police.

Alone, the pandemic or protests would be enough public drama to last a lifetime. We've had both at the same time. I regard these two extraordinarily grim experiences as the unavoidable baseline reality for voters in the 2020 election.

Let's return to what was in the public's mind before this, specifically the Democrats' competition for the party's nomination.

It featured multiple debates, saturation coverage and compelling figures in Bernie Sanders, Elizabeth Warren, Cory Booker and Pete Buttigieg (remember him?). And who won? Joe Biden, because he was a known moderate and promised normalcy as respite from Mr. Trump's personality.

Those primaries weren't opinion polls. They were a decision by Democratic voters in diverse states to choose moderation. Surely that counts for something as an expression of the American mind.

By March 19, the coronavirus was shutting down the country. Mr. Trump turned out to be an unreliable guide to virus information, fumbling an opportunity for presidential leadership with his all-about-me briefings. His coronavirus approval among independent voters has been below 40% for two months.

Amid all this downer-ism, something politically significant happened—the Fourth of July weekend.

On Friday, Mr. Trump delivered his Mount Rushmore speech, a detailed, articulate defense of American history and values. The next day—after weeks of watching protests and overturned statues—a



Going after Andrew Jackson in Lafayette Park, June 22.

beaten-down population produced a hard-to-miss outpouring of patriotism in towns across the U.S.

A special word here about the traditional Macy's fireworks display in New York City. Recall that the chain's flagship in Herald Square was looted on June 9. Not a month later, Macy's and Universal Television produced a broadcast of almost unimaginable beauty, all-American music and patriotic fervor, with stunning shots of the Statue of Liberty, the Coney Island Ferris wheel and fireworks shooting from the Hudson River and Empire State Building.

But if you tuned in to the evening news Saturday or Sunday, it told a different story. You saw a catalog of weekend violence, killings and more protests. Not least was the toppling in Rochester, N.Y., of a statue of Frederick Douglass, a founding father of black American pride.

These are times—and emotions—that don't lend themselves to conventional political analysis.

For example, one may ask: Is never-Trumpism finally overplaying its hand? With the election near, the Trump-wallowing media has decided its commitment to "truth" requires distortions of reality, such as that his Mount Rushmore speech was "dark," the

protesters are voices of light (really), and the reviving economy is actually sinking.

But much of the media is propagating this doom-to-the-horizon scenario—the threat of death or limitless systemic racism—when the public is focused on finding an upside and an exit from what they've just been through.

Meanwhile, the Trump alternative, Joe Biden, increasingly looks like a man trapped inside a party that has gone from what are now the obviously irrelevant primary votes for moderation to the defining vision of the party's protesters in the streets. On Wednesday the Biden campaign released the "Biden-Sanders Unity Task Force" recommendations for the Democratic platform. The document is 110 pages long. Every voter should read it.

Coalitions may be shifting beneath the weight of these events. The people moving out of unsettled cities to the suburbs may not be new Trumpians, but they don't sound like enthusiastic Biden voters. Since the surge of shootings, some black leaders and pastors have pushed back against police defunding.

We may have an October surprise every month until November. The Durham report looms. There will be debates. Mr. Trump could decide it's more important for him to pick fights with more Bubba Wallaces than elaborate the Mount Rushmore argument for his re-election. But we don't need a political reset. The pandemic and the protests have been enough reset for a generation.

Write henninger@wsj.com.

Democrats Are Committing Unforced Errors

By Karl Rove

As the mainstream media all but declares the 2020 election for Joe Biden, Democrats are making mistakes. They're saying and doing things that could cause problems—if Republicans step up their game.

Consider the congressional logjam over police reform. After George Floyd's death in Minneapolis, the nation was angry and aghast. Then Rayshard Brooks was killed in Atlanta, and the demand for change grew even stronger.

Yet when the Senate moved to take up the comprehensive police reform bill introduced by Tim Scott (R., S.C.), Democrats blocked its consideration, despite the bill's many similarities with the Democratic House's measure. Sen. Scott guaranteed votes on any amendments Democrats wanted, but no matter.

This intransigence is an opportunity to argue that Senate Democrats are more interested in election talking points than giving meaning to the deaths of Floyd, Brooks, Breonna Taylor and others by passing legislation that reforms policing.

Republicans can broaden the issue by pointing out that while a new law can solve certain pressing problems, the criminal-justice system needs a systematic review. A bill by Sens. John Cornyn (R., Texas) and Gary Peters (D., Mich.) creating a National Criminal Justice Commission would do that, reporting to the next Congress on additional reform

measures. This passed the Senate by unanimous consent in 2018 but died in the House.

By pressing for the Scott bill now and the Cornyn-Peters commission to follow, Republicans can show they're determined to turn the nation's pain into something good. If everybody mobilizes, the GOP can regain the offensive.

Another opening for Republicans came Sunday, when CNN's Dana Bash asked Sen. Tammy Duckworth—who's being vetted as a possible running mate for Mr. Biden—if statues of George Washington

Republicans must seize the opportunities to regain the offensive in the campaign.

should be taken down. For 141 tortured words, Ms. Duckworth ducked the question before claiming President Trump "spent all his time talking about dead traitors" in his July 3 speech at Mount Rushmore. Actually, Mr. Trump didn't mention a single Confederate, but the Illinois Democrat may have hoped an incendiary attack would distract Ms. Bash.

The interviewer pressed again, saying "but George Washington—I don't think anybody would call him a traitor. And there are moves by some to remove statues of him. Is that a good idea?" Ms. Duckworth responded blandly, "I think we should listen to ev-

erybody. I think we should listen to the argument there."

When a prospective Democratic running mate says Americans should consider removing statues of the man who made our country possible, the party is surrendering to its lunatic fringe. The Trump campaign put out a statement Tuesday, but the moment was worthy of an immediate presidential statement and sustained criticism. It would have been a better way to start the week than attacking Nascar driver Bubba Wallace and defending the Confederate flag.

There was also Mr. Biden's Sunday tweet: "We won't just rebuild this nation—we'll transform it." The former vice president won his party's nomination because he seemed to be a mainstream Democrat. He draws support from independents and some conservatives for the same reason. He won't keep it if he pushes "transformation," the pet phrase of Sen. Bernie Sanders and Rep. Alexandria Ocasio-Cortez.

One tweet does not a meltdown make, but it could fore-shadow trouble. On Wednesday Mr. Biden's six "unity task forces" released recommendations that will shape his platform. Though Mr. Sanders had a seat at the table, he didn't get his way on several issues, including Medicare for All. He and other leading progressives won't stop pressing socialist nostrums simply because they've been promised good inaugural tickets. It may take further policy concessions for Mr.

Sanders and his allies to offer unity. This could be another opening for the GOP, but it must seize it effectively.

Then there's Mr. Biden's response to "America First." The former vice president says that "when America is first, it's America alone." This isn't surprising from someone whose administration practiced "leading from behind" and undertook an international apology tour. Republicans can counter that America First means putting workers, families and communities first. Besides, the world depends on America leading the way. The GOP can point to Mr. Trump's successes on trade, getting allies to step up on military spending, and U.S. toughness in dealing with Iran and China, contrasting these with Obama-Biden failures.

So much of this campaign has been nontraditional. America's attention has been riveted on the pandemic, economic fallout and racial tensions. That has benefited Mr. Biden, as the polls attest. But the 77-year-old isn't an imposing political talent—this will become clearer as the campaign unfolds—and he and his compatriots regularly provide ammunition for Republican attacks. If the GOP wants victory this fall, it had better figure out how to exploit this. Time's a-wasting.

Mr. Rove helped organize the political-action committee American Crossroads and is author of "The Triumph of William McKinley" (Simon & Schuster, 2015).

These Days, It All Feels Like Yesterday

By Peter Funt

Like many people, I'm usually better with long-term memories than the short-term kind. Mention sports, and I'll deliver details about the time I hit a homer in high school: the look on the pitcher's face when he released the ball, the sight of my manager jumping up and down in the coach's box as I rounded third.

Lately, however, I'm dwelling on lesser things from the fairly recent past. The memories seem distant, yet they've barely gone by. Sheltered in a pandemic, new memories are hard to come by—and the ones I'm stuck with are mighty mundane.

I remember the last meal I ate in a restaurant: with my wife, our daughter and our son-in-law, at Zero Zero on Folsom Street in San Francisco. It was March 6. The day my friends and I had our last

Our last haircut and dinner out bear a new emotional weight.

baseball practice in the park: March 11. The last time I saw my son: March 1. I dropped him two blocks from the rail station in Stamford, Conn., so he could run for the train.

Emotionally charged events are easier to remember than

neutral ones. Something as simple as the last time I got a haircut (Feb. 12) now qualifies as an emotional benchmark, because I have no idea when I'll again feel safe visiting my barber.

For people with a rare condition known as hyperthymesia, the trivia has always been impossible to shake. For them, every detail of every day—pandemic or not—is remembered in vivid detail. Mention a date, no matter how long ago, and they'll tell you what they were wearing that day or what they had for lunch. The actress Marilu Henner has this condition, which is stressful because it creates an overdose of useless memories. Now we all have a better idea how people like Ms. Henner feel.

Research has shown that the act of remembering is frequently enhanced by forgetting. We clear space in our minds by replacing older memories with more recent occurrences. Right now there is a lot that I look forward to forgetting.

My short-term memory does seem to have improved during the pandemic. Mention a date, any date, since mid-March, and I'll be able to tell you the color sweatpants I wore, when I walked out to the mailbox, and what I saw on my walk around the neighborhood.

Memories like these are easier to preserve when nothing changes.

Mr. Funt is a writer and host of "Candid Camera."

BOOKSHELF | By William Anthony Hay

Political Man, Pivotal Moment

Haldane: The Forgotten Statesman Who Shaped Britain and Canada

By John Campbell
(McGill-Queen's, 483 pages, \$49.95)

Current debates about liberalism—especially about whether a free society can thrive alongside ever more urgent calls for government action—bring to mind an episode from the Edwardian era. It was then that the Liberal Party in Britain underwent a kind of identity crisis over policy and principle. Richard Burdon Haldane, later Viscount Haldane, stands out as a key figure in that story. Haldane (1856-1928) was "a picture of the well-fed but poorly slept" lawyer, John Campbell says, a man who combined professional success and public service. Now largely forgotten, Haldane embodied a political type that is familiar to Americans in the high-minded figures of the Progressive Era and in their descendants today, who possess an almost missionary zeal for human betterment.

In "Haldane: The Forgotten Statesman Who Shaped Britain and Canada," Mr. Campbell, an investment banker with childhood ties to Haldane's family, makes a persuasive case for his subject's importance and, along the way, touches on larger questions of culture and governance. The book's structure—less chronological than propelled by themes and causes—may challenge readers new to the story, but its wealth of detail and insightful character sketches will reward the effort.

As Mr. Campbell shows, Haldane's family heritage adumbrated his public role. His English mother was descended from an eminent Tory jurist and lord chancellor (a position Haldane would himself occupy). On his father's side, his grandfather and great-uncle both retired from military service to promote the evangelical movement in Scotland. Though strict Calvinism was at the center of the family's Scottish home, Haldane lost his faith as a teenager. Over time, and perhaps

without realizing the change, he transformed it into a secular commitment to reform and social progress.

Haldane studied classics and philosophy at Edinburgh University, but his six months at Göttingen, in Germany, had a greater effect. Idealist philosophy, with Hegel as its leading figure, came to guide his worldview, as did German social policies. His outlook was less empirical than that of his English counterparts—more inclined to abstract reasoning and arguing from first principles.

Even so, Haldane was a man of the world. After practicing law in London and making a good deal of money, he was elected to Parliament in 1885—at a pivotal moment, as Mr. Campbell shows. The Liberal Party had dominated British politics since 1830, but tensions among its members were growing even before William Gladstone split the party in 1886 over Irish Home Rule.

Mr. Campbell describes Haldane as a living embodiment of such tensions—between an older liberalism of laissez-faire economics and limited government and a new kind, which responded to the rising spirit of socialism and organized labor. (It was around this time that Marx's ideas were being popularized in England.) The young politician sought a rationally organized state along German lines, what his friend Beatrice Webb called "a deliberately organized society." Haldane's liberalism went beyond the ideals of an earlier Liberal Party, which had sought to minimize the state's checks on individual action. He preferred to follow Wilhelm von Humboldt's idea that government intervention, especially in education, helped citizens cultivate themselves. He thought property owed a debt to society for guaranteeing the wealth it earned. While this new liberalism inspired Haldane and his colleagues to press for costly social reforms, it drove others toward the Conservative Party.

He found his party moving from the idea of limited government to a new agenda, one aimed at responding to the rising spirit of socialism.

Early in his career, Haldane helped establish the London School of Economics, and he guided the University of London toward its becoming a true teaching institution. He advised colleges in provincial cities to extend their access to a wider range of students and social classes, and he drew on German models to improve technical education.

Oddly, though, it was in military matters that Haldane's legacy is most notable. When, in 1905, a Liberal prime minister—Henry Campbell-Bannerman—reached an impasse with his party's grandees, he offered Haldane the War Office, hoping that "Schopenhauer," as he called him, could manage what was viewed as the cabinet's most thankless job. The post gave Haldane plenty to reform. He restructured the army to cut costs and created an expeditionary force that could be quickly sent abroad with reserves at home to reinforce it. He also created a General Staff to facilitate planning. These changes helped Britain stop the German invasion of France in 1914 and led Sir Douglas Haig to call Haldane "the greatest secretary of war England ever had."

A career capstone came with Haldane's elevation to lord chancellor in 1912—the head of Britain's legal system. As a long-time member of the judicial committee of the privy council, which heard appeals from the empire's dominions, he played a "leading role" in shaping the development of Canadian law, according to Mr. Campbell. For a time, his knowledge of Germany, and fluency in the language, gave him a liaison role. After Wilhelm II asked him to join a meeting with the kaiser's ministers, he joked about Haldane's being the only Englishman to sit in a German cabinet. But tensions with Berlin made his position difficult. On a visit to London, the kaiser invited himself to lunch at Haldane's home, intensifying doubt about his loyalty—"doubt that would, in time of war, bury Haldane's reputation and political career," Mr. Campbell writes.

If Haldane's career anticipated later technocrats and reformists, as Mr. Campbell argues in this splendid portrait, World War I made him an outsider in the Britain of his day. After the war, few looked to Germany for models of any kind. Despite his sociability, Haldane, with his Continental orientation and intellectual bent, never quite fit Britain's political culture. In retrospect, he seems more akin to John Dewey and other Progressive leaders in America than aligned with the British liberal tradition—which may account for why, though his accomplishments have lasted, the man himself has faded from view.

Mr. Hay is the author of "Lord Liverpool: A Political Life."

OPINION

REVIEW & OUTLOOK

Religious Liberty Lives at the High Court

Religious Americans sometimes fear that intolerant secular progressives will soon try to ruin them for holding traditional views. They can take heart in a pair of 7-2 rulings Wednesday from the Supreme Court, in which the Justices upheld conscience protections for nuns and parochial schools.

The issue in the first opinion, *Our Lady of Guadalupe School v. Morrissey-Berru*, was whether two teachers could sue for discrimination after Catholic schools didn't renew their contracts. In 2012 the Court in *Hosanna-Tabor* said a fourth-grade teacher could not sue her Lutheran school. She was covered by a "ministerial exception," based on the First Amendment right of churches to be free of government meddling. That teacher had religious training and a formal title as a commissioned minister.

How far does the ministerial exception reach? In *Guadalupe*, the two teachers at Catholic elementary schools prayed in class, instructed students in doctrine, and took them to Mass. They had less-substantial religious training, however, and no special titles.

"What matters, at bottom, is what an employee does," wrote Justice Samuel Alito for the majority. Focusing on clerical titles "would risk privileging religious traditions with formal organizational structures." An amicus brief by Jewish organizations, for example, said that "Judaism has many 'ministers.'" The same problem applies with trying to use religious training as a key distinction.

The ministerial exception is not subject to a "rigid formula," Justice Alito wrote, citing *Hosanna-Tabor*. The teachers here clearly "performed vital religious duties," and their schools "expressly saw them as playing a vital part in carrying out the mission of the church."

Don't forget the context. Last month's ruling in *Bostock v. Clayton County* extended federal antidiscrimination law to sexual orientation and transgender status. A religious school in progressive California might worry about being sued for dismissing a lay math teacher who began living a proudly gay lifestyle in defiance

of the church's teachings.

Justice Neil Gorsuch's opinion in *Bostock* dismissed such concerns with a pat line about how those "are questions for future cases." There will be a blizzard of them, no doubt. It's a hopeful sign for religious liberty that even liberal Justices Stephen Breyer and Elena Kagan joined the *Guadalupe* majority to expand the ministerial exception.

The second opinion Wednesday, *Little Sisters of the Poor v. Pennsylvania*, involved employers who object to providing contraceptives under a mandate from ObamaCare. The Little Sisters, an order of Catholic nuns, have been fighting this for years. The Trump Administration put forth regulations in 2017 and 2018 to expand exemptions for employers with good-faith objections. Pennsylvania and New Jersey sued, calling it an abuse of discretion.

Not so, wrote Justice Clarence Thomas for the Court's five conservatives. The Affordable Care Act's text doesn't mention contraceptives here, but rather empowers the executive branch to decide what preventive health coverage is mandatory. That "capacious grant of authority," Justice Thomas wrote, includes "the ability to identify and create exemptions."

This is a victory, but a narrow one. Justice Kagan concurred in the judgment, joined by Justice Breyer. But as the case moves back to lower courts, she wrote, the Trump Administration's opt out might "prove arbitrary and capricious." That reads like an invitation to keep the Sisters in court. Justices Alito and Gorsuch signed a concurrence saying they also would have held for the Sisters under the Religious Freedom Restoration Act, which would end their "legal odyssey." But progressives today exhibit a growing hostility to religion, and they are likely to pursue the nuns to the end of the legal earth.

A President Biden would be under pressure from the left to undo protections for religious employers, so the fight could start anew in 2021. A question for Joe Biden: How much do you want to force Catholic nuns to violate their conscience to appease the secular left?

How Not to Punish China

Washington is mulling a variety of ways to punish Beijing for violating Hong Kong's autonomy. But one new

idea should be off the table: weaponizing the U.S. dollar to undermine Hong Kong's currency.

News reports Tuesday suggested some Administration officials are contemplating cutting off Hong Kong banks' access to U.S. dollar funding. The aim would be to undermine the Hong Kong dollar, which since 1983 has been fixed to the U.S. dollar at a rate of about 7.8 Hong Kong dollars to \$1.

That peg is a currency board, which means that every single Hong Kong dollar in circulation is backed by around 13 cents held in a vault at the Hong Kong Monetary Authority. To maintain the system, the HKMA and banks must be able to freely buy and sell U.S. dollars as demand for Hong Kong dollars rises or falls. Unlike mainland China's currency, the yuan, Hong Kong's money is stable and freely convertible, and has been the backbone of the territory's prosperity for decades.

That should be reason enough for the Trump Administration to leave the Hong Kong dollar alone. The victims of any disturbance to the currency board would be the people of Hong Kong, who are already suffering enough at Bei-

jing's hands. The United Kingdom and other countries recognize that one effective way to push back against Beijing's imposition of a draconian security law is to allow Hong Kongers to emigrate. Washington can do its part by avoiding a crippling depreciation of the Hong Kong dollar that would wipe out emigres' savings as they leave.

The bigger risk from such economic warfare is to the U.S. Washington derives enormous influence from the free convertibility of the greenback, which allows governments, institutions and individuals to use the dollar as a global reserve currency.

The dollar's global reach is why financial sanctions bite countries such as Iran and North Korea on the relatively rare occasions Washington does cut off access to dollars. That influence also offers the Trump Administration better ways to impose financial penalties on Beijing, such as Magnitsky-style sanctions targeted at individual officials involved in human-rights abuses.

The more creatively Washington wants to think about how to hold Beijing accountable, the better. But the Administration should take care to play to American strengths rather than undermining them in the process. One of the biggest strengths is a fully convertible dollar.

America's liberal intelligentsia thought the election of Donald Trump meant America would re-enact "1984," but it's

starting to look more like "Homage to Catalonia," George Orwell's account of the left's internecine savagery during the Spanish Civil War. Witness the spectacular on-line meltdown that followed a liberal open letter opposing left-wing attacks on free speech.

"A Letter on Justice and Open Debate," published Tuesday by Harper's, opens with anti-Trump throat-clearing. It then accurately describes the ferocious campaign of coerced conformity sweeping America's liberal institutions as they purge dissent from the hard-left line. "Editors are fired for running controversial pieces; books are withdrawn for alleged inauthenticity; journalists are barred from writing on certain topics; professors are investigated for quoting works of literature in class," says the statement signed by more than 150 writers and academics.

The online left, which can't decide whether left-wing censorship is a myth invented by its enemies or a necessary tactic for destroying them, erupted at the betrayal. Jennifer Finney Boylan, a frequent New York Times contributor who had signed the letter, pleaded for forgiveness on Twitter. She had not realized that not all the signatories were of the caliber of the socialist intellectual Noam Chomsky, she wrote. "The consequences," she added, "are mine to bear. I am so sorry."

A Tufts University historian, Kerri Greenidge, tweeted that she did "not endorse" the counterrevolutionary document (without

denying having signed it) and asked that her name be removed. Others may yet face consequences. Matt Yglesias, a co-founder of the mil-

lennial progressive website Vox, was among the signatories. One of his colleagues wrote in an open letter to the publication's editors that because the Harper's letter was signed by "several prominent

anti-trans voices" Mr. Yglesias's signature "makes me feel less safe at Vox."

Tom Wolfe couldn't have devised a more pungent satire of mutual recriminations among liberal elites. There is a significant layer of hypocrisy here; many free-speech liberals tolerate left-wing mobs when their furies are aimed at conservatives. But now that the purge of conservatives from America's flagship intellectual institutions is almost complete, new enemies are needed, and it's no surprise that the left is descending into mutual back-stabbing.

