

What's News

Business & Finance

Mainland China stocks have surged to multi-year highs in recent days, raising concerns of too-rapid gains amid signals that Beijing is eager to prevent shares from overshooting. **A1**

◆ **New applications** for unemployment benefits edged down last week and the number of people receiving payments fell to the lowest level since mid-April, signs of some healing in the labor market. **A2**

◆ **ByteDance** is considering changing the corporate structure of its popular app TikTok, amid scrutiny over its Chinese ties. **B1**

◆ **Starbucks** will require customers in the U.S. to wear masks at company-operated stores starting next week. **B1**

◆ **Hedge-fund tycoon** Ackman is expected next week to launch an initial public offering of the biggest “blank check” company ever. **B1**

◆ **Walgreens Boots** said it plans to cut about 4,000 jobs in the U.K. and suspend stock buybacks. **B1**

◆ **The Dow** fell 1.4% and the S&P 500 dropped 0.6% in Thursday's session, while the Nasdaq gained 0.5%. **B11**

◆ **German prosecutors** are looking into possible money laundering by executives at payments firm Wirecard. **B2**

◆ **Two U.S. airlines** have canceled Hong Kong flights after the city said all arriving crews would have to undergo Covid-19 tests. **B3**

◆ **Prices for forest products** like lumber and plywood have soared as demand has boomed amid the pandemic. **B1**

World-Wide

◆ **The Supreme Court** paved the way for a New York prosecutor to enforce a subpoena for Trump's financial and tax records, but issued a mixed decision in a related case involving subpoenas from Congress. **A1**

◆ **The high court** declared a swath of Oklahoma to be part of the Muscogee (Creek) Nation's reservation with a 5-4 ruling that upheld 19th-century treaties. **A4**

◆ **The rising tide** of coronavirus cases in the U.S. South and West emerged amid a patchwork of often confusing or conflicting rules across government. **A1, A5-7**

◆ **The Big Ten** canceled nonconference athletic competitions including football games and signaled that its whole season might be in jeopardy. **A1**

◆ **Mnuchin** said the Trump administration is working with the Senate to pass a new bill for coronavirus-related economic aid by the end of July. **A5**

◆ **Biden** laid out a \$700 billion plan to revive the U.S. economy with an America-centric approach to job creation and manufacturing. **A5**

◆ **Former Manhattan** U.S. Attorney Berman told lawmakers that Barr repeatedly pressured him to step down voluntarily. **A3**

◆ **Ex-Trump lawyer** Cohen was taken back into custody after a dispute with probation officers over terms of his home confinement. **A3**

◆ **The U.S. imposed** sanctions on senior officials in China's Xinjiang region. **A8**

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Mayor of South Korea's Capital Is Found Dead



GRIM DISCOVERY: Police carry the body of Seoul Mayor Park Won-soon, which was found early Friday after he was reported missing. There was no immediate evidence suggesting a homicide, a police official said. Local media reported that a former secretary had accused the mayor of sexual misconduct. **A8**

China Cautions Investors About Market Exuberance

China's yuan has strengthened to levels last hit in March and local financial markets have rallied as confidence builds that the country's economy is shaking off the corona-

By Chong Koh Ping, Xie Yu and Joanne Chiu

virus pandemic. The optimism has spurred mainland Chinese stocks to multiyear highs in recent days, with the Shanghai Composite rising 16.5% over eight straight sessions of gains through Thursday. Those increases were partly fueled by opti-

mism among China's millions of individual investors, who dominate trading. There is concern that the gains have been too rapid. Chinese state media urged investors this week to think long term. Authorities also highlighted hundreds of operations making illegal loans against shares, indicating that Beijing is eager to prevent stocks from overshooting. In a sign of such exuberance, QuantumCTek Co. surged about 10-fold on its first day of trading in Shanghai on Thursday, giving it a \$4.2 billion market value. The Shanghai market took a

breather early Friday, with its stock benchmark down about 1%. Stock-market gains are occurring against a brightening economic backdrop. Some economists expect second-quarter data to show China's economy grew in the three months through June. Larry Hu, chief China economist at Macquarie Capital Ltd., forecasts 3% year-over-year growth in gross domestic product, compared with a 6.8% decline in the first quarter. "It's a V-shaped recovery, but the question remains how resilient it's going to be in the second

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Trump Dealt Setback on Disclosures

Justices pave way for N.Y. prosecutor to view records, but for now deny Congress access

By Brent Kendall and Jess Bravin

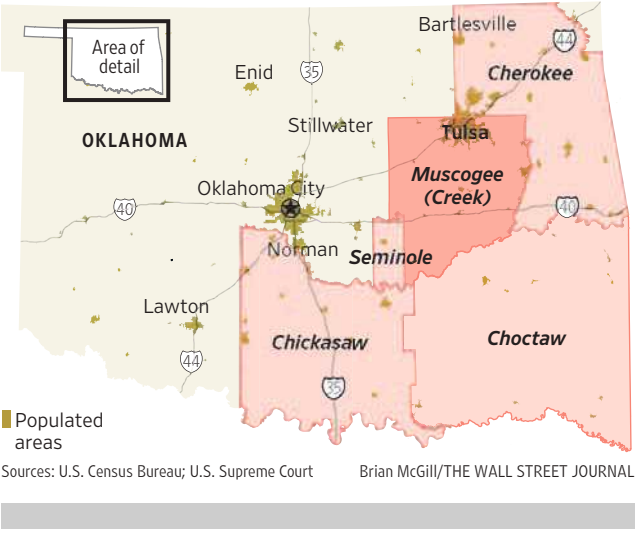
WASHINGTON—The Supreme Court paved the way for a New York prosecutor to enforce a subpoena for President Trump's financial and tax records, but issued a mixed decision in a related case involving subpoenas from Congress. The decisions—both on 7-2 votes on Thursday—send the cases back to lower courts, where Mr. Trump can raise additional objections to the subpoenas. The rulings put off, likely until after the November election, any ability to see Mr. Trump's financial records. But the justices also have accelerated a criminal investigation into hush-money payments to women who claim to have had affairs with Mr. Trump because New York prosecutors now can move forward without waiting for the president to leave office. The decisions reaffirmed the court's longstanding principle

that the rule of law applies to everyone. But the justices recognized the role the president plays and sought to set rules that give him room to lead the nation, while also respecting the prerogatives of lawmakers and law-enforcement officials. In the New York case, the court rejected Mr. Trump's overarching claim that as president, he enjoys absolute immunity from the disclosure of information sought by prosecutors. Writing for the court, Chief Justice John Roberts recalled the trial of Aaron Burr for treason, when then-Chief Justice John Marshall ordered then-President Jefferson to turn over evidence the former vice president sought in his defense. "Two hundred years ago, a great jurist of our Court established that no citizen, not even the President, is categorically above the common duty to produce evidence when called upon in a criminal proceeding," Chief Justice Roberts wrote. "We reaffirm that principle today and hold that the President is neither absolutely immune from state criminal subpoenas seeking his private papers nor entitled to a heightened stan-

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Court Backs Tribe on Treaties

The Supreme Court declared a swath of Oklahoma to be part of the Muscogee (Creek) Nation's reservation, enforcing 19th-century treaties in a landmark ruling. **A4**



Big Ten Calls Off Nonleague Games

By Laine Higgins and Rachel Bachman

The Big Ten conference canceled nonconference athletic competitions including football games because of the coronavirus pandemic and signaled that its whole season might be in jeopardy, a move that could begin to unravel the entire college-football season. "We are focused on how to play this season in a safe and responsible way based on the best advice of our medical experts," Big Ten commissioner Kevin Warren said on Thurs-

day. He also allowed for the possibility of not playing at all this fall, saying: "It's important to get across that we're also prepared not to play should the circumstances dictate. We're taking this one step at a time." College football is one of the most lucrative operations for many big universities, and paring it back—or canceling it altogether—is another powerful financial blow to universities that are struggling to keep students during the pandemic. Athletics are turning out to be a thorny aspect of navigating

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No Exit: The French, Stuck at Home, Become Tourists in France

* * *

Strangers in their own land, locals discover the Eiffel Tower, Provence

By Benoît Morenne

PARIS—The French are venturing into unknown territory: France. Every summer French vacationers snub their homeland in favor of far-flung destinations, allowing France, the world's top tourism destination, to become a playground for foreign tourists. That means millions of French have never climbed the Eiffel Tower; or soaked up

views from the summit of Mont Blanc; or sauntered along Nice's palm tree-studded Promenade des Anglais. The French have never seen themselves as "Leven als god in Frankrijk," as the Dutch like to say, or "Living like a god in France." It's an embarrassment of riches that has long stood in contrast with the perennial malaise that many French feel toward France. "Being French is to live in a paradise inhabited

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Meatpackers Slammed by Virus Turn to Robot Butchers

Pandemic speeds shift, but machines can't yet match humans

By Jacob Bunge and Jesse Newman

SPRINGDALE, Ark.--Deboning livestock and slicing up chickens has long been hands-on labor. Low-paid workers using knives and saws work on carcasses moving steadily down production lines. It is labor-intensive and dangerous work. Those factory floors have been especially conducive to spreading coronavirus. In April and May, more than 17,300 meat and poultry processing workers in 29 states were infected and 91 died, according to the U.S. Centers for Disease Control and Prevention. Plant shutdowns reduced U.S. beef and pork

production by more than one-third in late April. Meatpackers in response spent hundreds of millions of dollars on safety equipment such as personal protective gear, thermal scanners and workplace partitions, and they boosted workers' pay to encourage them to stay on the job. They also are searching for a longer-term solution. That quest is playing out in a former truck-maintenance shop near the Springdale, Ark., headquarters of meatpacking giant Tyson Foods Inc. There, company engineers and scientists are pushing into robotics, a de-

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INSIDE



MANSION

Black interior designers are seeing increased attention and business. **M1**

U.S. Policy Patchwork Spurs New Covid Surge

The rising tide of coronavirus cases in the U.S. South and West, coming four months into the outbreak, emerged amid a patchwork of often

By Arian Campo-Flores, Rebecca Ballhaus and Valerie Bauerlein

confusing or conflicting rules across government that have proved inconsistent and often difficult to enforce, making the pandemic harder to halt. With the federal government handing off many decisions over reopening, the

states have been the primary drivers behind moves with the most impact on the coronavirus's spread. States, in turn, have often given responsibility for many of those decisions to counties, cities and businesses. The result is a dizzying mix of rules and guidelines that can differ widely from one region to the next. It is a reflection of the American system of governance that limits federal power and distributes power across states

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◆ **WHO** shifts its guidelines on Covid-19..... **A7**

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U.S. NEWS

Jobless Claims Edge Lower Again

Labor market shows gradual improvement, but applications are still well above normal

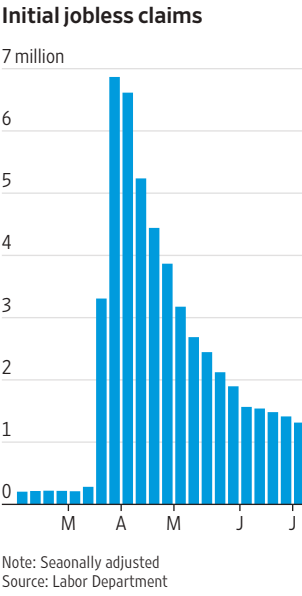
By ERIC MORATH

New applications for unemployment benefits edged down last week and the number of people receiving payments fell to the lowest level since mid-April, signs the labor market is healing and so far not significantly affected by a rising number of Covid-19 cases in several states.

Initial unemployment claims fell by a seasonally adjusted 99,000 to 1.3 million for the week ended July 4, the Labor Department reported Thursday. That extends a trend of gradual declines from a peak of 6.9 million in mid-March, when the coronavirus pandemic and mandated business closures shut down swaths of the U.S. economy. Still, last week's level was well above the highest week on record before this year, which

was 695,000 in 1982. The number of Americans receiving unemployment benefits fell by nearly 700,000 to 18.1 million for the week ended June 27, the lowest reading since the week ended April 18. Those so-called continuing claims are reported with a week lag. The modest easing of the number of unemployment rolls suggests new layoffs are being offset by hiring and recalling of workers. Employers added a combined 7.5 million jobs in May and June after shedding 21 million jobs in March and April, separate Labor Department data showed.

Claims fell in most states last week, including California and Florida, on a nonseasonally adjusted basis, the Labor Department said. Claims did rise by 20,000 in Texas, 18,700 in New Jersey and by nearly 10,000 in Louisiana. While Thursday's report is being watched for signs of how a rising level of Covid-19 cases in several large states is affecting the labor market, it may not give a clear view. The



Independence Day holiday, observed July 3, reduced the number of business days applicants had to file.

Workers aren't required to seek benefits the same week they are laid off. Also, the seasonally adjusted data tend to be volatile around major holidays, because the timing dif-

fers slightly from year to year. Whether the recent rate of job creation, and relatively lower pace of layoffs, can continue is in doubt because coronavirus infections are causing state authorities to reconsider reopening plans and creating renewed uncertainty for many businesses and consumers.

Alyssa D'Angola, a 35-year-old bartender in Austin, Texas, lost her job at the Golden Goose for a second time in late June when the state ordered bars to close to stem a resurgence in coronavirus cases. She had been back at work for only five weeks when the second closure began.

Ms. D'Angola said she was able to delay her mortgage payments beginning in the spring and is receiving unemployment benefits, including a \$600 weekly top-up from the federal government. That extra benefit is set to expire at the end of this month. "When all this stuff runs out, I don't know where I'm going to be," she said.

In addition to regular state

programs in place since the 1960s, unemployment benefits have been expanded to those previously ineligible for such aid, including self-employed and gig-economy workers.

Last week, one million sought benefits through that program, which is accounted for separately from the regular unemployment insurance program and not adjusted for seasonality. For the week ended June 20, the latest available data, the number receiving payments through the program rose by 1.5 million to 14.4 million.

Many economists, including Bradley Hardy at American University in Washington, expect overall employment growth will continue, but at a significantly slower pace than during the past two months. "When you see the rising number of cases," Mr. Hardy said, "you have to ask to what degree will that tamp down foot traffic and spending, and ultimately employment."

—Kim Mackrael and Justin Baer contributed to this article.

Recovery Hinges On Virus Response

By HARRIET TORRY AND ANTHONY DEBARROS

A strong economic recovery depends on effective and sustained containment of Covid-19, economists said in a new Wall Street Journal survey, as the U.S. surpassed three million confirmed coronavirus cases.

The latest monthly survey by The Wall Street Journal found 91% of business and academic economists agreed "somewhat" or "strongly" that economic recovery depends on containing the virus.

"A virus resurgence will push consumer spending back into hibernation," said Scott Anderson, chief economist at Bank of the West.

Federal Reserve officials, including Chairman Jerome Powell, have voiced similar views in recent days.

"It is not possible to fully reopen the economy until this coronavirus no longer poses a threat to public health," said Bernard Baumohl, chief global economist at the Economic Outlook Group.

Still, compared with last month's survey, expectations for the outlook improved slightly. Economists estimated that gross domestic product contracted at a 31.9% annual rate in the second quarter, compared with a 33.5% pace of contraction in the last survey. They expect the economy will return to growth in the third quarter and expand at a 15.2% rate. Last month, their expectation was for a 14.2% pace of growth in the third quarter.

The U.S. entered a recession in February, the National Bureau of Economic Research determined in June. About a quarter of economists in the survey said a recovery is under way, while 64% expect it to start in the current quarter.

In the latest survey, 70% of economists said they expect the recovery to resemble a "swoosh" shape similar to the Nike logo, with a large drop followed by a gradual recovery. That was broadly unchanged from the two previous monthly surveys and a contrast to the predictions of Trump administration officials, who have predicted a swift, V-shaped recovery. Economists' forecasts for the labor market also improved slightly this month. They see the unemployment rate at 9.1% in December, compared with a 9.6% forecast in last month's survey.

The Journal surveyed 60 economists from July 2-7, though not every economist answered every question.

WASHINGTON

Flynn Judge Asks For Full Court Review

A federal judge asked for a full appeals court to review an order telling him to dismiss the case against former national security adviser Michael Flynn.

U.S. District Court Judge Emmet Sullivan on Thursday asked the full U.S. Court of Appeals for the District of Columbia Circuit to review a decision that ordered him to drop the charges after the government sought a dismissal. A three-judge panel had ruled for Mr. Flynn, saying Judge Sullivan was obligated to grant the government's motion to dismiss the case.

In the 2-1 order filed last month, the appeals court said Judge Sullivan had overstepped his authority when he appointed a retired judge to act as a friend-of-the-court and argue against the Justice Department's request to drop a count of lying to the Federal Bureau of Investigation to which Mr. Flynn had pleaded guilty.

Mr. Flynn's lawyers had objected to Judge Sullivan's initiative, asking the appeals court to force the judge to dismiss the case.

The panel said the decision was about whether a district judge could prolong a prosecution after the government said it no longer believed the case to be in the public interest. "Both the Constitution and cases are clear: he may not," the ruling said.

—Byron Tau



SPRAYED: With temperatures in the 80s, a father and daughter cooled off Thursday in an open fire hydrant on Chicago's South Side.

MICHIGAN

DOJ Asks for Denial Of Utility Settlement

The Trump administration is asking a federal judge to reject a settlement between the Sierra Club and a Michigan utility over alleged clean-air violations, arguing that the deal improperly goes beyond what the federal government has approved.

The motion, filed late

Wednesday, asks a U.S. district court in Michigan to reject a settlement that would require Detroit-based utility DTE Energy Co. to close three coal-fired power plants and pay \$2 million for local environmental improvements.

Those terms would be in addition to a \$7.3 million settlement with the federal government and would have ended a decadelong case over alleged Clean Air Act violations at DTE plants.

The Sierra Club has been a co-

plaintiff alongside the U.S. government, but the Justice Department says it shouldn't have the power to push for settlement terms beyond what the government approves. Justice Department lawyers say they are trying to make this a test case, leading to a national precedent limiting the ability of citizen groups to press for stiffer punishments.

Shannon Fisk, an attorney for the Earthjustice environmental group who represented the Sierra

Club in the case, said the government's action jeopardizes a settlement that took more than two years to negotiate and would benefit Black and poor communities that suffered from the coal-burning plants in their communities. "It's unconscionable," Mr. Fisk said. "This should be an easy win for everyone involved."

A DTE spokesman said the company had no comment on the legal action.

—Timothy Puko

Beijing Warns on Bull Run

Continued from Page One half," he said. He expects full-year growth of 2%.

The rebound is in contrast to uncertainty that hangs over economies in Europe and the U.S. A resurgence in coronavirus cases in some states has raised questions about the durability of a reopening of businesses.

While U.S. stocks have rebounded from March lows, in particular big technology companies, the Dow Jones Industrial Average and the S&P 500 both remain in the red for the year. The Dow lost about 1.4% Thursday while the tech-heavy

Nasdaq Composite Index gained 0.5%.

The rapid run-up in Chinese shares caused a tempering this week of official support for the rally. A front-page editorial Monday in the state-owned China Securities Journal about a "healthy bull market" was viewed as an official endorsement, in a market where investors often take their cues from government action and statements. But on Thursday, the same newspaper urged investors to manage risks, respect the market and invest rationally and for the long term.

"The painful lessons of the abnormal stock-market volatility in 2015 is still vivid in our minds, warning us that we must promote a healthy and prosperous stock market in a proper manner," the newspaper said.

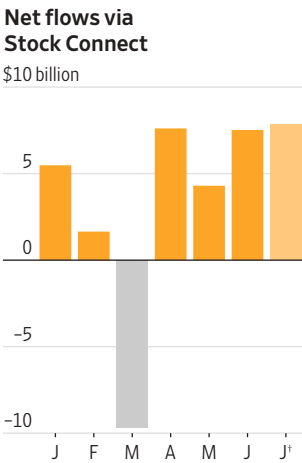
Starting in 2014, the Chinese market more than doubled in less than a year, as individual

investors borrowed to bet on stocks. But an epic crash in mid-2015 wiped out most of those gains in two months.



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In another sign of caution, China's securities regulator late on Wednesday listed 258 illegal



margin-lending platforms and their operators. These lenders worked through websites, apps and social media, with some offering to lend investors up to 10 times their capital, it said.

Local investors aren't the

only ones jumping into mainland Chinese stocks. Foreign investors bought a net 55 billion yuan (\$7.9 billion) of mainland stocks in the first five trading days of this month through the Stock Connect trading link in Hong Kong, Wind data show. That was more than all net purchases last month.

That in part has helped bolster the yuan. On Thursday, China's currency traded below 7 per dollar. For years, China prevented the yuan from trading weaker than 7 per dollar, but it let the currency cross that level last summer in the midst of heightened trade tensions.

Craig Chan, head of global foreign-exchange strategy at Nomura, said a weaker dollar, China's improving economic outlook and limited recent actions by the Trump administration against China had all helped buoy the currency.

"One thing that tipped the

scale was a quite substantial pickup in portfolio inflows into China," Mr. Chan added, referring to increased purchases of Chinese stocks and continued buying of the country's bonds by foreign investors.

A raft of recent survey data has shown economic activity gathering momentum, suggesting Beijing's uncompromising approach to tackling the coronavirus pandemic is starting to pay dividends.

It is also enticing individual investors into stocks. Wang Jian, a 37-year-old project manager at a games company in Shanghai, said there were no better investment opportunities than stocks at the moment. He said the rally can continue, given that investors' concerns about trade conflict and the coronavirus have receded, and valuations are still low by global standards.

—Zhou Wei contributed to this article.

CORRECTIONS & AMPLIFICATIONS

Mexican President Andrés Manuel López Obrador and President Trump met Wednesday at the White House. A photo caption on Page One in some editions Thursday incorrectly said they met Tuesday.

Walt Disney Co. in May said the coronavirus had taken about \$1 billion in operating income from its parks division in the January-to-March quarter. A Business News article Thursday about Disney World's re-

opening incorrectly said \$1 billion in revenue.

India's most popular mobile web browser is Google's Chrome. A Technology article Monday about TikTok, a short-video app, incorrectly referred to Chrome as a search engine.

Monday's one-month London interbank offered rate was 0.16588%, the three-month rate was 0.27650%, and the six-month rate was 0.36425%.

Tuesday's Money Rates table incorrectly gave the rates as 0.27650%, 0.36425% and 0.51563%, respectively.

When looking for investments that protect best against inflation, gold and oil are among the best, though only 12.25% of the movement in the inflation rate can be captured, or hedged, by those assets over many years, a study found. An Investing in Funds & ETFs article on Mon-

day, which noted that gold and oil have a correlation coefficient with inflation of 0.35, incorrectly said that means that 35% of the movement can be captured.

Notice to readers

Wall Street Journal staff members are working remotely during the pandemic. For the foreseeable future, please send reader comments only by email or phone, using the contacts below, not via U.S. Mail.

U.S. NEWS

Sports Offer Lessons for Return to Class

By Tawnell D. Hobbs

School districts throughout the U.S. are getting a firsthand lesson on what a fall reopening could bring: sporadic closures as students and staffers test positive for Covid-19.

At least half the states have districts that have shut down summer athletic training mainly due to students and coaches testing positive for the virus, some of whom passed pre-screening checks. The experience has been a wake-up call for administrators planning to open schools for in-person learning after summer break.

“We’re getting some insights of just how disruptive this could be,” said Scott Maben, a spokesman for Coeur d’Alene Public Schools in Coeur d’Alene, Idaho, an 11,000-student district. “It’s given us maybe a bit of a crash course.”

Mr. Maben said his district has four student-athletes who tested positive for the virus, resulting in training programs shutting down for a couple of weeks.

Many school districts plan

to offer in-person and remote learning, or a blend of both. New York City this week unveiled its preliminary plan, which entails most students learning in classrooms one to three days a week and remotely the other days. President Trump is pushing districts to reopen and this week threatened to withhold federal funding from those that don’t.

The problems with summer athletics doesn’t necessarily mean the virus will spread in the same way in the classroom. It’s likely harder to social distance on, say, a football field than it would be in a classroom. At the same time, classrooms are indoors, which is generally conducive to more virus spread than the outdoors.

Now, planning is under way in districts across the country to keep the virus from spreading throughout school buildings in the fall. Some plans include putting students with Covid-19 symptoms in isolation rooms until parents pick them up. Others include reconfiguring classrooms and common areas to keep students apart and end-



Student-athletes practiced social distancing during a drill at a sports camp at Martin High School in Arlington, Texas, last month.

ing perfect-attendance awards so sick children stay home.

At Lake Zurich High School in Illinois, 211 students are in self-quarantine after multiple student-athletes were tested and self-reported positive Covid-19 results after the first day of summer sports camps on Monday, according to spokeswoman Jean Malek. The students participated in football, dance and baseball camps at the high school. Some students had close contact with those testing positive, while others didn’t pass temperature checks

to enter camp. Some fell ill following participation in one of the camps, the district said.

The Lake Zurich district closed the three sport camps until an investigation and contact tracing are complete.

In Mustang Public Schools outside Oklahoma City, 17 student-athletes and one assistant coach have tested positive for the virus in recent days. Spokesman Kirk Wilson said that all of the students who had tested positive had cleared screening to practice. The students participated in

training for basketball, football and cheerleading.

Mr. Wilson said that the district suspended summer activities for 14 days but expects them to resume on July 12 unless government authorities advise otherwise. He said the 12,360-student district is working on its health and safety plan for the coming school year.