Our hope is that the moderate elements can fend off the woke attack. Society benefits when both its left and right coalitions accept basic free-speech principles. Yet if the intolerance turns out to be self-perpetuating and unstoppable, we have a humble suggestion for any remaining signatories of the Harper's letter: Consider a political belief system that is not premised on the transformation of society, that is built on the sanctity of traditional rights, and that abhors the certainty of revolutionary vanguards.

In the 1970s a handful of intellectuals, appalled by the left's viciousness and anti-Americanism, became neoconservatives and helped usher in decades of better governance. Maybe the conditions will soon be right for something similar to happen again.

LETTERS TO THE EDITOR

Military Bases, Ships, Heroes and Traitors

Regarding Rep. Mike Garcia's "Name Bases For Heroes, Not Traitors" (op-ed, July 3): If Matthew Fontaine Maury was a traitor, then George Washington and the signers of the Declaration of Independence were also traitors. Maury renounced his allegiance to the U.S.; Washington renounced his allegiance to King George III. Maury was neither a slave owner nor a proponent of slavery. His views of slavery were very similar to those of Abraham Lincoln, who would have accepted slavery to preserve the Union, and whose views would unquestionably be considered racist today. Maury is honored by the Navy not because he was a Confederate but because he was a great scientist with long and distinguished service in the U.S. Navy.

Rep. Garcia claims to read history. Yet he never seems to have asked himself how he would have thought and acted had he been in the shoes of the men he condemns, and he attempts to draw a wholly unhistorical and illusory line between "traitors" and "true heroes." When the left comes for the true heroes, as they already have, he will discover that he has no principled position from which to defend them.

JON JEWETT
Ashland, Va.

Abraham Lincoln's hope was that the nation be reunited by treating the vanquished South "with malice toward none, with charity for all." Instead, the woke progressives' rancorous contempt for all things Southern only serves to incite malice toward all and charity for none, especially the

Confederate generals after whom 10 Army bases are named. Those bases were built during the World Wars and named in the spirit of Lincoln's intention of binding up the nation's wounds by showing respect for Southern valor and sacrifice in the Civil War, not to exonerate the South for waging an insurrection to defend slavery. Fair-minded Northerners recognized that although the Southern cause was tainted by rebellion and slavery, its soldiers and commanders merited esteem.

Justice Oliver Wendell Holmes Jr., who was twice wounded in battle and supported abolition, wrote: "We believed that it was most desirable that the North should win. We believed in the principle that the Union is indissoluble. We, or many of us at least, also believed that the conflict was inevitable and that slavery had lasted long enough. But we equally believed those who stood against us held just as sacred convictions that were the opposite of ours, and we respected them, as any man with a heart must respect those who give all for their belief." Tragically, the humanity of Lincoln and Holmes has become a casualty of our hyperemotional political times.

THOMAS L. PURVIS
Independence, Ky.

Perhaps, as a student of history, Rep. Garcia should read President Lincoln's Second Inaugural Address again and think about the president's meaning.

STEPHEN WEEKS
Houston

No Plot by Venezuela's Interim Government

As Venezuela's ambassador to the U.S., I write regarding "Venezuelan Opposition Politician Led Planning to Topple Maduro" (World News, June 27) instead of Leopoldo López, coordinator of the National Government Center of the Interim Presidency of Venezuela, because the Nicolás Maduro regime continues to deny both his freedom of speech and freedom of movement. The article put him at even greater risk. Less than one day after the story was published, the regime used it to attack and slander Mr. López and pressure the Spanish government to hand him over to the dictatorship. This is not only a risk to Mr. López but also to thousands of activists of the Voluntad Popular, one of the foundational allies of the interim government.

We want to reaffirm that no member from Interim President Juan Guaidó's government is linked to or participated in the false-flag operation "Gideon," including Leopoldo López. It was an operation infiltrated by the

Maduro regime where innocent Venezuelans were scammed to shock the international community and divert attention from the crippling, complex humanitarian emergency generated by the dictatorship in Venezuela.

It is no secret that we have been working tirelessly to free the people of Venezuela from the dictatorship that oppresses our rights, pilfers our national resources, kidnaps our democratic institutions and tortures and kills its political opponents. We remain resolute in our effort to dismantle the worst dictatorship that the region has ever suffered. We are fighting for 9.3 million people who are starving; for 5.1 million people who have fled the country; for more than 15,000 people who, like Leopoldo, have suffered arbitrary detention and torture. We are fighting for a country that deserves freedom and opportunity.

CARLOS VECCHIO
Ambassador of the Bolivarian
Republic of Venezuela
Washington

Cuomo's Covid Response Was Never so Great

It's hard to believe that anyone would attempt to defend New York Gov. Andrew Cuomo's ill-fated March 25 directive on returning Covid-infected patients to nursing homes ("On the Whole, Cuomo's Managed Covid Well," Letters, July 2). The excuse offered by the letter writers and the Cuomo administration is that "a decision was forced by the rapidly overwhelming demand for hospital space in New York for seriously ill patients." Then why were the emergency facilities set up around New York City never fully used? Did we fear that President Trump, who spared no effort to mobilize public and private resources, might get some positive press?

The Javits Center was never fully occupied and was shut down in early May, as was the USNS Comfort. The Samaritan's Purse field hospital experienced a similar fate, accelerated by resistance from local politicians who couldn't abide Franklin Graham's support for traditional marriage, as if

Scholars From Elementary School Reunite in Print

Walter Russell Mead's review of William A. Darity Jr. and A. Kirsten Mullen's "From Here to Equality" (Bookshelf, June 18) is filled with interesting and important historical details. Here is one more: Walter Mead and "Sandy" Darity were classmates at Glenwood Elementary School in Chapel Hill, N.C., during the early 1960s. Mr. Darity was the first African-American to attend the formerly all-white public school and often the smartest student in class; Mr. Mead was a budding intellectual, who rivaled Mr. Darity for the top grades. After more than a half-century of success and contributions from each of them, it's fun to see Walter and Sandy's lives intersect again.

PETER BARNES
Chapel Hill, N.C.

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

this has anything to do with pandemic response.

It took until May 10 for Gov. Cuomo, facing increasing scrutiny from even his political allies, to reverse his devastating order.

ROBERT L. SMIALEK
Dublin, Ohio

Massive Drug Advertising Budgets, Prices and R&D

John Stanford's argument that "Price Controls Would Throttle Biomedical Innovation" (op-ed, July 2) is a tired, old, specious argument designed to scare the health-consuming public. The R&D budget is actually often smaller than the budget for marketing—those annoying ads on the nightly news which advise you to tell your doctor if you have tuberculosis or cancer before she prescribes you the product. We need to go back to the days (mid '90s) when advertising drugs directly to the public was banned. The money saved could reduce the costs of drugs and increase R&D. Of course, this wouldn't be good for Mr. Stanford, the venture capitalist.

MICHAEL CUMMINGS, M.D.
New Smyrna Beach, Fla.

Pepper ... And Salt

THE WALL STREET JOURNAL



OPINION

Voters’ Choice: Growth or Stagnation

By Phil Gramm
And Mike Solon

The year began with a recovery that belied every negative cliché about the Trump tax cuts and regulatory reform. Tax cuts demagogued as giveaways to the rich were creating higher wages and bonuses for workers and producing the lowest unemployment rates on record for blacks, Hispanics, single women, the disabled and those with criminal records. Wages at the bottom were growing faster than at the top. The once-disappearing middle class was prospering and propagating again. According to the United Nations, the birthrate in the U.S. had started to rise for the first time in the 21st century. In short, the postwar prosperity that we feared had been lost forever was coming home to America.

Before the shutdown, the economy was booming. Credit Trump’s policies, not Obama and Biden’s.

By January the Congressional Budget Office reported that the tax cuts predicted to blow a hole in the deficit had generated enough additional growth to add \$7.4 trillion to gross domestic product over the next 10 years, raising average annual per capita income by \$2,250. Over the next decade, that increased growth is projected to generate \$700 billion more in state and local taxes and an additional \$1.438 trillion of new federal revenue, offsetting the tax cut’s projected 10-year cost of \$1.456 trillion. Gallup found that President Trump’s economic approval rating was 63% in January, an extraordi-



PHIL FOSTER

nary number given the president’s overall disapproval rating of 51%.

The best of times for America were the worst of times for those whose rallying cries of class warfare increasingly rang hollow. When they could no longer deny prosperity, they claimed credit for it. President Obama congratulated himself on Twitter for his 2009 stimulus that paved “the way for more than a decade of economic growth.”

But facts are stubborn things. Under Mr. Obama’s policies of tax, spend and regulate, real per capita income was up by only 5.6% and job growth was up only 5% some nine years after the start of the 2007-09 recession. Compare that with 21% income growth and 18% job growth under President Clinton nine years after the start of the 1990-91 recession, or 24% income growth and 20% job growth under President Reagan nine years after the start of the 1981-82 recession. Real median weekly wages have risen six times as much in three years under Mr. Trump’s policies as they did in eight years under Mr. Obama’s policies. Labor-force partic-

ipation has risen by 1.1% under Mr. Trump while it fell by an astounding 4.6% under Mr. Obama.

In the first three years of the Trump administration, total employment was up 4.7% and real median household income was up \$4,384, to an all-time high. Who benefited most? The groups Democrats claim to represent: blacks, Hispanics, single women, Native Americans, high-school dropouts, the disabled and those with criminal records. Each of those groups enjoyed the lowest unemployment rates on record. Blacks and Hispanics had the lowest incidence of poverty ever recorded.

Then the pandemic and shutdown hit. From the lowest unemployment rate in 50 years, America suffered the highest rate in 88 years. Joe Biden claims Mr. Trump has “squandered” the Obama-Biden recovery. He blames banks and businesses, ignoring that the government ordered the shutdown that crippled the strong recovery. Mr. Biden wants “to transform” the economy, beginning with a repeal of Mr. Trump’s tax cuts and deregulatory program.

Libya’s Foul Foretaste of the Post-American World



GLOBAL VIEW
By Walter
Russell Mead

In America’s absence, over half a dozen powers are struggling to control Libya’s future, carving up its territory, and subsidizing militias and warlords as they compete for control over its oil and gas. No end to the war is in sight.

On one side Turkey and Qatar, with some discreet Italian cheerleading, back the Tripoli-based warlords and affiliated tribal leaders whom the United Nations has anointed the “legitimate” government of Libya, the so-called Government of National Accord, or GNA. On the side of the challenger coalition of tribal leaders and warlords stand France, Russia, the United Arab Emirates and Egypt. The latter coalition is led most visibly by Khalifa Haftar, a rogue field marshal who heads what he calls the Libyan National Army.

No higher principles are at stake. Neither side stands for anything more noble than its own security and power. The GNA isn’t fighting for freedom, Islam, U.N. legitimacy or any cause greater than its right to make as much money as possible selling hydrocarbons while taxing the human traffickers and arms smugglers operating in the country’s chaos. The rebels want pretty much the same thing.

In the most recent fighting, the beleaguered GNA has been able to beat back Mr. Haftar’s forces, driving them from the outskirts of Tripoli toward the central coastal city of Sirte, which the government vows to recapture. If Sirte falls, the GNA will be poised to take control of economically valuable oil facilities, starving the Haftar forces of the revenue they need to carry on the war.

But Mr. Haftar’s patrons aren’t

taking their recent setback lying down. Russia and Syria are sending seasoned mercenaries from the Syrian battlefields to defend the oil. Despite a U.N. arms embargo, both sides continue to receive supplies.

Amid the chaos, the EU, NATO and the Arab world are all divided over which warlords to support.

It is hard to predict what will happen next, other than that the innocent and the weak will suffer horrifically as the factions and their sponsors roll the dice. But the importance of this war is less about who wins than what it reveals about the state of the world.

The first point is that the U.N. is increasingly losing its moral legitimacy and political relevance. That France and Russia, both permanent members of the Security Council, feel no qualms about supporting the rebels against the U.N.-backed government speaks volumes about the place of international law in the world. The 2011 Western intervention in Libya was intended to take international law to new heights by enshrining the “responsibility to protect” civilians from mass atrocities. Instead, cynical and lawless calculation is enshrined as the new normal.

The war also reveals the West’s growing divisions. Two North Atlantic Treaty Organization allies (Turkey and Italy) back the GNA. Two more, Greece and France, stand with Mr. Haftar. A fifth, Britain, tilts toward the Turks. This isn’t how healthy alliances work.

Another casualty of the Libyan war: any sense of a joint foreign policy from the European Union. Few places in the world matter more to Europe than its Mediterranean neighborhood. But France, Greece and Italy are pursuing their independent courses in Libya as if the EU didn’t exist. This isn’t what emerging power blocs look like.

The war also underlines the weakness of the Sunni Arab world and its need for a strong relationship with Israel. That the Emirates, Egypt and Saudi Arabia can’t control political developments in nearby Libya illustrates the depth of the Arab crisis. These states also failed to steer the course of the Syrian war or prevent Lebanon’s collapse. They need allies to balance both Turkey and Iran, and as the U.S. withdraws, Israel is the only real option they have.

All this—plus the growing evidence that Vladimir Putin’s financial and political troubles are growing in the wake of the Covid pandemic and the oil-price collapse—helps explain the boldness of Turkey’s recent policy moves. Ankara has crossed the EU by exploring for gas in waters claimed by Cyprus. Its alliance with Qatar puts it in direct opposition to Saudi Arabia and its friends. Its sup-

port for Hamas angers Israel. Its purchase of the Russian S-400 missile system infuriated the U.S. And by threatening to turn Hagia Sophia (one of the holiest sites in Eastern Orthodoxy) back into a mosque, President Recep Tayyip Erdogan is picking a quarrel with Russia. Under normal circumstances this would look like a suicidal policy mix, especially for a country with a weak currency and other economic problems. But Mr. Erdogan clearly thinks he sees a Mediterranean power vacuum, and he’s seizing the chance to fill it.

Finally, the Libyan war shows that a “post-American” world, one in which the U.S. retreats from its post-World War II policy of global engagement, is unlikely to be peaceful. Zero-sum power games, weakening institutions, cynical power grabs: More of the world will start looking like Libya and Syria.

Now, as Americans begin rebuilding the economy after the destruction of the pandemic shutdown, the principal question of the November election is whether to return to the policies that brought us growth or to the policies that produced stagnation. Given the strong economy during the primaries, even Democratic voters rejected a radical transformation of the economy.

But now Democratic leaders want to use the economic destruction of the pandemic shutdown as an opportunity to implement a leftist agenda, with enormous new taxes, federal control of the health-care system, crippling energy mandates, a bailout of profligate states and cities, and an overpowering regulatory state. Mr. Biden is the face of the Democratic Party, but Elizabeth Warren, Bernie Sanders and Alexandria Ocasio-Cortez are its heart. Their proposals go well beyond doubling down on a big-government approach that didn’t work; they are to the left of any governing socialist party in Europe.

The task of government in the next four years will be to rebuild the economy. The decision in November is which road leads to American prosperity. We tried a little socialism 12 years ago, and it produced stagnation and a failed recovery. Can we realistically expect that a lot more socialism will work for us now?

Unlike most elections, we have more than promises to inform us. We have 12 years of accumulated evidence on the performance of these two competing visions. If presidential elections are about results, let the guide be the biblical admonition: “Ye shall know them by their fruits.”

Mr. Gramm is a former chairman of the Senate Banking Committee. Mr. Solon is a partner of U.S. Policy Metrics.

I Cited Their Study, So They Disavowed It

By Heather Mac Donald

The Proceedings of the National Academy of Sciences is a peer-reviewed journal that claims to publish “only the highest quality scientific research.” Now, the authors of a 2019 PNAS article are disowning their research simply because I cited it.

Psychologists Joseph Cesario of Michigan State and David Johnson of the University of Maryland analyzed 917 fatal police shootings of civilians from 2015 to test whether the race of the officer or the civilian predicted fatal police shootings. Neither did. Once “race specific rates of violent crime” are taken into account, the authors found, there are no disparities among those fatally shot by the police. These findings accord with decades of research showing that civilian behavior is the greatest influence on police behavior.

In September 2019, I cited the article’s finding in congressional testimony. I also referred to it in a City Journal article, in which I noted that two Princeton political scientists, Dean Knox and Jonathan Mummolo, had challenged the study design. Messrs. Cesario and Johnson stood by their findings. Even under the study design proposed by Messrs. Knox and Mummolo, they wrote, there is again “no significant evidence of anti-black disparity in the likelihood of being fatally shot by the police.”

My June 3 Journal op-ed quoted the PNAS article’s conclusion verbatim. It set off a firestorm at Michigan State. The university’s Graduate Employees Union pressured the MSU press office to apologize for the “harm it caused” by mentioning my article in a newsletter. The union targeted physicist Steve Hsu, who had approved funding for Mr. Cesario’s research. MSU sacked Mr. Hsu from

his administrative position. PNAS editorialized that Messrs. Cesario and Johnson had “poorly framed” their article—the one that got through the journal’s three levels of editorial and peer review.

Mr. Cesario told this page that Mr. Hsu’s dismissal could narrow the “kinds of topics people can talk about, or what kinds of conclusions people can come to.” Now he and Mr. Johnson have themselves jeopardized the possibility of politically neutral scholarship. On Monday they retracted their paper. They say they stand behind its conclusion and statistical approach but complain about its “misuse,” specifically mentioning my op-eds.

The authors don’t say how I misused their work. Instead, they attribute to me a position I have never taken: that the “probability of being shot by police did not differ between Black and White Americans.” To the contrary, I have, like them, stressed that racial disparities in policing reflect differences in violent crime rates. The only thing wrong with their article, and my citation of it, is that its conclusion is unacceptable in our current political climate.

This retraction bodes ill for the development of knowledge. If scientists must disavow their findings because they challenge reigning orthodoxies, then those orthodoxies will prevail even when they are wrong. Political consensus will drive scholarship, and not the reverse. The consequences for the policing debate are particularly dire. Researchers will suppress any results that contravene the narrative about endemic police racism. That narrative is now producing a shocking rise in shootings in American cities. The victims, including toddlers, are almost exclusively black.

Ms. Mac Donald is a fellow at the Manhattan Institute.

A Plan To Avert a ‘Superbug’ Pandemic

By David A. Ricks
And Kasim Kutay

We are commercial rivals, but we’re united in the recognition that, while Covid-19 holds center stage today, another potentially devastating pandemic is looming, and a joint effort by biopharmaceutical companies is needed to address it. Antimicrobial resistance is a growing health threat that kills some 35,000 Americans and 700,000 people globally each year, with world-wide deaths projected at 10 million annually in 30 years.

Antibiotic-resistant “superbugs” have evolved to resist antibiotic medicines, leaving the world almost as vulnerable as it was before the discovery of penicillin. We rely on the availability of effective antibiotics to treat patients with conditions

Without new medications, antibiotic-resistant germs could kill 30 million a year world-wide by 2050.

ranging from root canals and cancer to Covid-related infections—leaving nearly every aspect of our health system at risk. As insulin developers and manufacturers, we are particularly concerned for the 34.2 million Americans with diabetes, who are highly vulnerable to infections that can be lethal without effective antibiotics.

Unfortunately, few companies produce antibiotics that fight superbugs. That must change, which is why 20 leading pharmaceutical companies have formed the \$1 billion AMR Action Fund to combat antimicrobial resistance by supporting the development of new antibiotics.

Despite the threat of AMR, new antibiotics are used sparingly to slow the development of resistance. While this makes sense for public health, it doesn’t create a viable marketplace. This leaves only a few antibiotic candidates languishing in the pipeline, while developers, confronted with the high cost of drug development, scramble for financing. In recent years, several antibiotic-focused biotech have declared bankruptcy or exited the field.

What we urgently need now is collective leadership, from both industry and governments, to solve the antibiotic innovation challenge and ensure that we have effective medications.

In 2018 Novo Holdings launched the Repair Impact Fund (an acronym for Replenishing and Enabling the Pipeline for Anti-Infective Resistance) to invest \$165 million in companies involved in early-stage development of therapies targeting resistant micro-organisms. Similar investments, including the \$500 million CARB-X (Combating Antibiotic-Resistant Bacteria) initiative—led by Boston University and funded by the U.S. government and the Wellcome Trust, among others—have revitalized the early-stage pipeline and created several promising approaches. But these efforts face a lack of investors willing to shoulder the high costs and risks of the complex and expensive later stages of development. Without funding and partnership today, and the prospect of some return tomorrow, these products will wither on the vine.

Recognizing this gap, the AMR Action Fund was formed by nearly two dozen leading pharma manufacturers and will support development of the most promising antibiotics. The fund has set an initial goal to bring up to four new drugs to patients by 2030. The fund can’t solve the challenge alone; success requires that governments make the necessary policy reforms to enable a sustainable antibiotic pipeline and marketplace.

Encouragingly, two bipartisan policy proposals have been introduced in Congress. The Disarm Act of 2019 would increase federal reimbursement for new antibiotics. The Pasteur Act of 2020 would give qualified new antibiotic makers a guaranteed reimbursement level.

Millions of lives could be at stake without new antibiotics, and decades of progress in modern medicine could be squandered. The AMR Action Fund buys time that we can’t afford to waste on inaction. The private sector is stepping up in an unprecedented way. It is time for policy makers to take the bold actions needed to prevent another pandemic.

Mr. Ricks is chairman and CEO of Eli Lilly & Co. Mr. Kutay is CEO of Novo Holdings A/S.

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WORLD NEWS

Cartel Becomes Top Mexico Threat

Attempted killing of capital's police chief marks brutal escalation by Jalisco drug group

By **JUAN MONTES**
AND **JOSÉ DE CORDOBA**

MEXICO CITY—In late June, more than two dozen gunmen mounted a predawn ambush, shooting at Mexico City's police chief as his convoy drove down leafy, iconic Reforma Avenue and shattering the calm of the capital's most elegant neighborhood.