The Boise School District in Idaho ended summer athletic practices and workouts at high schools on June 26 after four positive Covid-19 cases. Partic-

ipants receive a health screening, including a temperature check, said spokesman Dan Hollar. The 25,500-student district plans to rely on its online learning program if positive cases emerge after schools open Aug. 17 for in-person and remote learning.

“If we have to close for a number of days, we’ll pivot to an online-learning platform for that particular school,” Mr. Hollar said. “We may have to close a few schools. We may have to close the district for a longer period of time.”

Berman Says Barr Pressed for Departure

By Rebecca Ballhaus and Sadie Gurman

Former Manhattan U.S. Attorney Geoffrey Berman, who was ousted last month by President Trump, told lawmakers that Attorney General William Barr repeatedly pressured him to step down voluntarily and warned him that being fired would hurt his career and future job prospects.

In testimony Thursday during a closed-door hearing of the House Judiciary Committee, Mr. Berman described a tense meeting with Mr. Barr at the Pierre Hotel in New York, where he was called with little explanation, according to a copy of Mr. Berman’s opening statement viewed by The Wall Street Journal.

At that meeting, Mr. Barr first asked Mr. Berman to resign, according to the statement.

Mr. Berman said he told Mr. Barr he wouldn’t step down and asked if the attorney general was dissatisfied with his performance.

“He said that he was not at all dissatisfied,” Mr. Berman wrote, adding that Mr. Barr told him that the move was “solely prompted by [Securities and Exchange Commission chairman] Jay Clayton’s desire to move back to New York and the administration’s desire to keep him on the team.”

The Justice Department responded to a request for comment by referring to a recent interview by Mr. Barr in which he denied anything improper about Mr. Berman’s dismissal.

When Mr. Berman declined to resign, Mr. Barr offered him other jobs, including as the head of the Justice Department’s civil division in Washington, Mr. Berman said.

“I told him that while I did not want to get fired, I would not resign,” Mr. Berman said, according to his statement. “I told the attorney general that there were important investigations in the office that I wanted to see through to completion.”

Later that day, a Friday, at 9:15 p.m., Mr. Barr announced Mr. Berman had stepped down.

“That statement was false,” Mr. Berman told lawmakers.

Mr. Barr and his associates have said that while the attorney general was growing frustrated with Mr. Berman, viewing him as obstinate and not a team player, there was no single reason for his ouster.

Mr. Barr said Wednesday in an ABC News interview that any suggestion that Mr. Berman was fired in connection with an ongoing case was ludicrous.

—Dustin Volz contributed to this article.

Felony-Murder Charge Is Tool Some Question

By Jacob Gershman

Prosecutors in Minnesota and Georgia are deploying a controversial criminal statute in their effort to punish those charged in the killings of George Floyd, Rayshard Brooks and Ahmaud Arbery.

The white police officers and others facing charges in the deaths of the three Black men are accused of felony murder, among other charges. The felony-murder rule is based on a legal doctrine hundreds of years old that allows a defendant to be charged with murder for causing death while committing particular felonies.

The felony-murder rule gives prosecutors a powerful tool: the ability to win the equivalent of a conviction for first- or second-degree murder without proving the intent, premeditation or gross recklessness typically required. It can be applied to someone who didn’t actually physically commit the homicide, and in some jurisdictions, a conviction can be punished as harshly as intentional murder.

Prosecutors who support the rule say it discourages people from participating in serious felonies and deters criminals from engaging in dangerous conduct while committing them. They also argue



Demonstrators calling for racial justice carried an image of George Floyd in New York City on June 10th.

that an added level of culpability should apply when someone is killed during the crime.

But some legal scholars and others advocating against what they see as inequities in the legal system have long faulted the rule for giving prosecutors too much power to treat felons as killers. Critics of felony murder say it too often leads to overly harsh sentences, particularly for poor minorities.

Prosecutors in Minneapolis

are applying Minnesota’s version of the felony-murder rule in their case against Derek Chauvin, the fired police officer who knelt on the neck of Mr. Floyd while he was prone and handcuffed, leading to his death from cardiac arrest. In Georgia, former Atlanta police officer Garrett Rolfe also faces felony-murder charges for shooting Mr. Brooks outside a fast-food restaurant.

Separately in Georgia, a

Glynn County grand jury in June indicted three men on felony-murder charges in the death of Mr. Arbery, a 25-year-old who was fatally shot while out running. The three killings provoked protests around the country.

Forty-two states have felony-murder rules, according to Guyora Binder, a law professor at the University at Buffalo in New York and a leading expert on the doctrine. A standard ex-

ample is a robber who holds up a convenience store at gunpoint and kills a customer who attempted to grab his gun. The robber never intended to kill anybody but can be charged with felony murder.

Prosecutors say the felony-murder rule is fair when wielded carefully.

“I’ve heard the criticism” of felony murder, said Peter Skandalakis, executive director of the Prosecuting Attorneys’ Council of Georgia, a state-funded group responsible for training prosecutors in Georgia. But he said that when applied appropriately, the felony-murder rule serves justice. “Prosecutors have to be deliberate in how they’re charging it,” he said.

Critics of the felony-murder rule say the prosecution strategies in the high-profile police cases could undermine their push to curb its use nationally as part of a broader agenda of criminal-justice overhauls in the U.S.

“We’re seeing police officers being held accountable by the very mechanisms that advocates are seeking to abolish,” said Adam Foss, a former assistant district attorney in Boston who now runs a nonprofit group that conducts training for prosecutors.

Cohen Back in Custody Amid Rift With Probation Officers

By Rebecca Ballhaus

NEW YORK—Michael Cohen, President Trump’s former lawyer, has been taken back into custody after a dispute with probation officers over terms of his home confinement that would bar him from publishing a book or engaging with the media while serving his sentence, a legal adviser of Mr. Cohen’s said.

Mr. Cohen was released to home confinement in May over coronavirus concerns. On Thursday he and his lawyer, Jeffrey Levine, went to the courthouse to sign papers for the home confinement and pick up his ankle bracelet, according to Lanny Davis, Mr. Cohen’s legal adviser and former lawyer.

When the two men arrived, Mr. Davis said, probation officers presented a list of eight terms Mr. Cohen would have to agree to as part of his home confinement. They included agreeing not to speak to any member of the media, not to tweet or post on social media and not to publish a book while serving out the remainder of his sentence, which is slated to end in May 2022.

Mr. Cohen has said he started writing a book while serving time in an Otisville, N.Y., federal prison since May

2019. He told the probation officers he had already finished his book and didn’t want to give up his right to publish it or to engage with reporters or on social media, Mr. Davis said.

Mr. Cohen noted he had been able to interact with reporters while in prison.

The officers told Mr. Cohen they would see what they could work out and left

President Trump’s former lawyer was released to home confinement in May.

Messrs. Cohen and Levine in a room for more than an hour, Mr. Davis said. Then, without further word from the probation officers, three U.S. Marshals arrived to handcuff Mr. Cohen and take him into custody, Mr. Davis said. At that point, Mr. Cohen said he would sign the document but was told “it’s out of our hands,” according to Mr. Davis.

A Justice Department official said Mr. Cohen was taken into custody because he refused electronic monitoring. Mr. Davis said that was “to-

tally false.”

“Mr. Cohen declined to agree to the terms required for the [Federal Location Monitoring] program and home confinement placement,” the official said in a statement. “Mr. Cohen remains subject to compliance with BOP policy, which includes being subject to electric monitoring and obtaining preapproval for media interviews. As a result of his refusal to consent to the terms of the program, he was returned to a BOP facility for service of his sentence.”

Mr. Levine confirmed that his client had been taken into custody but didn’t immediately give a reason why.

Mr. Cohen had served just over a year of his three-year sentence when he was released on furlough before beginning home confinement, where he had been expected to serve out the rest of his sentence.

He was convicted in 2018 on charges including campaign-finance violations related to his involvement in making hush-money payments to women who alleged they had affairs with Mr. Trump. He also pleaded guilty to tax crimes and making false statements.

—Sadie Gurman contributed to this article.

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PARIS

U.S. NEWS

Swath of Oklahoma Deemed Indian Land

Supreme Court says tribe never lost its sovereignty granted in 19th-century treaties

By JESS BRAVIN
AND KRIS MAHER

WASHINGTON—Oklahoma state officials and business groups reacted cautiously to a Supreme Court ruling Thursday that declared a swath of the state near Tulsa to be part of the Muskogee (Creek) Nation's reservation, as the implications for criminal cases, taxes and regulation remained unclear.

The 5-4 court decision by Justice Neil Gorsuch enforced 19th-century treaties the U.S. made with the Creek, a landmark recognition of Native American rights that potentially could lead to nearly half the state being classified as Indian country, if similar agreements with the neighboring Cherokee, Chickasaw, Choctaw and Seminole tribes are honored.

At issue was whether Oklahoma's admission to the Union in 1907 dissolved the Muskogee (Creek) reservation that now adjoins its second-most populous city, Tulsa. The Supreme Court case arose when Native Americans prosecuted in Oklahoma state courts be-

gan contesting their convictions, arguing that as residents of an Indian reservation they could only be tried in federal court.

Justice Gorsuch based his opinion firmly on the ground that despite the many steps Congress had taken to diminish Creek self-government, it never formally extinguished the tribe's sovereignty. To disestablish the reservation, he wrote, Congress must explicitly say so.

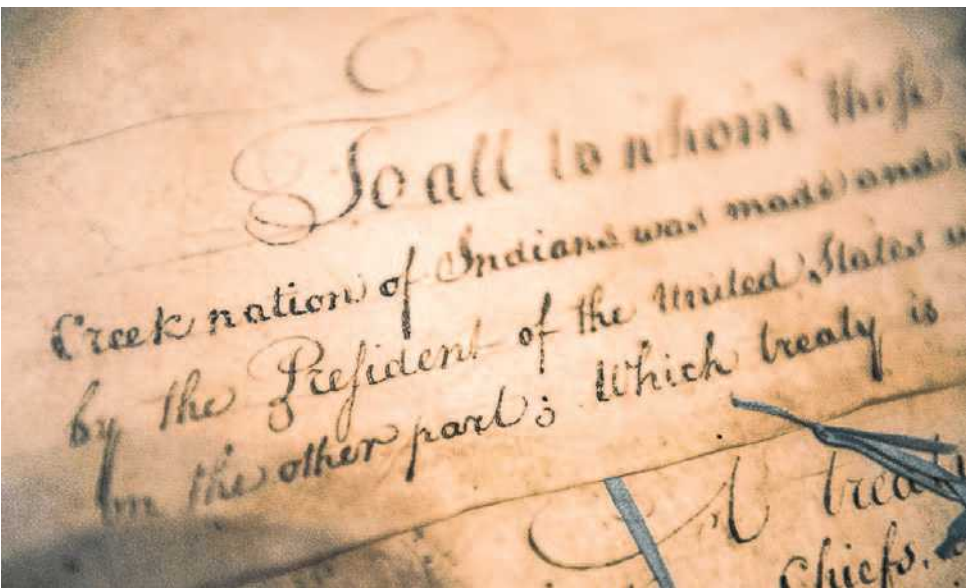
But from its opening lines the opinion made clear that the sometimes shameful treatment of Native Americans solidified the court's resolve to recognize the Creeks' rights.

"On the far end of the Trail of Tears was a promise," Justice Gorsuch wrote, joined by Justices Ruth Bader Ginsburg, Stephen Breyer, Sonia Sotomayor and Elena Kagan. "Forced to leave their ancestral lands in Georgia and Alabama, the Creek Nation received assurances that their new lands in the West would be secure forever."

Over time, "Congress has since broken more than a few of its promises to the Tribe," he wrote. But, "we hold the government to its word."

Four conservatives on the court dissented.

The court dismissed arguments that recognizing the res-



If accords with other tribes are honored, nearly half the state could be classified as Indian country.

ervation would unsettle government in Oklahoma. Justice Gorsuch observed that over the 20th century the federal government had abandoned its campaign to force Native Americans to assimilate, instead recognizing the value of indigenous culture, and he speculated that comity and cooperation would prevail under the new legal framework.

In a joint statement Thursday, the state of Oklahoma and the Creek tribe and the four other tribes pledged to work together on issues raised by

the court's ruling to preserve sovereign interests and laws and regulations that "support public safety, our economy, and private property rights."

"We will continue our work, confident that we can accomplish more together than any of us could alone," the statement said.

The picture from dissenting justices was far different. Chief Justice John Roberts wrote that whatever promises of perpetual rights the U.S. made to the Creek Nation were extinguished in the 1860s.

formation of the State, Congress incorporated them into a new political community," he wrote. To hold otherwise "may destabilize the governance of vast swathes of Oklahoma."

Experts in Native American law were divided over how far-reaching the effects of the ruling will be.

One clear change will be that the federal government, rather than the state, will now have jurisdiction in the territory to police and investigate major crimes, such as murder, rape or aggravated assault, that involve tribal members, according to legal experts.

Meanwhile, hundreds of criminal convictions previously reached by state prosecutors in the area could also have to be retried, they said.

But the effect of the ruling on other matters, from property ownership to business licensing, remains murky.

Because states aren't allowed to tax Indians on reservations, experts said the state and tribe would likely have to negotiate tax issues, and that state tax revenues would likely decline somewhat.

"I think it is a huge win for tribes and tribal sovereignty in the short run," said M. Todd Henderson, a professor at the University of Chicago Law School. "It creates enormous uncertainty for everyone."



President Trump blasted Thursday's Supreme Court rulings, calling them 'part of a political witch hunt and a hoax.'

Trump's Claim Is Rejected

Continued from Page One

dard of need."

"Beginning with Jefferson and carrying on through Clinton, Presidents have uniformly testified or produced documents in criminal proceedings when called upon," he wrote.

Manhattan District Attorney Cyrus Vance Jr., a Democrat, had issued a subpoena to Mr. Trump's accounting firm, seeking years of Trump financial documents and tax records as part of his probe. Whether those documents at some point become public will likely depend on lower courts siding with Mr. Vance as Mr. Trump mounts further challenges—and on whether prosecutors ultimately choose to bring a case against the president or any of his associates.

In the congressional case, Chief Justice Roberts, again writing for the court, said the lower courts were too quick to side with three House committees seeking records from the president's accountants and bankers, rebuffing House arguments about the scope of its subpoena power and finding that it failed to recognize the prerogatives of the executive branch.

The court laid out its own criteria for considering congressional subpoenas involving the president—and sent the case back to lower courts for further review.

The court's liberal members and both of Mr. Trump's appointees were in the majority. Justices Clarence Thomas and

Court to Hear Case On Fannie, Freddie

The Supreme Court said Thursday it would wade into a yearslong dispute involving the government's takeover of **Fannie Mae** and **Freddie Mac**, which guarantee half the country's \$11 trillion mortgage market and neared collapse during the 2008 financial crisis.

The case involves legal issues stemming from the government's 2012 decision to

channel nearly all of Fannie and Freddie's profits to the Treasury Department.

The move was part of the government's bid to more quickly reclaim the taxpayer dollars that kept the firms afloat. It also stopped the companies from borrowing from the Treasury to pay dividends they owed the government under the terms of their bailout.

The court said it would hear dueling appeals by both the government and a group of shareholders.

—Brent Kendall

Samuel Alito dissented.

Although the cases concern much of the same material, the court drew sharp legal distinctions between the House subpoenas and that issued by the New York prosecutor.

Chief Justice Roberts characterized the dispute with the House as part of an ongoing constitutional relationship with the executive better resolved—as it had been until this case—by the "hurly-burly, the give-and-take of the political process." The congressional subpoena power is to support the legislative process, the chief justice wrote, and in many instances lawmakers likely could find information they need from sources other than the president's personal papers.

In contrast, "criminal subpoenas issued to the President in the course of a specific investigation" implicate "the very integrity of the judicial system," which would be undermined without "full disclosure of all the facts," the chief justice wrote, quoting from the court's 1974 ruling against President Nixon in the Watergate case.

"This is all a political prose-

cution," Mr. Trump, a Republican, wrote on Twitter on Thursday morning. "I won the Mueller Witch Hunt, and others, and now I have to keep fighting in a politically corrupt New York. Not fair to this Presidency or Administration!"

Mr. Trump tempered his frustration after discussing the rulings with his advisers throughout the day, saying later that he was "satisfied" with one ruling and "not satisfied" with the other.

"We are pleased that in the decisions issued today, the Supreme Court has temporarily blocked both Congress and New York prosecutors from obtaining the President's financial records," Mr. Trump's lawyer, Jay Sekulow, said. "We will now proceed to raise additional Constitutional and legal issues in the lower courts."

Mr. Vance, the Manhattan district attorney, said: "This is a tremendous victory for our nation's system of justice and its founding principle that no one—not even a president—is above the law."

The Supreme Court gave Mr. Vance nearly all he asked for: the right to enforce subpoenas against the president in state

court, subject to the objections any individual could raise against a criminal inquiry.

The dissenters didn't accept Mr. Trump's claims of absolute immunity, but Justice Alito said the risks to the presidency ought to require a prosecutor to demonstrate a special need for the evidence.

In the congressional case, the House Oversight Committee, investigating ethics issues in the executive branch, issued a subpoena to accounting firm Mazars USA LLP for eight years of financial records related to Mr. Trump, his real-estate company, his foundation and other entities belonging to the president.

A pair of other House committees—the Financial Services and Intelligence Committees—issued subpoenas seeking a range of Trump records from Deutsche Bank AG and Capital One Financial Corp. Deutsche Bank since 1998 has led or participated in loans of at least \$2.5 billion to companies affiliated with Mr. Trump.

The Intelligence Committee said it needed the information as part of its probe of foreign influence in the U.S. political process, including whether foreigners have financial leverage over the Trump family and its enterprises.

Mr. Trump argued that House committees infringed on his prerogatives as chief executive.

House Speaker Nancy Pelosi (D., Calif.) said after the rulings that the House would continue its press in lower courts to obtain Mr. Trump's financial records as part of its oversight of the executive branch.

"The path that the Supreme Court has laid out is one that is clearly achievable by us in the lower court and we will continue to go down that path," she said.

Rulings Cast Light On the Limits of Presidential Power

By BYRON TAU

WASHINGTON—The Supreme Court on Thursday handed down two major rulings on the powers, privileges and immunities of the presidency that will have lasting impact on how future disputes between the White House, Congress and prosecutors are handled.

In both decisions, the courts rejected arguments from President Trump's lawyers and the Justice Department that a president has immunities and privileges that put him completely beyond the reach of authorities seeking his documents or testimony.

In addition, the Supreme Court inserted the federal courts more fully in mediating disputes between Congress and the White House—putting some limits on what Congress can obtain from a president while also rejecting claims that a president can assert a sweeping privilege against turning over his records to Capitol Hill.

In its decisions, the court "affirmed the fundamental principle that the president is not above the law—even the president's private business dealings are subject to the same standards of legal inquiry and investigation as any other U.S. citizen," said Mark Rozell, a professor at George Mason University who has studied executive power and the presidency.

At odds in the two cases were disputes over Mr. Trump's financial records—sought by both Congress and prosecutors in New York City. The court rejected the notion advanced by Mr. Trump's lawyers that he had "absolute immunity" from having to turn over records to prosecutors in New York—with two of Mr. Trump's own appointees to the court, Neil Gorsuch and Brett Kavanaugh, ruling against him.

In the congressional case, the court was more circumspect and it left key issues unresolved.

While recognizing that congressional power to investigate was limited, the majority noted that they had never before been asked to decide a case involving a congressional subpoena for the president's private papers. In a 7-2 decision, the Supreme Court sent the congressional subpoena case back down to a lower court with detailed instructions on the duty to balance the needs of Congress with those of the executive.

The cases are likely to have an especially significant impact beyond Mr. Trump's tenure in office in the context of congressional investigations where Mr. Trump and the Democratic-

led House have been tangling over numerous issues both before and in the aftermath of his impeachment trial.

The decision in the congressional subpoena case reaffirmed limits to Congress's ordinary investigative power—with the court saying that it needed a legislative purpose to obtain information in many circumstances.

"I think that's the most important finding regarding the future of the presidency and separation of powers," said Mr. Rozell, the George Mason professor. "The court has established a line here that Congress doesn't have the power of what might be called the fishing expedition—to search for any and everything."

A lawyer for Mr. Trump portrayed the two decisions as a victory—noting the cases would now return to the lower courts for additional proceedings. "We will now proceed to raise additional Constitutional



The high court also put limits on what Congress can obtain from a president.

and legal issues in the lower courts," wrote attorney Jay Sekulow on Twitter.

Lawyers representing the president either in his personal or institutional capacity have argued at various points that law enforcement can't investigate the president at all; that he can shut down investigations into himself or his associates; and that obstruction-of-justice laws don't apply to the president, The Wall Street Journal has previously reported. In one notable incident, a lawyer representing Mr. Trump argued that he couldn't be investigated by state prosecutors while in office—even if he were to commit murder.

The two cases decided by the Supreme Court this week are the first test of those legal theories at the high court—and suggest that the justices are unlikely to bless such sweeping presidential authority and power.

U.S. NEWS

Mnuchin Sees New Stimulus

By PAUL KIERNAN

WASHINGTON—Treasury Secretary Steven Mnuchin said the Trump administration is working with the Senate to pass a new bill for coronavirus-related economic aid by the end of August, as enhanced unemployment benefits near expiration.

Mr. Mnuchin said the administration supports a second round of economic impact payments to households, an extension of enhanced unemployment benefits for furloughed workers and a “much, much more targeted” version of the Paycheck Protection Program of forgivable loans for small businesses.

“I had a very productive call with [Senate Majority Leader] Mitch McConnell yesterday,” Mr. Mnuchin said in an interview with CNBC. “As soon as the Senate gets back, we’re going to sit down on a bipartisan basis with the Republicans and the Democrats, and it will be our priority to make sure between the 20th and the end of the month that we pass the next legislation.”

House Democrats in May passed a \$3.5 trillion bill that would extend the \$600 in extra weekly unemployment payments through December, send households more stimulus checks, and provide \$1 trillion to state and local governments whose revenues have been hit by the pandemic.

Senate Republicans have postponed deliberations on the next round of stimulus until July 20, leaving little time to reach a consensus before the unemployment supplement expires. Republican leaders have expressed concern that enhanced jobless benefits discourage people from returning to work as the economy reopens.

“We knew there was a problem with the enhanced unemployment in that [in] certain

cases, people were paid more than they made in their jobs,” Mr. Mnuchin said, adding that he hoped to cap the next round of benefits at 100% of a worker’s original income.

Weekly unemployment benefits normally average less than \$400 a week. Mr. Mnuchin indicated that the next round of extra benefits might be aimed at workers in industries hardest hit by the coronavirus pandemic and resulting lockdowns.

“Even at 100%, if people have jobs, we want them to go back to work,” he said. “So enhanced unemployment is intended for people who don’t have jobs in, particularly, industries that are harder to rebound, so we will not be doing it in the same way.”

Officials are also discussing another round of direct payments to individuals, following the \$1,200 most American adults received in April.

“We do support another round of economic-impact payments,” Mr. Mnuchin said. “The level and the criteria we’ll be discussing with the Senate.”

But he repeated the administration’s opposition to aid for state governments that he said were mismanaged before the Covid crisis struck.

In appearances in Kentucky this week, Mr. McConnell (R., Ky.) has raised the possibility of approving another round of stimulus payments for people who make \$40,000 a year or less, many of whom work in hospitality industries. He has indicated that he will unveil proposals for a bill later this month.

House Speaker Nancy Pelosi (D., Calif.) said Thursday that families making more than \$40,000 would also likely need assistance. She said she expected the next coronavirus bill to have more than \$1 trillion for help for Americans and \$1 trillion for state and local governments.



Joe Biden, left, toured McGregor Industries’ metal-works plant in Dunmore, Pa., with owner Robert McGregor, center, on Thursday.

Biden Outlines Economic-Revival Plan

By SABRINA SIDDIQUI

Former Vice President Joe Biden laid out a \$700 billion plan Thursday to revive the U.S. economy with an America-centric approach to job creation and manufacturing, issuing a direct challenge to President Trump as they prepare to compete for working-class voters in the November election.

Mr. Biden’s “Buy American” economic agenda is designed to counter Mr. Trump’s “America First” platform through what he said would be the largest mobilization since World War II of public investments in procurement, infrastructure and research and development.

Under Mr. Biden’s plan, the federal government would spend \$400 billion in government purchasing of U.S.-based goods and services over four years and \$300 billion in research and development for

new technologies and clean-energy initiatives.

“The stakes couldn’t be higher,” said Mr. Biden, who spoke from Dunmore, Pa., and cited the economic damage and human cost inflicted by the coronavirus pandemic. “That’s why this is no time for divisive politics. Donald Trump may believe in pitting Americans against Americans. I don’t.”

The presumptive Democratic nominee’s remarks in the battleground state came as Vice President Mike Pence made campaign stops in eastern Pennsylvania on the same day. Mr. Biden spoke at a metalworks plant to outline what his campaign billed as the first plank of his economic recovery plan.

“Enough is enough,” Mr. Biden said. “It’s time to reverse the priorities in this country. It’s time to help small businesses, middle-class folks, manage their way through the

pandemic.”

Mr. Trump’s re-election campaign released a new television ad Thursday attacking Mr. Biden’s support for trade deals such as the North American Free Trade Agreement and the Trans-Pacific Partnership. Responding to Mr. Biden’s speech, Trump campaign spokesman Hogan Gidley said, “We don’t need to guess what a Biden economy would look like since Americans have been forced to live through it once already.”

Mr. Biden said it was Mr. Trump who had reneged on his 2016 campaign pledge to revitalize U.S. manufacturing and bring jobs back to rural America.

“Donald Trump loves to talk, and talk and talk,” Mr. Biden said. “But after three and a half years of big promises, what do the American people have to show for all the talk?”

When asked by The Wall Street Journal how he would

offset the new spending, Mr. Biden’s campaign referred to his previous tax plan, which would raise taxes on corporations and the wealthiest Americans and reverse Mr. Trump’s tax cuts for high earners.

Mr. Biden has previously released a tax plan that would revert the top individual income-tax rate for individuals with incomes above \$400,000 from 37% under current law to 39.6%. He would also raise the corporate tax rate from 21% to 28%.

Mr. Biden’s plans would add \$700 billion in federal spending to more than \$6 trillion over the next 10 years he had previously laid out through the course of the campaign. That would pay for policies like expanding government health-care coverage and offering universal prekindergarten.

—Jacob M. Schlesinger contributed to this article.



The U.S.-Mexico border area as viewed this month from Ciudad Juárez, Mexico.

Arrests at Border With Mexico Rose Sharply in June, U.S. Says

By MICHELLE HACKMAN

WASHINGTON—The number of migrants arrested at the southern border jumped by 40% in June from the prior month, according to figures released by U.S. Customs and Border Protection.

The increase came at a time when the U.S. was denying most migrants entry during the coronavirus pandemic. Arrests of migrants surged to 30,300 last month, including about 27,000 people who were turned back under the new policy.

Immigration officials in March introduced the border policy, under which nearly all migrants, including children, are quickly turned around to Mexico without the chance to ask for humanitarian protection in the U.S. CBP says the new policy is necessary to protect the health of border patrol agents and border towns.

CBP has declined to specify why some migrants are taken into custody while others aren’t. Those taken into custody could be allowed to apply for asylum.

The American Civil Liberties Union and other organizations have sued the government over the rules, and a federal judge has indicated he believes they are likely unlawful.

The June increase was

fueled primarily by single Mexican adults, who made up about 80% of people crossing the border, CBP said. That shift emerged this year after several years when those encountered at the border were predominantly Central American families.

About 152,000 Mexicans have crossed the border during the fiscal year that started in October, equal to 59% of all those who crossed and on pace to double last year’s number.

The Trump administration published the statistics a day

Single Mexican adults made up about 80% of people crossing the border.

after Mexican President Andrés Manuel López Obrador held an Oval Office meeting with President Trump, where the two leaders praised one another for building a stronger relationship in part by shrinking levels of migration.

“We’ve been helped greatly by Mexico on creating record numbers in a positive sense on our southern border,” Mr. Trump said in the White House

Rose Garden after their meeting. “It’s been really very, very tight.”

The number of migrants arrested at the border in the past few months has been at historically low levels, close to where it was during several months at the start of President Trump’s term, when migration also plummeted.

The small number of migrants making the journey north—particularly from Central America and farther south—is likely in part thanks to border closures and other pandemic-related travel restrictions across Latin America. By contrast, in June 2019, border agents arrested about 95,000 migrants.

Analysts believe the uptick is due to a Mexican economic downturn, which accelerated during the pandemic and prompted migrants to head north to seek work. Economic activity fell 17% in April from the prior month.

An estimated 12.5 million Mexicans left the active workforce in April, according to the National Statistics Institute, most of whom were in low-paid, informal work.

Many of the unemployed were workers who were furloughed during the shutdowns with no guarantee their jobs would return.

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U.S. NEWS

As Virus Surges, Test Results Take Longer

The surge in U.S. coronavirus cases and growing demand for Covid-19 tests are straining the ability of pharmacies and labs to deliver timely results to consumers, causing delays that hamper efforts to contain the spread of the virus.

By Sarah Krouse,
Sharon Terlep
and Matt Grossman

CVS Health Corp., which tests tens of thousands of patients daily, initially promised results in three to five days and is now telling people to expect a wait of between five and seven days because of backlogs at labs. Walmart Inc. says tests that took about two days as recently as late June now take four to six because demand has increased as a result of cases in states such as Texas.

Infectious-disease experts say prolonged wait times for test results complicate efforts to find and isolate the chain of people with whom an infected individual has been in contact. That makes it harder to limit the virus's spread.

"If you're going to do contact tracing and the test comes back in five to seven days, you might as well not do contact tracing because it's already too late," Anthony Fauci, the nation's top infectious-disease doctor, said in an interview with "The Journal," a Gimlet and Wall Street Journal podcast.

Individuals waiting on diagnostic test results must decide whether to isolate themselves until the results arrive or continue going to work or social activities and risk transmission to others. The number of confirmed new Covid-19 cases

in the U.S. hit a single-day high of 60,000 Wednesday, according to data from Johns Hopkins University.

Many Americans are emerging from months of quarantine and social isolation while the weather, along with business reopenings, is drawing more people outside to recreational and social gatherings.

Will Harrison, 25 years old, was exposed to Covid-19 at his job as a dental assistant in Dallas, where cases have been surging. He was tested at a CVS on July 1, but he still hasn't received a result. "I was never told to expect delays," said Mr. Harrison, who cares for an elderly relative. "I don't feel comfortable returning home to my family without negative results, so I stayed a few nights in a hotel, and I'm couch-surfing this week."



People lined up this week to get a Covid-19 test at the Miami Beach Convention Center in Florida.

CVS, which can test 70,000 people a day, last week extended the expected wait time for test results at roughly 1,400 locations offering self-swab tests that are sent to third-party labs. Surging cases in some parts of the country have created high demand, leading to backlogs in getting results, a CVS spokesman said.

Pharmacy chains typically enter partnerships with large labs to process samples collected from nasal swabs.

Lab giant Quest Diagnostics this week said increased demand for testing delayed turnaround time for tests to four to six days. That is up from a three- to five-day range announced June 29.

A spokeswoman for Laboratory Corp. of America said a boost in demand, as well as supply and equipment constraints, has meant it may take four to six days to deliver results after a specimen is picked up. That compares with the typical one- to two-day period, though results are faster for patients in hospitals.

Patchwork Of Policies Spurs Covid

Continued from Page One and localities, but to health officials it is an ineffective way to manage a pandemic.

Some states have called for clearer, more-consistent guidance from the federal government, which has delivered mixed messages on masks and lockdowns—though federal officials say some states have ignored what guidance the government did provide. By the time the Trump administration issued in-depth guidance on reopening in May, all 50 states had begun the process.

North Carolina required mask-wearing statewide on June 26, but a dozen sheriffs said they wouldn't make people abide by it. Next door, on the same day, the Republican governor of South Carolina said a statewide mask mandate would create "a false sense of security," and wouldn't be enforceable. Then local officials in the coastal cities of Myrtle Beach and North Myrtle Beach decided to require mask-wearing there.

In Southern California, when bars in Riverside County opened, neighboring Los Angeles County residents pushed for the same. Officials wound up allowing Los Angeles County bars to open June 19 even though infections were increasing. "I regret that," said Barbara Ferrer, director of the county health department, who now confronts new-case numbers that often exceed 2,000 a day, more than any other California county. "I wish we had been able to wait a little longer," she said.

Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, said in a Wall Street Journal interview on Monday that multiple approaches and plans among local jurisdictions contributed to the different levels of outbreaks states are currently seeing.

While the federalist system mostly works well, Dr. Fauci said: "It would seem that in this circumstance you'd have to question that." He said the federal government could do a better job making the case to Americans to take responsibility for not propagating the pandemic. "I'm not sure we do that very well," he said. "We need to get people like myself, like my colleagues out there more."

Dr. Fauci said state leaders often say they wish they had more central guidance on reopening, though he added most states wanted to make their own decisions until the case count began ticking up. For the federal government, he said: "It's kind of like you're damned if you do, you're damned if you don't."

On June 5 at the Knight's Pub in Orlando, Fla., patrons descended on the college hangout, embracing Florida's decision to reopen bars and other venues despite the state's climbing coronavirus case count. Bars were permitted to operate at 50% capacity indoors and full capacity outdoors with social distancing.

The bar's owner, Michael D'Esposito, said that without more-detailed guidance from state or local officials on how to reopen, he drew on Centers for Disease Control and Prevention recommendations and fellow operators' input. Security



Michael D'Esposito, above, closed his Orlando, Fla., pub four days after reopening; below, dining outdoors in Manhattan Beach, Calif., July 3.

guards broke up large groups, he said, and masked bartenders stopped serving every 30 minutes to sanitize bar tops.

Two days later, a customer called reporting possible Covid-19 symptoms, he said. At least 41 coronavirus cases have since been linked to the bar, according to the state. Four days after reopening, Mr. D'Esposito shut down. "It was a no-brainer," he said. "The community wasn't ready." Then Florida officials suspended the bar's alcohol license, citing a lack of social distancing—a move Mr. D'Esposito is challenging, saying he hewed to the rules. Florida has since prohibited alcohol consumption at bars.

A consistent national approach is the most effective way to combat a pandemic, epidemiologists say.

In the U.S. response so far, "there is no national goal, no national objective," said Michael Osterholm, director of the University of Minnesota's Center for Infectious Disease Research and Policy. "We make each state come up largely with its own guidelines for how to respond."

While some other countries have curbed the virus with a national focus, the White House doesn't believe it would have made sense to more rigorously enforce federal guidelines for



reopening because the virus affected every state differently, an administration official said.

Starting in early spring, the White House sought to shift responsibility for lockdown and reopening decisions to the states. In mid-April, President Trump initially asserted "total" authority over reopening the country, drawing blowback from governors in several states who had begun building their own plans in the absence of federal guidelines. The next day, he said

he wouldn't pressure any governor to reopen.

In late April, the White House rejected a CDC plan with detailed procedures for schools and businesses to reopen and requested revisions to make it less prescriptive. Over the last two weeks in May, the CDC posted 62 pages of in-depth guidance on reopening, after it was cleared by the White House.

The Trump administration also faced some legal limits in its ability to direct states' responses, though there are no laws preventing the White House from issuing clear guidelines.

Public-health experts credit the Trump administration with significantly scaling up testing, though they say the push came so late that it has been difficult to catch up. Recently, the availability of tests has again become an issue. The administration also succeeded in increasing the production of ventilators.

Alyssa Farah, White House director of strategic communications, said: "The federal government has been working side by side with states since day one to ensure they have the infrastructure, medical supplies, testing capacity, and hospital capacity to treat the virus."

Still, the U.S. now has the world's most Covid-19 cases, more than 3 million out of 12 million world-wide, according to Johns Hopkins University data as of July 9.

Cases have been trending up over the past week in 35 states, according to Johns Hopkins. Florida, California, Arizona and

Texas reported the most new cases nationally as of July 5.

Dr. Fauci in the interview said the U.S. never locked itself down to the same degree as Europe, where more than 90% of the European Union was locked down for a period, compared with about 50% of the U.S. Those aggressive restrictions allowed Europe to bring down its baseline case count, making it easier to prevent individual cases from becoming surges, he said.

Administration officials point to America's death count, which Johns Hopkins data show is lower per capita than some European countries. The White House doesn't view the current surge as being driven by how the country reopened, an administration official said.

California appeared to be faring well after Democratic Gov. Gavin Newsom issued the nation's first statewide shelter-in-place order in mid-March. In May, he outlined a system for counties to reopen in stages, as they hit certain metrics on hospitalizations and case numbers. But counties ended up following their own rules, sometimes reopening even as cases climbed.

The system put pressure on local governments to keep up with nearby jurisdictions, effectively allowing those with the most-lax rules to set the standard for everyone. Dr. Ferrer said she initially planned to wait three weeks after opening one sector of the economy before opening another, but: "It's been so hard to hold that line."

Mark Ghaly, secretary of California's Health and Human Ser-

vices agency, said he didn't think counties were given too much control over reopening.

Republican governors in the South were among the last to order lockdowns and among the earliest to lift them, citing the importance of economic recovery. South Carolina Gov. Henry McMaster declared a statewide stay-at-home mandate April 7 and lifted it May 4. New cases have soared in the weeks since, from 135 a day on May 4 to 1,537 on July 8. Some of the state's biggest hot spots are on the coast, where towns moved aggressively to try salvaging the tourist season. In the past month, cases jumped eightfold in Horry County, home to Myrtle Beach.

Mr. McMaster has said it is up to local governments to impose further restrictions. He said on June 26 that a statewide mask mandate wouldn't be enforceable. A spokesman said Mr. McMaster was in regular contact with the Trump administration and considered federal guidance and state data when reopening.

North Myrtle Beach Mayor Marilyn Hatley, a Republican and member of the governor's economic-revitalization task force, said she has no regrets about reopening quickly. "We could not keep the economy of our state totally shut down."

In North Carolina, Democratic Gov. Roy Cooper imposed a statewide mask order June 26. A dozen sheriffs said they wouldn't enforce it. "We're not going to harass people," said Sheriff Sam Page of Rockingham County, a Republican.

A spokeswoman for Mr. Cooper said that the governor's order is meant to slow the spread of the virus and: "It is the responsibility of law enforcement to enforce this."

In Florida, where new cases have set fresh records and topped 11,000 on July 3, Republican Gov. Ron DeSantis has consistently deferred to local officials on decisions on closures and reopenings.

Yet local leaders lacked their own epidemiologists and health-care professionals. Miami Beach Mayor Dan Gelber, a Democrat, said, "I've literally been on the phone with the [Florida] Department of Health and said, 'What should I do?' and the response has been, 'We have to check with supervisors.'"

A spokeswoman for the health department didn't respond to requests for comment. A spokeswoman for Mr. DeSantis said the governor's policy decisions were guided by data such as the positivity rate for tests, which were low in the lead-up to the reopening of bars.

In Texas, Republican Gov. Greg Abbott lifted a statewide stay-at-home order May 1, when new infections had plateaued. He limited local governments from implementing their own such mandates, saying he trusted Texans to protect themselves and others. Texas cases began to rise in May, then soar in June. They jumped 65% the week ended June 26, reaching nearly 6,000 a day.

Mr. Abbott began backtracking. He ordered bars to shut down again. In subsequent days, he mandated the use of masks in most counties and granted local governments the authority to put limits on gatherings of more than 10 people. Mr. Abbott's office didn't respond to requests for comment.

—Ian Lovett
and Josh Barbanel
contributed to this article.

Source: Johns Hopkins University

U.S. NEWS

WHO Shifts Its Covid-19 Guidelines

By **DREW HINSHAW**
AND **LUKAS I. ALPERT**

The World Health Organization revised its guidelines on two key issues concerning how the new coronavirus spreads, saying people who are talking or singing may expel the virus through tiny airborne particles that float through cramped and unventilated spaces such as restaurants or nightclubs.

The WHO also said Thursday that nearly half of all coronavirus transmission might come from individuals who have yet to show symptoms and don't know they are sick.

Both changes mark a shift from previous versions of the guidelines, which had said the disease was spread by larger droplets and principally by people who already feel ill.

Many scientists had pressed the WHO to revise its guidelines, citing emerging research. The revised recommendations suggest stronger measures might be needed to control the spread of Covid-19, just as states such as Florida and Texas mull a second round of lockdowns.

If a substantial number of Covid-19 infections are coming from individuals who feel fine, temperature checks at places where many people gather wouldn't offer sufficient protection, and stronger measures would be needed.

Acknowledging the aerosol transmission suggests health-care workers might need to stock up on supplies of N95 masks that filter out small particles.

It also could require indoor establishments full of people breathing in recirculated air—from college dorms to nursing homes—to invest in filters, or reconsider the safety of reopening.

The WHO declined to comment beyond the guidelines.

Agency Prepared for War, Not a Virus

The top U.S. agency charged with preparing for a pandemic and overseeing the medical stockpile spent years bracing for potential attacks on the Korean Peninsula and was ill-prepared for the coronavirus crisis that continues to surge, according to current and former government officials.

By **Stephanie Armour,**
Alexandra Berzon
and **James V. Grimaldi**

Robert Kadlec handed out old business cards to staff when he started in 2017 as chief of the office for the Assistant Secretary for Preparedness and Response. They were labeled, "Kadlec's Rules of Military Medicine." One rule: "The next war is tomorrow."

It was—just not the one he had planned for. Under Dr. Kadlec—a decorated, retired U.S. Air Force colonel and veteran of two wars—a priority for the agency became preparing for an attack from North Korea on the Korean Peninsula. Code-named "Able Papa," the plan involved moving as many as 100,000 Americans out of a nuclear or biological zone in South Korea and repatriating them to the U.S.

But his agency, which operates within the Department of Health and Human Services, also was supposed to plan for other medical crises, such as a pandemic—an explicit mandate from Congress when it was created 15 years ago. ASPR nevertheless became so mission-driven on possible military threats that it was caught off guard when the coronavirus hit, according to current and former government officials familiar with the planning.

Initial shipments of a coronavirus treatment went to hospitals that didn't need it, hospital executives said. A decision to repatriate infected cruise-ship passengers to the U.S. led to a standoff with U.S. public-health officials who said it was too risky. ASPR had spent hundreds of millions of dollars filling the U.S. Strategic National

Stockpile with drugs for anthrax and smallpox. Meanwhile, federal officials said, supplies of personal protective equipment for health workers, such as masks, had dwindled.

Now, the agency's ability to oversee the coronavirus crisis remains critical as some states reopen while cases continue to surge, with confirmed Covid-19 infections in the U.S. surpassing three million less than a month after crossing the two million mark, and a nationwide death toll that exceeds 131,000.

In an interview, Dr. Kadlec said he worked with the funding he was allocated and had to prepare for nuclear, radiological and chemical attacks alongside pandemics.

An HHS spokeswoman said there was no separate pandemic funding provided beyond supplemental pandemic funding expended in 2018.

Dr. Kadlec disputed that the agency was ill-prepared for the pandemic. "We have to balance those things with all the other things we have to do, like pandemic planning," Dr. Kadlec said.

"It would have been hugely irresponsible not to prepare for those threats, and the federal government is uniquely responsible for doing so," said HHS spokesman Michael Caputo.

Under federal law, ASPR is the lead operational and coordinating body for public-health emergencies. Federal plans designate ASPR—which had a budget of \$2.6 billion for fiscal 2020—as the agency to oversee all health-related responses, such as coordinating with affected hospitals. ASPR is driving work on a critical coronavirus vaccine. It is also in charge of coronavirus drugs, including distributing remdesivir.

Before the pandemic, however, ASPR's priority was a possible bioweapon, chemical or nuclear attack. Just before the virus began spreading, Dr. Kadlec met with drug-company executives and consultants and acknowledged there were still major holes in other areas of planning.

"We're waiting for the next

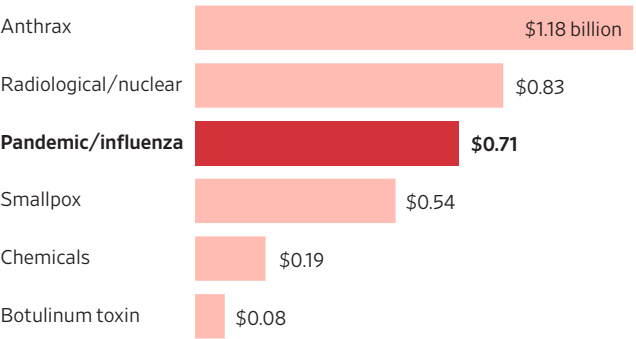


Robert Kadlec at a March 3 Senate hearing on Covid-19 response.

A Question of Priorities

The federal government's emergency-preparedness spending on threats from terrorist groups and hostile nations has far outstripped the money allocated to preparing for pandemics and influenza outbreaks.

Spending, fiscal years 2016-18



Source: U.S. Department of Health and Human Services medical countermeasures budgets

big thing to happen, because you know it will," he told them in October 2019. "It could be a coronavirus, for which we don't have countermeasures."



A confidential report prepared a year earlier by a consulting firm hired by ASPR, which was viewed by The Wall Street Journal, concluded that the agency was "drastically" underfunding medical measures to counter pandemics while the federal government was spending vastly more to prepare for cybersecurity threats and on missile defense.

An HHS spokeswoman said Congress has continued to un-

derfund the strategic national stockpile.

The Journal analyzed the federal government's emergency-preparedness contracts and found that spending on threats from terrorist groups and hostile nations has far outstripped the allocations for potential pandemics and influenza outbreaks. In fiscal years 2016 through 2018, 12.5% of the budgets for drugs and the Strategic National Stockpile—an emergency cache of supplies now run by ASPR—went toward flu and pandemic preparedness, while countermeasures for anthrax alone ate up nearly 21%,

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THE WALL STREET JOURNAL.

WORLD NEWS

Seoul’s Mayor Is Found Dead in a Forest

Praised for response to coronavirus, Park had been discussed as presidential candidate

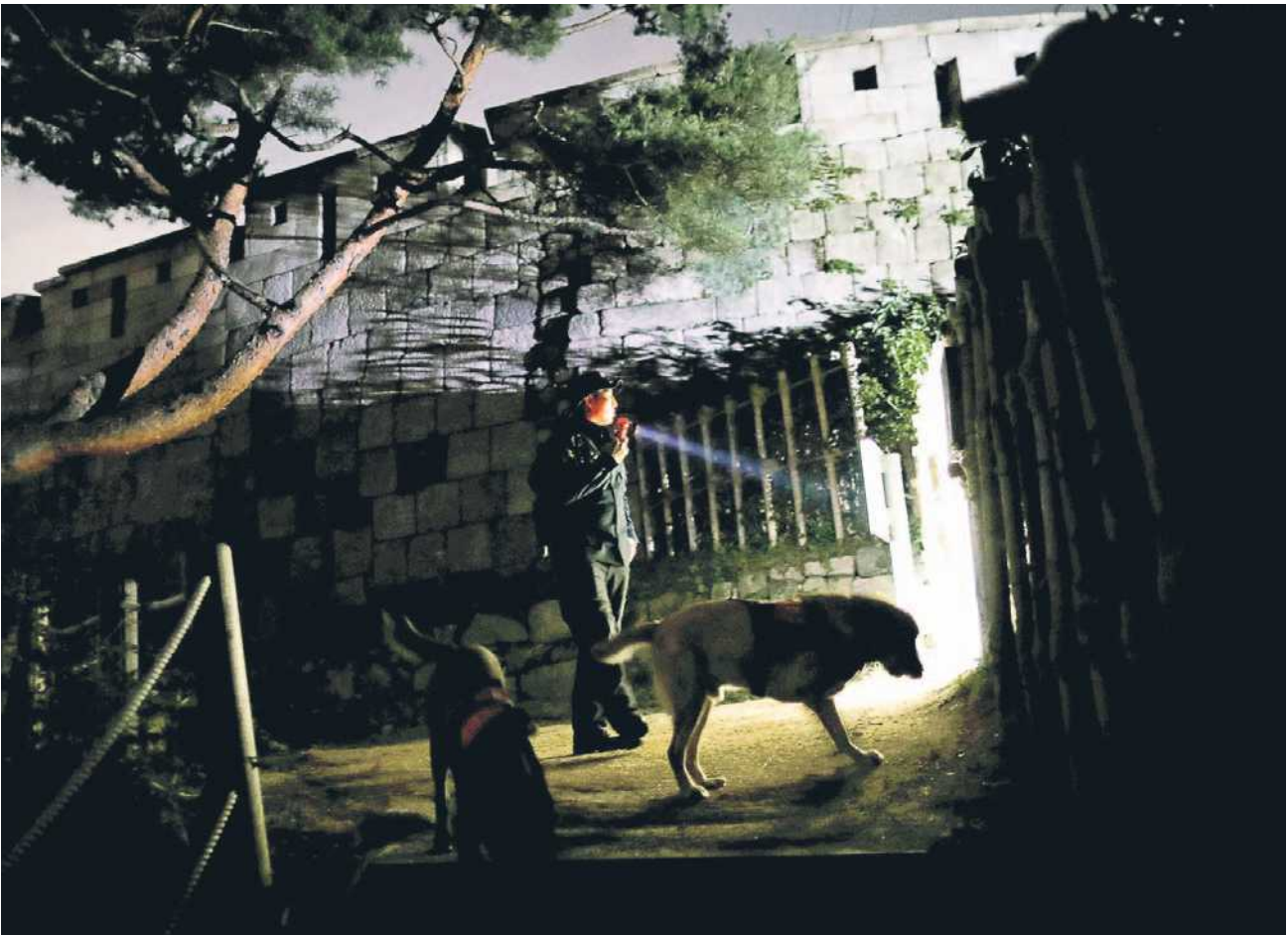
By Timothy W. Martin
and Andrew Jeong

SEOUL—The mayor of South Korea’s capital, praised for his city’s aggressive coronavirus response, was found dead in a forested area in northern Seoul, local police said.

Park Won-soon, leader of Seoul since 2011, had been reported missing early Thursday evening, kicking off a search that involved more than 700 police and fire personnel. The body of Mr. Park, 64 years old, was discovered by rescue dogs early Friday, a senior police official said at a briefing. Authorities didn’t immediately find evidence that would suggest a homicide, the official said.

A former female secretary of Mr. Park’s had recently gone to the police, accusing Mr. Park of sexual misconduct, South Korea’s semiofficial Yonhap News Agency reported, citing unnamed law-enforcement sources. The senior police official confirmed a formal complaint had been filed against Mr. Park this week, though he declined to elaborate.

Mr. Park, outspoken and popular, had ascended to his role after winning a by-election after his predecessor abruptly resigned. Mr. Park, a former human-rights lawyer, had no prior political experience. He ran as an independent, outside the country’s political establishment, and won a following by appealing to younger voters and pledging



More than 700 police and fire personnel searched for missing Seoul Mayor Park Won-soon. Rescue dogs found his body early Friday.

to boost welfare spending. He was re-elected in 2014 and 2018.