Using Barrett semiautomatic rifles, the assailants riddled Omar García Harfuch's armored Suburban with more than 400 rounds. The police chief, hit three times, survived, even managing to send a few tweets from his hospital bed after emergency surgery to make sure everyone knew whom he blamed for the attack: The Jalisco New Generation Cartel, a group U.S. counterdrug officials consider the biggest criminal drug threat to the U.S.

The cartel, which dominates the trade in fentanyl and methamphetamines, has become Mexico's most powerful criminal organization. More than any rival gang, the Jalisco cartel has made it a hallmark to attack Mexican security forces and public servants directly, making it the biggest danger to the country's stability, former and current security officials say.

The organized-crime group has killed more than 100 public servants in Jalisco state, including federal, state and local policemen, soldiers, mayors, council members, a state tourism minister and a federal lawmaker, state officials said. In June, it killed a federal judge and his wife. Now, some analysts worry the attack on the capital's police chief shows it is launching a wider campaign of retribution.

"These people have the firepower and the money to challenge the Mexican state," said Renato Sales, Mexico's security commissioner from 2015 to 2018. "The Jalisco New Generation Cartel is the most urgent threat to Mexico's national security."

Mexican authorities said intercepted telephone calls show the cartel in recent weeks has drawn up a target list of top government officials. One of them, officials say, was Mr. García Harfuch, the Mexico City police chief. Another was Enrique Alfaro, the governor of Jalisco, whose capital Guadalajara is Mexico's second-largest city.

"This is an example of the challenge the Mexican state is being confronted with," Mr. Alfaro said in a radio interview last week, after disclosing that federal officials had warned him his name was on the hit list. "What we are seeing is a threat to institutions."

Last week, gunmen burst into a drug-rehabilitation center in the city of Irapuato, in the central Mexican state of Guanajuato, and killed 28 people. Guanajuato, home to thousands of American retirees, as well as major auto-manufactur-



Gunmen killed 28 people at a drug rehabilitation center in Jalisco state last week. Below, federal officers come under fire in Jalisco.



ing plants, has become Mexico's bloodiest battlefield. It is where the Jalisco cartel is fighting local gangs to wrest control of a \$3 billion market in stolen gasoline. The rehabilitation-center attack is under investigation.

The cartel has also become the No. 1 target for the U.S. Drug Enforcement Administration, which has put up a \$10 million reward for information leading to the capture of its leader, Nemesio Oseguera, a former Mexican municipal police officer who once served time in a California prison for dealing heroin. Mr. Oseguera is believed to be hiding in the mountains in southern Jalisco.

In its 2019 annual report, the DEA said the cartel has distribution hubs in Los Angeles, New York City, Chicago, Houston and Atlanta. The U.S. Justice Department considers it "the most well-armed cartel in Mexico."

For veterans of Latin America's drug wars, the attacks on Mexican security forces are an unsettling reminder of the campaign waged by cocaine kingpin Pablo Escobar against the Colombian state in the late 1980s.

Others think the Jalisco cartel is still a long way off from

targeted attacks on civilians as a tool to force the government to back off. "We are still dealing with criminals who want to make money and not narco-terrorists who want to impose a political agenda," said Manelich Castilla, the former head of Mexico's federal police.

What is clear, however, is that the cartel is growing

27

The Jalisco cartel operates in most of Mexico's 32 states

more bold.

The CJNG, as it is known for its initials in Spanish, now operates in 27 of Mexico's 32 states, up from 16 states in 2015, according to a recent Mexican intelligence report. While rival cartels have been weakened by internal conflicts, the Jalisco cartel has kept a broadly unified leadership, a Mexican intelligence official said.

The gang is known for its paramilitary training and tac-

tics. Mexican soldiers have seized makeshift factories in Jalisco's mountains where cartel members assemble their own assault rifles, a former state police chief said.

Some security analysts believe the cartel is responding to recent blows it has suffered on both sides of the U.S.-Mexico border. Some of those blows have been deeply personal. In February, Ruben Oseguera, the 30-year-old son and heir apparent of the cartel leader, was extradited to the U.S. to face drug charges in Washington. The younger Oseguera had been fighting extradition since his arrest in 2015. But extraditions by Mexico to the U.S. have soared this year after U.S. Attorney General William Barr made them a priority in talks with top Mexicans officials.

In June, a federal judge and his wife were shot and killed in Colima state, which neighbors Jalisco. The judge played a role in one of the cases against the younger Oseguera.

Ruben Oseguera has said he is innocent of all charges against him.

In June, Mexico's Finance Ministry said it had frozen

nearly 2,000 bank accounts linked to the Jalisco cartel. In March, the U.S. said it had arrested more than 600 people and handed down some 350 indictments.

"I feel that the Jalisco cartel is on a crusade of vengeance for the injuries they feel they have suffered," said Eduardo Guerrero, a Mexican security analyst. "We are at the beginning of a wave of massacres and assassinations of police and judicial officials. It's part of a strategy to show strength to the government."

Calls to Mexico's public security ministry seeking comment weren't returned.

The assassination attempt on the life of Mexico City's police chief, who commands a force of some 90,000 officers, represents an unprecedented challenge, some analysts say.

Mr. García Harfuch's department netted major arrests in recent months of leaders of two warring Mexico City mafias, one of which is allied with the Jalisco cartel. But a top Mexico City official said the attack may have been a personal vendetta. Mr. García Harfuch was the head of the intelligence division of the federal police when Mr. Oseguera's son was arrested in 2015, the official said.

The cartel's growing assertiveness presents Mexican President Andrés Manuel López Obrador with a dilemma. The president took office in 2018 with the promise he would do away with Mexico's spiraling violence by attacking poverty. So far, violence has risen further, and Mexico posted a record number of homicides in 2019.

"López Obrador is in a conundrum," said Falko Ernst, a security analyst with non-profit International Crisis Group. "If he acts boldly, he would be undermining his own rhetoric. If he doesn't act, the cartels would see it as a message of impunity."

Leaders Pledge to Cooperate On Trade, Migration

By **GORDON LUBOLD**
AND **JUAN MONTES**

WASHINGTON—Presidents Trump and Andrés Manuel López Obrador of Mexico stood together at the White House on Wednesday to proclaim their friendship and pledged to work together on migration, trade and efforts to counter drug trafficking.

"You have not treated us as a colony but as an independent nation," said Mr. López Obrador, standing with Mr. Trump in the Rose Garden. "That's why I'm here, to express to the American people that your president has treated us with kindness and respect."

Mr. Trump, who came into office complaining about drugs and illegal immigration from Mexico, praised the nation. "The relationship between the United States and Mexico has never been closer than it is right now," Mr. Trump said.

The two were officially celebrating the new U.S.-Mexico-Canada Agreement, which came into force July 1 and replaces the 1994 North American Free Trade Agreement, or Nafta, which Mr. Trump had criticized as being bad for American workers.

U.S. goods and services trade with Mexico totaled an estimated \$671.1 billion in 2018, according to the Office of the U.S. Trade Representative. The two presidents also signed a declaration pledging cooperation on security, their economies and fighting the coronavirus.

Canadian Prime Minister Justin Trudeau, whose country is part of the trade agreement, didn't attend the meeting over concerns of travel during the pandemic, officials said.

While many analysts since Mr. López Obrador's election in 2018 expected a turbulent relationship between the two, given Mr. Trump's remarks about migrants and his plans to build a wall along the U.S.-Mexico border, both leaders have collaborated closely.

Mr. López Obrador's government has worked to stem the flow of migrants toward the U.S. border, helping Mr. Trump to achieve one of his key campaign promises, and supported the renegotiation of the trade pact. Mr. Trump, in turn, backed Mexico amid the coronavirus pandemic by sending it hundreds of ventilators and taking on part of the oil production cut that Mexico should have implemented as part of a global deal in April to shore up oil prices.

White House officials say illegal migration is down considerably and that drug seizures have totaled more than \$1 billion—factors the officials say contribute to the stronger relationship.

WORLD WATCH

RUSSIA

Company Refuses To Pay for Arctic Spill

The Russian mining company that saw a massive fuel leak at one of its Arctic installations in May is refusing to pay some \$2 billion in damages sought by the Russian government to cover the cleanup, and has questioned how the figure was calculated.

At least 20,000 tons of fuel seeped from a holding tank at a power plant run by a subsidiary of Norilsk Nickel, or Nornickel, contaminating a swath of land and several ecologically important bodies of water in what the Russian branch of environmental group Greenpeace called the worst spill the Arctic had seen.

Nornickel said it would pay for the cleanup itself and work with the state's environmental watchdog, other federal bodies and independent experts "to completely restore the ecosystem of the accident area."

Nornickel has also suggested the disaster was caused by melting permafrost, echoing environmentalists and scientists who say global warming might pose a threat to other oil and gas installations across the region of Siberia.

—Ann M. Simmons



Protesters opposed to a weekend curfew to combat a coronavirus resurgence protested Wednesday in Serbia's capital Belgrade.

SERBIA

President Backtracks On Pandemic Curfew

Police fired tear gas at protesters in Serbia's capital during a second day of demonstrations against the president's handling of the coronavirus outbreak.

President Aleksandar Vucic

backtracked on his plans to reinstate a lockdown in Belgrade, but it didn't stop people from firing flares and throwing stones while trying to storm the parliament building. Several people were injured during the chaotic clashes in front of the parliament on Wednesday, including some of the opposition leaders.

—Associated Press

IVORY COAST

Presidential Nominee Of Ruling Party Dies

Prime Minister Amadou Gon Coulibaly, the presidential candidate of Ivory Coast's ruling party, died Wednesday just days after returning from two months of medical treatment in France, where he previously had undergone a heart transplant.

Mr. Coulibaly's death throws the October presidential election into disarray, raising concerns about who now will represent the party of President Alassane Ouattara, who is required to step down after his second term.

Mr. Coulibaly, 61 years old, hadn't spoken publicly about why he went to France back in May. Many speculated that his health problems were related to his 2012 heart transplant.

Mr. Ouattara's party has been in power since postelection violence a decade ago left some 3,000 people dead after then-President Laurent Gbagbo refused to acknowledge his defeat in a runoff vote.

Mr. Coulibaly returned home six days ago. He attended a ministerial meeting in Abidjan Wednesday, but fell ill, officials said.

—Associated Press

U.N. Official Calls U.S., Iran Strikes Unlawful

By **SUNE ENGEL RASMUSSEN**

A top United Nations investigator condemned the U.S. killing of Iranian Maj. Gen. Qassem Soleimani in January as unlawful, saying Washington failed to provide sufficient evidence that he posed an immediate threat to American interests to justify the drone strike.

Agnes Callamard, the U.N.'s special rapporteur on extrajudicial, summary or arbitrary executions, also deemed illegal Iran's retaliatory missile strikes five days later, which targeted a base in Iraq housing U.S. troops.

"To the extent that evidence points to the U.S. and Iranian strikes being retaliations or reprisals, each would be unlawful," the U.N. rapporteur said in a report focusing on the use of armed drones, and in particular the killing of Gen. Soleimani, that she is set to present Thursday in Geneva, a copy of which was seen by The Wall Street Journal.

As head of a clandestine wing of Iran's Islamic Revolutionary Guard Corps responsible for military operations abroad, Gen. Soleimani ordered dozens

of attacks across the Middle East, including on U.S. troops and interests. The U.S. designated him a terrorist in 2005.

After the U.S. on Jan. 3 struck Gen. Soleimani's convoy in Baghdad with a drone, killing him and several others, White House officials said they had acted in self-defense.

"Soleimani was plotting imminent and sinister attacks on American diplomats and military personnel, but we caught him in the act and terminated him," President Trump said on Jan. 3. However, in a letter submitted to the U.N. Security Council on Jan. 8, which formed the basis for the U.N. in determining the legality of the strike, the U.S. didn't mention any imminent threat and pointed solely to past incidents, Ms. Callamard's report said.

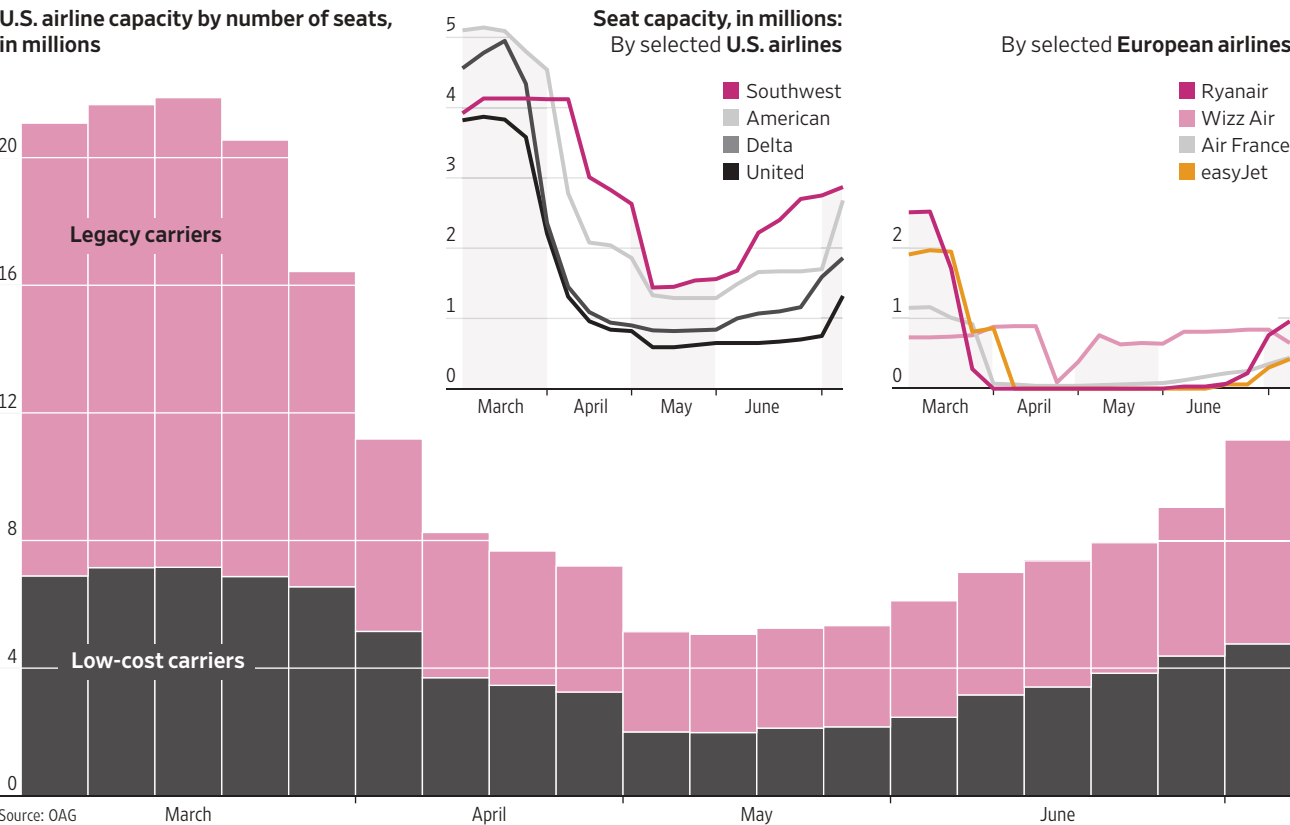
The definition of self-defense used by the U.S. to justify the drone strike against the general was in "complete contradiction" with international jurisprudence, she said.

A spokeswoman for the U.S. State Department said the report undermined human rights by "giving a pass to terrorists."

BUSINESS & FINANCE

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Discounters like Southwest, Ryanair, Wizz and easyJet have returned capacity quicker than legacy airlines.



As World’s Big Airlines Retrench, Some Carriers Detect an Opening

By Benjamin Katz and Alison Sider

For many of the world’s big airlines, the coronavirus pandemic is an existential threat. For **Wizz Air Holdings PLC**, a European budget carrier, it is an opportunity. On a map behind his desk, founder and Chief Executive József Váradi has marked with red pins airports across the Continent that he is targeting for expansion. Since the pandemic started grounding flights, the Budapest-based airline has announced plans to open eight new bases, including in Milan and Dortmund, Germany, in the next eight weeks. That is expected to amount to 100 new routes.

While the global aviation industry isn’t forecasting a return to 2019 demand until 2023, Mr. Váradi predicts his airline by then will be 50% bigger than it was before the crisis. In the U.S., low-cost **Allegiant Travel Co.**, which mostly flies from smaller cities to sunny vacation destinations, said it could snap up jets at bargain prices as bigger rivals retrench and sell aircraft. “Our phone rings daily with deals,” Allegiant CEO Maurice Gallagher Jr. wrote in a letter to shareholders late last month. “I expect we will thrive in this changed environment.” In times of crisis, low-cost discount carriers often benefit, while the bigger, network carriers—with typically fatter or-

ganizations and higher costs—are forced to retrench. That is happening again, but on steroids, both because of the scale of today’s crisis and the unusual way demand for tickets is starting to return as lockdowns loosen. Business travel, a cash cow for the world’s biggest, full-service carriers, is showing no signs of resuming any time soon. Companies and executives, at least for now, have learned to do without. “Business travelers, who provide the bulk of our revenue, have not yet returned in significant numbers,” Delta Air Lines Inc. wrote in a letter to employees last week. International travel, another strong suit for the legacy carriers,

is also at a standstill, thanks largely to conflicting travel restrictions around the world designed to keep the pandemic in check across borders. As economies emerge from their pandemic-induced deep freeze, though, some leisure travel is returning. That is partly because of pent-up demand among fliers eager to get away again. Many people who managed to keep their jobs, but didn’t have anything to spend money on during lockdowns, find themselves with more disposable income. That is benefiting some low-cost carriers, who tend to cater to the leisure-travel market. Budget carriers, with their

Audit Assails Facebook On Content

By Jeff Horwitz

Facebook Inc. and its detractors tried to win over advertisers Wednesday, after a company-commissioned audit found continued problems with how the social media company polices hate speech and other problematic content on its platform. The auditors’ report, by civil-rights attorney Laura Murphy and a team from law firm **Relman Colfax PLLC**, praises the social-media company for undertaking a self-examination and making some meaningful changes, including instituting rules against voter suppression and creating a team to study algorithmic bias. But the 100-page document

also calls Facebook’s efforts inadequate. “Unfortunately, in our view Facebook’s approach to civil rights remains too reactive and piecemeal,” said the report, released the day after Facebook Chief Executive Mark Zuckerberg met with civil-rights advocates who have organized an advertiser boycott of the platform. “Many in the civil rights community have become disheartened, frustrated and angry after years of engagement where they implored the company to do more to advance equality and fight discrimination, while also safeguarding free expression,” the report said.

Please turn to page B4

GM Suffers Setback In Fiat Chrysler Suit

By Mike Colias

A federal judge dismissed a **General Motors Co.** lawsuit accusing **Fiat Chrysler Automobiles NV** of bribing union officials to gain an advantage on its labor costs, in an unusual legal standoff between rival automotive giants. GM in November filed a civil-racketeering lawsuit against Fiat Chrysler, claiming the Italian-American auto maker intentionally hurt GM by paying off United Auto Workers leaders to win more-favorable contract terms for union-represented factory workers. On Wednesday, U.S. District Judge Paul Borman said GM

failed to show it was the primary victim of any alleged racketeering activity that Fiat Chrysler officials might have engaged in. Instead, the alleged primary victims were rank-and-file UAW workers, who would have received lower pay from any attempt by Fiat Chrysler to lower labor costs, the judge concluded. “GM suffered only indirect competitive harm,” he said. GM said it plans to continue pursuing the case and believes there is evidence to show that Fiat Chrysler employees engaged in racketeering that harmed GM. “The district court’s opinion is contrary to

Please turn to page B6

Wirecard Probed As Part of Separate Bank-Fraud Case

The Justice Department is examining whether scandal-plagued German payment company **Wirecard AG** played a critical role in an alleged \$100 million bank-fraud conspiracy connected to an online marijuana marketplace, according to people familiar with the investigation.