He later joined the left-leaning Democratic Party and was often floated as a potential successor to South Korean President Moon Jae-in, whose term ends in 2022.

“It’s still early as we piece together his state of mind these past few days,” said Jean H. Lee, director of the Korea program at the Wilson Center, a nonpartisan think tank in Washington. “But there’s no doubt we will need

to remember Mayor Park for all his complexities—his leadership and visionary ideas as well as the demons that may have led him to this end.”

Mr. Park had failed to show up to work on Thursday, with city officials attributing his absence to a health issue. His daughter reported him missing, at 5:17 p.m., after Mr. Park had left a message with wording that resembled a will, Yonhap reported.

He was last spotted by security cameras around 11 a.m., traveling by taxi to a park

with rolling hills and not far from the mayor’s official residence. He wore a black baseball cap, dark clothes and a backpack, Seoul police said. His phone was last tracked to this area.

Mr. Park was found with his cellphone, his business cards and pens, the senior police official said at the briefing.

Local media said Mr. Park would be succeeded in the interim by his deputy, Seo Jeong-hyup. When Mr. Park’s predecessor resigned in August 2011, after losing a refer-

endum that attempted to rein in school-lunch subsidies, the by-election occurred just two months later. But Seoul officials didn’t immediately say when a vote to elect Mr. Park’s successor would occur. Mr. Park had recently won global attention for helping Seoul navigate one of the world’s earliest coronavirus outbreaks. With a population of around 10 million, Seoul reported under 1,400 Covid-19 cases as of Thursday. New York City, by contrast, has more than 220,000 cases

among its 8.3 million residents.

At times, he pushed more aggressive—and new—responses to the virus than the national government. Seoul first began offering anonymous Covid-19 tests in May when an outbreak emerged from popular gay clubs, leaving many hesitant to come forth for screening. The city implemented random testing at schools in hopes of detecting contagion spread earlier.

The idea of using QR-code scanners to log visitors at gyms, clubs and other venues was initially piloted in a Seoul neighborhood.

Mr. Park, like other South Korean leaders, had hoped to leverage the successful fight against the pandemic to a bigger leadership role on the global stage. In June, Seoul hosted a virtual, weeklong “Cities Against Covid-19 Global Summit,” with mayors and governors from more than 40 countries participating. Mr. Park gave the keynote address.

Mr. Park, who had been a prominent activist before entering politics, had also been vocal on maintaining warm ties with North Korea. In 2018, he was part of the South Korean delegation that traveled to Pyongyang for an inter-Korean summit. Mr. Park was photographed shaking hands with North Korean leader Kim Jong Un.

“Mayor Park was likely a presidential candidate in 2022,” said Jessica Lee, a Korea expert at the Quincy Institute for Responsible Statecraft, a Washington think tank. “So, his passing is not just a shock for the Korean people but may have long-term implications for the continuation of President Moon’s conciliatory foreign policy.”

Chinese Officials Face U.S. Sanctions

By William Mauldin

WASHINGTON—The U.S. imposed sanctions on senior officials in China’s Xinjiang region, accusing them and the region’s police of being complicit in human-rights violations against the Muslim population in the northwest China.

The Treasury and State departments designated Chen Quanguo, the Chinese Communist Party secretary for Xinjiang, under the sanctions, effectively locking up international assets and preventing him or his immediate family members from traveling to the U.S.

The two agencies also imposed sanctions on Zhu Hailun, the party secretary of the Xinjiang Political and Legal Committee, and Wang Mingshan, the party secretary of the Xinjiang Public Security Bureau. Huo Liujun, the former secretary of the police bureau, was sanctioned by the Treasury Department alone, while the State Department said it would impose visa restrictions on additional unnamed officials linked to unjust detention or mistreatment of Uighurs, ethnic Kazakhs or other minorities in Xinjiang.

“The United States will not stand idly by as the [Chinese Communist Party] carries out human-rights abuses targeting Uyghurs, ethnic Kazakhs, and members of other minority



Hundreds of thousands of Uighur Muslims in Xinjiang province are held in camps that China calls schools.

groups in Xinjiang,” Secretary of State Mike Pompeo said.

Mr. Chen, the top official directing China’s clampdown in the fractious Xinjiang region, has emerged as a pioneer of aggressive, technology-driven police techniques. A member of the Communist Party’s elite 25-member Politburo, he is now the highest-ranking Chinese official on the Treasury Department’s list of sanctioned individuals.

The sanctions detailed Thursday are likely largely

symbolic because the officials are unlikely to travel to the U.S. and probably don’t hold significant assets in financial institutions outside China.

President Trump signed new legislation this year that would allow for sanctions related to the treatment of the Uighurs, but the penalties announced Thursday were based on older authority. Congress also passed legislation a week ago that would require sanctions on officials linked to Beijing’s effort to

curb Hong Kong’s autonomy through a new national security law. Mr. Trump hasn’t signed it. The sanctions, levied under a previous executive order and U.S. human-rights law, are the latest effort by the administration to pressure Beijing, which Washington accuses of human-rights abuses, undermining the autonomy of Hong Kong and unfair trade practices.

A spokesman for the Chinese Embassy in Washington didn’t respond to a request to comment.

Australia Won’t Allow Hong Kong Extradition

By Rachel Pannett

SYDNEY—Australia is suspending its extradition treaty with Hong Kong and giving the city’s residents a pathway to staying permanently in response to China’s decision to impose new national security legislation, a move likely to further inflame tensions with Beijing.

Prime Minister Scott Morrison said on Thursday that the national security law constituted “a fundamental change of circumstances in respect to our extradition agreement with Hong Kong” and that Australia had formally notified Hong Kong and Chinese authorities of the decision.

He also said about 10,000 Hong Kong residents in Australia on student or temporary work visas would be offered the chance to extend those by five years, with a pathway to permanent residency at the end of that period.

Countries worried about the law, which has increased the power of Beijing’s security forces in the former British colony, have made a series of responses. Last week, Canada suspended its extradition treaty with Hong Kong, while the U.K. is offering a path to citizenship for as many as three million

Hong Kong residents. New Zealand on Thursday said it was reviewing its relationship with the city, including extradition arrangements, controls on exports of strategic goods and travel advice.

“The new laws Beijing has imposed on Hong Kong are even more repressive than the security laws on the mainland and subject Hong Kongers to arbitrary detention and arrest. So, if Australia is to be consistent on extradition, we must end extradition to Hong Kong,” said Michael Shoebridge, a former top Australian defense-intelligence official, who is a director of defense, strategy and national security at the Australian Strategic Policy Institute, a security think tank.

Australia doesn’t have an extradition treaty with Beijing.

A spokesman for China’s foreign ministry said Australia’s moves violate international law and interfere with China’s internal affairs. “The Chinese side does not buy this and expresses its strong condemnation and reserves the right to react further,” Zhao Lijian said.

The stakes are especially high for Australia because of the importance of its economic relationship with China, its biggest two-way trade partner.

FROM PAGE ONE

Big Ten Season in Question

Continued from Page One

crisis; this week, Stanford and Dartmouth said they are cutting numerous smaller sports.

The Big Ten’s move, and others that might follow, also have major ramifications for things such as competing for conference and national championships. One problem in sorting that out is the diffuse nature of governance in major-college football, the one sport in which the NCAA doesn’t control the national championship.

The Big Ten’s decision will strike 42 nonconference football games from the schedule. The steps come a day after the Ivy League said it would post-

pone all sports until at least the start of 2021.

For the Big Ten and other big conferences, however, the financial implications of canceling games are much greater than in the Ivy League. Television contracts net Power Five schools tens of millions of dollars a year. Ticket sales can account for as much as 20% of revenue. Gridiron gains at many of these universities make less high-profile sports possible.

Now the question is how much of college football’s season will survive. When the pandemic began, many programs roared confidently ahead, proclaiming that the season wasn’t in doubt.

But fault lines have appeared that have made it more difficult to find a path forward. Dozens of players have tested positive for Covid-19 after returning to campus for voluntary workouts in June. At some schools, it remains unclear if students will return to campus for classes.

Pressure will mount now on other conferences to follow suit and, in the best-case scenario, play only games that are a bus ride away. A Pac-12 spokesman said the conference hadn’t yet made a determination on fall sports. The Atlantic Coast Conference said it was delaying the start of competition for several fall sports but didn’t mention football. “We plan to continue to prepare for all available scenarios until we are informed that some are no longer viable,” Big 12 Conference commissioner Bob Bowlsby said. Southeastern Conference commissioner Greg Sankey said the league was still contemplating the fate of fall sports.

Most of the Big Ten’s non-conference football games were scheduled for the early weeks of September. Mr. Warren said the league is considering moving more conference games to September and would release a tentative schedule next week.

Ohio State athletic director Gene Smith suggested that conference games could take place as early as the end of August. That means teams that play Aug. 29 would have to start practicing next week to comply with the NCAA’s recommended six-week preseason

Dozens of players have tested positive for Covid-19 after returning to campus.

conditioning period. Starting later or shortening the window would require permission from the NCAA’s Football Oversight Committee, he said.

“This gives us flexibility to be nimble,” Mr. Warren said.

But safety has risen on the agenda of many in the college sports world. Chris Hinton, a

former Northwestern football player and co-founder of an advocacy group for parents of college-football players, said the Big Ten’s cancellations were a needed step. He added that the conference probably should follow the Ivy League and scrap the season.

“Unless something really changes in regards to the virus, I would say it should be [canceled],” he said. “We’re having an increase in positive testing. It’s spiking all over the country. I use the analogy of, if you use a tornado coming, you’re going to be running in the opposite direction, not towards it. Unless you’re a storm chaser.”

Mr. Hinton co-founded College Football Parents 24/7 with his wife, Mya Hinton, a former Northwestern basketball player. They have one son, Chris, on the football team at Michigan and another, Myles, on Stanford’s team.

Most universities in the Big Ten have begun welcoming stu-

dents back to campus for voluntary workouts in advance of official practices, which the NCAA will permit on July 15. The Big Ten declared these workouts voluntary and will honor athletes’ scholarships should they choose not to participate.

Big Ten schools are testing athletes upon arrival on campus, though not every athletic department is disclosing its test results. At the 10 universities publicizing results, 2,028 tests performed since June 1 have yielded more than 50 coronavirus infections.

It is unclear what sorts of public-health prerequisites must be in place for the conference to consider canceling fall athletics. Mr. Warren deferred to the Big Ten’s Task Force for Emerging Infectious Diseases.

“Obviously we need the virus to be managed differently than it is now, because we have a spike again,” Ohio State’s Mr. Smith said. “I just want to have a chance for our kids to play.”

FROM PAGE ONE

The French Discover France

Continued from Page One
by people who think they're in hell," Sylvain Tesson, the French adventurer, once wrote. With border reopenings in flux around the world due to the coronavirus pandemic, however, the French suddenly have France to themselves, and they've decided it's time to see what all the fuss is about. A survey of 2,000 French vacationers released last month by Protourisme, a French consultancy, found that 86% of respondents are planning to vacation in France this summer.

France last month began allowing European Union citizens to enter, as well as nationals from 15 non-EU countries starting in early July. Visitors from the U.S. are still banned. Newlyweds Sabrina and Romain Guerrand had to scrap their plans for a three-week honeymoon in French Polynesia and instead crisscross France. They visited the Alps and the Atlantic Coast before heading



Visitors wear masks at Chateau de Versailles as the palace is reopened. The French have France to themselves this summer.

to Paris to ascend the Eiffel Tower. It had been more than 15 years since Ms. Guerrand, a 36-year-old nurse, or her husband, a 35-year-old flight attendant, had visited the monument. "Granted, it's not Tahiti," Ms. Guerrand said, surveying the city's canopy of zinc rooftops punctuated with bell towers and domes. "But we were able to end our trip on a ro-

mantic note." About a third of French tourists go abroad every year, according to Didier Arino, the director of Protourisme, reinforcing their reputation as indefatigable wanderers. They travel to remote Indonesian islands or countries like Myanmar that have only recently reopened to tourism, seeking the thrill of discovery. It's an ethos captured by Guide du Routard,

France's de rigueur travel guide, which depicts an adventurer carrying a rucksack in the shape of a globe on its cover. This year, Guide du Routard scrambled to expand its collection on France's hinterlands. New volumes focus on the Somme region, where French and British forces fought Germany in the First World War, and the Champagne region, known for its sparkling wine. Tour operators are also shifting gears. Nomade Adventure, a firm that last year sent 12,000 French tourists to destinations like Madagascar and Kyrgyzstan, has begun renting vans, equipped with kitchens and double beds, to people who want to tour France—a similar service offered to visitors to Tanzania, said Managing Director Fabrice Del Taglia. Victorien Masson, a 24-year-old law student from Paris, recalled feeling "sad and a little pissed" when the pandemic forced him to interrupt his trip around the world. Five months into his journey, he flew back to Paris from Australia and turned his sights to France. Money was an issue. Youth hostels in France were 13 times as expensive than Nepal, Mr. Masson says. And one dinner at a French bistro was equivalent to about five meals in South-

east Asia. Mr. Masson settled on taking a 250-mile bike ride along the Loire River, a route that is visited every year by tens-of-thousands of travelers, including large contingents of Dutch and British tourists. Mr. Masson and three friends set out on a 10-day journey through the countryside with stops at Chambord and Chenonceau, majestic castles that hug the riverbank. "I had no idea," Mr. Masson said. More than 85 million foreign tourists visit France each year, including about five million Americans. International air traffic to France dropped by 85% in May, the latest available data, according to Atout France, the national tourism development agency. The unusually large number of French tourists visiting France does not make up for the absence of big-spending Chinese, American and Russian visitors. Faced with a shrinking pool of visitors, some of France's most illustrious destinations find themselves in the unfamiliar position of having to hustle for foot traffic. The Côte d'Azur, whose cobble streets and stony beaches were visited by more than six million foreigners last year, has

launched itself into a marketing war with other regions. Posters plastered on the walls of Paris metro stations trade barbs. "This summer, there's no need of people to be the place to be," the southwestern region of Lot-et-Garonne offered, taking aim at the French Riviera's reputation for glitz. Jean-Gabriel Baron, a 26-year-old finance manager at Quitoque, a food delivery company, traveled around the world for six months in 2015 and has visited over 50 countries. But the pandemic forced him to cancel his plans to honeymoon in Brazil. Now, the couple is planning to spend about 10 days in Provence, sipping rose in Nice and wandering through medieval villages. "Never been," said Mr. Baron, who grew up in the Loire Valley. "I've always told myself there would be too many tourists." Valérie Gibert, a 54-year-old nurse from southwestern France, is planning to make her first-ever weeklong trip to Paris this month. She'll scale the Arc de Triomphe; wander down the Hall of Mirrors in the Palace of Versailles; and gaze into the eyes of the Mona Lisa at the Louvre. Her goal, she said, is "to discover and be amazed."

Meat Plants Try Robots

Continued from Page One
velopment the industry has been slow to embrace and has struggled to adopt. The team, including designers who once worked in the auto industry, are developing an automated deboning system destined to handle some of the roughly 39 million chickens slaughtered, plucked and sliced up each week in Tyson plants. Tyson, the biggest U.S. meat company by sales, currently relies on about 122,000 employees to churn out about 1 in every 5 pounds of chicken, beef and pork produced in the country. The work at Tyson's Manufacturing Automation Center, which opened in August 2019, is speeding the shift from human meat cutters to robotic butchers.

Over the past three years, Tyson has invested about \$500 million in technology and automation. Chief Executive Noel White said those efforts likely would increase in the aftermath of the pandemic. The Covid-19 pandemic has been a debacle for the \$213 billion U.S. meat industry. For the first time in memory for some Americans, there wasn't enough meat to go around. Reduced production forced grocery giants such as Kroger Co., Costco Wholesale Corp. and Albertsons Cos. to limit how much fresh meat shoppers could buy in some stores. Fast-food chain Wendy's had to tell customers that some restaurants couldn't serve hamburgers.

Now automation projects are racing ahead, said Decker Walker, a managing director with Boston Consulting Group, or BCG, who works with meatpackers. "Everybody's thinking about it, and it's going to increase," he said. Automation has transformed jobs such as car assembly, stock trading and farming. Meat processors, though, employ 3.2 workers per 1,000 square feet of manufacturing space, three times the national average for manufacturers, according to data compiled by BCG. While U.S. manufacturing worker density overall has held steady over the past five years, in meat plants it has increased, according to the firm. Executives of Tyson and other meat giants, including JBS USA Holdings Inc. and Cargill Inc., say that is because robots can't yet match humans' ability to disassemble animal carcasses that subtly differ in size and shape. While some robots, such as automated "back saw" cutters that split hog carcasses along the spinal column, labor alongside humans in plants, the finer cutting, such as trimming fat, for now largely remains in the hands of human workers, many of them immigrants. Workers in the animal slaughtering and processing industry, including some not working on processing lines, were paid an average \$15.92 an hour in 2019, according to the Bureau of Labor Statistics.

A skilled loin boner can carve a cut of meat like filet mignon without leaving too many scraps on the bone, which have to be turned into lower-value products like finely textured beef, a low-cost trimming used in hamburger meat, or dog food, said Mark Lauritsen, an international vice president for the United Food and Commercial Workers International Union, which represents many meatpacking workers. For beef companies, that's the difference between meat selling wholesale at \$5 a pound and 19 cents a pound, he said. "Labor is still cheaper, and humans can do those skilled jobs much better than machines can," he said. Meat companies have raised hourly pay in recent years in response to a tightening U.S. labor market. Adjusted for inflation, though, average meat-processing wages have fallen 50% since 1975, according to University of Missouri history professor Chris Deutsch. Meat industry officials say the cost of living is lower in rural areas, where many plants now are located, and that more experienced workers are paid more. Tyson said its average hourly pay for U.S. employees was \$15.77 last year, and JBS said its average hourly worker makes more than \$20 an hour.

Hazardous job

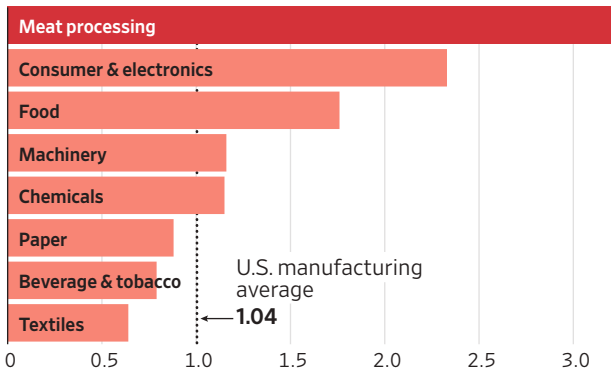
While meat processing overall has grown safer in recent years, it remains one of the more hazardous jobs in the U.S. economy, according to the Bureau of Labor Statistics. With 4.3 workplace injuries or illnesses per 100 full-time workers in 2018, the industry's rate is nearly 40% higher than the national average for all industries, surpassing logging, mining and construction. Animal slaughter and processing facilities logged 23,500 nonfatal injuries and illnesses in 2018, the latest year for which data is available, though such data is marred by underreporting, according to the U.S. Government Accountability Office. Bashar Abdulrazzaq, an Iraqi refugee, said he lasted less than a year at Tyson's Perry, Iowa, pork plant. After an eight-hour shift carving meat from the backs of hogs, Mr. Abdulrazzaq said, his fingers often were locked in place and he had to pry open his hand to begin work the following morning. Lower back pain, caused by moving heavy carcasses, ultimately drove him from the job, he said. "Doing that for eight hours a day nonstop," he said, "it's not human." Tyson said it has invested in ergonomics and other changes to make jobs less physically demanding, including automated carcass split saws and spare rib pullers at the Perry plant. It said the position Mr. Abdulrazzaq held has been eliminated after the company installed a less labor-intensive production process. Roughly 585,000 people work in U.S. meatpacking plants. Plant workers cycle in and out of jobs rapidly, with annual turnover in meat plants ranging from 40% to 70%, according to Boston Consulting Group, versus an overall 31% average for manufacturers.



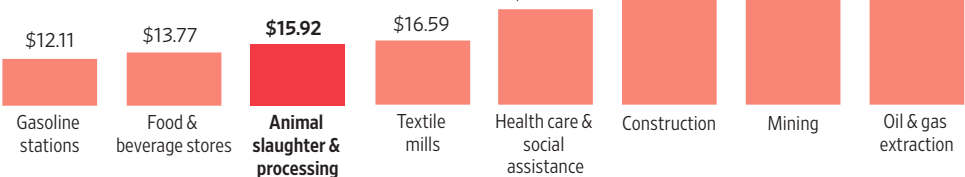
A robotic meat-cutting system used by JBS USA Holdings, which is investing in automation.

Workers in meat processing plants work in closer quarters and earn less than those in many industries. Meat production has been rising.

Estimated employees per 1,000 square feet of manufacturing space



Average hourly earnings for selected industries, 2019*



*For production and nonsupervisory employees
Sources: Boston Consulting Group, U.S. Energy Department, NAIOP Research Foundation (manufacturing space); Agriculture Departmen (meat production); Labor Department (wages)

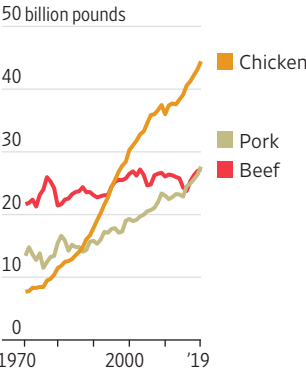
Problems keeping plants staffed predate the pandemic. Plants struggle to draw enough workers to small towns in the South and Midwest that house most of the industry's plants. Refugees, who can legally work in the U.S., and immigrants, including those can't, make up a significant portion of the workforce. Difficulties recruiting workers have been an impediment to expanding plants and building new ones, executives said. "The biggest push that we have in terms of automation over the last five years is because of the availability of labor in the U.S.," said Andre Nogueira, chief executive of JBS USA, a unit of Brazilian meat company JBS SA. Covid-19 compounded that problem. As the pandemic spread in March and April, hundreds of workers stayed home from plant jobs across the country, according to meat company and union officials. Meat companies responded by erecting partitions between workstations and break room lunch tables, installing automated temperature scanners and distributing masks and gloves. While weekly U.S. meat production has recovered, labor challenges continue to force

some meat processors to focus on high-volume, less-processed cuts, meaning fewer boneless products in supermarket meat cases, said Will Sawyer, an economist with agricultural lender CoBank. Meatpacking companies have tested automated cutting systems before, with mixed results. Some projects were abandoned after wasting too much high-value meat, industry officials said. Poultry processors have successfully auto-

Problems keeping meat plants staffed predate the pandemic.

mated some steps, such as the job of "gut snatchers," who removed birds' entrails, partly because chickens tend to vary less in size than do cattle and hogs. A growing consumer appetite for products such as deboned chicken and skinless meat has required more people on processing lines. Decades ago, most Americans bought whole chickens. McDonald's Corp.'s introduction of Chicken

U.S. annual meat production by type



McNuggets in the 1980s changed that. Roughly 85% of chicken eaten in the U.S. today is parts like breasts and wings or products such as chicken fingers, according to the National Chicken Council. JBS, the world's biggest meat company by sales, has been working for years to automate portions of its poultry and livestock operations around the world, said Mr. Nogueira. JBS in 2015 paid \$42 million for a controlling stake in Scott Technology Ltd., a New Zealand-based robotics company that has automated lamb processing. At Pilgrim's Pride Corp., the second-biggest U.S. chicken processor and majority-owned by JBS, deboning machines now trail humans by only 1% to 1.5%, in terms of meat yield per chicken. "They are much closer to what the person can do than seven years ago," Mr. Nogueira said. Technology and automation are part of the \$1 billion in capital expenditures JBS USA has planned for 2020. "One day we will be there, but we are not there yet," he said. Dean Banks spent years directing automation projects at

technology and health-care companies, most recently at X, the unit of Google parent Alphabet Inc. set up to solve some of the world's most vexing problems. He joined Tyson's board of directors in 2017 and became president in December. Teaching robots to cut and sort meat, which involves soft material and variability, he said, "it's the most challenging operational environment you can find." The low temperatures at meat plants, kept cool for food-safety reasons, pose more hurdles for robotics, as does blood splatter, industry officials said. Tyson's technicians are trying to teach machines to recognize and quickly adjust to differences in meat coloration and shape, part of what executives say makes meat processing harder for machines than, say, assembling cars from uniform, manufactured components. In meat plants, "our parts are infinitely variable," said Marty Linn, previously the principal engineer of robotics for General Motors, who joined Tyson last year to help direct its automation efforts. European meat plants have incorporated more automation than their U.S. counterparts, using lasers and optical eyes to read cuts of meat on a conveyor belt and send them to different departments to be packed, weighed and shipped. The technology means a single worker in plants in Sweden, Denmark and France does the work of eight or nine workers in U.S. plants, though the operations run at a slower pace, said Mr. Lauritsen, the union official. Mr. Lauritsen said boosting automation at U.S. meatpacking plants needs to be done thoughtfully so job losses don't devastate the communities they sustain. "If you take half the jobs out of Worthington, Minn., and Denison, Iowa, you take away 2,000 jobs and the payrolls that come with them," he said, referring to two towns with meatpacking plants. "You've crippled those communities." Tyson's Mr. Banks said that workers are in no danger of being replaced broadly by robots soon. Workers whose jobs are automated can be moved into other, open positions, so layoffs aren't needed, he said. Robots can improve employee retention, he said, by making jobs more skilled and less strenuous. Mr. Banks said that the technology is needed to relieve bottlenecks in Tyson's plants, where lack of skilled workers in critical jobs can slow overall production. To solve one such problem, he said, Tyson designed a water-jet cutting system capable of carving up chicken breasts more precisely than humans can. Many Tyson chicken plants now are using the system to develop new products that they couldn't make using human labor, he said. Automation "is something we think is going to be revolutionary for our business," said Doug Foreman, Tyson's director of manufacturing technology, who has designed meat-cutting equipment for decades. "We are on the cusp of a significant rollout."

GREATER NEW YORK

Task Force Urges N.J. to Cancel Tax Breaks

Millions in job-retention credits were given to companies that didn't really plan to leave

By KATE KING

A New Jersey task force charged with examining the state's corporate-incentive programs recommended suspending or terminating \$578 million in tax breaks awarded to a dozen companies.

The task force, convened by Democratic Gov. Phil Murphy, said it had referred companies' incentive packages to either the New Jersey Economic Development Authority for further review or to law enforcement to investigate whether fraud was committed. In some cases, companies were referred to both law enforcement and the EDA. Three additional companies voluntarily gave up their incentives, with the forgone awards totaling \$11.5 million, it said.

The task force's final report, released Thursday, concluded that the state's biggest incen-

tive programs lacked sufficient oversight by the EDA and awarded millions in job-retention tax credits to keep companies in the state that weren't genuinely planning to leave. The report also found that tax-incentive consultants sometimes encouraged companies to misrepresent their relocation plans on tax-credit applications.

Ronald Chen, the task force's chairman, said the problems showed the dangers of offering limitless tax incentives. The report recommended that any future programs have monetary caps to encourage economic-development officials to be more discerning.

"The EDA has fostered a permissive culture of 'getting to yes' with applicant companies," Mr. Chen said. "Much of this culture can be attributed to the inherent temptation to treat tax incentives as an apparently unlimited source of funding."

The EDA approved \$11 billion in tax incentives between 1996 and February 2018. The tax-credit programs under review, created in 2013 by former Republican Gov. Chris

Christie and the Democratic-led legislature, expired a year ago. New Jersey lawmakers from both parties pushed to renew the programs, saying they were vital to keeping companies in the state.

Mr. Murphy has said the tax breaks were too generous and has pushed for more limited incentive programs targeted at specific industries. "This administration will not tolerate fraud or self-dealing," he said Thursday. "Moving forward any incentives offered must produce the number of promised jobs for our state."

Tim Sullivan, appointed by Mr. Murphy to head the EDA in 2018, said the task force's report would help the agency improve its oversight and inform future incentive programs.

The task force recommended canceling the tax breaks awarded to four companies connected to South Jersey power broker George Norcross, a major player in the state's Democratic Party and a longtime booster of the city of Camden. The companies include the insurance company Conner

Strong & Buckelew, where Mr. Norcross is executive chairman, and Cooper University Health Care, where he serves as chairman of the board of trustees.

Also on the list were a real-estate company, the Michaels Organization, and NFI, a third-party supply-chain provider. The two businesses partnered

‘Incentives offered must produce the number of promised jobs for our state.’

with Mr. Norcross's insurance firm in building a new waterfront office building in Camden and applied for \$245 million in tax breaks in 2016.

The Michaels Organization declined to comment. NFI didn't respond to requests for comment.

The companies, along with Cooper Health, Mr. Norcross, his insurance firm, as well as the law firm Parker McCay,

sued unsuccessfully to stop the task force's inquiry.

A spokesman for Mr. Norcross and Conner Strong & Buckelew said the firm moved nearly 150 employees to Camden from Philadelphia, complied with the EDA's requirements and expects to receive its tax breaks. Cooper Health didn't respond to a request for comment.

The task force also identified problems with the \$260 million tax-incentive package awarded to energy company Holtec International. Mr. Norcross has said he helped recruit the company to Camden. Holtec misled the EDA in its tax-incentive application by suggesting that it had competing incentive offers in South Carolina, but those offers weren't serious alternatives to the New Jersey location, according to the report.

A spokesman for Holtec said the company cooperated with New Jersey's reviews but "false accusations continue to be made with no merit."

New Jersey pays out tax credits over 10 to 20 years after certifying that companies

are delivering their promised jobs and investments.

Of the \$578 million in incentives that the task force recommended be canceled or suspended, an estimated \$42 million has been doled out, according to the task force's attorney, Jim Walden.

The report also shed light on the role consultants played in securing lucrative tax incentives. In one case, the task force said a consultant at KPMG LLP encouraged the Italian eyewear company Safilo SpA to submit a tax-incentive application that said it would move to Rockland County, N.Y., if it didn't receive tax incentives. Emails showed the company had wanted to remain in New Jersey from the beginning of its relocation search, the report said.

The EDA approved \$4.5 million in incentives for Safilo to move from Parsippany to Secaucus, but the company didn't satisfy the requirements. Safilo didn't respond to a request for comment. A KPMG spokesman said the firm disagrees with the report.

Rolling Out a Black Lives Matter Mural on Manhattan’s Fifth Avenue



SENDING A MESSAGE: Activists painted 'Black Lives Matter' in giant yellow letters in front of Trump Tower on Thursday. President Trump tweeted last week that the street mural would be 'a symbol of hate.' Mayor Bill de Blasio, who helped with the painting, said the slogan is patriotic 'because there is no America without Black America.'

Parents Press Schools Chief on Reopening

By LESLIE BRODY

New York City parent leaders grilled Schools Chancellor Richard Carranza on Thursday about his plans to reopen schools in the fall, with some expressing frustration that the officials didn't have more say.

Parents asked how students could wear face masks all day, how teachers would be trained to deliver better online lessons, and how parents who can't afford child care will go back to work if their children are home on different days of staggered schedules.

Their questions came the day after the head of the nation's biggest school district unveiled preliminary plans to have most students in classrooms for one to three days a week, and learning remotely the other days.

Mr. Carranza said the proposals were designed for safe social distancing, while the city grapples with the coronavirus.

At a monthly meeting of the Chancellor's Parent Advisory Council, which includes parent representatives citywide, members said families deserved to have had more input on developing plans that, if approved by the state, would pose enormous logistical challenges.

"We haven't been part of the plan, we get the information when the decision is made," said Sheree Gibson, a member from Queens. "At this point, parents feel there is a broken trust with you."

"What am I going to do to rebuild trust?" the chancellor

responded in a virtual meeting. "I'm going to keep your kids safe in school."

Mr. Carranza said he understood that parents need to work, but there would be no in-person learning if health experts say that isn't safe.

"I'm going to push back against the idiots that are talking about 'Send everybody back to school, Covid isn't real,'" he said.

The city's public-school system surveyed families on their preferences for online and in-person instruction, but some parents said that format didn't

allow them to spell out their full concerns.

About 26% of parents have told the district they prefer to keep students home full-time for distance learning.

The chancellor said some central-office decisions "have to be made on the fly" during a crisis, but he expects all principals to include parent leaders in inspections of school sites and discussing reopening issues.

Rosa Diaz, a member of the Community Education Council for Manhattan's District 4, asked if schools could ensure

siblings would attend on the same days. A paralegal, she said she couldn't pay for a babysitter through the school year.

After schools closed in mid-March due to the pandemic, Ms. Diaz said her 13-year-old son took care of his two siblings, including a 3-year-old, while trying to study as his parents worked away from home. She said her 8-year-old daughter, who has special needs, was so distraught about missing school she had an anxiety attack that required medical treatment.

"I can't afford to have one in school and two at home," Ms. Diaz said after the meeting. "So many questions don't have answers right now."

Mr. Carranza said his team and principals are trying to work through hundreds of issues, from finding enough teachers to deciding whether it would be safe to have a band with a trumpet player.

"You play and you empty your spit valve" from the instrument, he said. "How can you do that in the age of Covid?"

The chancellor said he is negotiating with the teachers union to set requirements for live, real-time remote instruction, after many parents complained during the spring there wasn't enough.

Some parents asked in a chat box during the online conversation whether families would be told if someone at school became infected with coronavirus. A district spokeswoman said yes, "transparency is critical."

If the state allows the city to keep the reopening plan announced Wednesday, most schools are expected to choose a schedule offering each child in-person instruction for five days every two or three weeks.

"If parents don't know what classrooms or remote learning will look like, how can they choose?" asked Martha Kessler, a member of the advisory council's executive board. "If schools don't know how many will opt for remote, how do they know which model to pick?"



Uncertainty surrounds how New York City schools, such as P.S. 111 in Queens, would operate in the fall.

Covid-19 Testing Targets Hot Spots

By KATIE HONAN

New York City health officials are pushing coronavirus testing across the boroughs and prioritizing neighborhoods with lower testing rates, as they work to stem the spread of the virus that has killed more than 20,000 residents since the spring.

The officials also are trying a hyperlocal approach to testing outreach, focusing on neighborhoods with low testing rates but a higher percentage of positive cases of those tested. The first neighborhood will be Tremont, in the Bronx, officials said. That ZIP Code is testing about 3.7% positive, more than three times the citywide average of 1%, officials said. The city aims to test at least 2,500 people in that neighborhood within the next two weeks.

Officials currently are conducting between 25,000 and 30,000 tests a day citywide.

Annabel Palma, the chief equity officer for the city's Test & Trace Corps, said it is important to join with local groups to make sure residents get tested because these organizations are trusted in the community. Some residents are afraid to get tested because of their immigration status, she said. "We want to make sure that people understand that this program has nothing to do with your immigration status, but everything to do with the health and safety of yourself and your loved ones," Ms. Palma said.

The city also announced a grant program to give \$10 million to 20 community-based organizations focusing on outreach to encourage testing.

Ted Long, the executive director of the Test & Trace Corps, said more than 4,000 people are working with officials to get resources such as hotels for quarantine use.

"We can bring testing levels up and we can detect more cases and we can offer immediate resources," Dr. Long said.

There are still challenges within the city's testing and tracing operations. It can take as long as seven days for results to come back. The city is looking to bring in more in-house and local testing to shorten the wait time, he said.

As of Thursday, there have been nearly 215,000 positive cases of coronavirus in New York City, according to health-department data, and more than 55,000 hospitalizations. Upwards of 23,000 people are confirmed or likely to have died from the virus in the city.

Many officials pointed to the lack of early testing capacity as a reason for the spread of the virus in March and April.

Mayor Bill de Blasio said Thursday there would be additional pop-up testing sites around the city as part of a "Covid-19 Testing Day of Action," an outreach program to encourage more New Yorkers to get tested.

GREATER NEW YORK

GREATER NEW YORK WATCH

NEW YORK
Archdiocese to Close 20 Catholic Schools

Twenty Catholic schools in the New York City area are closing due to dwindling enrollment in the wake of the Covid-19 pandemic, the Archdiocese of New York said Thursday.

The health crisis and job losses hurt many students' families so they couldn't afford tuition, at a time when the cancellation of public Masses hampered fundraising that supports the schools, the archdiocese said.

"Children are always the most innocent victims of any crisis," said Cardinal Timothy Dolan, archbishop of New York. "Too many have lost parents and grandparents to this insidious virus, and now thousands will not see their beloved school again."

The closures affect about 350 employees and 2,500 children, who could transfer to other Catholic schools for this fall, the archdiocese said. Schools that won't reopen include sites in New York City, New Rochelle, Yonkers, Pelham Manor and Poughkeepsie. The archdiocese said last year it served about 60,000 children, and it will have 172 schools open in fall.

—Leslie Brody

NEW YORK CITY
Four Zoos, Aquarium To Reopen on July 24

The Bronx Zoo and New York City's aquarium and three other zoos will reopen this month after being closed since March 16 because of the coronavirus, zoo officials said Thursday.

The Bronx Zoo, the New York Aquarium, the Central Park Zoo, the Prospect Park Zoo and the Queens Zoo will open on July 24, said the Wildlife Conservation Society, which runs the facilities.

Visitors will have to buy tickets online in advance, and masks will be required for everyone over 3 years old.

—Associated Press

Upscale Restaurants Take to the Streets

By Charles Passy

In many ways, it was business as usual earlier this week at Daniel, the posh, signature restaurant of famed French-born chef Daniel Boulud on Manhattan's Upper East Side.

In his genial manner, Mr. Boulud went from table to table, chatting up guests. But the exchanges were happening outside the Michelin-starred restaurant in what Mr. Boulud is dubbing the Daniel "terrace," his white-tablecloth version of the sidewalk setup that has become the pandemic-era norm in New York City.

Mr. Boulud nevertheless hopes to be a cheerleader for bringing fine dining to the streets, defying the notion that outdoor setups are strictly the province of casual and lower-priced establishments. "I want my colleagues to say, 'If Daniel did it, maybe I should do it,'" he said on Wednesday, the first night he featured the al fresco seating.

A handful of other top-tier, Michelin-starred restaurants already have begun outdoor service, including Atera, a contemporary American spot in Tribeca. And slightly outside the city, the farm-centric Blue Hill at Stone Barns, located in Pocantico Hills, N.Y., has started as well with what it bills as "picnic dining."

More high-end places are planning to join the bandwagon by mid-July. Among them: Jungsik, a contemporary Korean restaurant in Tribeca, and Aquavit, the Nordic-themed favorite in East Midtown.

The sudden push speaks to the fact that with indoor seating in the city on hold indefinitely, white-tablecloth restaurants must find a way to maintain a public presence and keep at least some staff employed. "We have to do something," said Hakan Swahn, owner of Aquavit.

Moreover, many are hearing from customers who are eager to dine again at their establishments, regardless of the fact that it might not be in the rarefied (and air-conditioned)



FROM TOP: DANIEL BOULUD KITCHEN; BLUE HILL AT STONE BARNES

indoor environment to which they are accustomed.

"You've just got to roll with it," said Russ Hudson, an Upper West Side resident who is a Daniel regular. He came on Wednesday to dine solo, enjoying a striped bass paired with a mushroom fricassee.

As fancified as Mr. Hudson's dinner may sound, it actually represented a more modest menu from Mr. Boulud, who normally features a four-course prix-fixe meal, priced at \$158, at the restaurant, with wine pairings that can add up to another \$142 to the tab. Now, everything is offered a la carte—entrees are priced at \$34 to \$49—with the food being prepared as an extension of the Daniel Boulud Kitchen, the to-go and delivery service he launched during the crisis.

Other restaurants are similarly abandoning multicourse, prix-fixe menus, some of which can run close to \$300. They say the outdoor setting merits



a less formal and slightly less costly approach, and they are mindful some patrons want less contact with servers during this time.

At Blue Hill at Stone Barns, customers are presented with a picnic basket's worth of farm-fresh produce and prepared goods, priced at \$195 a

Diners, above, eat outdoors at Daniel restaurant in Manhattan. At left, Blue Hill at Stone Barns in Pocantico Hills, N.Y., is offering what it bills as 'picnic dining.'

person, to largely serve themselves.

In the end, chefs and owners of these acclaimed restaurants aren't sure their outdoor dining programs will earn them enough to make the summer profitable. Aside from the fact their check averages will be lower, they also generally don't have the same capacity.

At Daniel, the outdoor seating is limited to 10 tables, compared with the nearly 40 the restaurant has indoors.

Some of Mr. Boulud's customers are grateful, saying that while they could have ordered his food to go, the experience of dining at a restaurant can't be replicated. "It's a return to civilization," said Joel Hirsch, an Upper East Side resident and Daniel regular.



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LIFE & ARTS



Tom Hanks as Cmdr. Ernest Krause (right) with crew members in 'Greyhound'

FILM REVIEW | JOE MORGENSTERN

‘Greyhound’: A Good Man’s Grace Under Pressure

DURING THE BATTLE of the Atlantic in World War II, Allied convoys carried desperately needed supplies and troops from U.S. ports to Britain. Marauding packs of German submarines exacted a terrible toll, yet most cargo ships got through, accompanied by destroyers and other light vessels that took on the deadly U-boats. In “Greyhound,” streaming on Apple TV+, Tom Hanks is Cmdr. Ernest Krause, a U.S. Navy destroyer captain leading a convoy across the North Atlantic soon after America entered the war; it’s his first command and his first Atlantic crossing. The film is impressive visually, though less so on TV screens than it might have been on the theater screens it was made for, and repetitive though still absorbing dramatically, a string of action vignettes separated by tense interludes. But parts of the drama play out on its star’s face, and they’re the best parts, because there’s no one better at portraying a good man’s self-doubts and a frightened man’s courage.

The screenplay was adapted by Mr. Hanks from “The Good Shep-

herd,” a 1955 novel by C.S. Forester; “greyhound” is the radio call sign of Krause’s ship, the USS Keeling. In Hollywood during the war, or in its aftermath, a production like this would have flaunted its genre conventions, couched its heroism in larger-than-life characters. The watchword here is emotional restraint—Ernie Krause is precisely life-size—within a story that’s amplified by strong graphics and digital effects. (Elisabeth Shue plays the love of Krause’s life in a cameo-size appearance.)

The most dangerous stretches of the crossing take place in the so-called Black Pit, the area of the North Atlantic where convoys are beyond the range of air cover. The film’s vision of all the ships beset by heaving winter seas, as well as the submarine wolf pack they conceal, could pass for a Turner seascape in near-black-and-white. It’s not surprising that the director, Aaron Schneider, has spent most of his filmmaking career as a cinematographer. (The production was designed by David Crank and photographed by

Shelly Johnson.) Telling details heighten the tension: frozen windshield wipers that must be fixed so the captain can see from the bridge; a near-collision with a freighter in the dark; blips on the scopes of relatively primitive and finicky radars and sonars; a submarine’s sudden apparition; the orange aura of distant freighters in terminal distress.

Tom Hanks stars as a U.S. Navy destroyer captain braving U-boats and stormy seas

(Two companion pieces for “Greyhound” are the 1981 “Das Boot,” a peerlessly claustrophobic study of life aboard a German U-boat, and “The Cruel Sea,” the splendid English drama from 1953 in which a world of horror and grief registers on the face of Jack Hawkins’s Ericson, the captain of the convoy escort HMS Compass

Rose, as he watches his beloved corvette sink beneath the waves.)

Captaincy is nothing new for Mr. Hanks. He played captains in “Saving Private Ryan,” “Captain Phillips,” “Sully” and “Apollo 13,” and will play another one in “News of the World.” The special quality he brings to these roles is humility that tempers the customary notion of a commanding presence, and he does it again in “Greyhound.” Krause isn’t sure he’s equal to the task of shepherding the convoy to still waters at the end of the perilous journey, but he’s a man of faith who takes comfort from the Bible—so was the captain in Forester’s book, though his faith was far from unconditional—and views his enemies with compassion. “Fifty less krauts!” says an exuberant young crewman after the destroyer has sunk a German submarine. “Yes, fifty souls,” the captain replies solemnly.

A producer as well as the star and writer of “Greyhound,” Mr. Hanks was outspoken in a recent interview about what he called the “absolute heartbreak” of see-

ing the film, conceived and produced for the big screen, end up as a streaming attraction because of the pandemic. Subsequently he expressed gratitude for careful care his film has received from Apple, its new distributor.

Still, he has called attention to a concern shared by many film lovers who suddenly find themselves starved for the sort of spectacles, enhanced by spectacular sound, that can be experienced only in movie theaters. How much are movies diminished by streaming? In some cases, not much at all; intimate dramas, the motion-picture equivalent of literary novellas, can look and sound fine on good home screens. But *movie* movies, those resonant action adventures, are another story. Even “Greyhound,” a compact production that runs only 91 minutes, suffers from the strained physicality. Seen at home, its mighty waves may be bounded by furniture or windows. Seen in a theater, they’d suggest a proper ocean. Waiting for wisdom on the future of the big-screen experience, we are all at sea.

TELEVISION REVIEW | DOROTHY RABINOWITZ

A Spy in Search of A Purpose

IT TAKES A BIT of time to become accustomed to David Schwimmer, largely known to the world as the vulnerably endearing Ross of “Friends”—paleontologist, thinker, lover—in the role of a crude blowhard who feels entitled to push people around, which is how he appears in the opening scenes of the frequently hilarious “Intelligence,” a presentation of Peacock, NBCUniversal’s new streaming service, which begins July 15.

Mr. Schwimmer plays American NSA agent Jerry Bernstein, dispatched to the U.K. Government Communications Headquarters, in Cheltenham, where he’s supposed to join a crack team of British analysts devoted to battling cyber-terrorism. It’s instantly clear that he’s going to pose much larger problems to his sedate colleagues than any stock version of the crude American imaginable, and it should be said on Mr. Schwimmer’s behalf that he puts his heart into it and becomes in short order an entirely persuasive bully and liar. And, in addition, a devotee of the sort of team-building gibberish favored—though far more delicately delivered—by Michael Scott (Steve Carell) of Dunder Mifflin Paper Co. in “The Office” (American version).

A connection very likely intended by the creators of this six-part series (writer Nick Mohammed) that comes described as a workplace comedy. But this series bears small resemblance to comedy of that genre. For there are in “Intelligence” no seriously defined characters whose lives and foibles one comes to know. The warriors against cyber-terror who come to

this office every day are without exception a decidedly freakish lot, with looks to match. There’s Mary (a bewitching Jane Stanness), given to sharing confidences about certain of her bodily functions that are, to her, a source of high drama. A gracious sort, she sits calmly at work, her head shrouded by thickets of hair that may or may not have been washed in the past year. Jerry, introduced to Mary, has only to look at her to ask, “What happened?” Mary, we learn, is considered the most brilliant analyst on the team—a Nobel nominee. Working by her side is the seductive Tuva (Gana Bayarsaikhan), distinguished by a prominent nose ring and generally menacing air.

At the center of much of the action is the expert code analyst Joseph (Mr. Mohammed). Dutiful and yearning—he wants desperately to win Jerry’s friendship—he’s a richly comic presence, if also one regularly undermined, for American audiences at least, by an impenetrable accent. A common problem in British imports. Still, it’s worth the effort to lip-read Joseph’s comments—his casual report, for instance, that in the course of his analytic searches it had been possible to download Matthew McConaughey’s browsing history. Asked by his superior what that history had to do with the pursuit of cyber-terrorists, Joseph has no trouble supplying streams of imaginative rationalizations.

Presiding over all that goes on at Government Communications Headquarters is its no-nonsense manager, Christine, portrayed by Sylvestra Le Touzel, who quite simply lights up the screen in scene after scene with



Nick Mohammed and David Schwimmer in 'Intelligence,' a comedy on the new Peacock streaming service

her staff. Among them is her sullen assistant, Evelyn (Eliot Salt), who considers it an undue burden to have her day-long office naps interrupted by requests for her to perform some duty. Summoned by Christine to get Jerry’s personnel file, Evelyn tells her no, it’s classified.

The meaning of Christine’s icy reply, “if only there were an institution that cracked codes to access materials,” not surprisingly eludes her lazy assistant, whose ignorance is bottomless. She’s a chestnut of a stock character, but one nevertheless imbued with freshness thanks to these encounters with her employer.

A master of annihilating hauteur,

Christine looks on when Jerry, just arrived from America, takes it upon himself to bring a new tone to the staff, by leading them in morale-building exercises and barking orders at them. He doesn’t seem to understand that he has no authority here—he’s come to these headquarters as a consultant, Christine informs him.

But the question arises—what, in fact, is this character doing here? There are hints scattered throughout the action that there are hidden reasons for his being sent from the U.S. to work in England—some scandal, possibly, to be revealed in season 2. Perhaps even involvement in a plot to influence the past

American presidential election.

Whatever the case, Agent Jerry is, this season, a character in need of a reason for being that’s a good deal more substantial than the script provides.

Still, “Intelligence” goes rollicking along, with much to commend it, chiefly its wit and energy—and unexpected little touches, among them the divine Noël Coward singing “There are bad times just around the corner” at the end of each episode. It doesn’t hurt, either, that its brief chapters are a liberating 30 minutes, commercials included.

Intelligence
Wednesday, Peacock

SONY PICTURES

SKY UK

IF YOU'RE LOOKING for theater webcasts to keep you entertained during the pandemic, the site of London's National Theatre should be one of your regular stops. Not only does the NT routinely make broadcast-quality videos of its major productions, but it is responding to the closing of British theaters by streaming a free video every Friday on its "National Theatre at Home" webpage. These videos, each of which remains available for a week, are of the highest possible artistic merit and technical finish, and the company's latest offering, a 2016 revival of Terence Rattigan's "The Deep Blue Sea" directed by Carrie Cracknell, will be of special interest to American viewers, since Rattigan's plays are rarely produced in the U.S. "The Deep Blue Sea," his masterpiece, had a brief Broadway run in 1998, but so far as I know, it hasn't been staged over here since then, in New York or anywhere else.

I can't imagine a better introduction to Rattigan than "The Deep Blue Sea," a 1952 drama about the English middle class and its stiff-upper-lip discontents that is at once suavely crafted and profoundly felt. In Rattigan's world, class is destiny, leaving scars on all who try to escape its iron grip. "The Deep Blue Sea" is no exception, for it opens cold (so to speak) with a suicide attempt by Lady Hester Collyer (Helen McCrory), who has left her prim husband (Peter Sullivan), a High Court judge, for a handsome test pilot (Tom Burke) whom she craves so passionately that it scares him off. "You know I wanted your love," Lady Hester's penitent but uncomprehending spouse assures her, to which she makes this shattering reply: "You wanted me simply to be a loving wife. There's all the difference in the world."