By Rebecca Davis O’Brien, Juliet Chung and Patricia Kowsmann

Two businessmen have already been charged in the alleged fraud, accused of conspiring with third-party payment processors and others to trick U.S. banks into approving credit-card payments for marijuana products. The men were able to do this, prosecutors said, by using phony companies with accounts at offshore merchant banks that in turn earned

steep fees off the transactions. The Manhattan U.S. Attorney’s office and the New York field office of the Federal Bureau of Investigation are examining whether Wirecard played a role in the alleged conspiracy by serving as both a payment processor and an offshore merchant bank, the people said. The authorities also are considering the possible role of several former or current top Wirecard executives, two of the people said. The attention from U.S. authorities adds to the myriad legal woes facing Wirecard, which was once more valuable than any German bank, including Deutsche Bank AG. The company has rapidly unraveled following revelations last month that more than \$2 billion it had claimed to have may never have existed. The company hasn’t been charged in the U.S. bank-fraud

Please turn to page B2

ViacomCBS to Show Champions League Soccer



ViacomCBS landed the U.S. rights to show soccer matches from the UEFA Champions League, a deal that adds a popular live-sports property to its CBS All Access streaming service. B4

Walgreens Stores Will Add Hundreds of Doctor Offices

By Sharon Terlep

Walgreens Boots Alliance Inc., hit by slowing profits from prescription drugs, will attach doctors’ offices to hundreds of drugstores as the pharmacy chain seeks to remodel itself as a health-care provider. The largest U.S. drugstore chain by stores is pairing with primary-care provider **VillageMD** to open 500 to 700 clinics at Walgreens sites across the country over the next five years. Walgreens will pay VillageMD \$1 billion in equity and debt over the next three years in exchange for a 30% stake in the Chicago-based startup by the end of that term. Walgreens and rival **CVS Health Corp.** are in a race to become go-to treatment centers, particularly for patients

with costly, hard-to-manage chronic conditions. Both chains are seeking new ways to counter smaller revenue from prescription drugs, which drive the bulk of their sales. They also are battling online rivals such as Amazon.com that have drawn shoppers away from physical stores. Insurers and hospitals, meanwhile, have been expanding their clinics or buying up physicians’ practices, making more primary-care doctors employees of larger companies. For example, **UnitedHealth Group Inc.** has acquired a network of doctor practices, surgery centers and urgent-care clinics. “We heard from patients that they trust their local doctor and they don’t like changing their doctor,” said Alexan-

der Gourlay, Walgreens co-chief operating officer. “It became clear that you have to have a primary care doctor as part of the model both physically and digitally.” Drugstores and doctors’ practices have been hurt by people staying home during the coronavirus pandemic. Patients are putting off visits to their health-care providers for fear of catching the virus during visits. Walgreens is part of a coalition behind an ad campaign to encourage people to return to their medical providers as the pandemic continues. Walgreens in April said store sales had begun to fall sharply following an initial surge in demand in March as Americans rushed to stock up in the pandemic’s early days. The com-

Please turn to page B2

KKR Buys Insurer to Build Up Asset Pool

By Miriam Gottfried and Dave Sebastian

KKR & Co. agreed to buy the retirement and life-insurance company **Global Atlantic Financial Group Ltd.** for more than \$4.4 billion, in a deal that would boost the private-equity firm’s assets under management by more than one-third and help it dig deeper into a market rivals have been mining aggressively. KKR, which already manages \$26 billion in assets on behalf of insurance companies, plans to take over management of roughly \$70 billion of Global Atlantic’s assets. KKR’s total assets under management would climb to \$279 billion from \$207 billion as of March 31, with the percentage of the firm’s assets that are deemed permanent capital—money that is particularly prized by private-equity firms because it doesn’t need to be regularly replenished—rising to 33% from 9%. In buying a large chunk of insurance assets, KKR is following the path of rivals **Apollo Global Management Inc.** and **Blackstone Group Inc.** When the firms take over management of the assets, they help insurers in their aim to earn more money than they have to pay out to policyholders, a task that has become more difficult in an era of low interest rates. Estimates put the assets of

Please turn to page B10

◆ Allstate acquires rival insurer for \$4 billion B11

INSIDE



BUSINESS
Bayer’s Roundup settlement heads back to negotiations. B3

COMMODITIES
Gold ETF inflows hit record as bullion rally continues. B11

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	G	
AirAsia Group Bhd.....B2	General Motors.....B1	Omnicom Group.....B4
Alcoa.....B3	H	P
Alibaba Group.....B4	Hennes & MauritzB12	PepsiCo.....B4
Allegiant Travel.....B1	Hertz Global HoldingsA1	R
Allstate.....B10	I	Relman Colfax.....B1
AMC Entertainment A2, B11	iHeartMedia.....B4	S
American Airlines.....B11	ImmunoTek Bio Centers A6	Saudi Aramco.....B12
Andreesen Horowitz.B6	J	Semiconductor Manufacturing International.....A2
Apollo GlobalB1,B6	J.C. Penney.....A1,B12	Sensor Tower.....A8
Apple.....B12	JD.com.....B4	Simon Property Group B12
Athora Holding.....B10	Johnson Controls International.....B5	Sirius XM Holdings....B4
AT&T.....B4	JPMorgan Chase.....B10	Spotify Technology....B4
B	K	SVB Financial Group...B6
Bank of America.....B10	KKR.....B1	T
Barrick Gold.....B11	L	Tailored Brands.....A6
Bayer.....B3	Levi Strauss.....B12	TikTok.....A1
Blackstone Group.....B1	Live Nation Entertainment.....B11	Trane Technologies....B5
Brooks Brothers.....A1	M	Twitter.....B4
Bytedance.....A8	Marks & Spencer.....A6	U
C	McDonald's.....B4	Unibail-Rodamco-Westfield.....B12
C3.ai.....B6	N	V
Carnival.....B11	National General Holdings.....B10	ViacomCBS.....B4
Carrier Global.....B5	Neiman Marcus Group A1	VillageMD.....B1
Chesapeake Energy...A1	NetEase.....B4	W
Cole Haan.....B12	Newmont.....B11	Walgreens Boots Alliance.....B1
Comcast.....B4	Nike.....B12	Walt Disney.....A8, B3,B4
E	Norwegian Cruise Line Holdings.....B11	Wirecard.....B1
Elliott Management...B4	O	Wizz Air Holdings.....B1
Emergent Biosolutions A6		Wynn Resorts.....B11
E.W. Scripps.....B4		Y
F		YRC Worldwide.....B6
Facebook.....B1		
Fiat Chrysler Automobiles.....B1		

INDEX TO PEOPLE

B		N
Bannon, Steve.....A4	Greenspan, Elyse.....B10	Nuttall, Scott.....B10
Barra, Mary.....B6	Gundlach, Jeffrey....B11	O
Belardi, James.....B10	H	O'Connell, Rhona.....B11
Borman, Paul.....B1,B6	Harvey, Roy.....B3	P
D	Henning, Peter.....B6	Perdon, Gregory.....B11
Dalio, Ray.....B11	J	Pierson, Jamie.....B6
Davis, Nancy.....B11	Jones, Paul Tudor....B11	S
Del Vecchio, Claudio...A1	L	Sigritz, Brian.....A3
F	Levine, Allan.....B10	Smith, Shepard.....B4
Foster, Joe.....B11	M	T
G	Mancini, Chris.....B11	Ta, Quyen.....A6
Gilbert, Dan.....B5	Manley, Mike.....B6	W
Gordon, Tracy.....A3	Mark Zuckerberg.....B1	Wengui, GuoA4
Greenblatt, Jonathan.B4	Mayer, Kevin.....A8	Wilson, Tom.....B1
	Motemaden, David...B10	
	Murphy, Laura.....B1	

Wirecard Probed in Fraud Case

Continued from page B1

matter and hasn't been identified in any public court filings. When one of the two businessmen—a German e-commerce consultant—was arrested and detained in California in March, a Wirecard executive offered to help post his bail, court filings show.

A Wirecard spokeswoman declined to comment.

Wirecard, once a fast-growing German fintech company that appeared to thrive with the rise of online commerce, served as a financial middleman for online businesses, including processing electronic payments for retailers, gambling sites, travel companies and other services.

But Wirecard has long been dogged by allegations from investors that the company used third parties and shell companies to generate fake revenue, or claimed to hold cash that wasn't there. The company filed for the German equivalent of bankruptcy last month, days after it disclosed the missing \$2 billion.

Its chief executive, Markus Braun, resigned last month and is out on bail after being arrested over accusations he inflated Wirecard's numbers. Mr. Braun has consistently denied wrongdoing. His lawyer didn't respond to a request for comment. A second, unnamed executive was arrested in Munich this week under suspicion of conspiracy to commit fraud.

Munich prosecutors said they are investigating former managers to determine whether they faked income to fool investors about the company's health.

The U.S. case appears to relate to Wirecard's work in emerging markets, its banking arm and its payment processing services. U.S. authorities' interest in Wirecard indicates an investigation of far larger scope than suggested in the initial charges involving the marijuana marketplace.

On March 9, Ruben Weigand, a 38-year-old German citizen and resident of Luxembourg, was arrested at Los Angeles International Airport on his way to Costa Rica. His co-defendant, Hamid "Ray" Akhavan, was arrested later that month. Both were charged with one count of conspiracy to commit bank fraud in connection with the marijuana transactions and have pleaded not guilty.

Lawyers for Messrs. Akhavan and Weigand have de-

scribed the government's indictment as vague and have disputed the bank-fraud charge, saying none of the U.S. customer banks—the alleged victims in the case—were cheated or lost money. They also noted that the underlying marijuana transactions were legal under state law.

Prosecutors allege that Messrs. Weigand and Akhavan worked with executives at the marijuana marketplace—Eaze Technologies Inc.—and third-party payment processors to launder those transactions, to evade credit-card company restrictions on processing marijuana sales. In an April court filing, prosecutors said the conspirators used the phony merchants' offshore bank accounts to disguise payments, tricking U.S. banks into processing tens of millions of dollars in marijuana purchases made through Eaze's platform.

In a search-warrant application for Mr. Weigand's electronic devices, an FBI agent said the government was seeking evidence of charges including bank fraud, money laundering and conspiracy.

"We are aware of this matter and are fully cooperating with the relevant authorities," California-based Eaze said last week. Eaze wasn't named in the indictment and hasn't been charged.

Wirecard wasn't named in the indictment or in any public court filings. The people familiar with the investigation said Wirecard executives worked with Messrs. Akhavan and Weigand to create a payment processing network that authorities say skirted banking rules and defrauded U.S. banks.

Mr. Weigand has been held at a Southern California jail since his arrest. Manhattan federal prosecutors have argued for his continued detention, saying he poses a substantial flight risk.

In an April letter to U.S. District Judge Jed S. Rakoff seeking their client's release, Mr. Weigand's lawyers proposed a bail package including a \$4 million bond, secured by Mr. Weigand's Luxembourg home, and \$1 million in cash provided by Mr. Weigand's friends. One of those friends, Markus Fuchs, offered to contribute \$150,000 toward the cash package, according to the court filings. Mr. Fuchs is vice president of global sales at Wirecard Global Sales GmbH, based in Munich, according to his LinkedIn account. He was also named as a director of Wirecard's holding company in the U.K. in a September bond prospectus.

Mr. Fuchs also wrote a letter of support for Mr. Weigand, describing him as one of his closest friends.

Mr. Fuchs didn't respond to requests for comment.

BUSINESS & FINANCE

Bed Bath & Beyond to Close Stores

By MARIA ARMENTAL

Bed Bath & Beyond Inc. said it would permanently close roughly 200 stores, a bet that the home-goods chain can ride out the coronavirus pandemic by shrinking its bricks-and-mortar footprint.

Bed Bath & Beyond, which operates roughly 1,500 stores, had to shut many of its locations starting March 23 because of Covid-19 restrictions in the U.S. Despite a jump in online sales, the company's overall revenue for the quarter ended May 30 fell 49% to \$1.31 billion.

The decline was in line with the quarterly drops reported by Kohl's Corp., TJX Cos. and other rivals during the period. Unlike those chains, Bed Bath & Beyond was struggling to draw shoppers and boost sales before the Covid-19 pandemic upended shopping habits and the U.S. economy.

The company, which also owns the BuyBuy Baby and Harmon drugstore chains, said most of the stores that will close over the next two years are from its flagship chain. It had 955 Bed Bath & Beyond locations as of May 30, so the closures represent about 21% of those locations.



Most of the stores that will close over the next two years are from the flagship chain.

"The impact of the Covid-19 situation was felt across our business during our fiscal first quarter, including loss of sales due to temporary store closures and margin pressure from the substantial channel shift to digital," said Chief Executive Mark Tritton. "We believe Bed Bath & Beyond will emerge from this crisis even stronger."

Mr. Tritton was named CEO last year after an activist investor

ousted most of the retailer's leadership, including the co-founders. He has been trying to streamline the business and de-clutter stores. The retailer's formula of stocking stores sky-high with goods and using coupons to lure shoppers had become outdated in a world where most of the products it sells are a click away.

On Wednesday, Mr. Tritton said Bed Bath & Beyond had

converted about 25% of its stores into regional fulfillment centers during the pandemic, nearly doubling its capacity to handle the surge in online shopping.

Bed Bath said nearly all of its stores are open and offering curbside pickup. Digital sales jumped 82% in the quarter, but those gains were more than offset by a 77% plunge in sales at stores due to the closures.

Smaller Carriers See An Opening

Continued from page B1

cater to the leisure-travel market. Budget carriers, with their lower cost structures, can often move more quickly into markets from which others are retrenching, said Alex Irving, a London-based analyst at Bernstein. The crisis is also an opportunity for discounters to renegotiate with suppliers, including airports and aircraft lessors. "It's really about being able to capitalize on those strategic opportunities," Mr.

Irving said. "We've seen market exits, and we're seeing airlines cut capacity."

The industry, even for discounters, is still vulnerable. A surge of new cases in many parts of the U.S., where airlines had been banking on a travel rebound, has already threatened to derail any nascent recovery.

United Airlines Holdings Inc. told employees Monday that reservations started to slide at its Newark, N.J., hub when New York, New Jersey and Connecticut imposed quarantine requirements on travelers from hot spots last month. Frontier Airlines, a U.S. discounter, told employees this week that its bookings have taken a hit, and that it is evaluating what schedule reductions it will need to make

as a result.

And discounters that entered the pandemic crisis in a weak position have been buffeted. Malaysia's **AirAsia Group**, one of the biggest discount carriers in Asia, disclosed Tuesday that its accountant had significant doubt over its ability to continue as a going concern, citing its balance sheet.

An AirAsia representative wasn't available to comment.

For now, though, some carriers are moving to take advantage. After early stay-at-home orders expired in May, Southwest Airlines Co., America's biggest domestic airline, launched a fare sale and a marketing push to get passengers back in its planes. It is planning to fly at least 65% of its schedule in July, up from

about 50% in June, and expects to steadily ramp up through the remainder of the year.

Andrew Watterson, chief revenue officer at Southwest, said in June that the airline has added flights, believing that some customers were itching to get out and had money to burn after months of forced savings. The airline declined to comment on any fresh trends in the wake of virus resurgence in places such as Texas.

Wizz Air's Mr. Váradi predicts many of his one-time rivals won't return to the skies. "It's one thing to stop the operation of an airline, it's another to restart," he said. "We will see who can fly again and for how long they can sustain it."

In addition to its new bases, Wizz Air has doubled the

Walgreens Stores Add Doctors

Continued from page B1

pany will report financial results for its May-ended quarter on Thursday.

VillageMD, a network with more than 2,800 physicians, has had a 15% to 20% drop in primary-care visits amid the pandemic, said Tim Barry, the startup's co-founder and CEO. He said the drop-off is less severe than declines of 40% or more in the broader industry.

Executives from both companies said the deal was advancing before coronavirus.

In adding primary-care doctors to its model, Walgreens is diverging from CVS, which has said that physicians aren't needed to create so-called health-care hubs. CVS is creating hubs inside its stores where patients would go to seek medicine, consultations and lab tests

products as more patients visit the stores. The company also aims to make money off its 30% stake in VillageMD.

Walmart Inc., the country's biggest retailer and a major pharmacy operator, is also adding medical services. The company has opened a handful of clinics with doctors and dentists that offer flat-fee primary care, such as \$25 dental X-rays and \$40 office visits. The company plans to expand the clinics broadly across Walmart's 4,700 U.S. stores, said Sean Slovenski, president of Walmart U.S. health and wellness, in an interview.

"The intent is to spread across the majority of the fleet, but the clinics won't be the same across the entire fleet," he said last October, soon after the first new clinic opened in Georgia. The first locations were stand-alone clinics next to Walmart supercenters. Newer versions are inside existing stores.

Critics, including some industry analysts, health-care experts and physician groups, argue that Americans aren't ready to accept their local drugstore as a trusted health provider. Some also say the depth and complexity involved in successfully treating chronic conditions can't be addressed by pharmacy chains.

Health-care industry lines are being redrawn and providers are under pressure to revamp themselves. A high-profile health venture backed by Amazon, JP Morgan Chase & Co. and Berkshire Hathaway Inc. has shown little to the public three years after it was announced. The venture's chief executive recently stepped aside.

Walgreens has been working with VillageMD since last year, when the companies opened five joint VillageMD locations in Houston. Walgreens' Mr. Gourlay said patients' adherence to medications improved at the pilot locations, convincing the company the model should expand.

VillageMD, which has bought up primary-care offices across the country, will move existing physicians into the Walgreens-adjacent clinics.

The cost of a VillageMD office visit will vary based on the patient's insurance coverage and services rendered.

The chain is in a race with rival CVS to become go-to treatment centers.

to manage chronic conditions such as diabetes and hypertension.

Both drugstore giants say their ubiquity in American communities makes pharmacies a logical hub for people seeking treatment for chronic ailments, which are often exacerbated as patients struggle to take their medications regularly and adhere to medical regimens.

CVS, which acquired insurer Aetna Inc. in 2018, said its health-hub model will drive down the cost of health care, savings that will then be captured by its new insurance arm. It aims to have 1,500 health hubs opened by 2021.

Walgreens, which has opted to partner with rather than acquire insurers or other companies, said the VillageMD pairing will benefit it financially by driving up prescription sales as well as sales of related medical

—Sarah Nassauer contributed to this article.

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BUSINESS NEWS

Bayer’s Roundup Settlement Heads Back to Negotiation

By Sara Randazzo

Bayer AG is scrapping a \$1.25 billion proposal for resolving future lawsuits over whether its Roundup weed-killer causes cancer, highlighting the difficulty of settling litigation over a product still on the market.

The snag doesn't affect deals valued up to \$9.6 billion that Bayer reached with lawyers representing tens of thousands of plaintiffs who blame Roundup for making them sick. It does, however, call into question how the German conglomerate will ever fully put to rest the Roundup liabilities it inherited when it purchased seed and pesticide maker Monsanto Co. in 2018.

Bayer asked a federal judge in San Francisco to approve a unique type of class action that would dictate how people can sue the company in the future over claims that Roundup causes non-Hodgkin lymphoma. The proposed class action depended on the creation of a panel of scientists that would definitively conclude whether Roundup and its active ingredient, glyphosate, are carcinogens.

U.S. District Judge Vince Chhabria said this week he was skeptical that a science panel could fairly replace judges and juries in the case, and that he was unlikely to sign off on the idea. "Although the court is not aware of any Plan B, it would be surprising if none existed given the stakes involved and the novelty of Plan A," the judge wrote after expressing his concerns.

Bayer and plaintiffs' lawyers said Wednesday they will work on refining the idea and bring it back to the judge.

Elizabeth Cabraser, a well-known class-action expert representing the plaintiffs, said they "remain strongly committed to a fair and just resolution." Bayer echoed that, saying it will seek "a viable solution to manage and resolve potential future litigation."

Bayer plans to continue selling Roundup with no change to its label for use in commercial farming and everyday gardening. But doing so makes it difficult for the company to fully contain lawsuits filed over Roundup's safety since people who use the product today could get sick years from now

and try to blame Bayer.

The Environmental Protection Agency and other regulators have said glyphosate doesn't cause cancer. Three California juries, meanwhile, have concluded that Roundup caused plaintiffs' illnesses and awarded large verdicts.

Legal observers say a backup plan that meets the judge's approval could take a few forms, including allowing the science panel to conduct new research rather than simply analyzing existing studies. "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?" Judge Chhabria wrote in his order. Bayer could also alter a proposal it made to monitor current Roundup users to see if they develop non-Hodgkin lymphoma, to better use that monitoring to come up with new research.

Another option, said University of Connecticut law professor Alexandra Lahav, is to wait for decisions in the appeals that Bayer is pursuing in the three Roundup cases that have gone to trial. Those appeals rest on the idea that the jury verdicts are in contrast with the conclusions of the EPA, which has told Bayer it can't put a cancer warning label on the weedkiller since the agency determined the product isn't carcinogenic.

The problem for companies trying to resolve any mass tort, Ms. Lahav said, is how to put an end date on liability. "What is a way to cabin it and control it, while still being fair to people?" she said.

As Bayer works to recast the class-action proposal, it continues to negotiate with lawyers who have existing cases. At the time of its June settlement, Bayer said it had settled with lawyers representing 75% of the 125,000 known plaintiffs and set aside between \$8.8 billion and \$9.6 billion to cover the entire batch of existing claims.

Plaintiffs' lawyers unsatisfied with settlement offers, meanwhile, are still signing up new clients. Legal marketers say television advertisements urging Roundup users with non-Hodgkin lymphoma to call the number on the screen continue to air around the country.

—Micah Maidenberg contributed to this article.



The Orlando, Fla., park will begin a phased reopening starting on Thursday, after months being closed by the pandemic.

Disney World Set to Restart

Theme park to operate at reduced capacity, with characters like Cinderella from afar

By Erich Schwartzel and R.T. Watson

Langley Roby, a 38-year-old teacher, counts traveling to Walt Disney World in her mother's womb as her first visit to the theme park in Orlando, Fla. Her mother was six months pregnant, but that didn't stop her from riding Space Mountain, says Ms. Roby.

Ms. Roby's next visit to Disney World may end up being even more unusual. Ms. Roby, from Owensboro, Ky., plans to arrive at the park early Thursday morning to be among the first guests welcomed back into the Magic Kingdom since the coronavirus pandemic closed its gates in March.

"It's never going to be cleaner than it is that day," said Ms. Roby, who said she has visited Disney World about 40 times. "I feel like it will honestly be a safer environment than just going to the grocery [store] or any place local because Disney has so much on the line."

Walt Disney Co. is counting on die-hard fans like Ms. Roby to weigh the risks of traveling amid a pandemic and still decide to head to the park. In the most crucial test yet of its ability to resume operations while keeping consumers safe, Disney will begin opening its flagship park in phases starting on Thursday and continuing through July 15. Other theme parks have begun welcoming visitors, but Disney



Langley Roby, second from right, is eager for Disney World to reopen.

World carries a symbolic pull, with its closures and reopening plans serving as something of a barometer for the economic resuscitation at large.

The timing is particularly fraught, as the number of coronavirus cases in Florida reaches record levels. Disney is introducing safety measures that will inevitably disrupt the escapist environment of the Happiest Place on Earth.

The park is open to annual passholders like Ms. Roby on Thursday and Friday, with the Magic Kingdom and Animal Kingdom areas opening to the general public on July 11, followed by Epcot and Disney's Hollywood Studios four days later.

Workers at Disneyland Resort in Anaheim, Calif., vocally opposed Disney's plans to reopen there, culminating in a protest outside the park and a consortium of unions pleading with California Gov. Gavin Newsom to ask Disney to delay. The company ultimately did, saying it couldn't reopen on schedule after state officials delayed the release of

theme-park safety guidelines.

Far less opposition has emerged among the Walt Disney World workforce, though the company has faced pushback over plans to have workers self-screen for coronavirus symptoms.

The Actors' Equity Association, which represents some performers at the park, has called on Disney to postpone the opening as cases in Florida rise. "It is deeply disturbing that while coronavirus cases in Florida surge, Disney is refusing to provide regular testing to one of the few groups of workers in the park who by the very nature of their jobs, cannot use personal protective equipment," said Mary McColl, executive director of Actors' Equity Association.