Ms. McCrory is thrilling as the desperate Lady Hester, though she never overshadows the other members of Ms. Cracknell's well-matched ensemble cast, and the production comes through with shining precision on video. (It's sometimes startling to hear the



Adetomiwa Edun, above, and Tom Burke and Helen McCrory, right, in 'The Deep Blue Sea'

audience in the theater laughing—Rattigan, the shrewdest of theatrical craftsmen, always took care to leaven the loaf of hurt with tart humor.) Whether you're a Rattigan fan or a curious novice, this one's an absolute must.

The Deep Blue Sea
National Theatre, London
(viewable online through July 16, free). To watch, go to nationaltheatre.org.uk/nt-at-home

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



FILM REVIEW | JOE MORGENSTERN

Haunting in Mind and Body

SOMETIMES FIRST EFFORTS are dismissed with, if not damned by, the faint praise of "promising." That's what "Relic" is for a while—probably a longer while than ideal. This debut feature from Australia, directed by Natalie Erika James from a screenplay she wrote with Christian White, keeps promising to be something special, one of those small-scale horror tales with a big impact on your heart rate. But then it fulfills the promise with a revelation that you can't quite pin down with words—not that I'll try—and a final image guaranteed to take up residence in your long-term memory.

The story starts with beguiling simplicity. A mother and daughter,

Kay and Sam—played respectively by Emily Mortimer and Bella Heathcote—hurry out from their place in Melbourne to the moldering country home of Kay's mother, and Sam's grandmother, Edna (Robyn Nevin), who has disappeared. Edna's grip on reality had already begun to loosen; now she may have lost it. Suddenly, though, she reappears, apparently none the worse for whatever experience she had and can't remember, except for a dark mark on her chest.

As horrors go, dementia ranks high, a subject sufficient to sustain plenty of suspense. Edna's charming matter-of-factness alternates with spasms of paranoia. Is she a threat to herself or anyone

else? What's she doing with that knife? Why does she have blood on her hands? And, horror of horrors, has the time come when she can't be alone and must be moved to a facility for assisted living? On top of that, or surrounding it, is the horrible state of her house—conspicuous rot and insidious mold are everywhere. None of this makes it haunted, but strong hints in that department come from Brian Reitzell's keening music and Robert Mackenzie's sound design. (It's amazing how the deep bass tones pumped out by subwoofers have come to signify evil.) Then that promise is fulfilled. The house is truly haunted, in satisfyingly traditional ways that develop

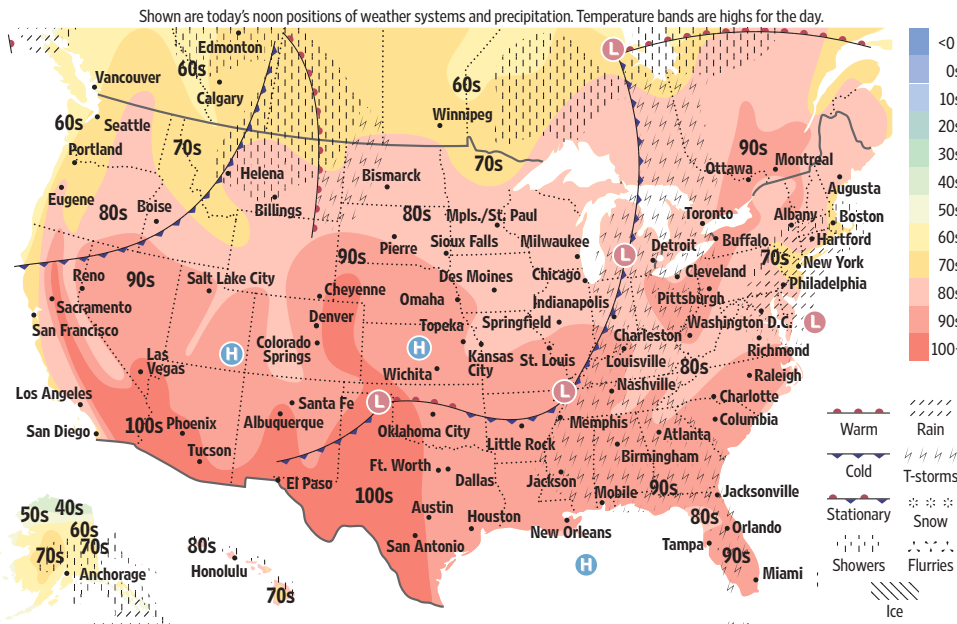


Robyn Nevin in Natalie Erika James's debut 'Relic'

a surreal dimension. First-time filmmaker or no, Ms. James directs actors expertly, and has a fine cast to work with. (The production was designed by Steven Jones-Evans and photographed by Charlie Sarroff.) What's more—and it's a lot more—

she and her writing partner, Mr. White, have a gift for resonant ambiguity. In the end "Relic" really is about decay, both physical and spiritual, and filial devotion. But devotion to what is the question. The answer makes this movie distinctive, and well worth seeing.

Weather



U.S. Forecasts

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	67	56	c	63	55	sh
Atlanta	91	74	t	91	71	s
Austin	99	75	s	102	77	s
Baltimore	86	73	t	92	72	t
Boise	89	62	s	99	63	s
Boston	78	69	r	83	72	r
Burlington	94	73	pc	87	71	t
Charlotte	93	74	s	90	71	s
Chicago	88	68	pc	88	70	s
Cleveland	89	67	t	81	66	t
Dallas	97	80	s	101	81	s
Denver	99	59	s	94	65	s
Detroit	88	66	t	86	67	s
Honolulu	88	77	pc	89	75	pc
Houston	98	82	s	99	81	s
Indianapolis	85	67	t	87	68	pc
Kansas City	89	72	pc	85	67	t
Las Vegas	110	87	s	113	92	pc
Little Rock	94	74	c	96	75	pc
Los Angeles	88	68	pc	92	71	s
Miami	96	80	t	93	80	pc
Minneapolis	83	68	pc	86	69	s
Nashville	86	67	s	80	62	pc
New Orleans	93	70	t	91	69	pc
New York City	95	81	t	95	80	s
Oklahoma City	78	72	r	87	75	r
Portland, Ore.	97	77	s	105	75	t

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Omaha	91	71	s	86	66	t
Orlando	90	77	t	91	77	t
Philadelphia	82	73	r	91	75	c
Phoenix	111	92	pc	116	94	s
Pittsburgh	90	67	t	80	64	t
Portland, Maine	78	66	c	75	67	r
Portland, Ore.	79	58	pc	80	59	pc
Sacramento	99	60	pc	100	59	s
St. Louis	90	72	pc	89	71	pc
Salt Lake City	96	70	s	99	73	s
San Francisco	73	52	pc	71	54	s
Santa Fe	99	59	s	101	64	pc
Seattle	75	56	pc	74	58	pc
Sioux Falls	87	67	s	81	63	t
Wash., D.C.	92	75	t	92	75	pc

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	63	50	r	64	51	pc
Athens	88	71	s	90	71	s
Baghdad	119	88	pc	116	85	pc
Bangkok	97	81	t	97	80	t
Beijing	80	69	c	85	70	t
Berlin	74	51	r	67	51	pc
Brussels	66	48	r	67	48	pc
Buenos Aires	61	43	pc	56	45	pc
Dubai	107	92	pc	108	92	pc
Dublin	62	45	pc	62	50	pc
Edinburgh	63	47	t	63	47	pc

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	76	52	t	70	50	pc
Geneva	86	61	t	75	56	t
Havana	89	74	t	87	73	t
Hong Kong	91	84	sh	91	83	sh
Istanbul	83	74	s	85	72	s
Jakarta	90	76	pc	91	76	t
Jerusalem	83	66	s	85	68	s
Johannesburg	65	44	s	51	32	s
London	67	50	pc	69	51	pc
Madrid	95	68	s	99	70	s
Manila	94	80	t	95	80	t
Melbourne	61	49	c	55	46	sh
Mexico City	80	54	t	78	55	t
Milan	90	67	s	85	63	t
Moscow	72	61	pc	80	65	pc
Mumbai	89	78	t	88	79	sh
Paris	75	53	pc	76	54	pc
Rio de Janeiro	72	65	pc	79	69	sh
Riyadh	114	88	pc	115	88	pc
Rome	87	65	s	85	67	s
San Juan	90	79	pc	90	79	s
Seoul	83	70	c	87	68	c
Shanghai	87	76	c	83	77	t
Singapore	85	79	pc	86	78	sh
Sydney	67	54	c	68	50	sh
Taipei City	95	82	c	97	82	c
Tokyo	83	76	c	84	73	pc
Toronto	88	69	t	82	64	t
Vancouver	69	55	pc	68	56	c
Warsaw	83	61	t	63	52	r
Zurich	84	59	t	69	49	t

The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11	12	13
14							15					
16							17					
18							19		20			
21							22		23			
24	25	26		27		28		29	30	31	32	33
34			35			36		37		38		
39						40			41		42	
43					44		45			46		
47						48		49		50		51
52						53			54		55	
56	57	58	59			60			61		62	63
64											65	
66									67			
68									69			
70												
71												

MISSING LINKS | By Mike Shenk

- The answer to this week's contest crossword is a five-letter noun.

Across

1 Protective wall

8 Served soup, say

14 Dangerous compound in Vonnegut's "Cat's Cradle"

15 Capital midway between Quito and Adelaide

16 Flow out

17 Pursued, as a tip

18 Made over

19 Excitingly awesome, slangily

20 A boatload of

21 Hither's partner

22 Prince in Disney's "The Little Mermaid"

24 Gadot of "Justice League"

27 Nos. to measure against

29 Tartar sauce ingredient

34 Slender wind

36 Polo heading

38 Velma's rival in "Chicago"

39 Relentlessly gloomy

40 Uncomplaining

42 Its Royal Navy is based in Seeb

43 Turn of phrase

45 Cabinet dept. since 1977

46 Pool surface

47 Nuisances for neatniks

49 Crewmate of Wolf and Crusher

51 Liquid-confiscating grp.

52 Betray astonishment

54 Broke bread

56 Maker of T-Bonz treats

60 Caterer's vessel

61 Narrows down

65 On topic

67 Body of water between Marie Byrd Land and Victoria Land
- 68 Bayer brand

69 Resident of Washington's "City of Destiny"

70 Some action cameras

71 Glosses over?

Down

1 Berth place

2 High point

3 Librarian's urging

4 Rangle

5 Bösendorfer products

6 Informal alliances

7 Ball-bearing item

8 Milk-based

9 On topic

10 Judge

11 Electra's grandmother

12 Its annual school fee is about £42,500

13 Prevent from scoring

15 Puma purchase

19 Primer section marked with an X

23 Coveted graduation gift

24 Fade out

25 Cabin, cottage or castle

26 Anthropologist Leakey

28 Check line

30 Vanishing sound

31 Pitcher Matt Harvey, e.g.

32 Money of 42-Across

33 Berger of "Major Dundee"

35 God with wings

37 Level

41 Word found carved at Roanoke's Lost Colony

44 Eldest of the March sisters

48 Rooms filled with sweaters

50 Lake that's the source of the Mississippi

53 Rodent, to a raptor

55 English racing town

56 On the edge of one's seat

57 Fallon's predecessor

58 Some restaurant work

59 Much-decorated Bradley

62 Dedicatee in a Salinger title

63 Bona fide

64 Lacking

66 Big busyness

67 Numbered rd.

Previous Puzzle's Solution


R	E	S	T	S	C	A	B	S	D	I	N	G			
O	V	E	R	K	O	D	A	K	A	M	O	R			
S	I	R	I	A	D	E	L	E	H	E	R	O			
A	L	B	U	M	S	A	L	T	E	P	L	A	T	S	
F	L	I	P	T	O										
R	U	S	H												
O	L	E		N	O	H									
G	L	E	A	M		C	O	O	L	C	O	L	O	R	
				R	U	T	H		E	A	R	N	E	S	T
S	O	F	T	T	A	C	O		W	O	E				
C	A	R	T	T	R	A	C			C	H	E	S	T	
A	T	T	I	E		A	R	E	A	S		A	L	T	O
N	E	T	S		J	D	A	T	E		L	M	A	O	
T	R	O	T		I	S	N	O	T		F	O	R	K	

SPORTS

JASON GAY

The Football Coach Who Walked Away

Chris Petersen made a stunning decision to step down at Washington. He is now preparing for a new campus role.

 OK, so I am not the first person to say to Chris Petersen: *Buddy, you picked the right time to step away from college football.*

“Yeah, I’ve had that a few times,” Petersen says. “Like, ‘*What in the world did you know?*’ And I’m like, ‘Oh, yeah. *I knew.*’ I just needed to sit this out a while.’ We get a good laugh out of that.”

The recently departed University of Washington head coach chuckles. In the background, I can hear the chirping of birds. Petersen’s calling from his home in the lake-side town of McCall, Idaho—a place he’s escaped to since his days coaching that bright-blue juggernaut at Boise State.

“A pretty good place to just unwind in nature and water and all that good stuff,” he says.

It sounds idyllic. Petersen’s former environment of college football, meanwhile, is in a turbulent state. Amid a persistent pandemic, universities are struggling to set plans for the return of students and sports. Training is under way, but athletes continue to test positive for Covid-19. The fall 2020 season remains in flux; the Ivy League just postponed its entire fall sports season. Now there’s talk of moving the whole deal to spring, an idea Petersen finds intriguing.

“If you were able to buy six more months of time...there’s going to be some problems that would come with football in the spring, but it just seems like it would be much more doable with the information that we would learn from now till then,” he says.

It isn’t his call to make. For the first time in decades, preparing for a college football season is not Petersen’s direct concern. In December, the 55-year-old UW coach, who possesses a sterling lifetime record of 147-38—that’s close to an 80% winning percentage—stunned the sport by walking away from it, citing a plan to “get rested, get recharged, and get redirected.”

Now he knows what he is doing next—and it isn’t football.

This fall, Petersen will be at the University of Washington’s Foster School of Business, installed as the Fritzky Chair of Leadership and as an adjunct professor. The Foster B-School intends to open in late September with a combination of on-campus and virtual learning, and Petersen’s task will be to advise and mentor students, staff and faculty in the management approaches that made him one of the most successful college coaches of his generation.

Washington saw a natural fit. “Chris, he’s just different—and I



Former Washington football coach Chris Petersen has a sterling lifetime record of 147-38. But he stunned the sport by walking away after the 2019 season.

mean that in a very positive way,” says Frank Hodge, the Foster Business School dean. “He thinks of things differently, much more holistically, much more about the development of young men and women, not just about their athletics and their performance in athletics.”

For Petersen, it’s a welcome adjustment. These days, he often goes to bed without setting an alarm. He’s got only one calendar to navigate—not the four separate calendars he says he juggled while working as a head coach. While he misses the Husky players and coaches—some of the latter he’s worked with since Boise State, including new Huskies head coach Jimmy Lake—he sounds confident he did the right thing.

“This time that I’ve had, to be away and do a lot of reading and research and writing and talking to a bunch of different people has been so healthy,” he says. “You get a lot of clarity.”

“I’ve been doing this 30-plus years without any sort of break,” Petersen says. “That can be unhealthy.”

Petersen styled himself as a head coach who thought bigger

than his win-loss record, installing a philosophy around his teams called “Built for Life” in which he sought to prepare his players for success beyond the gridiron. But it was still big-time college ball, where each W and L was significant. He is candid about the grind of his former job, where the on-field and off-field demands seemed to intensify with each passing sea-

For the first time in decades, preparing for a season is not Petersen’s direct concern.

son, and it was easy for work-life balance to become skewed.

It’s a balance he’d like to restore to his profession. While some businesses are getting better at giving their employees latitude to reset themselves—loosening restrictions time off and sabbaticals—Petersen believes college football, and college sports in general, lag behind.

“The recruiting—it’s just a job of never enough. There’s never

enough time,” he says.

“Maybe with all the things that we’re going through here, there’s going to be a big reset on a lot of different things in college sports. And I’m hoping that it’s going to be for the better.”

Petersen’s story could be a B-school lesson unto itself, about a high-functioning executive who recognized his own work-life challenges and was self-aware enough to hit a hard pause.

He says he’s far from alone. “I can’t tell you how many coaches, administrators, athletic directors that I’ve talked to,” he said. “My story or my journey and the things that really bothered me is not unique to me. I think the business world is ahead of the sports world in terms of the healthy way of living life.”

In recent years, the college sports landscape has begun to shift in other ways—notably around the issue of allowing players to financially benefit from their own name, image and likeness. Petersen sounded open to the concept, so long as it wasn’t overly disruptive. “Part of being a leader, is figuring, ‘OK, what’s the best way to do this that’s going to

help the kids?’” he says. “That’s the question, and not mess everything up.”

As for his own future, Petersen was careful to not make any proclamations. He’s familiar with the history of coaches definitively saying they’re done with it—and then scrambling back not long after.

“I would never say never,” he says. “But I just think I can have such a bigger impact going down the path that I’m going.”

“I think there’s a lot of things that I’ve been through that I can help others not have to go down that path to learn that hard lesson...that really gets me excited.”

Of course, Petersen’s been keeping up on the sport, and the continued discussions of how and when college football can safely come back. If Petersen has any regrets about not being out there, as college football tries to find its way during a public-health crisis, he doesn’t reveal them. “The job’s so hard anyway, and now you throw this curveball into it? Man.”

The coach sounds content to be an observer.

“I’m so intrigued by this, how this is going to unfold,” Chris Petersen says.

By LOUISE RADNOFSKY

A PARTIAL OWNERSHIP stake in a Women’s National Basketball Association team is currently the hottest topic in Georgia’s election season.

The Atlanta Dream has been thrust to the center of a struggle for a key U.S. Senate seat because of a fight over the meaning of Black Lives Matter. The battle involves part-owner Kelly Loeffler, the Republican U.S. senator who is trying to simultaneously fend off a conservative Republican and a Black Democrat to hold her seat in Georgia.

The WNBA—one of the most politically outspoken leagues in American sports—is dedicating its season to what it has billed as a social-justice initiative that will include displaying “Black Lives Matter” on the court and names of Black women killed by police on players’ uniforms. Loeffler, who owns 49% of the Dream, wrote to the league earlier this week opposing the plan as politically divisive.

That has set off the kind of fire-fight that could play out across the national political landscape in the remaining months until Election Day. It has also made Loeffler an outlier in the sports world, where leagues and franchises have rushed to embrace the antiracist movement in the wake of the killing of George Floyd.

The league has disavowed Loeffler, with commissioner Cathy Engelbert saying in an ABC News interview, “Kelly’s views are not consistent with those of the WNBA and its players.” The players association called for Loeffler to relinquish her ownership, in a tweet that read: “E-N-O-U-G-H! O-U-T!”

Loeffler dug in, saying she wanted a debate about Black Lives Matter’s policy goals. “This is an organization that seeks to destroy American principles, and I had to



Georgia Sen. Kelly Loeffler, right, courtside during a game in 2019, owns 49% of the Atlanta Dream.

WNBA Team Lands in the Middle Of a Georgia Senate Race

draw the line,” she told Fox News host Laura Ingraham Wednesday. “There’s no room in this country for racism, but this isn’t what the Black Lives Matter political organization is about. They want to abolish the police completely within five years.”

Black Lives Matter is a decentralized political movement. Leaders of its official chapters, and throngs of loosely affiliated backers, generally support reallocating police funds to social programs, as well as other overhauls of police

department oversight, discipline and practices; many others have also pushed for departments to be completely abolished.

Loeffler also said she would refuse to sell her stake in the team, because “this is about every American’s right to speak out, to enjoy free speech...and not be canceled.”

Raising the temperature: Loeffler is a Republican senator locked in a fierce struggle to retain her seat. She was appointed late last year by Georgia’s GOP Gov. Brian Kemp to replace retiring Sen.

Johnny Isakson.

Now Loeffler is trailing badly in the polls in an unusual election set up that requires her to fight until November, and possibly beyond, against both a Democratic candidate and a conservative Republican close to President Trump.

Republicans can’t afford to lose Loeffler’s seat if the party hopes to retain its majority in the U.S. Senate. Democrats are targeting it as one of at least three seats they need to flip in order to take control of the chamber.

That’s why Loeffler is under attack from all sides over her connection to the team.

Georgia’s special election rules don’t involve a traditional party primary. Instead, multiple candidates from each party tussle in a free-for-all until Election Day, and if nobody gets 50% of the vote or more, the top two head to a runoff election in January.

Loeffler’s GOP rival, Rep. Doug Collins, a close Trump ally, has forced her to run to the right as they battle for Republican votes.

Collins has said that Loeffler has never complained before about the team she owns backing Planned Parenthood or gun control, alleging that her support for conservative causes is temporary. “Join Doug Collins in calling on Kelly Loeffler to get out of the liberal agenda advocacy business and sell her interest in the Atlanta Dream,” his website says.

Raphael Warnock, the Democratic front-runner in the race, is the senior pastor of Ebenezer Baptist Church in Atlanta. He has identified himself closely with Black Lives Matter and has said that in criticizing the league initiative, Loeffler has “chosen to give into the narrow impulses of tribalism and bigotry.”

Neither the league nor the players’ association would comment on whether they would try to force Loeffler to sell her stake.

A spokeswoman for the Atlanta Dream said only that the team’s players and staff were focused on other things. “The Atlanta Dream is not a political entity—we are in the business of sports and entertainment,” the team said.

—Lindsay Wise and Rachel Bachman contributed to this article.

DAVID BECKER/GETTY IMAGES

RICH VON BIBERSTEIN/ICON SM/GETTY IMAGES

OPINION

Supreme Loser: Pelosi’s House



POTOMAC WATCH
By Kimberly A. Strassel

to resolve a host of legal questions. Yet if the cases had no clear winner, one of the rulings did produce an outright loser: Speaker Nancy Pelosi’s overzealous House.

Since the moment Mrs. Pelosi retook the gavel in January 2019, she’s operated as if her institution is the only branch in town, with limitless power. Within days of the 2018 election, an unnamed House Democrat bragged that the incoming majority was loading a “subpoena cannon,” aimed at more than 80 different areas of Trump investigation. The president’s tax returns, his firing of former FBI Director James Comey, his discussions with foreign leaders, security clearances, the Trump family business, Stormy Daniels, the reassignment of executive branch employees, the Mueller report. Ad nauseam.

No one disputes the House has oversight authority. But courts have always made clear that this power must be firmly tethered to a “legislative purpose.” Prior Congresses at least attempted to hew to the spirit of that phrase. Mrs. Pelosi’s committee chairmen—driven by fury over the Trump presidency—

embarked on an extended fishing expedition. In doing so, they exposed how easy it is to abuse the legislative-purpose doctrine.

Case in point: Ways and Means Chairman Richard Neal in the spring of 2019 demanded six years’ worth of Mr. Trump’s tax returns, from 2013 to 2018. Mr. Neal knew he needed a legislative purpose, so he claimed his committee was conducting oversight of the Internal Revenue Service’s policy on auditing presidents. In case the pretext wasn’t already painfully obvious, he didn’t bother to ask the IRS about its audit policy, he didn’t ask for information about any other president, and he asked for Trump tax returns from four years *before* he was president.

The Democratic House also tossed overboard an established system of compromise. Congress and White Houses have long fought over documents and generally worked it out. Republicans as recently as 2017-18 spent more than a year using threats to pry documents out of the Justice Department about its Trump-Russia investigation and finally reached an accommodation. The Pelosi Democrats cared more about generating “obstruction” headlines than getting results. They refused to negotiate; they moved instantly to hold officials in contempt and file lawsuits.

These antics forced the Supreme Court to weigh in—and today’s Democrats, as well as future Congresses, may be sorry. In *Trump v. Mazars*, the justices blocked for now

several congressional subpoenas for the president’s financial records, instructing lower courts to re-evaluate the issues. Mrs. Pelosi put a brave spin on this, claiming the justices had “reaffirmed Congress’s authority to conduct oversight.” In fact, the decision puts heightened scrutiny and new limits on Congress’s subpoena power.

The justices make it harder for lawmakers to justify subpoenas for the president.

Writing for a 7-2 majority, Chief Justice John Roberts took note of the House’s unrestrained behavior, explaining this dispute was “the first of its kind” to reach the high court after “two centuries” in which Congress and the White House were able to work such disagreements out. Yes, the court held, Congress can continue pushing for its subpoenas in lower courts, but henceforth all courts will be required to subject all subpoenas to several tests.

For starters, lawmakers will have to show that they need the president’s papers specifically to fulfill a legislative purpose. “Congress may not rely on the President’s information if other sources could reasonably provide Congress the information it needs,” Chief Justice Roberts writes. Courts must also now insist on a subpoena “no broader than reasonably necessary to

support Congress’s legislative objective.” Those subpoenas must provide “detailed and substantial” evidence of legislative purpose. And finally, courts must from now on specifically assess “the burdens imposed on a President by a subpoena,” because they come from a “rival political branch,” which could use them “for institutional advantage.”

That’s a lot of new hurdles to jump, and the immediate consequence is that the Pelosi subpoena cannon has been replaced with a rifle. House Democrats are going to have to work much harder to pry information from this administration. Should Democrats go to the courts, their subpoenas will be subjected to new scrutiny. Should they attempt to return to a tradition of negotiation, the administration may now prove less willing to play ball, knowing that it has some shot of victory in the judiciary.

And that may prove the dynamic going forward—for all future Congresses and White Houses. Will the prior spirit of compromise and negotiation ever reign again? This is all new territory. It’s not the high court’s fault; Democrats’ anti-Trump mania (yet again) created a separation-of-powers circumstance that required judicial intervention. The ruling is instead another reminder: For all Democrats caterwaul about Mr. Trump breaking “institutions” and “norms,” it’s the “resistance” left that has produced the most wreckage.