A Disney spokeswoman said Actors' Equity members won't be called back to work during the phased reopening. "We regret that their union hasn't accepted the safety protocols."

Disney is significantly reducing its capacity at the park. But any revenue is welcome after months of closures that

have cost the company dearly. A popular summer day at Walt Disney World can attract more than 200,000 guests and generate tens of millions of dollars in revenue, according to a former executive at the parks. Disney World will have been closed for 118 days when it reopens to the broad public on Saturday.

Disney's parks in Shanghai and Hong Kong have already reopened, allowing revenue to start flowing back to what had been the company's fastest-growing division. In May, Disney said the coronavirus had taken about \$1 billion in revenue from its parks division in the January-to-March quarter, when a majority of parks were closed for only a few weeks. In August, the company will disclose earnings from the following quarter, when the domestic parks were shut down and the international locations open only for a limited time.

Many of the most iconic aspects of a trip to Disney World have been reimagined for the Covid era. Characters such as Cinderella or Gaston wave from balconies—or trot through the park on horses—rather than walk the grounds and interact with guests.

If workers see customers flouting the mandatory-mask rule, they are to approach them with the same demeanor as when they see someone smoking in a nondesignated space, said Eric Clinton, president of an Orlando union local whose members operate rides and perform custodial work at the park. From there, things can escalate to summoning security or making the guest leave the park.

Alcoa Counters Weak Demand With Cost Reductions

By Bob Tita

Alcoa Corp. said job cuts and other cost reductions have helped trim losses stemming from lower aluminum prices as the coronavirus pandemic weighed heavily on the industrial economy.

The Pittsburgh-based company on Wednesday said because of those measures its results for the latest quarter due out next week will be better than expected.

"We realized gains in productivity, cost savings and also increased our cash balance,"

Chief Executive Roy Harvey said.

Alcoa in April said it would curtail production at its smelter in Ferndale, Wash., cutting about 700 jobs there. The company also has shifted production to more commodity-grade aluminum ingots sold by distributors as demand fell for higher-cost custom aluminum products and alloys used by the automotive and construction industries.

The reduction at the Ferndale smelter is the latest cost-cutting step taken by Alcoa in recent years. Another smelter

in Washington has been idle for several years, and the company has sold some overseas operations, including two smelters in Spain.

Alcoa said its raw aluminum production increased about 3% in the second quarter, compared with the first quarter, even as the pandemic caused widespread outages at factories.

The company said the first quarter is typically its weakest quarter for production.

Alcoa said it continues to restore production at its smelter in Quebec, and said

the added output should partially offset declining prices for aluminum. The Aluminerie de Bécancour smelter has been ramping up for the past year after unionized employees entered into a six-year contract that ended a lockout that began in early 2018. The plant employs 900 workers.

Alcoa opposes lobbying efforts by other aluminum manufacturers for the reinstatement of a 10% tariff on aluminum imports from Canada. The duty was lifted by the Trump administration last year to facilitate comple-

tion of the new U.S. trade agreement with Canada and Mexico.

The tariff's reinstatement would allow domestic producers to raise their prices, but would add to Alcoa's cost for supplying Canadian-made aluminum to U.S. customers. Alcoa, which owns its Quebec smelter with Rio Tinto Alcan Inc., has two other smelters in Canada as well.

Mr. Harvey has argued that the duties are misdirected as they don't address excess aluminum production in China, which he says is the cause of

low aluminum prices globally. Alcoa on Wednesday forecast second-quarter revenue of \$2.1 billion to \$2.18 billion, slightly above analysts' estimates. The company expects a quarterly loss of \$190 million to \$205 million, or between break-even and a loss of 8 cents on an adjusted per-share basis.

Analysts polled by FactSet had expected an adjusted loss of 58 cents a share. Alcoa's shares fell 1.25% to \$11.09 in trading Wednesday.

—Matt Grossman contributed to this article.

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Omnicom Plans Podcast-Ads Buy

The \$20 million deal with Spotify comes as audiences grow and ad targeting improves

By NAT IVES

Omnicom Media Group plans to spend \$20 million on advertising in podcasts distributed by **Spotify Technology SA** under a deal covering the second half of this year, the companies said.

It isn't the first plan for significant spending ahead of time for the fast-growing podcasting industry. **iHeartMedia Inc.** has been handling much of its podcast sales through upfront negotiations for almost a year, according to Conal Byrne, president of the company's iHeartPodcast Network.

But advertisers typically sponsor individual series when it comes to podcasts, where advertising is growing rapidly but remains relatively small. Marketers are projected to spend \$863.4 million on advertising in U.S. podcasts this year, up from \$678.7 million in 2019, according to the Interactive Advertising Bureau and PricewaterhouseCoopers. By comparison, ad revenue from digital video in 2019 was \$21.7 billion, the IAB said.

"It's a big deal, a very big deal versus what we've done in the past," said Catherine Sullivan, chief investment officer at Omnicom Media Group North America. Clients spent



Carrie Coon records 'Motherhacker,' a scripted fiction podcast produced by Spotify's Gimlet Media.

several million dollars through Omnicom to advertise in podcasts in 2019, she said.

Omnicom Media Group, part of advertising-agency holding company **Omnicom Group Inc.**, is increasing its podcast investment now partly because audiences continue to grow and partly because technology is making the ads more targetable and measurable, Ms. Sullivan said.

"We know that audio works very well at increasing consumer attitudes and driving action, but we believe that adding addressability to the

podcast format may increase metrics even further," she said.

The deal also calls for collaboration on research and a first crack at new shows for Omnicom Media Group clients, which include **McDonald's Corp.**, **PepsiCo Inc.** and **AT&T Inc.**

Big media and technology companies have been trying to capture more of podcasts' growth for themselves, and to accelerate it.

Sirius XM Holdings Inc. is nearing a deal to buy **E.W. Scripps Co.'s** **Stitcher Inc.**

podcast unit for around \$300 million, *The Wall Street Journal* reported this week. The company last year struck an exclusive deal for podcasts from **Walt Disney Co.'s** **Marvel Entertainment**.

Spotify last month formed its own pact for superhero podcasts from the DC unit of AT&T Inc.'s **Warner Bros. Entertainment Inc.**, plus other fiction podcasts using **Warner Bros.** properties. It also has acquired podcast producer **Gimlet Media Inc.**, podcast publisher **Anchor FM Inc.** and the sports-and-pop-culture

publisher the **Ringer**, which makes many podcasts. It is planning a criminal-justice podcast co-produced and co-hosted by **Kim Kardashian West**, and recently won exclusive rights to the popular podcast from **Joe Rogan** in a licensing deal the *Journal* reported is worth more than \$100 million.

Podcasting's rise has been slowed in part by fragmentation and the lack of digital marketing tools such as addressability, said **Dawn Ostroff**, the chief content and advertising business officer at **Spotify**.

"There's not even a unified metric by which podcasts are being looked at by advertisers," she said.

In January, Spotify introduced a method of letting advertisers know how many people heard a given ad in a podcast, rather than through the common method of counting downloads for an episode, and to insert ads in podcasts that have already been recorded. The technology, **Streaming Ad Insertion**, also provides insight into the audiences reached and marketing outcomes, **Spotify** said.

The spread of ad technology and better measurement will encourage larger ad buys in podcasting, but it is still early going compared with other digital media, said **Zoe Soon**, vice president at IAB's **Consumer Experience Center of Excellence**.

"Those are all things to crack," she said.

Twitter Works on Subscriber Platform

By ROBERT McMILLAN

Twitter Inc. said it was developing a subscription service that could give the social-media company a new revenue source at a time when it is under pressure to boost earnings.

The San Francisco company said in a job posting for a senior software engineer that it was "building a subscription platform" under a team code-named **Gryphon** and seeking someone to lead payment and subscription client work. **Gryphon** appears to be software that would be accessible to Twitter's internal teams looking to add subscription options to their products, according to the job description. "This is a first for Twitter!" the company said in the posting.

Chief Executive **Jack Dorsey** is under pressure to boost results after a battle with **Elliott Management Corp.** The activist investor sought to remove the part-time chief, who splits his time with financial technology company **Square Inc.** The sides agreed to a truce with Twitter pledging to seek stronger revenue growth.

The job description offered few details on the subscription project, but said the hire would be working closely with the company's payments team and the web-based **Twitter.com** group. The job would be based in New York, where Twitter already has an office.

A person familiar with Twitter's plans said the company was exploring a variety of revenue-generating initiatives. No product decision has been made, the person said.

Twitter shares rose more than 7% Wednesday.

Twitter has enjoyed strong user growth this year as people flocked to the platform during the pandemic. But the company has struggled to translate that popularity into financial gains.

ViacomCBS to Show Champions League Soccer

By BENJAMIN MULLIN AND JOSHUA ROBINSON

ViacomCBS Inc. landed the U.S. rights to show soccer matches from the **UEFA Champions League**, the company said, a deal that adds a popular live-sports property to its **CBS All Access** streaming service.

The four-year agreement, terms of which weren't disclosed, gives **ViacomCBS** exclusive English language rights to show **Champions League** matches, including on its **CBS** broadcast network, the **CBS Sports** cable network and **CBS All Access**, the company said. The deal also covers two other competitions, the **UEFA Europa League** and **UEFA Europa Conference League**.

The **Champions League**, which holds club soccer's most prestigious tournament, was put on hold this year when the coronavirus pandemic swept across Europe, wiping out live sports and forcing media companies to come up with alternative programming. **AT&T Inc.'s**



Liverpool plays Atlético Madrid in the Round of 16 in March.

Turner Sports in June opted out of the last year of its deal with **European soccer's** governing body, **UEFA**, allowing the league to seek another U.S. media partner.

In June, **UEFA** announced that it would resume play in August with an eight-team tournament held in Lisbon over

two weeks. **ViacomCBS's** deal with **UEFA** will allow the company to show those games, featuring such teams as **Bayern Munich** and **Manchester City**, giving its lineup a shot in the arm in the midst of a slowdown of big sporting events.

The coronavirus pandemic forced the **NCAA** to cancel its

annual **March Madness** collegiate basketball tournament, which is a reliable ratings driver for both **CBS Sports** and **Turner Sports**. The pandemic has also created added uncertainty for the **National Football League** season, a major staple of broadcast and cable TV.

A spokeswoman for **ViacomCBS** declined to comment on whether the deal had a provision that allows the company to withhold rights fees if an outbreak of coronavirus puts the **UEFA** matches on hold.

The deal provides a popular live-sports property for **CBS All Access**, which **ViacomCBS** has anointed as its flagship direct-to-consumer streaming service.

"It's great timing for us as we embark on expanding **CBS All Access** to be a cross-company streaming service for **ViacomCBS**," **Marc DeBevoise**, the company's chief digital officer, said in an interview.

ViacomCBS said earlier this year that it would put additional shows from its cable networks and its **Paramount** movie studio

on the service as part of a bid to expand its subscriber base.

The company's streaming strategy doesn't solely rely on **CBS All Access**. **ViacomCBS** announced this month that it was licensing some of its popular TV shows and movies to **Comcast Corp.'s** **NBCUniversal** unit for its **Peacock** streaming service.

ViacomCBS said on its first-quarter earnings call that its domestic streaming and digital-video revenue rose by over half compared with the same period in the previous year.

U.S. television hasn't always been a happy home for the **Champions League**. **CBS** will be the competition's third broadcaster in five years, following challenging stints by **Fox Sports** and **Turner Sports**.

The biggest struggle is that matches are played on Tuesday and Wednesday nights in Europe, unlike most domestic league games, which are played on weekends. On the East Coast of the U.S., that puts the **Champions League** squarely in the middle of workday afternoons.



Shepard Smith

Former Fox News Anchor Joins CNBC

By JOE FLINT

CNBC signed former **Fox News** journalist **Shepard Smith** to anchor a new one-hour evening news program, the network said Wednesday.

"The News with **Shepard Smith**" will debut this fall in the 7 p.m. to 8 p.m. time slot on the cable business news channel. The Monday through Friday newscast marks a significant shift in the evening programming strategy for **CNBC**, which currently relies on light, unscripted fare.

CNBC Chairman **Mark Hoffman** said Mr. Smith's show will try to be a counter to news and commentary programming.

"Information is coming at us from every direction," Mr. Hoffman said in a statement. "We aim to deliver a nightly program that, in some small way, looks for the signal in all the noise."

NBCUniversal Chief Executive **Jeff Shell** has previously indicated a desire to see **CNBC** experiment with more news and commentary programming in prime time to offer a counter to the right-leaning **Fox News** and the left-leaning **CNBC** sister channel **MSNBC**.

CNBC and **NBCUniversal** are units of **Comcast Corp.**

Mr. Smith said in a statement that he is "honored to continue to pursue the truth, both for **CNBC's** loyal viewers and for those who have been following my reporting for decades in good times and in bad."

Facebook Criticized In Audit

Continued from page B1

Carolyn Everson, a Facebook vice president, emailed advertisers on Wednesday to explain how it is responding to the concerns raised by rights groups and in the auditors' report. "While we sometimes will disagree, especially when it comes to political speech and free expression, these findings have helped us learn a lot throughout the years about what we can do better," she said.

Representatives of the groups that organized the boycott held a Zoom call Wednesday with people representing about 120 advertisers. The groups said Facebook has taken some steps in the right direction but has broadly failed to properly enforce its policies and allowed hate speech to proliferate on its platform.

Jonathan Greenblatt, chief executive of the **Anti-Defamation League**, highlighted several ads that ran alongside inflammatory or hateful posts in the past two days. An ad for insurer **Geico** ran Tuesday next to a meme about Rep. **Ilhan Omar** (D., Minn.) that referred to her as "Aunt Jihadi," a post that the **ADL** had previously flagged. Another, also from Tuesday, showed up next to a post in a private group called **MUSLIMS VS ZIONISTS** that referenced putting Jewish peo-

ple in ovens.

Advertisers don't always know what content runs adjacent to their brands. **Geico** didn't respond to requests for comment.

"We do not condone hate speech and believe in a world where everyone is treated with dignity," a **State Farm** spokeswoman said, adding that the insurer was reaching out to Facebook to rectify the ad placement.

The organizers said nearly 1,000 companies were pausing advertising on Facebook, including those offering public support for the boycott and those taking action behind the scenes. Facebook has a base of more than eight million advertisers, and only a handful of the biggest ones have said they are pausing spending.

Facebook has long struggled to placate critics who say it does too little to police harmful content, while also seeking to assuage those, especially on the right, who say its moderating practices are too aggressive and prone to bias.

On Wednesday, Facebook highlighted areas where auditors said it improved, including expanded policies against census misinformation and voter suppression, settlement of a long-running case over discrimination in ad targeting and efforts to increase diversity in its upper ranks.

But Facebook also said: "Today's audit report fairly points out shortcomings identified by the Auditors and makes it clear that the progress we've made is still just the beginning (and we agree)."

—Deepa Seetharaman contributed to this article.

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COMMERCIAL REAL ESTATE

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The Secured Party holds a loan (the "Mezzanine Loan") to the Mezzanine Borrower secured by a first priority lien on the Interests. The Secured Party is offering the Interests for sale in connection with the foreclosure on the pledge of such Interests. The Mezzanine Loan is subordinate to a mortgage loan on the Property in the original principal amount of \$230 million.

The Interests are being offered as a single lot, "as-is, where-is," with no express or implied warranties, representations, statements or conditions of any kind made by the Secured Party or any person acting for or on behalf of the Secured Party, without recourse whatsoever to the Secured Party or any other person acting for or on behalf of the Secured Party. The winning bidder shall be responsible for the payment of all transfer taxes, stamp duties and similar taxes incurred in connection with the purchase of the Interests.

The Secured Party reserves the right to credit bid, set a minimum reserve price, reject any or all bids (including without limitation any bid that it deems to have been made by a bidder that is unable to satisfy the requirements imposed by the Secured Party upon prospective bidders in connection with the sale of or to whom in the Secured Party's sole judgment a sale may not lawfully be made) and terminate or adjourn the sale to another time, without further notice. The Secured Party further reserves the right to restrict prospective bidders to those who will represent that they are purchasing the Interests for their own account for investment not with a view to the distribution or resale of such Interests, to verify that the certificate for the Interests to be sold bears a legend substantially to the effect that such interests have been registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be disposed of in violation of the provisions of the Securities Act and to impose such other limitations or conditions in connection with the sale of the Interests as the Secured Party deems advisable in order to comply with the Securities Act or any other applicable law.

All bids (other than credit bids of the Secured Party) must be for cash, and the successful bidder must be prepared to deliver immediately available good funds within 5 business days after the sale (unless otherwise agreed by Secured Party) and otherwise comply with the bidding requirements. Further information concerning the Interests, the requirements for obtaining information and bidding on the Interests and the Terms of Sale can be found at www.themarkhoteluccforeclosure.com.

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PUBLIC NOTICES

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NOTICE IS HEREBY GIVEN THAT SFIV SS-1, LLC ("Secured Party") will offer for sale at public auction the following property:

(a) The Class B Equity Interests owned by Coastal Development, LLC ("Debtor") in STOF Revenue Stream Holdco LLC, which the Secured Party understands and believes (but makes no representation or warranty as to the accuracy or completeness) constitute all gains and losses relating to payments that are commonly referred to as the "Tranche B Payments" paid indirectly to the Debtor relating to certain non-gaming revenue generated by certain casinos located in the United States, from and by Power Plant Entertainment, LLC.

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The public auction will take place on July 23, 2020 starting at 2:00 p.m. Eastern Daylight Time (New York) at Secured Party's offices at 2 Grand Central Tower, 140 East 45 th Street, Suite 22- C, New York, NY 10017. In the event of a continuance of the mandate to avoid public assemblies due to the presence of the novel coronavirus COVID-19, the public auction will also take place virtually via a teleconference. The Secured Party may cancel the public auction or cause the sale to be adjourned from time to time, without prior written notice or further publication, by announcement to anyone indicating an intent to participate in the sale. Prior to the date of the public auction, all interested bidders wishing to participate in the public auction (virtually or otherwise) shall contact counsel for the Secured Party to obtain instructions for virtual participation. Counsel may be contacted as follows:

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MANAGEMENT

Quicken Loans Chief to Keep Control After IPO

By Peter Rudegeair

Detroit businessman and Cleveland Cavaliers owner Dan Gilbert spent the past 35 years building Quicken Loans into a mortgage lending giant and an extension of his personal brand. That won't stop when the company goes public.

Rocket Companies Inc., which owns Quicken Loans, filed paperwork this week to potentially list its shares on the New York Stock Exchange. In it, the company revealed that Mr. Gilbert's holding company will continue to control 79% of the voting power of Rocket Companies' common stock following its IPO. Two of Rocket Companies' board seats are held by Mr. Gilbert and his wife, Jennifer Gilbert, an interior designer and entrepreneur who was named a director in March.

Rocket Companies is the latest business to attempt a public listing after the fallout from the coronavirus pandemic kept the market for new issues quiet in early spring. In recent weeks, Warner Music Group Corp., grocery giant Albertsons Cos. and online used-car seller Vroom Inc. all completed public offerings. Earlier this week, Palantir Technologies Inc., one of Silicon Valley's oldest startups, confidentially submitted IPO paperwork.

Unlike many tech startups that have gone public in recent years, Rocket Companies is profitable. The company's net income rose 46% in 2019 to \$892.4 million on revenue of \$5.1 billion. Quicken Loans extended \$145 billion of mortgages last year, and gains on the sale of those loans to money managers represented the bulk of the revenue it generated.

Quicken was the biggest mortgage lender in the U.S. in the first quarter, according to industry research group Inside

Mortgage Finance, beating out longtime heavyweights like Wells Fargo & Co. and JPMorgan Chase & Co.

The ties between Rocket Companies and Mr. Gilbert's other businesses will remain tight following the IPO, according to the new securities filing. Jay Farner will continue to be the chief executive of Rocket Companies after the IPO. Mr. Farner will also continue to be CEO of Mr. Gilbert's holding company, Rock Holdings Inc., that will control the majority of Rocket Companies' shares.

The company warned potential shareholders that the arrangement could create "actual or apparent conflicts of interest" if certain issues arise between the two entities. Rock Holdings is also the controlling shareholder of several other businesses, including Dictionary.com, according to the filing.

The IPO paperwork also reveals a series of commercial relationships that Mr. Gilbert's businesses have with one another. Quicken Loans and another Rocket Companies unit paid nearly \$100 million in rent, fees and other real-estate costs to companies affiliated with Mr. Gilbert since the start of 2019, including rent for the Detroit headquarters. Rocket Companies also spent \$24.1 million to buy additional parking rights from Bedrock Management Services LLC, Mr. Gilbert's real-estate investment firm, over that same time frame.

Rocket Companies paid the Cleveland Cavaliers, of which Mr. Gilbert is the majority owner, roughly \$10 million for naming rights and other advertising costs since the start of 2019.

Mr. Gilbert suffered a severe stroke last year. He is back to work but spending hours each day in therapy.



Equipment-maker Trane upgraded filters on 25 air handlers last month at the Dia Art Foundation's Beacon, N.Y., museum.

Virus Spurs Ventilation Boost

By Bob Tita

One way to reduce the spread of coronavirus is to maintain ventilation with plenty of fresh air. But what does that amount to in buildings?

The pandemic is challenging long-held conventions for offices to be cool, dry, shaded from direct sunlight and mostly sealed off from outside air. Researchers say those conditions can help spread and sustain the virus, prompting manufacturers of heating, ventilation and air-conditioning equipment to alter their products and strategies.

Understanding the potential risks of coronavirus particles circulating through office ventilation systems is critical toward restoring the trust of workers and the public confidence in returning to commercial buildings, facilities managers and building owners say.

"Building owners are starting to realize what it means to be prepared for the new normal," said Howard Lu, director of business development for Ainsworth Inc., which manages heating and air-conditioning systems at more than 40 office buildings in Toronto

and its suburbs.

Modifications from equipment manufacturers such as Trane Technologies PLC, Carrier Global Corp. and Johnson Controls International PLC include filtering indoor air more thoroughly, drawing more outdoor air into buildings, and deploying ultraviolet light against the virus inside ventilation systems.

"More fresh air and cleaner air are the direction that customers are going. This is top-of-mind for building owners and contractors," said Jeff Williams, president of global products for Johnson Controls, maker of York-brand heating and air-conditioning equipment.

Trane upgraded filters on 25 air handlers last month at the Dia Art Foundation's Beacon, N.Y., museum. The air conditioning's cooling coils also were disinfected and the louvers unstuck on dampers to bring more outdoor air into the 240,000-square-foot former factory. Administrators hope the \$15,000 upgrade will help open the museum, closed since March 13, within weeks.

"This was an unexpected cost," said Chief Operating Officer Rachel Pivnick. "We want

to do everything we can for our staff to feel safe. When our staff is safe, they'll convey that to our visitors."

Research released this spring by the Department of Homeland Security found that coronavirus particles decay faster at a room temperature of 78 degrees Fahrenheit with a relative humidity of 50% than at lower temperatures

Coronavirus decays faster at a room temperature of 78 degrees Fahrenheit.

and humidity. Add in a strong dose of ultraviolet light, and the virus decays by 90% in less than seven minutes, according to the department. Humans' immune systems also are more effective against viruses in warmer, more humid conditions, according to a Yale University study published in May 2019.

"We can minimize the spread of the virus in the summer when there is plenty of sunlight and higher humidity.

They're actually effective in a defined space," said Luke Leung, epidemic task force leader for the American Society of Heating, Refrigerating and Air-Conditioning Engineers, a trade association.

Transmission of the coronavirus is believed to occur mostly through droplets that humans emit when they cough or talk.

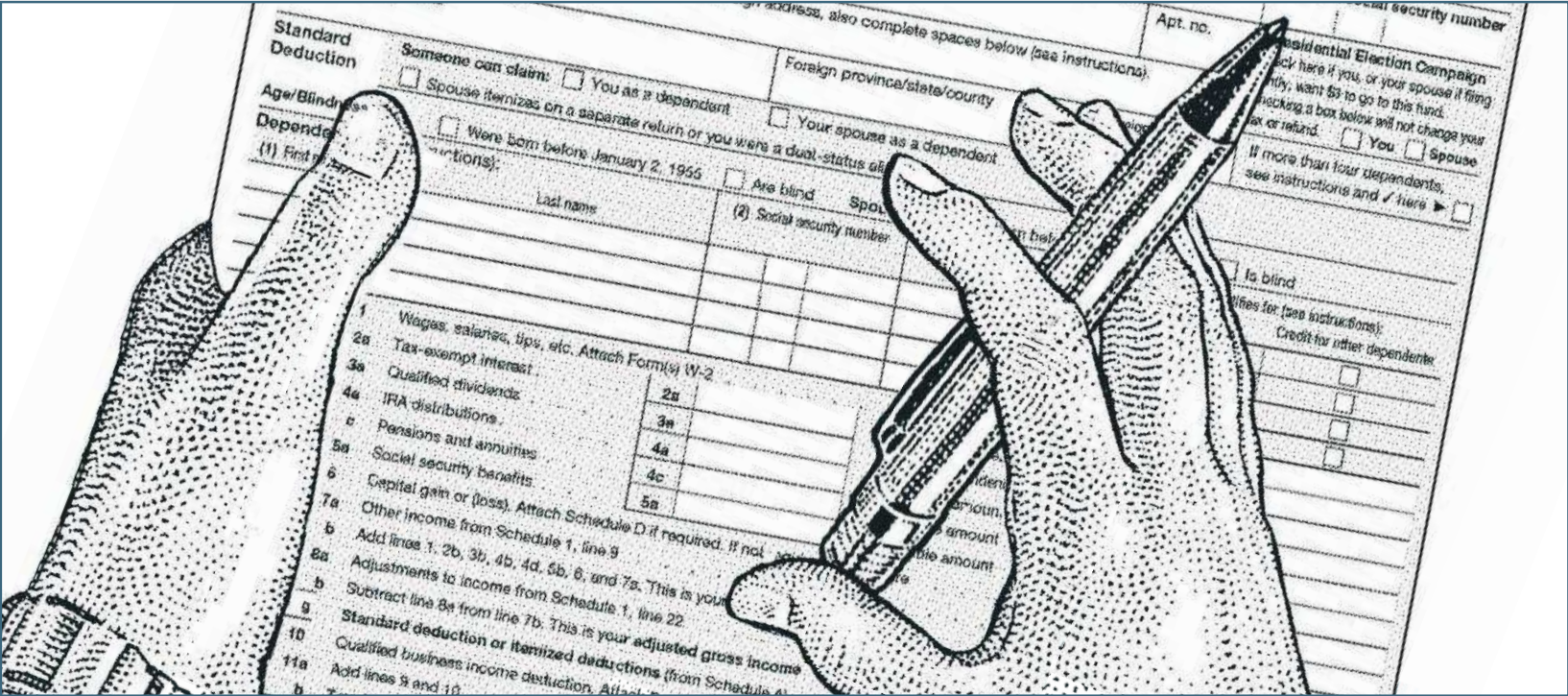
But doctors and researchers are investigating tiny virus particles that travel longer distances through the air.

A University of Oregon study released in June found airborne virus particles on a quarter of the places tested on air-handling units at a local hospital where coronavirus patients were being treated. It was unclear whether the particles were still viable while they were circulated.

New York Gov. Andrew Cuomo said Monday that state regulators will require large shopping malls to have air filters that can trap the virus particles as a condition for reopening.

Recirculated air should include about 20% outdoor air to effectively dilute coronavirus particles, the Atlanta-based engineers' society says.

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BUSINESS NEWS

Government Loans Help Tech Startups

Silicon Valley leaned on Paycheck Protection Program despite investors' opposition

By Rolfe Winkler

Billionaire tech entrepreneur Tom Siebel said last month that his software company, **C3.ai** Inc., is growing sales 80% annually. It has raised hundreds of millions of dollars from big-name venture-capital investors including early Facebook Inc. backer Jim Breyer. It also received at least \$5 million from the government's Paycheck Protection Program.

C3 is among thousands of venture-backed startups that took money from the rescue program meant to help small businesses weather the economic hit from the pandemic, according to data released by the Treasury Department on Monday.

C3 was valued at \$3.3 billion last year, according to data firm PitchBook.

The rescue program has proven controversial, with funds going to well-heeled and politically connected firms across the economy

alongside needy small businesses. In Silicon Valley, some investors and startup executives have said that venture capitalists shouldn't be protected from losses by taxpayers, and that companies with access to cash shouldn't get rescue funding.

Others argued hard-hit startups genuinely needed the money to help keep people employed because investors stopped writing checks.

The newly released Treasury data show that venture-capital firms including **New Enterprise Associates**, **Andreessen Horowitz**, **Khosla Ventures** and **Kleiner Perkins** each had dozens of portfolio companies receive the forgivable loans, according to an analysis by research firm CB Insights.

SVB Financial Group's Silicon Valley Bank, which counts many startups among its clients, processed nearly 2,200 loans for more than \$150,000 each, distributing \$1.7 billion, including loans to more than 30 companies it has a stake in, CB Insights said.

C3, based in Redwood City, Calif., has raised \$300 million in venture capital, including \$50 million in September, according to CB Insights. C3 de-

Rescue Program's Aid Came Amid Venture-Capital Halt

Technology startups raced to apply to the Paycheck Protection Program when it was announced in April, fearing the pandemic's economic impact and seeing venture-capital markets freeze.

Some companies viewed the loans as grants because the debt can be forgiven if used largely to retain employees.

The application didn't require important information such as bank statements showing applicants' cash balances, though companies had to cer-

tify that they needed the loans because of the economic uncertainty.

In late April, the mood in Silicon Valley changed, as updated Treasury Department guidance indicated that companies with access to capital markets or other sources of liquidity likely didn't qualify and all loans over \$2 million would be audited.

Meanwhile, a debate raged over whether the funds were meant for venture-backed companies or for hard-hit businesses on Main Street like restaurants and salons.

Many worried about public criticism or possible legal liability for taking taxpayer funds. Some startups that had applied for funds changed their minds.

clined to comment. A spokeswoman for Silicon Valley Bank said it processed loans on a first-come, first-served basis.

Jarrett Streebin, co-founder and chief executive of shipping-software company **EasyPost**, said his company returned its \$6 million loan because there was too much gray area around who qualified and he feared his company could face potential lia-

bility.

Scott Galloway, founder of a startup with venture backing and a marketing professor at New York University, criticized investors whose companies took government rescue money, saying it boosted their returns at taxpayer expense.

"If a venture-backed company either can't survive this pandemic or can't convince investors to put in more

money to hold on to employees, then either they should be laid off or the business should be shut down," Mr. Galloway said. "Every bailout leads to moral hazard, which leads to a bigger bailout later."

Supporters of the program said one of its chief virtues was keeping workers off unemployment rolls.

But the program failed to reach many of the hardest-hit businesses, including those that closed for prolonged periods or were overwhelmed by non-payroll costs. Harvard economists concluded that the program had little impact on employment at small businesses.

Bill Gurley, of venture firm Benchmark, railed against bailouts in April, saying on Twitter: "Let's be candid. If you believe in business & capitalism, then there are zero circumstances where the government should bail out equity holders."

About a dozen Benchmark-backed companies received a loan through the program, CB Insights said. Mr. Gurley and Benchmark didn't respond to requests to comment this week. Tuesday evening, Mr. Gurley posted again on the

subject, saying he had been asked about the April tweet and Benchmark portfolio companies' involvement in the PPP program. A "broad-based program" for small companies is "quite different" from a large public company "calling on Washington for a negotiated bailout," he said in the new tweet.

Car rental startup Getaround Inc. got at least \$5 million. It has raised more than \$600 million from venture capitalists and other investors, according to PitchBook, and counts among its backers SoftBank Group Corp.'s \$100 billion Vision Fund. Financial technology company Upgrade Inc. took in at least \$2 million of government money, then last month raised \$40 million from investors including Santander Group, one of the world's largest banks.

A Getaround spokeswoman said its business was hit hard by Covid-related lockdowns and the program "helped reduce the otherwise severe impact on the health of our organization." Upgrade didn't respond to a request for comment.

—Peter Rudegeair contributed to this article.

Workforce Cuts Threaten Pipeline Of Digital Tools

By Angus Loten

Technology startups have been laying off tens of thousands of workers to cope with the economic fallout of the pandemic, potentially blunting a key innovation pipeline for the enterprise information-technology market, according to industry analysts.

"Startups are a great source of innovation in the IT industry, but are now especially cash constrained," said Max Azaham, a senior research director at research and consulting firm Gartner Inc.

Mr. Azaham said the coronavirus has made startup investors far more risk averse, resulting in a sharp downturn in investment capital for IT companies looking to raise less than \$100 million.

As of last week, nearly 70,000 tech-startup employees world-wide lost jobs since March, led by ventures in the transportation, financial and travel sectors, according to a report by U.K.-based brokerage BuyShares.co.uk.

Startups in the San Francisco region, including Silicon Valley, have shed more than

25,500 jobs, including layoffs at high-profile companies such as Uber Technologies Inc., Groupon Inc. and Airbnb Inc., the report said.

Uber in May announced more than 6,500 layoffs, cutting roughly a quarter of its workforce. A month earlier, Lyft Inc. said it would cut about 17% of its workforce, furlough workers and slash pay in cost-cutting efforts to cope with lost sales during the coronavirus pandemic.

Startups developing artificial intelligence and other emerging digital tools fall under the category of tech-sector employers, which have cut jobs for four consecutive months, said Tim Herbert, executive vice president for research and market intelligence at IT industry trade group CompTIA.

The cuts included a record 112,000 layoffs in April, as tech companies scrambled to slash costs, according to CompTIA's analysis of federal employment data. By contrast, employers outside the tech sector have picked up the pace of IT hiring in recent months.

Startups this year have



Lyft said it would cut about 17% of its workforce, furlough workers and slash pay in cost-cutting efforts to cope with lost sales.

been cutting costs to make up for a loss of outside funding.

Global private-market funding for startups dropped to \$67 billion in the first quarter, down 22% from a year earlier, according to CB Insights, a market-intelligence company.

Most venture-backed startups in the U.S. are largely unable to tap federal emergency funds under the Paycheck Protection Program due to a rule that counts their venture-capi-

tal backers as affiliated businesses.

According to a May study by the Washington Technology Business Association, an industry trade group, fewer than 40% of 140 tech startups in the greater Seattle metropolitan area had received funding under the program, while many relied on unemployment insurance to pay bills.

Roughly 25% had furloughed or laid off workers,

the group said.

Layoffs at tech startups could spell trouble for companies across the economy seeking innovative digital tools to weather the coronavirus crisis and compete in a post-Covid market.

Startups and other small tech firms have for years been a major source of emerging technology and skilled workers for larger companies, according to Jonathan Simnett,

Lenders Extend Trucker's Debt Terms

By Jennifer Smith

YRC Worldwide Inc.'s lenders gave the trucker a 3½ year reprieve on its heavy debt load as the company prepares for a \$700 million federal bailout package.

The Overland Park, Kan., freight carrier said in a securities filing Wednesday that its lenders agreed to extend the maturity date on one lending facility until 2024, and to extend and further ease some requirements on a roughly \$580 million term loan from a group led by affiliates of **Apollo Global Management** Inc.

Those deals were negotiated as YRC was working out the terms for a planned \$700 million federal loan announced last week, YRC Chief Financial Officer Jamie Pierson said in an interview.

Altogether, the agreements give YRC "3½ years to focus on the business, with no maturities at all," Mr. Pierson said. "It's a new day. We've just got to not blow it up."

YRC, the fifth-largest trucking company in the U.S. by revenue, according to SJ Consulting Group Inc., carries some \$880 million in long-term debt and was struggling to turn its operations around when the coronavirus pandemic hit, delivering a significant blow to its business.

The Treasury Department loan, through a provision of



YRC Worldwide was struggling to turn its operations around before the coronavirus pandemic.

the \$2.2 trillion coronavirus stimulus bill, will over time nearly double its debt load to around \$1.6 billion, Mr. Pierson said.

The trucker plans to use a \$300 million tranche of the government loan to pay off health, pension and other obligations, and for working capital, Mr. Pierson said. Another \$400 million will go toward buying new trucks and trailers for YRC's aging fleet, according to the filing. That loan will mature on Sept. 30, 2024.

YRC doesn't plan to pay the debt down during the life of the loan, intending instead to either pay it off or refinance at maturity, Mr. Pierson said.

"We are going to take every penny we can and invest it

back into this company, and invest in the fleet and the rolling stock," he said, which will reduce the company's operating costs.

Buying new trucks will save YRC between \$10,000 and \$12,000 per tractor "on maintenance alone," he said. It is "not only refreshing the fleet, but it's also additional liquidity to operate the business."

YRC serves big retail shoppers such as Walmart Inc. and Home Depot Inc., along with automotive and industrial customers. The company generated \$4.87 billion in operating revenue last year but has long struggled with heavy debt and pension liabilities for its largely unionized workforce.

Under the federal loan

agreement, YRC has agreed to issue about 15.9 million shares of common stock to the Treasury Department, according to a Tuesday securities filing, giving the government a 29.6% stake in the business and diluting the shares of existing investors.

That equity will be delivered to a voting trust, and once a one-year holding period expires the government is free to sell or hold the stock as it sees fit, Mr. Pierson said.

The boost from the government loan will offset the dilution to existing investors' shares "in spades," Mr. Pierson said. "The market value of the company has increased ... since the deal was announced."

GM Suit Suffers Setback

Continued from page B1

well-settled RICO case law and would let wrongdoers off the hook for the massive harm caused by their criminal conspiracy," the company said.

Fiat Chrysler said: "We have said from the very outset that this was a meritless lawsuit. The dismissal of GM's complaint with prejudice earlier today vindicates our position."

The case's dismissal is a rebuke to GM Chief Executive Mary Barra, who believed Fiat Chrysler intentionally took steps to put GM at a disadvantage, and felt strongly about pursuing a legal case, people familiar with the matter said.

Legal experts had described GM's civil-racketeering suit as unusual and a long shot, noting that such cases often are settled or dismissed because of the difficulty of proving the company was the primary victim of the alleged corruption.

In a civil-racketeering case, a court typically considers claims from only the primary victim of the alleged corruption, legal experts have said. In his dismissal, the judge said any competitive disadvantage suffered by GM as a result of Fiat Chrysler's lower labor costs would have been an indirect injury.

Peter Henning, a law profes-

sor at Wayne State University in Detroit, said GM could appeal the decision, but it is difficult to revive a lawsuit once a judge has granted a motion to dismiss.

Mr. Borman's tossing of the lawsuit came after he issued a surprising and pointedly worded order late last month, requiring the CEOs of both companies to meet in person, without lawyers, to find a resolution to the dispute. The judge at the time described GM's legal challenge as a "waste of time and resources" and a distraction for executives whose leadership is needed to steer their companies through a health crisis and period of social unrest.

GM appealed the decision asking a higher court to toss out the initial order, arguing Mr. Borman had overstepped his authority, and asked that the case be moved to a different judge. On Monday, the court sided with GM on the meeting between Ms. Barra and Fiat Chrysler Chief Executive Mike Manley, but denied the request to reassign the case.

GM based much of its racketeering suit on evidence from a long-running federal investigation into union corruption that has led to the convictions of Fiat Chrysler's former top bargainer and several United Auto Workers officials.

JPMorgan Chase had estimated that GM could seek damages from Fiat Chrysler in excess of \$6 billion if the case were to move forward.

—Nora Naughton contributed to this article.

BANKING & FINANCE

Allstate Buys Rival Insurer for \$4 Billion

Rare acquisition amid pandemic will boost market giant's reach in property policies

By LESLIE SCISM AND BEN OTTO

U.S. insurance giant **Allstate** Corp. agreed to acquire peer **National General Holdings** Corp. for about \$4 billion in cash, expanding its reach in the personal property-liability business.

Allstate will add relationships with more than 42,000 independent agents across the U.S. in the acquisition. While many insurance companies have increasingly steered away from armies of agents as more consumers buy all types of products online, the deal reflects Allstate's view of a continued role for middlemen in selling policies to individuals.

The pact also highlights technological change that is coursing through the car- and home-insurance industry, including to speed up the buying process and make life easier for agents. Wall Street analysts said the relatively unknown National General, based in New York City and partially owned by the low-profile entrepreneurial Karfunkel family, has advanced technology.

The deal for National General is one of the biggest since the global coronavirus pandemic as economic uncertainty continues to complicate leadership decisions at companies across the world.

In an interview, Allstate



Insurers fear the recession will leave more people unable to pay home and car premiums. Damage from Hurricane Dorian last year.

Chief Executive Tom Wilson said that the pact had its origins early this year and was put on hold by the pandemic. But he said fresh scenario planning indicated that the possible financial returns “from moving forward outweighed the potential risk of the pandemic getting worse.” He added: “Nobody knows for sure.”

The downside risk includes a recession that leaves yet more people unemployed and unable to pay their car and home pre-

miums, and would lead to steep drops in purchases of homes and cars, he said.

To date, “the pandemic has had modest impact on Allstate and the auto-insurance industry,” he said.

In fact, car insurers benefited in one big way: Shelter-in-place rules kept millions of policyholders’ vehicles parked in driveways, and accident rates plummeted. Allstate has returned more than \$1 billion in premiums to its customers,

part of an industrywide move- ment in which insurers slashed billions of dollars of premiums owed to them in April and May under tens of millions of policies, prodded partly by consumer activists.

More recently, traffic volume has picked up as many states have lifted shelter-at-home restrictions.

Mr. Wilson said the deal highlights that while some consumers don’t want help from agents, “some people do want

help, and we’ll do whatever they want....Technology enables you to do that better, cheaper and faster.”

Allstate said the acquisition would increase its market share in personal property-liability insurance by more than 1 percentage point to just over 10%. That brings it nearer to No. 3 Progressive.

Besides auto insurance, National General’s product offerings include accident- and supplemental-health insurance

policies and “lender placed insurance,” which is coverage that banks and other lenders require borrowers to have in place to protect underlying collateral.

Under the deal, shareholders of National General will receive a total of \$34.50 a share, an offer that comprises \$32 a share from Allstate and expected closing dividends of \$2.50 a share, the companies said. The total offer represents a 69% premium to the stock’s last-traded price.

Allstate will fund the deal with \$2.5 billion in cash resources at Allstate and National General and by issuing \$1.5 billion in new Allstate senior debt.

Allstate investors reacted warily. Allstate shares fell 4.8% in trading Wednesday, while National General shares were up more than 65%.

Many Allstate shareholders are wondering if they might be better off if the car insurer ramped up its stock-repurchase program rather than do the deal, some analysts said in notes to investors. Allstate is maintaining its stock-repurchase program, but “investors will focus on the fact that this capital could have been used to buy back shares,” Wells Fargo Securities analyst Elyse Greenspan said.

Evercore ISI analyst David Motemadere said Allstate becomes a more complicated story for investors as now “there is an integration and less dry powder for capital return.”

Allstate said the deal would have no impact on its current roughly \$3 billion share-repurchase program.

End of Payday Lending Effort Faulted

By YUKA HAYASHI

WASHINGTON—A Trump administration decision to roll back an Obama-era effort to rein in payday lenders was denounced by consumer advocates and Democrats but welcomed by banks seeking to enter the market for high-interest consumer loans.

The Consumer Financial Protection Bureau on Tuesday formally repealed a key provision of a proposed regulation requiring lenders to verify borrowers’ incomes to ensure that they can afford to repay the loans, which charge annual interest rates as high as 400%. At the same time, the bureau said it would move ahead with another provision that limits how often lenders can access borrowers’ bank accounts in their attempt to collect payments.