Write to kim@wsj.com.

BOOKSHELF | By Tunku Varadarajan

Let’s Get Out of Here

The Meaning of Travel

By Emily Thomas
(Oxford, 245 pages, \$18.95)

Unprecedented in modern history—and in all recorded history, if we put to one side such abstractions as the Wrath of God—is the present fact that the entire world lives in fear of an identical threat. Rich or poor, East or West, we’ve all come to accept curbs on the way we live, one of which is a near-moratorium on travel to foreign parts.

Given our Covid confinement, “The Meaning of Travel” could not have come at a more poignant and appropriate time. Written by Emily Thomas, a professor of philosophy at England’s Durham University, this profound little book explores why humans choose to wander from their homes with no ostensible purpose other than to make the excursion in question. There is, Ms. Thomas tells us, a “difference between a trip to the grocery store, and a trip to the Sahara.” She is aware, of course, that most people will intuit the difference; yet she takes on the task of explaining it with a verve and lilt that are rare in modern professors.

Travel, Ms. Thomas writes, “is tangled with philosophy.” There’s a myth, she tells us—though I hadn’t known of it



before—“that philosophers don’t travel.” It’s fueled, apparently, by Socrates, who rarely set foot outside the city walls of Athens, and by Kant, whose farthest foray from his native Königsberg was 100 miles. In contrast to these homebodies, Ms. Thomas marshals a hefty cast of pro-travel sages, including Descartes, Hobbes, Locke and Rousseau.

Locke, she writes, believed that travel would enhance man’s understanding of human behavior, given the opportunities it offered to

observe other peoples. In this, Ms. Thomas says, he was building on the conviction of Francis Bacon, who held that “we should study the natural world through observation and experiment,” kick-starting the evidence-based process by which science “distinguished itself from philosophy.”

In 1660, “a group of natural philosophers inspired by Bacon” founded the British Royal Society, an organization—still thriving—that was “fixated on gathering data about far-flung lands.” This idea of travel as data collection came to be embedded in the minds of travelers well into the Victorian Age. Many ordinary travelers, unconnected to scientific enterprise, felt obliged to keep diaries, draw maps and sketch the things they saw—as if for posterity.

“Although humans have been traveling for tens of thousands of years,” Ms. Thomas writes, “the luxury of tourism is relatively new.” By her account, leisure travel came into its own in the mid-17th century. The Age of Discovery of the 16th and 17th centuries had given rise to books about exploration and distant places—books such as William Lithgow’s “Rare Adventures & Painfull Peregrinations” (1632). These “began percolating through the European consciousness” and “especially fired the British imagination.”

British aristocrats, “the only people wealthy enough to afford it,” began to travel in Europe on a Grand Tour. Chaperoned groups of well-born young British men, between the ages of 16 and 22, followed itineraries that included Paris, Geneva, Barcelona, Florence and Venice. Rome, Ms. Thomas writes, was “the heart of the trip, and tourists visited much the same places then as today”—the Colosseum, St. Peter’s Basilica, the Sistine Chapel.

Given the distractions, Adam Smith thought it was better to go to school than to go abroad. Eventually, everyone wanted to travel everywhere.

Not all their activities were high-minded. The Grand Tourists often had “simpler motivations” that included sex—which is, perhaps, what led the philosopher Adam Smith to huff that young men would be better off at university than traveling “in the most frivolous dissipation.” Inevitably, many of these early sex tourists came back to Britain with venereal disease—causing them to prefer French doctors over English ones, “as the French best understood their ailments.”

In the 1840s, the English travel agency Thomas Cook arranged the first commercial tours of Italy. These were the beginnings of the mass tourism of today. Certainly travel became a less elite enterprise, allowing middle-class Britons to brag, in the words of Paul Theroux: “I was there. I saw it all.” Travel became just one more aspect of bourgeois one-upmanship.

Voyages abroad weren’t confined to cities. Ms. Thomas is particularly engaging on the subject of the wilderness, and an account of a trip she made by herself to Alaska runs parallel with her broader inquiry. Her chapter on the American Transcendentalists, including Emerson and Thoreau, explains how “Walden”—the latter’s book on his life in the wilderness—came to be “one of the founding texts of environmental philosophy.”

With some irreverence, she also cites “Walden” as the inspiration for “cabin porn”—the hipster phenomenon of “dreaming about cabins, the door to a simpler life in harmony with nature.” Although she professes to like “Walden,” she can’t resist pointing out that Thoreau’s life of hardship in the woods was eased by his mother, who “washed his underwear.”

Ms. Thomas asks—and answers—other questions that would be studied if the “philosophy of travel” were a recognized field of study. Is travel a male concept? Are maps “transparent” sources of information, or “opaque” assertions of national greatness? Is it ethical to travel to an endangered coral reef?

Her parting shot has a touch of sweetness to it, and humanity. Travel, she says, “can change the way we feel about our home places.” Traveling, in other words, “makes you modest.” To underline her point, she quotes Flaubert, who wrote: “You see what a tiny place you occupy in the world.” The coronavirus, by sad contrast, has only enlarged our sense of ourselves—yet another aspect of its pathology.

Mr. Varadarajan is executive editor at Stanford University’s Hoover Institution.

Coming in BOOKS this weekend

The life & long shadow of Sen. Joe McCarthy • A strong-willed woman in Japan’s Floating World • What the nose tells the mind • Is cleanliness a virtue? • David Mitchell’s rock novel • The Black Sea & the Roman Empire • & more

HOUSES OF WORSHIP
By Vladislav Davidzon

against the Jewish people under Nazi occupation. Yet the resource-strapped country lacks a major museum and memorial dedicated to the Holocaust. While an international initiative to create one began in 2016, the ambitious project is in disarray, with one critic calling it “Holocaust Disneyland.”

For centuries Ukraine has constituted the historical homeland for much of European Jewry, and more than half of American Jews have roots in the region. An estimated 1.5 million Jews were killed on its territory during the “Holocaust by bullets,” with some 90% of the killings carried out directly by German forces. Babyn Yar—a ravine outside of Kyiv, where some 34,000 Jews were rounded up and shot Sept. 29-30, 1941—has come to symbolize the killing fields across Eastern Europe.

The Babyn Yar Holocaust Memorial Center initiative, launched in 2016, likely will be the last major Holocaust memorial built during the lifetimes of survivors. Costs are projected to surpass \$100 million. Most funding has come from four Jewish billionaires, some of whose families perished at Babyn Yar. Yet three of the billionaires are Russian citizens. The leading role played by Russians has been

The territory of Ukraine was the site of countless horrors committed

controversial, given that the country has occupied and annexed swaths of Ukrainian territory and waged a war that has cost at least 14,000 Ukrainian lives since 2014.

This strife has been amplified by the appointment of Russian filmmaker Ilya Khrzhanovsky to oversee the content and message of the memorial as artistic director. Although Mr. Khrzhanovsky is an undeniably talented filmmaker, his vision for the project is disturbing. His stated plan for Babyn Yar is to re-create an “immersive” experience in which visitors act in the roles of Nazi executioners, Jewish victims or local collaborators.

A document describing his plans proposed to present visitors with images and stimuli that guide them through the horror experienced by the victims. At the same time, they would be faced with a multitude of other trauma-inducing experiments while wandering a labyrinth. Mr. Khrzhanovsky proposed to use virtual-reality technology that would create an experience akin to the Stanford prison experiment.

The filmmaker had developed such techniques during the more than decadelong process of filming “DAU” (2019). That cinematic project—made up of a dozen immersive feature films—has led to a criminal investigation into alleged abuse of infants during production. The films also have been criticized for their re-creations of sexual violence and for including real-life neo-Nazis as central protagonists.

When Karel Berkhoff—the Western world’s foremost expert on Babyn Yar and the memorial’s former lead historian—resigned, he compared the project to a Shoah theme park. Over several months Mr. Berkhoff was joined by a majority of the staff, a paralyzing turnover. The scandal has led to months of criticism among Ukrainian civil society and opinion makers, and the previous architectural design for the memorial complex has been thrown out, leaving a “hole in the ground,” according to one observer.

A memorial would recreate the aesthetics of Nazi terror at the site of an atrocity.

The desire of the memorial’s core donors and board to forge an original and affecting memorial is laudable. Yet Mr. Khrzhanovsky’s record of approaching the totalitarian past by re-creating it in the most visceral manner raises a disturbing question. Is vividly bringing the aesthetics of Nazi terror on the very ground where it had taken place an appropriate way to honor victims?

Unlike other Holocaust memorials around the world, whose governing bodies consist of their own citizens, Ukraine is barely represented on the project’s board. Chairman Natan Sharansky has said

By William Toti

On a business trip to the Republic of Georgia, I was invited by a local employee to visit Joseph Stalin’s birthplace. I’m not sure I knew at the time, in 2015, that Stalin was from Georgia. But I’m fascinated by history, so I went.

The house of Stalin’s birth had been Sovietized, with heavy industrial surroundings and a museum. I paid a few extra dollars for a tour. My guide was a sexagenarian English-speaking Georgian woman who had a great depth of understanding of every major event in Stalin’s life. I quickly realized that she revered the dictator who had ordered the death of nearly a million Soviet citizens.

When I asked her about this, she had a well-rehearsed response: “I have been to America and have seen all the statues of your Confederate

leaders. If I asked you why Americans have so much devotion to men who fought a war for the right to kill millions of American slaves, you would say you are honoring the warriors and not the slavery they fought for, right? I give you the same answer for Stalin.”

A tour guide at the dictator’s birthplace led me to rethink American history.

For me, this came completely out of left field. I answered that my family had immigrated from Italy to the American North in the 1920s and had no ties to the Confederacy. But that missed the point.

Recent events have caused me to reflect on this conver-

sation and reconsider my own blasé attitude toward the Confederacy and its icons, subjects that came up from time to time during my nearly 30 years in uniform.

When I walked the fields of Gettysburg, Antietam, Manassas and Chancellorsville with military lecturers who would occasionally wander from tactical analysis to defense of the “Lost Cause,” I said nothing. When my parents moved the family to southern Virginia and I was confronted by the locals with a vigorous defense of the “noble sons of Virginia,” I usually didn’t respond.

When, during my Navy career, I was confronted by the Confederate battle flag hanging in spaces aboard ship or tacked to the bumpers of one of my sailors’ cars, I don’t believe I ever said a thing.

When a uniformed colleague at the Pentagon argued energetically that it was right

for 10 Army bases to be named after Confederates when not one was named for Ulysses S. Grant, I was merely bemused.

No one in 2020 defends slavery. Instead they offer rationalizations in the name of “preserving history.” Changing base names and lawfully taking down monuments doesn’t change history. It merely stops glorifying those who committed historic wrongs.

The Georgian woman’s narrative wasn’t quite right. Unlike Stalin, Confederate generals didn’t order the execution of millions. But their rebellion, waged to preserve slavery, ended up killing hundreds of thousands of Americans. And it gave ammunition to an apologist for Soviet communism decades after the Cold War.

Mr. Toti is a retired U.S. Navy captain.

OPINION

REVIEW & OUTLOOK

A Bad Day for the Presidency

The Supreme Court looks like it was trying to split the baby Thursday in a pair of 7-2 decisions on subpoenas for President Trump’s personal records. But forget about Mr. Trump. The real import of the rulings is that the Supreme Court has weakened the Presidency by opening the gates to harassment by Congress and especially local prosecutors.

As a practical matter, the Justices remanded both cases to lower courts to reconsider based on new general guidelines laid out by the majority opinions. This means Mr. Trump probably won’t have to turn over his tax returns before the election. And if he loses in November, the Supreme Court will never see the cases again.

You can almost hear the Chief Justice wishing for this reprieve in his majority opinion in *Trump v. Mazars*, the Congressional case. “Historically, disputes over congressional demands for presidential documents have not ended up in court. Instead, they have been hashed out in the ‘hurly-burly, the give-and-take of the political process between the legislative and the executive,’” the Chief writes.

But the two cases will still be precedents after Mr. Trump departs, and they bode ill for future Presidents of either party. Start with *Mazars*, in which House Democrats subpoenaed Mr. Trump’s tax returns and other financial records from banks and accounting firms. They claim the documents are needed to inform legislation about Russian meddling in elections and to close “loopholes that allow corruption, terrorism, and money laundering to infiltrate our country’s financial system.”

Not even the Court’s four liberals bought that line as they joined the majority. As the Chief writes, “We would have to be ‘blind’ not to see what ‘[a]ll others can see and understand’: that the subpoenas do not represent a run-of-the-mill legislative effort but rather a clash between rival branches of government over records of intense political interest for all involved.”

Yet even as he bows to the separation of powers, the Chief refuses to reject the subpoenas. Instead, he establishes a new four-prong test for lower courts to review subpoenas. “Congress may not rely on the President’s information if other sources could reasonably provide Congress the information it needs” and a subpoena may be “no broader than reasonably necessary to support Congress’s legislative objective,” the Chief writes.

Courts must also be “attentive to the nature of the evidence offered by Congress to establish that a subpoena advances a valid legislative purpose” and “should assess the burdens imposed on the President by a subpoena, particularly because they stem from a rival political branch that has an ongoing relationship with the President and incentives to use subpoenas for institutional advantage.”

Hating Clarence Thomas

Even by Twitter standards, the response to Thursday’s two Supreme Court decisions on President Trump’s tax records was revealing. For much of the day, Clarence Thomas was “trending,” as they say, and not in a nice way.

The reason for the Twitter fury appears to be Justice Thomas’s dissents (along with those of Justice Samuel Alito) in *Trump v. Vance* and *Trump v. Mazars*. Both cases dealt with efforts—one by Manhattan’s district attorney, the other by Congress—to gain access to Mr. Trump’s personal tax and business records. (See nearby.)

Many critics limited themselves to expletives, but many featured an ugly focus on his race. “Clarence Thomas believes he’s still a slave, and he’s fine with it,” ran one. Another declared, “Uncle Tom was a real Clarence Thomas.”

Others focused on his interracial mar-

riage. A self-described Ivy Leaguer cited Justice Thomas’s originalist legal principles to imply he’s a hypocrite because “the laws in 1776 did not allow a Black man to get an education, become a lawyer or marry a White woman.” One tweet that now seems to have been deleted along with the account was this: “Clarence Thomas—the one black life that doesn’t matter.”

People have the right to disagree vehemently with the Justice’s opinions, and we understand that Twitter is often a free-speech sewer. But these tweets reveal the sorry fact that many on the political left think racist attacks are fine as long as they’re levied against a black conservative who has the nerve to think for himself.

Don’t wait for CEO Jack Dorsey and his Twitter censors to mark these racist tweets as offensive hate speech.

The High Court opens the gates for Congress and prosecutors.

The Twitter left rolls out racist attacks. Calling Jack Dorsey.

“It is not enough to recite sayings like ‘no man is above the law’ and ‘the public has a right to every man’s evidence,’” Justice Alito writes in dissent that has a realistic handle on our partisan times. “These sayings are true—and important—but they beg the question. The law applies equally to all persons, including a person who happens for a period of time to occupy the Presidency. But there is no question that the nature of the office demands in some instances that the application of laws be adjusted at least until the person’s term in office ends.”

As Justice Alito notes, the Court has recognized “a President is ‘an easily identifiable target’” and “there are more than 2,300 local prosecutors and district attorneys in the country. Many local prosecutors are elected, and many prosecutors have ambitions for higher elected office.”

The Chief says judges will police local prosecutors, but this is optimism approaching political naiveté. In this case, none of the lower courts would even concede that a sitting President can’t be criminally prosecuted by a local district attorney. While the Chief says a President can challenge a subpoena by “‘an affirmative showing of impropriety,’ including ‘bad faith’” or retaliation for official acts,” Justice Alito correctly notes that “such objections are almost universally overruled.”

Mr. Trump won’t occupy the Oval Office forever, maybe not past January. Rest assured that Republican partisans will interpret the Court’s rulings on Thursday as a license to harass a Democratic President as long as they put forward a plausible legal cover. Joe and Hunter Biden had better prepare for the subpoenas of their personal and business records.

den’s political radar was out of date.” But the share of Catholics voters who chose the Republican for President rose seven points, to 52%, from 2008 to 2016. The Obama Administration’s protracted legal war on Catholic nuns surely had something to do with it. Feelings of besiegement were often cited by religious backers of the not-exactly-pious Donald Trump.

Mr. Biden projects a moderate Catholic persona, so why continue fanning these cultural flames? If elected he says he’ll “restore the Obama-Biden policy” of giving an exemption to churches, an “accommodation” to nonprofits “with religious missions,” and apparently nothing to religious for-profits. By the way, under his “accommodation,” the Little Sisters’ employees would be provided contraceptives “through their insurance company or a third-party administrator.” This sounds exactly like the fig leaf they rejected years ago.

Harassing nuns in court for four more years won’t unite the country, and it makes us wonder if Mr. Biden will ever be capable of saying no to the ascendant cultural left.

As President, he says he’d keep harassing the Little Sisters of the Poor.

Joe Biden vs. the Nuns

Hours after the Little Sisters of the Poor won—again—at the Supreme Court on Wednesday, Joe Biden pledged to fight like hell to roll back conscience protections for Catholic nuns and other religious employers who object to providing contraceptives.

The first version of ObamaCare’s contraceptive mandate offered a narrow exclusion only for churches. But Vice President Biden “argued internally for a stronger exemption than what was in the initial rule,” according to “Reclaiming Hope,” a memoir by Michael Wear, who worked on faith issues in the White House. Mr. Biden even “arranged for Cardinal Timothy Dolan of New York, the head of the US Conference of Catholic Bishops, to meet with President Obama.”

A 2014 New Yorker profile corroborates this account: “In 2011, Biden objected to an Administration plan to require Catholic hospitals and other institutions to cover contraceptives under the Affordable Care Act, saying that it would cost them working-class votes.” Some of Mr. Obama’s advisers “concluded that Bi-

LETTERS TO THE EDITOR

Is Campus Culture Destructive to Society?

Regarding John M. Ellis’s “Campus Culture Seizes the Streets” (op-ed, July 6): There’s no question that universities today are overwhelmingly left and liberal. But college students have always been active and “radical” for their day. In my lifetime, they marched for civil rights in the early 1960s, against the Vietnam War in the 1970s, for a nuclear freeze in 1982, for LGBT rights in 1993, against the Iraq war in 2003, for women’s rights many times and now, again, for civil rights. In every case, they were right. In every case, they faced intransigent resistance and were castigated by conservatives as wrong-headed miscreants. Prof. Ellis doth worry too much. Most kids eventually grow old and mellow. Virtually every right-wing conservative in power went to college—most of them to elite schools—and they now control most branches of government.

MICHAEL P. HENNESSY
Chapel Hill, N.C.

Mr. Ellis offers good market-driven approaches to help solve campus bias. However, I suggest the additional solution of adding “political viewpoint” as a protected class under Title VII of the 1964 Civil Rights Act, as amended. Not only would this help with campus bias in hiring practices and admissions, but it would also address big-tech’s discrimination on their publishing platforms, something I have personally experienced. Additionally, this would allow American businesses to avoid the corporate blackmail of the current “cancel” movement by making it illegal to discriminate against a political viewpoint. Adding to the amendment may be a big hurdle, so perhaps some enterprising attorneys could take this up through the courts on grounds of free expression, as we currently offer for religious viewpoints and have recently expanded for LGBTQ+ rights.

LLOYD BARGER
Scottsdale, Ariz.

I strongly encourage alumni to stop donating to their universities until this campus insanity starts reversing itself. I am a Cornell grad and haven’t donated in the last few years. If enough alums did this, along with providing an explanation about why, perhaps we might begin to see a change.

PEGGY RICHARDSON
Santa Clara, Calif.

I was an elementary-school teacher from 1969 to 1998. During my years in the classroom the curriculum and the school atmosphere changed. No more Pledge of Allegiance or singing “America the Beautiful.” World War II

lessons were mostly about the internment of Japanese-Americans. The westward movement was about the mistreatment of Native Americans. I was told to have a bulletin board on “diversity.” Our texts were replaced with what we now call a politically correct curriculum.

My ex-students are now professors, teachers, authors, legislators and media personalities. We are reaping what we have sown.

PHILIP NEFF
Walnut Creek, Calif.

Mr. Ellis cites zero evidence that the professoriate is advocating dangerous and destructive ideas. Presumably he concludes that because a history minor addresses “poverty, inequality and social justice” it must be an indication of “radical-left politics.” Is it his contention that poverty and inequality don’t exist, or that they are unworthy of study?

RICHARD MORSE
Redondo Beach, Calif.

It’s significant that Prof. Ellis’s piece was written by a professor emeritus. If it were submitted by a junior faculty member, it seems unlikely that the person would ever receive tenure.

JOHN RENTZ
Cincinnati

One of the most defining learning moments of my education was a debate at Yale between William F. Buckley Jr. and William Sloane Coffin, the notable Yale chaplain. Those 90 minutes in the early ’50s between right and left helped define my political beliefs to this day. It is with some regret and concern that a conservative like Bill Buckley wouldn’t be allowed to darken the door of most universities today, while someone airing the left-wing beliefs of Bill Coffin would be preaching to the choir.

RALEIGH COFFIN
Vero Beach, Fla.

Prof. Ellis evokes the nostalgia of the good old days. He may have forgotten that the AAUP document he invokes was created at Columbia University as a response to President Nicholas Murray Butler who fired any professor who opposed American entry into World War I. No debate.

Prof. Ellis and I shared a career; we saw two different worlds. He saw only chaos and bad education. I saw something that has become the envy of the world and, until the Covid-19 crisis, a \$36 billion-dollar trade surplus.

EM. PROF. SOL GITTLEMAN
Tufts University
Lexington, Mass.

Payroll-Tax Cuts Mostly Go to the Better Off

Casey B. Mulligan and Stephen Moore’s prescription for the next round of coronavirus relief (“A True Economic Stimulus Plan,” op-ed, July 3) may be a salve for employers and high earners, but won’t cure the financial woes that ail unemployed, lower-income and working-class Americans. Fiscal conservatives Moore and Mulligan want Congress to jettison extended unemployment benefits for workers who lost their jobs during the pandemic, and instead eliminate the payroll taxes that fund Social Security. (President Trump has insisted on the same.)

Contrary to the authors’ claim, a payroll tax cut wouldn’t “disproportionately benefit” lower-income workers. According to the Institute on Taxation and Economic Policy, nearly half of the benefit from a payroll-tax cut would go to the richest 20% of taxpayers, and would be a boon to big corporations that are under no obligation to rehire laid-

off workers. It’s telling that the authors don’t even mention Social Security, though the program relies on payroll-tax contributions. Workers earn these benefits, but tampering with the program’s funding stream places future benefits at risk. Americans who cannot yet return to work, or don’t deem it safe to do so, should not be punished by having their unemployment benefits cut off during a pandemic. But they will need their Social Security benefits when they retire, which is why payroll-tax cuts are an ill-advised remedy for the financial pain of Covid-19.

MAX RICHTMAN
President & CEO
National Committee to Preserve
Social Security and Medicare
Washington

CORRECTIONS

Ina Weisse’s film “The Audition” is available on the Strand Releasing website. A June 26 review of the movie, “When Music Cannot Soothe,” misstated its availability.

Nancy Novack was one of the editors who worked on PBS’s “The Vote.” A July 3 review, “When Women Seized Suffrage,” omitted her name.

Pepper ... And Salt

THE WALL STREET JOURNAL



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OPINION

We Might Get Fooled Again

By **Mike Gonzalez**

Faced with general unrest in the streets, will America's political, corporate and media leaders panic? Will they acquiesce to bad policies that the nation will regret for decades? You can count on it, because that's what happened the last time America was convulsed by racially charged riots.

Some 700 riots shook America between 1965 and 1971, leaving devastation in their wake. Between 1965 and 1968, more than 300 riots left 250 people dead and hundreds of millions of dollars in property damage, according to historian Hugh Davis Graham. The establishment lost its nerve and capitulated. Militants intimidated politicians, college administrators and midlevel bureaucrats into laying the foundation for the identity politics that rattle our lives today.

The policy mistakes of the 1960s and '70s laid the foundation for the identity politics of today.

In response to the activists' demands, the policy makers of the past blessed the federal bureaucracy's creation of racial and ethnic categories and the related use of racial preferences for university admissions, employment and government contracting. The formalizing of groups, the addition of incentives to adhere to them, and the culture of victimhood that the whole scheme instilled, betrayed the colorblind promise of the civil-rights movement. The Civil

Rights Act of 1964 was intended to cure problems like segregation. Instead, by creating an incentive system based on grievances, the architects of identity politics all but ensured victimhood would never end.

That didn't matter to men like La Raza executive director Raul Yzaguirre, who urged the Census Bureau in 1974 to abandon national origin questions and instead create groups. "There is a difference between a minority group and a national origin group—a difference recognized in terms of national economic and social policies," he wrote.

The racial activists of the late 1960s and early '70s insisted they were acting on behalf of the grass roots. Not so. The real images of the period, writes John D. Skrentny in "The Minority Rights Revolution" (2002), weren't angry raised fists: "The images of the minority rights revolution are mostly of mainstream Euro-American males and minority advocates, wearing suits, sitting at desks, firing off memos, and meeting in government buildings."

As for the leaders of the establishment, many believed that racial preferences and the balkanization of identity politics would be temporary. Forty years later, we know how wrong they were.