In a statement, CFPB Director Kathleen Kraninger said the bureau’s action would “ensure that consumers have access to credit from a competitive marketplace, have the best information to make informed financial decisions, and retain key protections without hindering that access.” She said the bureau “will continue to monitor the small-dollar lending industry and enforce the



CFPB Director Kathleen Kraninger said the action would ensure that consumers have access to credit from a competitive marketplace.

law against bad actors.”

Consumer advocates criticized the decision, saying it put vulnerable consumers at risk of being mired in high-interest debt they cannot repay.

“Amid a global pandemic and an economic contraction with little precedent, the CFPB has chosen to devote scarce resources not to protecting consumers, but to dismantling guardrails that would have given people more protection from predatory lenders,” said Linda Jun, senior policy counsel at Americans for Financial Reform.

The Community Financial Services Association of America, a trade group that represents small-dollar, short-term lenders, said the new rule will benefit millions of American consumers. “The CFPB’s action will ensure that essential credit continues to flow to communities and consumers across the country, which is especially important in these unprecedented times,” D. Lynn DeVault, the group’s chairman, said.

Consumer groups have called on lawmakers to impose a limit of 36% on interest rates for consumer loans. More than

a dozen U.S. states have effectively banned payday loans through usury laws, even as they fight online lenders’ attempts to skirt such limits.

The bureau’s move was welcomed by groups representing banks and credit unions, which have sought clear guidance from regulators on how to cater to lower-income consumers who don’t qualify for conventional credit cards or other lending products because they have impaired or no credit history.

The Consumer Bankers Association, which represents big banks including **JPMorgan Chase & Co.** and **Bank of America** Corp., said the amended rule will help banks provide “much-needed small-dollar loans to consumers in need.”

Bank regulators, including the Federal Reserve Board and the Federal Deposit Insurance Corp., in May issued joint guidance for banks that seek to offer “responsible small-dollar loans.”

The proposal to restrict the payday loan industry, years in the works, was introduced in late 2017, days before Richard Cordray, the Obama-appointed director, left the bureau. The bureau soon put the proposal on hold and revised it before finally rescinding it on Tuesday.

KKR Deal Builds Up Asset Pool

Continued from page B1

the global insurance industry at more than \$30 trillion, KKR Co-President Scott Nuttall said on an investor conference call Wednesday. “It’s an enormous market and in this low-rate world, we’ve been finding that insurance companies are looking for alternative investments within their portfolios.”

Investors cheered the news, with KKR’s shares rising 10% in trading Wednesday.

Apollo, the original architect of the strategy, joined with former American International Group Inc. executive James Belardi in 2009 to build what would become Athene Holding Ltd. Financed by an investment from a publicly traded vehicle Apollo controlled, Athene bought up fixed-annuity assets on the cheap in the aftermath of the financial crisis and signed them over to the buy-out firm to manage.

Apollo now manages \$140 billion of assets on behalf of Athene and **Athora Holding** Ltd., a European insurance company it founded in 2014. That accounted for 44% of Apollo’s total assets at the end of March and contributed the bulk of the \$190 million in fee-related revenue the firm received from permanent-capital vehicles in the first quarter.

Apollo’s credit business has ballooned as a result of the strategy, becoming the envy of its peers, and is now the industry’s largest, with \$210 billion in assets as of March 31.

Blackstone got the right to manage the assets of FGL Holdings Inc., formerly known as Fidelity & Guaranty Life, when a special-purpose acquisition company in which the private-equity firm invested bought the insurer in late 2017. In February, FGL said it was extending and enhancing its

relationship with Blackstone in conjunction with a deal by Fidelity National Financial Inc. to buy FGL for \$2.7 billion.

Closely held Global Atlantic has nearly \$90 billion in assets and more than two million policyholders. The insurance company was founded in 2004 by Goldman Sachs Group Inc., where Global Atlantic Chief Executive Allan Levine served as CEO for the investment bank’s reinsurance group. It separated from Goldman in 2013.

Global Atlantic has a history of expansion through acquisitions, completing 20 reinsurance transactions covering about \$27 billion in assets since its founding. KKR said it plans to continue to build the business through deals.

Like Athene and FGL, the company focuses on fixed annuities, which pay owners a set

Global Atlantic has nearly \$90 billion in assets and is valued at \$4.4 billion.

amount of interest over the life of a contract. Insurers make money by earning more on the money handed over by buyers than they are required to pay out, making them attractive to private-credit managers.

KKR will pay the amount of Global Atlantic’s book value as of the deal’s closing through a combination of cash from the firm’s balance sheet, proceeds from potential minority co-investors and the issuance of debt or equity. Global Atlantic’s book value as of March 31 was about \$4.4 billion, the companies said.

Global Atlantic shareholders, which include Goldman and its private-wealth clients, will have the opportunity to roll their investments into the deal. KKR said it initially expects to have about 60% economic ownership of the company. Global Atlantic will remain a separate business under Mr. Levine’s leadership.

Fed Official Sees Likely Need for Loan Program

By PAUL KIERNAN

WASHINGTON—The Federal Reserve’s \$600 billion lending program for medium-size businesses hasn’t attracted much interest yet, but that is likely to change if the U.S. economy takes a turn for the worse amid rising coronavirus cases, said the official who runs the program.

“The likelihood that we continue to have serious problems with the infections means that businesses are likely to be disrupted for a longer period of time,” Eric Rosengren, presi-

dent of the Federal Reserve Bank of Boston, said in an interview Wednesday. “So there’s an insurance element against the pandemic, as well as meeting an immediate need of some borrowers.”

The Main Street Lending Program aims to lend to companies contending with the economic fallout from the pandemic, but it has struggled to get off the ground since it was announced in April. Its rollout was held up by negotiations over terms, while bankers have expressed skepticism that many borrowers that need help will

be eligible to access the loans.

Of the five largest U.S. banks by assets, only **Bank of America** Corp. has indicated that it plans to make Main Street loans available to new customers. Three others—**Wells Fargo & Co.**, **Citigroup** Inc. and **U.S. Bancorp.**—said they plan only to serve existing customers. **JPMorgan Chase & Co.** didn’t say whether it planned to lend to new customers through the program.

Almost 11,000 federally insured banks and credit unions could be eligible. Mr. Rosengren said that 260 lenders have

completed the registration process, while another 174 are still signing up.

He acknowledged that it is “going to take some time for banks and borrowers to become familiar with the program” but that he fully expects demand to pick up.

Under the program, banks will lend between \$250,000 and \$300 million to businesses that were creditworthy before the economic crisis began. A Fed facility will then buy a 95% stake in those loans, leaving originating banks with 5% of the credit risk.

New Highs and Lows | WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Wednesday, July 8, 2020			
Stock	Sym	52-Wk Hi/Low	% Chg
Highs			
ANGI Homesvs	ANGI	16.38	0.3
ASML	ASML	392.15	2.6
AirProducts	APD	276.86	1.8
AkeroTherap	AKRO	41.16	5.7
AlamoGold	AGI	10.57	2.3
Alibaba	BABA	258.49	9.0
Alteryx	AYX	180.17	3.5
Altimmune	ALT	20.65	52.2
Amazon.com	AMZN	3083.97	2.7
AmicusTherap	FOLD	16.13	-0.7
AmrytPharma	AMYT	15.50	42.4
AndinaAcqnil	ANDAU	11.75	6.7
AngioAcqDash	AO	32.09	2.2
Apple	AAPL	381.50	2.3
arGEN-X	ARGX	251.38	2.4
AssemblyBioSci	ASMB	25.45	1.3
Atlassian	TEAM	197.06	2.9
AurynResources	AUG	2.40	8.9
Aviara	AVLR	142.11	3.6
B2Gold	BTO	6.07	2.6
BallardPower	BLDP	20.30	2.7
Bandwidth	BAND	138.93	4.0
BectonDicksonPFB	BDX	56.13	0.2
BiohavenPharm	BHVN	78.75	8.1
BionVaxPharm	BVXV	34.72	4.6
BlinkChargingWt	BLNKW	4.57	11.4
BlueCity	BLCT	35.89	46.4
BlueKnightEntPrsA	BKEPP	5.85	...
BostonBeer	SAM	588.56	1.1
Broadwind	BWEN	5.32	20.2
CRISPR Therap	CRSP	97.82	3.0
Canvana	CUNA	139.30	4.4
CelciusHdgl	CELH	12.72	4.6
ChannelAdvisor	ECOM	17.33	4.9
Chegg	CHGG	73.78	2.2
CleanEneFuels	CLNE	3.75	29.4
Clorox	CLX	226.73	0.8
CollectiveGrowth	CLGX	10.25	0.6
CoreLogic	CLGX	69.36	1.2
CoupaSoftware	COUP	305.00	5.0
CrowdStrike	CRWD	114.69	7.6
CryoPortWt	CYRXW	29.36	2.3
Cyberkinetics	CYBK	38.38	6.0
Cytokinetics	CTYK	27.24	3.4
DRDGOLD	DRD	17.01	3.8
DadaNexus	DADA	30.59	13.4
DanaherPFB	DHRP	1125.47	1.5
Danaher	DHR	184.89	1.3
Datadog	DDOG	96.84	6.7
Daxor	DXR	18.00	4.9
deMY TechA	DMYT	10.22	11
DocuSign	DOCU	265.55	4.3
Domo	DOMO	30.00	3.9
DraftKingsWt	DKNGZ	250.00	-57.3
elfBeauty	ELF	20.84	5.4

Stock	52-Wk			Stock	52-Wk			Stock	52-Wk			Stock	52-Wk			Stock	52-Wk						
	Sym	Hi/Low	% Chg		Sym	Hi/Low	% Chg		Sym	Hi/Low	% Chg		Sym	Hi/Low	% Chg		Sym	Hi/Low	% Chg				
EMX Royalty	EMX	2.69	13.0	HarmonyGold	HMY	5.80	14.7	Moody's	MCO	294.39	3.1	SandstormGold	SAND	10.08	0.6	Twilio	TWLO	244.99	4.4	Canon	CAJ	19.12	1.0
EBAY	EBAY	58.46	2.2	HeartlandPfdB	HTLFP	25.34	0.9	NIO	NIO	15.28	-2.6	Saratoga725Nts	SAK	25.68	1.1	TwistBioSci	TWST	55.36	11.8	Corning	COR	7.65	1.0
EmergentBiosol	EBRS	94.96	5.5	Humant	JBHT	117.67	10.1	NantHealth	NH	6.39	5.8	SchneiderNatl	SNDR	25.54	0.2	USAutoPart	TWOU	42.40	6.7	EchoStar	SATS	25.04	0.6
EquinoxGold	EQX	11.77	1.9	JBHunt	JBHT	127.22	1.5	NantWest	NK	15.00	22.3	Sea	SE	126.68	10.2	UnivSci	USX	91.77	2.4	Express	EXPR	1.24	7.7
EverQuote	EVER	62.94	1.4	IAC/InterActive	IAC	127.60	-2.2	Nat/Genomic	NGHC	33.84	65.8	SeabridgeGold	SA	18.72	...	Up Xpress	USX	6.61	-4.7	FirstHorizonPFB	FHNpB	24.31	4.5
FactSet	FDS	350.92	2.5	IamGold	IAG	4.64	4.8	NeoGenomics	NEO	36.27	2.1	SerimiaoTech	AHS	2.26	49.8	UltragenyxPharm	UUX	91.77	2.4	FirstHorizonPFB	FHNpB	22.06	-6.5
Fastly	FSLY	96.30	9.7	ImmunoMedics	IMMU	41.95	0.9	NetEase	NTE	455.99	2.3	ServiceNow	MCRB	6.75	4.6	UnivSci	USX	91.77	2.4	FirstMidBncPfd	FMBIO	24.05	...
FinTechIIWt	FTACW	2.98	19.7	IntellaTherap	NTLA	25.44	3.7	Netflix	NFLX	505.10	2.0	SeresTherap	NOW	426.78	3.3	UpIntech	TIGR	7.18	25.7	FortressValueA	FWA	11.77	-12.9
FirstHorizonPFB	FHNpC	25.56	0.4	Invitac	NVTA	35.33	3.1	NIU Times A	NVT	43.50	0.5	Shift4Payments	FOUR	47.95	5.3	VBI Vaccines	VAVO	40.16	17.6	Halo/Farmaceut	HFV	5.85	24.2
Five9	FINV	119.90	3.1	JD.com	JD	65.90	6.0	NIU Times B	NVT	25.88	1.9	Shop	SNAP	26.50	6.4	Vapotherm	VAVO	40.16	17.6	InterceptPharm	ICPT	43.80	2.9
Fiverr	FVR	84.99	0.1	K12	KRN	34.66	4.9	NVIDIA	NVDA	409.00	3.5	SolarEdgeTech	SEDG	26.50	6.4	Veeva Systems	VEEV	45.66	7.8	InterceptPharm	ICPT	43.80	2.9
FocusFinPtrs	FOCUS	35.07	4.3	KingsoftCloud	KL	40.20	11.3	OPKO Health	OPK	4.21	6.5	Splunk	SPLK	158.00	7.7	Veeva Systems	VEEV	45.66	7.8	InterceptPharm	ICPT	43.80	2.9
FortressValueAcq	FTVCU	10.38	-0.5	KinrossGold	KGC	7.69	2.2	OKTA	OKTA	219.99	6.0	Spotify	SPOT	277.62	2.8	Vicor	VICR	25.17	3.0	InterceptPharm	ICPT	43.80	2.9
FortressValueA	FTAC	10.30	-0.7	LGI Homes	LGHL	10.21	5.2	Overstock	OSTK	46.98	-4.3	Square	SQ	133.43	6.2	Vipshop	VIPS	22.44	7.5	InterceptPharm	ICPT	43.80	2.9
FreedomHolding	FRHC	19.50	-0.3	LGLS ysAcq	LGHS	10.15	0.1	PLDT	PHI	27.51	5.6	SunOpta	STKL	5.48	7.9	VivintSolar	VSZR	15.69	4.8	InterceptPharm	ICPT	43.80	2.9
Futu	FUTU	33.80	0.2	LatticeSemi	LSCC	30.50	1.0	PaciraBioSci	PCRX	56.69	4.4	SunRun	SUNR	28.40	8.0	Vuzix	VUZI	30.16	8.8	InterceptPharm	ICPT	43.80	2.9
FutureFinTech	FFTE	1.96	7.4	LiVongoHealth	LLY	169.82	1.4	PanAmerSilver	PAAS	32.75	7.9	SyrosPharm	SYRS	12.57	3.7	Wayfair	W	230.92	-1.8	InterceptPharm	ICPT	43.80	2.9
GAN	GAN	28.95	1.2	LivingHealth	LVGO	9.47	3.4	PapaJohn's	PZZA	89.74	5.2	TFI Intl	TFII	38.33	2.2	Wayfair	W	230.92	-1.8	InterceptPharm	ICPT	43.80	2.9
GDS Holdings	GDS	89.03	8.2	MAG Silver	MAG	15.20	4.4	PayPal	PYPL	182.64	2.4	TG Therap	TGTX	24.53	5.5	Wayfair	W	230.92	-1.8	InterceptPharm	ICPT	43.80	2.9
GSX Technedu	GSX	83.13	13.2	MCTC	MCTC	29.97	5.1	Peloton	PTON	63.25	2.8	TaiwanSemi	TSOC	62.74	3.1	Wayfair	W	230.92	-1.8	InterceptPharm	ICPT	43.80	2.9
GSX WII/Food	GSX	16.80	2.9	MTBC	MCTC	37.87	5.1	PurpleInnovation	PRPL	19.27	3.0	TeledocHealth	TDOC	225.19	3.3	Wayfair	W	230.92	-1.8	InterceptPharm	ICPT	43.80	2.9
GMAU	GMAU	1.69	20	MTBC	MCTC	11.84	-3.6	Quidel	QDEL	243.68	5.6	TencentMusic	TME	17.30	2.6	Wayfair	W	230.92	-1.8	InterceptPharm	ICPT	43.80	2.9
Genmab	GENM	35.33	2.5	MacroGenics	MGNX	32.18	3.8	RH	RH	269.21	3.0	TheracBioPharm	THBC	13.50	20.2	Wayfair	W	230.92	-1.8	InterceptPharm	ICPT	43.80	2.9
GenMarkDiagn	GMKX	19.83	21.0	MarketAxess	MKT	546.03	2.1	RecontractableTechs	RVP	9.69	23.4	ThermoFisherSci	TMO	395.00	1.7	Wayfair	W	230.92	-1.8	InterceptPharm	ICPT	43.80	2.9
GigCapital3	GIG	10.03	1.5	MarvellTech	MRVL	37.60	6.0	S&P Global	SPGI	354.75	3.3	360Finance	QFIN	15.01	10.9	Wayfair	W	230.92	-1.8	InterceptPharm	ICPT	43.80	2.9
GoldFields	GFI	10.23	3.2	MeritageHomes	MTH	83.36	6.7	SSRM Mining	SSRM	23.03	5.0	TractorSupply	TSOC	135.70	1.0	Wayfair	W	230.92	-1.8	InterceptPharm	ICPT	43.80	2.9
GooseHeadIns	GSHD	82.36	7.9	MersanaTherap	MRSN	24.97	-2.1	Saia	SAIA	122.38	3.1	TrebiaAcq	TREB.U	10.90	1.1	Wayfair	W	230.92	-1.8	InterceptPharm	ICPT	43.80	2.9
GreenBrickPtrs	GRBK	13.23	2.1	MonolithicPower	MPWR	249.79	1.4	Salesforce.com	CRM	201.20	2.0	Trupanion	TRUP	45.92	4.7	Wayfair	W	230.92	-1.8	InterceptPharm	ICPT	43.80	2.9

MARKETS

ECB Helps Close Gap On Bond Risk Levels

By Anna Hirtenstein

Despite European Central Bank President Christine Lagarde's statement earlier this year that it isn't the central bank's job to close spreads, that is precisely what it has done.

The cost of borrowing for Europe's riskiest governments has returned to pre-coronavirus levels, indicating that the central bank has effectively created a backstop to the monetary union's debt market.

The spread, or difference between yields, on Greek and Italian government bonds compared with German bonds Wednesday hovered near the tightest level since before panic about the coronavirus overtook markets. The difference between the yields on eurozone countries' bonds is seen as a barometer of financial stress in the region. The wider the spread, the more worried investors are.

The yield on Greece's 10-year debt was at 1.029% and Italy's at 1.205%, on Wednesday according to Tradeweb, the lowest since March and below where they began the year. For both, that is over a full percentage point less than at the height of the turmoil. Bond prices rise as yields fall.

Lagarde backed away from her initial position on being a backstop.

"If you know that the ECB is there to protect the spread market, why would you want to bet against it?" said Peter Schaffrik, a global macro strategist at RBC Capital Markets. The central bank "has made huge contributions to stability in financial markets. The market is reassured."

This is despite historic contractions in European countries' economies resulting from the lockdowns and a surge in debt issuance as governments seek to fund their fiscal stimulus programs.

Italy was the first country in the region to implement a lockdown in early March and subsequently its economy is expected to be the worst-hit in the trade bloc in 2020. The European Commission is forecasting that it will shrink 11.2%. Greece is predicted to contract by 9%, compared with an expected decline of 8.7% across the euro area.

Ms. Lagarde said on March 12 that the ECB was "not here to close spreads." After a sharp selloff in southern European government debt, she quickly pivoted to echo the rhetoric of her predecessor, Mario Draghi, pledging to do "everything necessary" to help the eurozone through the crisis. Six days later, the ECB announced a €750 billion (\$846.84 billion) bond-buying program, which was expanded to €1.35 trillion June 4.

This program is expected to vacuum up net issuance of government debt through to next year, according to research from J.P. Morgan Asset Management.

Also providing reassurance to investors is the European Recovery Fund, a €750 billion plan put forward by the European Commission which is backed by heavyweights Germany and France. It proposes to provide capital to EU countries through a mix of grants and loans.

In the U.S., yields on benchmark 10-year Treasury notes rose to 0.656% from 0.648% on Tuesday.

—Pat Minczeski contributed to this article.

AUCTION RESULTS

Here are the results of Wednesday'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.

NINE-YEAR, 10-MONTH NOTES	
Applications	\$78,612,577,600
Accepted bids	\$31,544,209,100
* noncompetitively	\$3,836,200
* foreign noncompetitively	\$0
Auction price (rate)	99.733486 (0.653%)
Interest rate	0.625%
Bids at clearing yield accepted	79.05%
Cusip number	912828206

The notes, dated July 15, 2020, mature on May 15, 2030.

Gold ETFs Add Record \$40 Billion

By Amrith Ramkumar

Nearly \$40 billion flowed into gold-backed exchange-traded funds in the first half of the year, topping the previous annual record and highlighting robust investor demand for precious metals during the coronavirus pandemic.

The flood of money moving into the gold market comes with bullion prices rising to their high-

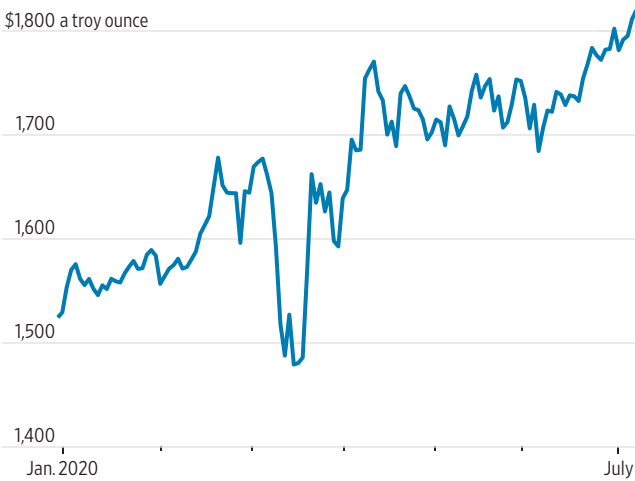
est level in nearly nine years. On Wednesday, the most actively traded gold futures rose 0.6% to \$1,820.60 a troy ounce on the Comex division of the New York Mercantile Exchange. Prices are up nearly 20% for the year and about 4% below their record of \$1,891.90 from August 2011.

Driving the rally are a burst of haven buying from skittish investors along with ultralow interest rates amid central banks' efforts to prop up the world economy. Low rates make owning gold more attractive for investors because the precious metal doesn't offer any yield simply for holding it.

With those trends lifting investor demand for the haven metal, \$39.5 billion flowed into gold-backed ETFs in the first six months of the year, World Gold Council figures published Tuesday show. That topped a previous annual record hit in 2016 and pushed global gold ETF holdings to a record.

These funds like **SPDR Gold Shares** have grown more popular because they are an easy way for investors who generally

Gold prices*



don't invest in commodities to add gold to their portfolios. Adding to the excitement in the sector: Big-name money managers like Ray Dalio, Jeffrey Gundlach and Paul Tudor Jones have touted the benefits of owning the metal in recent months.

While stocks and other risky assets have also climbed lately, many analysts project a bumpy economic recovery that still boosts gold.

"It just seems like the momentum is going to continue," said Chris Mancini, an analyst at the Gabelli Gold Fund. "We're starting to see more and more broad interest from people who don't know much about gold and are trying to learn about the story."

Shares of gold-mining companies like **Newmont Corp.** and

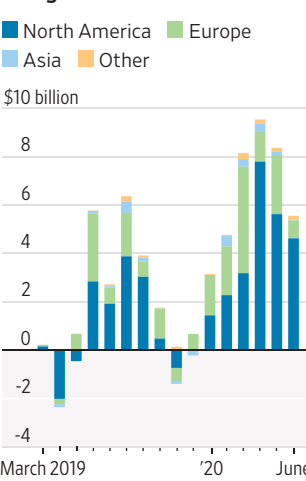
Barrick Gold Corp. have soared in recent weeks, bringing their year-to-date advances above 45%.

Precious metals are also getting a boost from unease about November's presidential election and fresh geopolitical conflicts around the globe. Uncertainty about the relationship between the U.S. and China continues to stoke anxiety for investors. A border dispute between India and China and tensions between North and South Korea are also supporting gold demand.

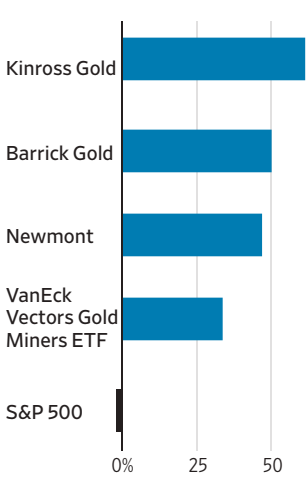
"You've got a perfect storm," said Rhona O'Connell, head of market analysis for EMEA and Asia at StoneX Group Inc. "There's all sorts of tensions creeping in."

At the same time, investors are monitoring inflation expecta-

Monthly net flows into gold-backed ETFs



Performance of gold-mining assets and S&P 500 in 2020



tations. Projections that fiscal and monetary stimulus could eventually lift consumer prices faster than interest rates while devaluing traditional currencies are fueling some bullish gold bets. Inflation has remained low over the past decade, however, defying predictions for a bullion-lifting acceleration in prices.

Persistently low inflation in the years following the financial crisis dragged down gold from its 2011 peak. Some analysts say this economic cycle could be different, wagering that immense bond buying by the Federal Reserve and government spending will eventually cause inflation.

"We're looking at stimulus that's an order of magnitude larger than what we saw after the financial crisis," said Joe

Foster, who manages the VanEck International Investors Gold Fund. "it's hard to imagine that inflationary pressures won't develop." Mr. Foster expects gold prices to test \$2,000 in the next six to 12 months and that the company has received more investor interest for its gold products lately.

Hedge funds and other speculative investors lifted net bets on higher gold prices in three consecutive weeks through June 30, pushing them to a two-month high, Commodity Futures Trading Commission data showed. Investors have also been flocking toward gold's precious-metal peer, silver, in recent weeks.

On Wednesday, most actively traded silver futures rose 2.5% to \$19.161 a troy ounce, also extending a recent climb.

Chinese Stocks Extend Rally to a Seventh Day

By Joe Wallace and Gunjan Banerji

U.S. stocks rose while mainland Chinese shares extended their winning streak for a seventh day.

Major indexes wavered for much of the day before turning higher late in the session.

The jump helped claw back losses from the prior session, when the S&P 500 fell and snapped its five-session winning streak.

Stocks have traded in a narrow range for the past month, after zipping higher for much of the second quarter.

Investors have been weighing stimulus efforts by central banks and governments against signs that the rebound in U.S. economic growth has lost speed.

Meanwhile, there has been a jump in coronavirus cases in

parts of the country, and tensions have risen between China and the U.S.

"I would characterize the stock market as relatively immune to the [health] crisis," said Gregory Perdon, co-chief investment officer at Arbuthnot Latham & Co., a U.K. private bank. It is difficult for stock prices to go down when stimulus measures by the Federal Reserve and European Central Bank have pinned down bond yields, he added.

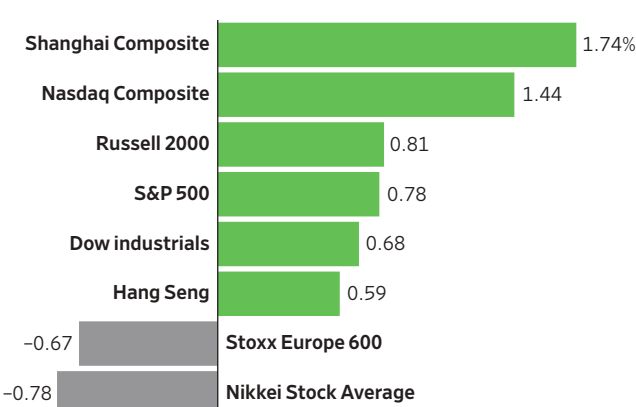
That has been on display this week.

The Nasdaq Composite added 148.61 points, or 1.4%, to a record 10492.50.

The S&P 500 advanced 24.62 points, or 0.8%, to 3169.94, led by shares of technology companies. The Dow Jones Industrial Average gained 177.10 points, or 0.7%, to 26067.28.

Despite the recent stock gains, there are signs inves-

Index performance Wednesday



Source: FactSet

tors are looking for safety.

Gold prices are hovering at the highest level since 2011. On Wednesday, the most actively traded gold futures rose 0.6% to \$1,820.60 a troy ounce on the Comex division of the New York Mercantile Exchange. Prices are up nearly

20% for the year and about 4% below their record of \$1,891.90 from August 2011.

Meanwhile, shares of hotels, airlines, restaurants and other companies that have been affected by coronavirus-related lockdowns have fallen over the past month.

"There's definitely never been more unknown unknowns out there," said Nancy Davis, portfolio manager of the Quadratic Interest Rate Volatility and Inflation Hedge Exchange-Traded Fund. "We'll have to see whether the economy can stay open and people can get back to work."

The unemployment rate fell in June but still hovered at 11.1%.

Chinese shares resumed their recent spurt, pushing the Shanghai Composite Index up 1.7%. Early Thursday, the benchmark was up 0.2%.

The index has advanced 8% this week as individual investors bet that a recovering economy will boost profits.

At midday Thursday in Tokyo, the Nikkei 225 Stock Average was up 0.2%, Hong Kong's Hang Seng Index was flat and South Korea's Kospi was up 0.5%. U.S. stock futures were down slightly.



An American Airlines check-in site. The airline's shares are among those that have declined lately as a result of rising virus cases.

dex is down 18% over the past month.

Another group of stocks that have suffered? Large event operators, which have been hit with cancellations of festivals, concerts and other mass gatherings. **Live Nation Entertainment Inc.** is down 21% over the past month.

It is a contrast to the relatively muted action across the S&P 500 as a whole, as well as the furious rally in technology stocks that has taken the Nasdaq Composite to fresh highs and the market capitalization of Amazon.com Inc. above \$1.5 trillion in July.

What is clear is that investors don't believe the stock market is devoid of opportu-

nities.

Many are just choosing to steer clear of bets that hinge on millions of Americans soon being able to freely shop, travel and entertain the way they used to a couple months ago.

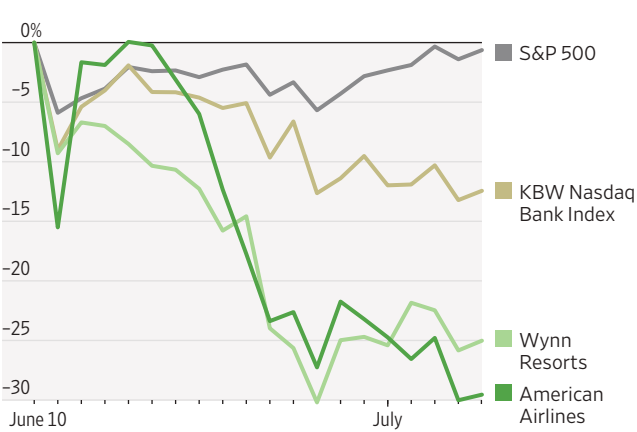
It is reminiscent of how bank stocks fell behind the market for years after the S&P 500's financial crisis low, market research firm Strategas said in a note.

After a brief pop, the sector was effectively "dead money for years."

The broader market might look relatively calm these days. But underneath the surface, investors are clearly fleeing stocks tied to an orderly reopening.

Shares of banks, casinos and airlines have fallen behind the broader market again as rising coronavirus cases have forced some states to slow down or halt their reopening plans.

Share-price and index performance over the past month



Source: FactSet

HEARD^{ON}THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Investors Should Beware of Bargains At Shopping Malls

Rental income will be under pressure long after the pandemic has passed for retail landlords

After years of worrying about e-commerce, mall owners face another unwelcome reckoning from the pandemic. Their stocks appear cheap, but investors are better off window shopping until the long-term hit to rental income is understood.

Retail real-estate investment trusts have been among the biggest losers in this year's health crisis. Shares in Europe's **Unibail-Rodamco-Westfield**, which owns Westfield-branded shopping centers in London and San Francisco, have fallen by almost two-thirds this year. The market value of U.S. peer **Simon Property Group** has halved. On paper, these once-dependable stocks now come with dividend yields of around 10% even after slashing payouts.

Shopping centers used to offer a reliable source of income—one reason why they traditionally appealed to pension funds. This also explains why mall REITs headed into this crisis brimming with debt. European names have average net borrowings of 13.4 times projected earnings before interest, taxes, depreciation and amortization, according to property consultant Green Street. U.S. peers carry slightly less. It is increasingly difficult to judge where their rental

income will settle in the future. Less than one-third of rent due for April was collected by U.S. mall landlords, according to Fitch Ratings.

Permanent rent cuts will be needed to avoid a rise in vacancies. Even well-funded international brands like Swedish fashion chain **H&M** are negotiating reductions of up to 25%. Bankruptcies of department stores such as **J.C. Penney** could be especially tricky: So-called cotenancy clauses in the U.S. allow retail renters to break leases without penalty if big anchor tenants aren't replaced within a year to 18 months.

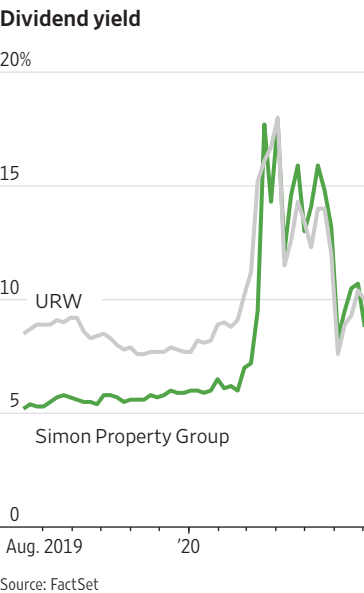
The pandemic has also accelerated the existing threat posed by e-commerce to retail landlords. By the end of this year, 23% of all total European apparel spending will be online, according to Bernstein estimates, up from 18% in 2019. The U.S. faces a similar ramp-up in e-commerce when it has record levels of physical shopping space. Today, there are nine malls for every million households, UBS data shows. This is up from eight in 1980 when e-commerce didn't exist.

Debt holders are bearish about the creditworthiness of mall tenants. The yield on 10-year bonds issued by fashion brands in Europe has increased by nearly 4 percentage points since March to 6.6%, according to Green Street's Rob Virdee. The 2.1% average yield for issuances by retail landlords seems complacent by comparison.

The real estate they own is some comfort for both stock and bondholders, but valuations are highly uncertain right now. Enterprise values, which include debt as well as market values, offer a good indication of how investors are pricing Covid-19's impact on underlying property portfolios. URW's enterprise value has fallen by a modest 15% this year, while Simon Property's has fallen 35%.

With shopping malls facing a turbulent future, bargain-hunters on the stock market may find better deals elsewhere.

—Carol Ryan



The company has launched new iPhones in the last half of September every year since 2012. CEO Tim Cook last year.

Apple Is Ripe for a Setback

Wall Street isn't yet factoring in an iPhone launch delay

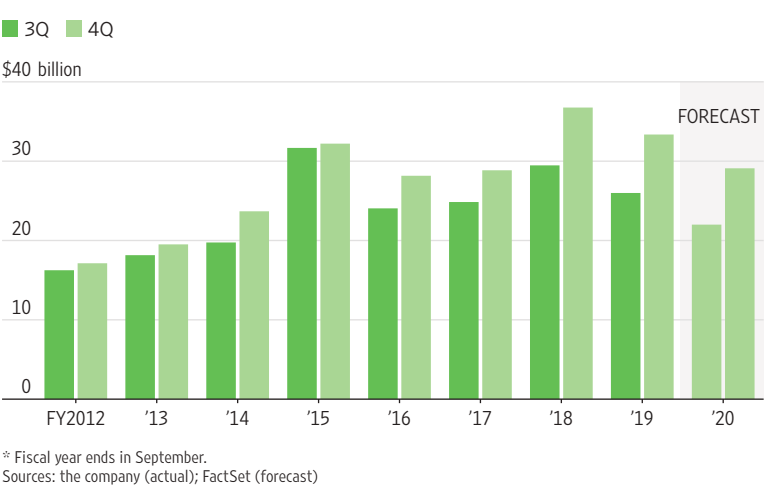
Wall Street is so over the moon about **Apple** Inc.'s next iPhone that few seem to care when it will actually arrive.

Up 12% over the past month, Apple is one of only four Dow components positive for that period. The company is also valued at more than \$1.6 trillion—second only to **Saudi Aramco** globally.

That is quite a run for a company that makes the bulk of its money selling gadgets produced in the global pandemic's ground zero. What is more, the current hype is mostly over one gadget in particular; analysts widely expect Apple to launch its first 5G iPhone this fall.

Apple has put new iPhones on the market in the last half of September every year since 2012. The pandemic has understandably thrown a wrench into the company's production machine, though, given its impact on Chinese factories and travel to and from the mainland. The Wall Street Journal reported in April that production of this year's flagship iPhones was pushed back by about a month. Broadcom effectively confirmed that delay in its own earnings report last month when the chip maker warned it wouldn't see the normal third-quarter seasonal uptick from "our large North American customer" until its fiscal fourth quarter, which ends in October.

Apple's iPhone revenue for fiscal third and fourth quarters*



That means the new iPhones are unlikely to contribute to Apple's own fiscal fourth quarter that ends in September. But most analysts so far don't seem to be factoring in a delay. Wall Street's consensus estimate for iPhone revenue in that quarter hasn't changed in the past two months, according to FactSet. Analysts are also predicting a 20% sequential jump in overall revenue for the fourth quarter—a bigger increase than the company has seen for that period since it began launching new iPhones each September.

Apple has historically been loath to give even vague hints of future product plans. The company

might therefore find itself in a bind when it reports fiscal third-quarter results on July 30, as that report typically includes a revenue forecast for the fourth quarter.

Raymond James analyst Chris Caso helpfully suggested on Tuesday that Apple simply should avoid giving guidance, as it did in its last report because of the uncertainty created by the pandemic. Or the company could simply admit that the pandemic has forced it to tweak its normal launch plans. After all, Apple fans will line up for new devices whenever they go on sale—provided they can still afford them.

—Dan Gallagher

Earnings Forecasts Are Too Dire, but Be Careful

The second quarter probably wasn't as horrible for U.S. companies as estimates suggest. That hardly counts as an all-clear signal as the Covid-19 crisis reasserts itself.

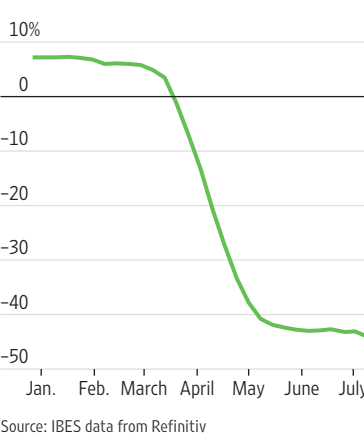
With results about to start rolling in, analysts polled by Refinitiv estimate that second-quarter earnings at companies in the S&P 500 will show a drop of 43.9% from a year earlier. That is far worse than the 11.7% decline they forecast at the outset of the quarter, when it was clear the crisis was buckling the economy.

There is a tendency for analysts to set a low bar for earnings even in normal times. In the second quarter that tendency may have gone into hyperdrive. This is because the bulk of the downward revisions happened early in the quarter, before it was clear the economy had started bouncing back. That bounceback hasn't spurred many upward revisions.

At the outset of the quarter, earnings for industrial companies in the S&P 500 were expected to decline by 32.8%, and by the end of May, that drop was marked down to 88%. Now estimates are calling for an 89.1% decline. The pickup in industrial activity that was reflected in the Institute for Supply Management's better-than-expected June manufacturing report last week seems not to have registered.

Similarly, earnings for consumer cyclical companies were expected to slip by 33% at the start of the quarter, by 109.7% at the end of May (in other words, to show outright losses), and are now pegged to fall by 114%. Yet the Commerce Department's May retail sales report, released in mid-June, showed a much bigger bounce from April than economists expected. Even though credit-card data suggest sales have softened recently as cor-

Change in S&P 500 second-quarter earnings estimates from a year earlier



onavirus caution flags have gone back up, spending in June looks to have improved from May's level.

Analysts' difficulty figuring out what is happening on the ground has probably amplified their caution. Over 40% of companies in the S&P 500 have withdrawn guidance, leaving analysts flying blind. Meanwhile, many techniques analysts use to decipher what is happening with their companies, such as factory tours and store checks, have been put on hold.

Even if companies beat current estimates handily, there is no certainty their results will be met with glee. The torrid recovery in stocks suggests any good news on earnings may have been baked in even as more recent news on Covid calls into question the rapid improvement analysts expect following the second quarter. Current forecasts show S&P 500 earnings slipping 24.7% in the third quarter, 13.2% in the fourth quarter and then gaining 12.2% in the first quarter.

That could be a stretch.

—Justin Lahart

OVERHEARD

The Brooks Brothers bankruptcy is a sign of the times, the culmination of trends from working from home to e-commerce to casual dress on Wall Street.

Indeed, the brand has a place in several moments of U.S. history. There was the "Brooks Brothers riot" of November 2000, when supporters of George W. Bush tried to rush the doors of the office of the Miami-Dade supervisor of elections.

Or consider that cultural archetype of the 1980s: the yuppie. In that decade, stories about this demographic were almost always accompanied by some of their favorite brands, Brooks Brothers among them. A 1990 Wall Street Journal

article about the demise of the yuppie in marketing began this way: "They have adjusted their Brooks Brothers suspenders, glanced at their Rolex President watches and marched off in their Cole Haan loafers. Perhaps never to return."

Being founded in 1818, Brooks Brothers existed well before yuppies and survived them by a few years still. More recently, a surprising epithet is sometimes attached to the brand. One Etsy listing describes a Brooks Brothers argyle sweater as "hipster," and an eBay listing used the same term to describe one of its tan leather garment bags. Brooks Brothers' legacy may live on in the closets of the yuppies' children.



Levi Strauss Looks Faded in a Pandemic

Many have joked that seated Zoom calls have eliminated the need for new pants. **Levi Strauss & Co.** shareholders aren't laughing.

The brand's revenue dropped 62% in the quarter ended May 24 compared with a year earlier, and the company swung to a net loss.

A couple of factors compounded the poor performance: One was that its business is pants-focused. The company said on a Tuesday earnings call that its tops business, which accounted for 21% of sales last fiscal year, fared better in the last quarter. Aside from the aforementioned issue of presentability on camera, customers might be less comfortable buying pants online without the ability to try them on. The second factor was the timing of its quarter, which encompassed the peak pandemic months of March, April and May.

Nike, another apparel brand with a similar reporting period, saw revenue drop by a much milder 38%. Its share price is down 4% year to date

compared with a 34% decline for Levi Strauss, which dropped 8.4% on Wednesday.

While its recent results were markedly weaker, Levi Strauss's retreat seems excessive for a company that has posted solid performance

Almost 40% of reopened stores saw sales numbers exceed year-ago levels last month.

over the past few years.

It seems to be faring far better where bricks-and-mortar sales have resumed. As stores reopened, Levi Strauss stopped burning cash and saw positive cash flow in June. Almost 40% of reopened stores saw sales numbers exceed year-ago levels last month. E-commerce, which

accounted for 5% of total sales a year earlier, brought in 15% last quarter. The acceleration in online selling means the company's e-commerce business will be profitable for the full year, ahead of expectations.

And while denim isn't an up-and-coming growth category like athletic wear, Euromonitor still predicts the market will grow 2% to 3% a year in the U.S. The jeans maker's domestic brand awareness is topped only by Nike, according to a survey conducted by UBS Research last year.

Like many of its peers, the company is using the bad months to focus its attention where it matters, including high-tech initiatives in design and product development.

Levi Strauss has weathered a lot of storms in its 167-year history. The depth of its latest swoon, a blip in the long run, might present a buying opportunity. If any apparel maker can look even more stylish after being stretched and torn, it is this one.

—Jinjo Lee