McGeorge Bundy was President Kennedy's national security adviser. No Boston brahmin was more representative of the elite set. By the time he left Camelot and took the helm of the Ford Foundation in 1966, the era's riots were fully underway. Bundy and the other foundation executives "had little idea about how to stop the rebellions or their negative impact on 'the American body politic,'" according to historian Karen Ferguson. "Fear of the destabilizing impact and



After the Watts riots in Los Angeles, August 1965.

black community to a "psycho-cultural and therapeutic issue of black identity without having to deal with the structural and material issues."

Today we see the same problems. Take the effort to "defund" or "dismantle" police departments. The rich will always be able to buy their own private protection. But how will leaving entire urban areas without the protection of the law help our most impoverished citizens?

Or consider the call for reparations, backed by the New York Times's Nikole Hannah-Jones, creator of the "1619 Project." Talk of reparations distracts us from addressing the cultural dysfunctions that ail Americans of all kinds, such as family breakdown. Payments for race-based suffering will further enshrine resentments as the basis for attention, assistance and sense of self-worth.

The unseemly rush by corporations to outwoke each other has already filled the coffers of radical organizations like the Black Lives Matter Global Network Foundation, whose stated goals include the destruction of the nuclear family—the very institution that needs shoring up. Meantime, the push by newspapers and other media companies to silence voices that dissent from these "remedies" will only ensure that the country walks into more problems without a real debate.

We have been here before. Our leaders panicked and let ideologues dictate terms. Let history be our guide this time.

Mr. Gonzalez is a senior fellow at the Heritage Foundation and author of "The Plot to Change America: How Identity Politics Is Dividing the Land of the Free."

What Beijing Lost With Its Border Clash Blunder



EAST IS EAST
By Sadanand Dhume

Think of it as Xi Jinping's Himalayan blunder. The final outcome of the border standoff between China and India may be uncertain, but the consequences of New Delhi's decision last week to ban 59 Chinese apps, including the popular video-sharing app TikTok, are clear. Should the ban stick, and be emulated by other countries, it could seriously set back Beijing's ambition to replace the U.S. as the world's dominant technological power.

"Chinese companies can't really be global if they lose out on India," says Rush Doshi, an expert on Chinese strategy at the Brookings Institution. "And if India can do this, then other countries can do it too." On Monday, Secretary of State Mike Pompeo told Fox News that the U.S. was considering a ban on TikTok and other Chinese social-media apps. Australia is also pondering a TikTok ban.

New Delhi's decision comes amid a continuing nine-week confrontation with China along their disputed 2,200-mile boundary, which began af-

ter the Indian media reported that Chinese troops had intruded in at least three places on territory India regards as its own. Tensions between the nuclear-armed neighbors spiked last month after a vicious mountain brawl involving hand-to-hand combat and nail-studded clubs killed 20 Indian soldiers and an unspecified number of Chinese.

Following talks Sunday between Chinese Foreign Minister Wang Yi and Indian National Security Adviser Ajit Doval, both sides have begun pulling back troops in some areas. But it's unclear if China will vacate all the territory it has occupied since May or allow the resumption of regular Indian patrols on land both countries claim.

At first blush, the Indian app ban may not look like much. India accounted for less than 1% of TikTok's parent company ByteDance's \$17 billion in global revenue last year. Preventing Indian teenagers from showing off their Bollywood dance moves doesn't seem like the most effective way of reversing a People's Liberation Army land grab. And by spooking Chinese venture capital, India hurts its own nascent startup ecosystem and deepens questions about the

transparency and predictability of its economic decision-making.

But though the move may harm India, it could ultimately hurt China much more. For starters, a permanent exit from India would seriously damage TikTok's prospects of becoming a global rival to Facebook. With more than 200 million users, India

Fighting with India in the Himalayas may cost China its shot at becoming the dominant tech power.

was TikTok's largest overseas market. ByteDance's valuation, estimated privately at around \$110 billion before the ban, is sure to take a hit. Other popular Chinese apps affected by the ban include Alibaba Group's UC Browser, Tencent Holdings' WeChat, and the file-sharing app ShareIt. The market-research firm Sensor Tower estimates that Indians cumulatively downloaded the banned apps 750 million times this year.

Last year six of the 10 most downloaded apps in India were Chinese, up

from three five years ago, according to a study by MacroPolo, a China-focused think tank affiliated with Chicago's Paulson Institute. TikTok took the top spot. Banishment from India, which has more than 500 million smartphone users, hobbles China's effort to compete with U.S. firms like Facebook, Google and Amazon for "the next billion users," people turning to the internet for the first time to shop, search for information or make digital payments.

"Chinese leaders dreamed that their apps would set the global standard," says Mr. Doshi. "That dream has been dashed."

Nor will the fallout be confined to apps. New Delhi has already barred India's state-owned telecom firm BSNL from sourcing equipment from China's ZTE and Huawei. Media reports suggest government pressure on private telecom firms to do the same. The odds of Huawei playing a role in India's 5G rollout in the coming years now look vanishingly slim.

The damage may not be limited to India. The Indian ban could have a "cascading effect," says Adam Segal, an expert on Chinese technology firms at the Council on Foreign Relations. Mr. Pompeo's remarks are the

most obvious example. In the past, opposition from India effectively derailed Facebook's "Free Basics" plan to provide stripped-down internet access in poor countries. Beyond technology, many other countries now echo objections to China's Belt and Road Initiative first voiced by India three years ago.

What does the app ban mean for U.S. firms? That depends on whether India's move will be limited to Chinese companies or signals a broader shift toward its own brand of technonationalism.

In a phone interview, Sharad Sharma, the Bangalore-based co-founder of iSPIRT—a think tank that advocates for homegrown technology companies—calls the app ban "potentially a Sputnik moment for India." He hopes it marks a turn toward domestic innovation the way the Soviet Union's launch of the satellite Sputnik in 1957 spurred a vast U.S. effort to improve its technological competitiveness.

We will only know how inward India will turn in the coming months and years. But one thing seems certain: If India's app ban stays, Xi Jinping's Himalayan adventure will have cost his country dearly.

The Next Pandemic: Trump Derangement Syndrome

By **Joseph Epstein**

It's been going around for some time and now appears to be in danger of spreading widely. I refer not to Covid-19, but to Donald-20, or, to use its pseudoscientific name, Trump Derangement Syndrome. Research has shown that TDS appears in five stages, each of advanced intensity. Perhaps there will be some value, if not promise of diminishment, in setting these parameters out for public awareness.

The cause of TDS is clear enough—Donald Trump, his looks, his manner, his nearly every utterance. So far there is no known cure. Ventilators are unnecessary in TDS, for people who progress beyond the first stage tend to vent quite vigorously on their own.

In Stage One, the afflicted has de-

cided before 2016 that Donald Trump has serious, even strenuous, character flaws that disqualified him for the presidency or any other public office. Voting for him was never possible. For Stage One sufferers, a second Trump term could have effects that are frightening to contemplate. Stage One patients view the Trump presidency as a blotch in American political history.

In Stage Two, one dwells upon Donald Trump's looks. One has put a fair amount of thought into the architecture of his hairdo, wondering how much time each morning he must devote to its re-creation and whether he employs a stylist to help. One notices that the length of his neckties covers up his ample alderman as does the way he sits, leaning forward in his chair. Photographs of him in golf apparel are studied for what

they reveal of the impressive breadth of his backside. The smugness of his smile is registered, the smallness of his hands always noted.

In Stage Three, one is ready to believe anything—anything pernicious or salacious, that is—about Mr. Trump and to reject anything he has done that might be good for the country, if only because he is the man who did it. One is ready to believe that he diets exclusively on the meat of endangered species, that there is something weirdly illicit about his relationship with Vladimir Putin, that he secretly admires Kim Jong Un's wardrobe. For Stage Three sufferers, nothing about President Trump can be totally disbelieved.

As for those of Donald Trump's policies that, coming from another president, one might be pleased about, these are rejected in Stage Three derangement syndrome. Israel shouldn't count on the allegiance of Mr. Trump. The revival of the American economy, before Covid-19 sent it cratering, was owing not to Mr. Trump but to President Obama. The lowering of black and Hispanic unemployment figures under the

Trump administration is scarcely to be believed. Nor is the utility of his legislation reforming prisons or of his creating opportunity areas in black neighborhoods, if only because it happened under Donald Trump, who is, patients say, clearly a racist.

Symptoms include obsession with the president's hair and comparing him to Mao.

In Stage Three derangement syndrome, if Donald Trump is for any specific policy, one is automatically against it; if he is against it, one is for it. Case not so much closed as never really opened.

In Stage Four, one imputes evil to Mr. Trump. One believes he became president of the United States to boost his hotel business. One is certain he has it in mind to create a dynasty, with Don Jr. and Jared Kushner waiting to succeed him as president-emperor. Even should Mr.

Trump lose the forthcoming presidential election, Stage Four derangement syndrome sufferers believe he is unlikely to depart the White House willingly and is not beyond using military force to keep himself in power. Mussolini, Hitler, Stalin, Mao—for people with Stage Four derangement syndrome, Donald Trump is clearly a figure in their line.

In Stage Five TDS, one is weighted down with all the symptoms of the first four stages, but brings to them an added choleric intensity of anger. At the mere mention of the name Donald Trump, unprintable expletives issue out of one's foam-flecked lips. One's skin flushes, veins appear on one's forehead, one's hands tremble, one loses all powers of speech.

Still, the nice thing about Trump Derangement Syndrome is that to prevent catching or spreading it, you don't have to wear a mask or always be washing your hands or practice social distancing. All you have to do is turn off your television set.

Mr. Epstein is author, most recently, of "Charm: The Elusive Enchantment."

Notable & Quotable: We Retract Our Retraction

Adam Marcus writing on the Retraction Watch blog, July 8:

The researchers who earlier this week called for the retraction of their hotly debated paper on police shootings and race say the reasons for their decision to pull the article have been misinterpreted.

Crime researchers David Johnson, of the University of Maryland, and Joe Cesario, of Michigan State University, initially referred in a retrac-

tion statement to citations to the work of Heather Mac Donald, of the right-leaning Manhattan Institute, who wrote about the PNAS article for the City Journal and the Wall Street Journal.

Those pieces, Cesario and Johnson said, had unfairly co-opted the paper, "Officer characteristics and racial disparities in fatal officer-involved shootings," to argue against the existence of racial bias in police shootings.

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WORLD NEWS

Virus Lockdowns Fuel Africa Trade In Conflict Gold

By Nicholas Bariyo
And Joe Parkinson

KAMPALA, Uganda—At the deserted Entebbe airport on a recent night, Ugandan police searched two cardboard boxes in a white pickup truck that were due to be loaded onto a cargo flight. The plane was bound for Dubai after having ferried Covid-19 aid into Uganda.

In the boxes, the police found the latest and largest haul of gold illegally smuggled from the war zones of the Democratic Republic of Congo: 205 pounds valued at \$5 million.

Inside one of the world’s toughest coronavirus lockdowns, a glittering trade for illicit product is booming: conflict gold.

In recent months, record amounts of gold from the conflict zones of Eastern Congo have been smuggled across the porous border with Uganda, where it is being stamped with fake certifications before being shipped to international markets in Dubai, Mumbai and Antwerp, Ugandan security officials, smugglers and traders said. Much of the gold is reaching these overseas markets using cargo planes returning from Uganda after delivering Covid-19 aid and other essential supplies, according to plane manifests seen by The Wall Street Journal.

“These smuggling rackets have worsened in recent months,” said Fred Enanga, Uganda’s police spokesman. “We are doing all we can to en-

sure that wrong elements do not use our borders and airport as a conduit for smuggled gold.”

The trade in conflict gold isn’t new, but it has perhaps never been more lucrative: Gold prices at illegal and unregulated Congolese mines, where supply chains have been disrupted by coronavirus shutdowns and renewed violence between militant groups, have dropped more than 40% since April, local traders said, while on global markets, prices are up by almost a third.

Difficult to trace, conflict gold has fueled regional wars, funded rebel fighters in Congo and prompted the United Nations to impose sanctions on prominent traders. Activists and U.N. investigators have long accused Uganda and several of Congo’s neighbors of being complicit in the plunder of Congolese gold, and the U.S. has pushed electronics firms to prove minerals used in products from laptops to smartphones aren’t from rebel-held mines.

The calls to end the illicit trade grew louder last year after Uganda’s gold exports overtook coffee to become the leading export commodity for the first time—despite the country producing very little bullion.

The U.N. estimated that more than 95% of gold exports from Uganda in 2019, which totaled just over 25 tons, wasn’t of Ugandan origin. Despite a near total lockdown of the economy, Uganda earned more than \$120 million from gold exports in March and April, ac-



ESTHER RUTH MBABAZI FOR THE WALL STREET JOURNAL (2)



Fuel tanker trucks are sometimes used to conceal and smuggle gold across Uganda’s border. Certificates of origin for the smuggled gold can be forged in downtown Kampala.

cording to the country’s central bank, equal to nearly half of total export earnings.

Uganda’s Energy and Minerals Ministry insists that the gold trade is legitimate and that it ensures that all those in the industry are licensed. To stem smuggling, a specialized unit has been created to watch over gold flashpoints, government officials say.

But experts say the smug-

glers are one step ahead: sidestepping restrictions, improving their forgeries of official documents and constantly changing smuggling routes.

U.N. investigators estimate that each month between 2 tons and 3 tons of Congo’s conflict gold—with a market value above \$100 million—is crossing the Ugandan frontier, passing border crossings patrolled by heavily armed guards.

Candidate’s Death Roils Ivory Coast Election

By Gabriele Steinhäuser

JOHANNESBURG—The death of the ruling-party candidate in Ivory Coast’s October presidential election has unraveled a carefully choreographed succession plan, testing the stability of one of the world’s fastest-growing economies.

Prime Minister Amadou Gon Coulibaly died on Wednesday, days after returning from two months’ medical treatment in France, where he had received a heart transplant in 2012. The 61-year-old was a close lieutenant of President Alassane Ouattara, a former International Monetary Fund official who has overseen the economic renaissance of the world’s top cocoa producer following a debilitating civil war.

Mr. Gon Coulibaly’s death leaves the ruling RHDP bloc in

search of a new candidate for the Oct. 31 vote, just as two of Mr. Ouattara’s predecessors are looking at a return to the presidency. Mr. Ouattara himself considered running for a third term, before picking Mr. Gon Coulibaly, who he described as “my younger brother, my son” when announcing his death, as his successor in March.

The president has said a constitutional two-term limit doesn’t apply to him, since the document was passed only after his election to a second term in 2015—a theory that has been rejected by his rivals and analysts.

The election risks sparking a new round of political upheaval. In 2010 and 2011, some 3,000 Ivoirians died in unrest after President Laurent Gbagbo refused to accept Mr.

Ouattara’s victory in elections. The government defaulted on its debts and the cocoa harvest rotted in warehouses.

Last year, the International Criminal Court in The Hague, Netherlands, found Mr.



Prime Minister Amadou Gon Coulibaly died after months of treatment for a heart condition.

Gbagbo not guilty of crimes against humanity linked to the violence, opening the door for his return to domestic politics. In May, the court cleared Mr. Gbagbo for traveling while he waits for an appeal of his ac-

quittal to be decided. His Ivorian Popular Front has yet to name a candidate for the election.

Sylvain N’Guessan, a political analyst in the country’s main city, Abidjan, said he now expects both Messrs. Gbagbo and Ouattara to run in October, a potentially explosive remake of the 2010 contest. “But I don’t see it resulting in armed conflict,” Mr. N’Guessan said.

Should both enter the race, they would join another former president, Henri Konan Bedie, 86, whose ouster in a 1999 coup hastened a period of instability and civil war that left the country effectively split in two for a decade.

Mr. Ouattara’s popularity has waned in recent years, as many Ivoirians have failed to see the economic expansion he

oversaw translate into better livelihoods. Some 46% of the population still lives in poverty and cocoa farmers have suffered steep fluctuations in global prices for their crops.

Already, the president’s choice of Mr. Gon Coulibaly as his successor triggered some prominent desertions from the governing coalition. A push for a third term could lead to further splintering.

“The president has said on several occasions that he would step aside,” said Albert Toikeusse Mabri, a former education minister whose party forms part of Mr. Ouattara’s coalition. “I expect him to stick to his word.”

Mr. Mabri also raised the possibility that the election could be postponed because of the coronavirus pandemic.

Libya, U.S. Investigate Alleged Barter Deal

Libya and the U.S. are investigating suspected gold-for-cash trades between Venezuela and Libyan militia leader Khalifa Haftar, security officials said.

By Benoit Faucon in London and Ian Talley in Washington

The Libyan government, with the help of the United Nations and the U.S., has been tracking Mr. Haftar’s private jet, which is suspected of carrying gold from Venezuela to West Africa, and from there to Europe and the Middle East, U.S., European and Libyan security officials said.

Libya’s attorney general has opened an investigation into information that suggests Mr. Haftar’s eastern Libya-based faction has been bartering U.S. dollars for Venezuelan gold. The country’s interior minister, Fathi Bashagha, said Thursday that the inquiry was initiated at his request.

“Venezuela is under U.S. sanctions so we have to open an investigation,” he said.

The U.S. State Department has said publicly that it has been looking at flight-tracking suggesting Mr. Haftar’s jet traveled to Caracas. “We’ve been tracking those reports on Haftar’s trip—alleged trip to Venezuela,” David Schenker, the department’s assistant secretary for near eastern bureau said on a June 11 press call.

The State Department didn’t respond to a request to comment. Representatives for Mr. Haftar’s faction, the Libyan National Army, and the office of Venezuelan President Nicolás Maduro didn’t respond to requests to comment.

The U.S. is seeking to replace Mr. Maduro with Juan Guaidó. But the Maduro regime has endured, even as the pandemic and a crash in oil prices have compounded the impact of a U.S. oil embargo.

Mr. Maduro has reached out world-wide, where he has sought assistance from U.S. foes such as Iran and Russia. “Haftar has been concerned his accounts could be frozen if he comes under sanctions” and would prefer to have gold, which is more difficult to track, a European security official said.

WORLD WATCH



ATHENS PROTEST: Violence erupted Thursday as thousands demonstrated in the Greek capital against a new law to curb public protests. Six police officers were injured.

CHINA
First Virus Hot Spot Beset by Flooding

China’s central Hubei province, the original center of the coronavirus, had only just emerged from an unprecedented months-long lockdown aimed at containing the deadly pandemic.

Now, it is facing its second calamity of the year as the largest rains in recent memory swell some sections of the Yangtze River and cause widespread flooding in the countryside around the provincial capital of Wuhan. Record rainfall in and around

Hubei has disrupted travel, hurt business activity and left millions stranded and separated from their loved ones—for many, for the second time in six months.

State media have reported that roughly 3.5 million people in Hubei, a province of nearly 60 million people, were directly affected by the rains between July 4 and 8, resulting in a direct economic loss of 4.5 billion yuan (\$644 million).

In Huangmei county, record levels of rainfall triggered a landslide on Wednesday, burying nine villagers. Only an 80-year-old woman survived, state media reported.

—Jonathan Cheng

DENMARK
Russia Gas Pipeline Clears Key Hurdle

Denmark granted unexpectedly swift approval for resuming construction of the Russian-backed Nord Stream 2 pipeline in Danish waters, potentially clearing one of the last hurdles for completing the project at the center of a geopolitical tussle.

The pipeline would deliver Russian natural gas to Germany, and while those two governments have characterized the project in commercial terms, U.S. lawmakers and officials fear that Nord Stream

2 will give Moscow greater political leverage across Europe.

Denmark generally prohibits vessels doing seabed construction to anchor on the seafloor, because of the presence of unexploded World War II ordnance, and Russia’s pipe-laying vessels generally rely on anchoring, rather than using a computer-controlled system to maintain position.

Nord Stream 2 AG, a company owned by Russia’s gas-export monopoly Gazprom, petitioned the Danish regulator last month to use anchored vessels. The Danish Energy Agency granted the approval Monday.

—Brett Forrest

SERBIA
Mass Gatherings Ban Is Set After Violence

Serbian authorities on Thursday banned gatherings of more than 10 people in the capital, Belgrade, after two nights of violent clashes between police and thousands of demonstrators protesting coronavirus lockdown measures.

Thousands of people defied the ban Thursday night to stage a sit-down protest in front of Parliament, but that gathering and others remained peaceful despite a large police presence.

—Associated Press

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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TikTok Weighs Pullback From China

By LIZA LIN
AND SHAN LI

ByteDance Ltd. is considering changing the corporate structure of its popular short-video app TikTok, as it comes under increasing scrutiny in its biggest markets over its Chinese ties.

Senior executives are discussing options such as creating a new management board

for TikTok or establishing a headquarters for the app outside of China to distance the app's operations from China, said a person familiar with the company's thinking.

TikTok, which has shot to global fame over the last two years thanks to its catchy dancing and lip-syncing videos, is owned by Beijing-based ByteDance, one of the world's most valuable technology

startups.

ByteDance, whose secondary shares have valued the firm at \$150 billion in recent weeks, counts big-name U.S. investors such as Coatue Management and Sequoia Capital among its backers.

The app has seen a surge in downloads as the coronavirus kept millions of people locked up in their homes and eager for distractions. About 315

million users downloaded TikTok in the first quarter of the year, the most downloads ever for an app in a single quarter, according to research firm Sensor Tower, bringing its total to more than 2.2 billion world-wide.

But as TikTok grows in popularity—and an increasingly assertive Chinese government raises hackles in foreign capitals—regulatory pressure on

the app is intensifying.

Officials in several countries have expressed concerns over the large volumes of user data TikTok collects, with some speculating that ByteDance could be compelled to share it with the Chinese government. TikTok has repeatedly denied receiving Chinese government requests for user data and said it wouldn't re-

Please turn to page B2

Starbucks To Require Masks for Customers

By HEATHER HADDON

Starbucks Corp. will require customers in the U.S. to wear masks at company-operated stores starting next week, as retailers look to keep employees and patrons safe amid rising coronavirus cases in parts of the country.

Customers will have to wear masks in about 8,900 stores Starbucks runs beginning July 15, the company said in a blog post Thursday. The number of new coronavirus cases have hit new daily highs this week, according to data compiled by Johns Hopkins University, and hospitalizations are straining hospital systems in several states.

Companies with consumer businesses have faced many challenges in trying to figure out how to safely operate stores during the Covid-19 pandemic. As the virus spread earlier this spring, some retailers and restaurant chains that stayed open had to race to buy masks and other protective equipment for employees.

Costco Wholesale Corp. in May faced criticism and a boycott over its decision to require that all customers wear a mask. Employees and security guards have faced attacks by some patrons who refused to cover their faces.

Starbucks is sending sign-

Please turn to page B2

America, Decked Out, Binges on Lumber

By RYAN DEZEMBER

Gold is climbing toward a record high, oil futures went from minus \$40 a barrel to \$40 in a month and a half, but the hottest commodity in the U.S. these days is wood.

Prices for forest products like lumber and plywood have soared because of booming demand from home builders making up for lost time, a DIY explosion sparked by stay-at-home orders and a race among restaurants and bars to install outdoor seating areas.

Lumber futures are up more than 85% since April 1. Lumber for July delivery settled Thursday at \$499 per thousand board feet while the more heavily traded September futures ended at \$481.90. Both are above the pre-pandemic high of \$463.00, set during the hottest home-building market since 2006. Lumber futures seldom trade above \$450.

The gains have lifted shares of mill owners West Fraser Timber Co. and Weyerhaeuser Co., which have out-bounced the broader market from its bottom in late March. At that time, the coronavirus shutdown slowed home construction and sales, wood prices sank and mills were curtailing production.

"A lot of saw mills closed up shop and moved into doing maintenance and repairs, figuring demand would drop with people losing their jobs and watching their spending," said Leroy Ball, chief executive of Koppers Holdings Inc., a Pittsburgh company that makes chemicals used to treat wood for decks, fences and utility poles. "What happened was just the opposite."

Lumber and plywood started flying off shelves. "People didn't go on vaca-



With indoor dining still banned, workers set up spaces outdoors for a New York City restaurant, a trend that adds to wood demand.

tion," said Leiby Wieder, who manages Tri-State Lumber in the Greenpoint neighborhood of New York's borough of Brooklyn. "They stayed home and built decks, they built fences, they built pergolas. Anything and everything."

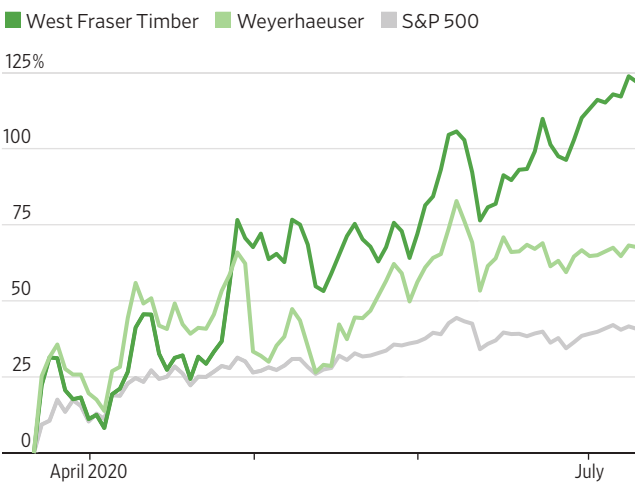
Harvard University's closely followed forecast of home-renovation spending predicted a slowdown in a market that for years has been a bright spot in the economy. But the model couldn't have predicted a pandemic that kept Americans at home for months. Mill orders backed up.

"Demand from our home-center customers at Home Depot, Lowe's, and Menards has been as strong as we've ever

Please turn to page B11

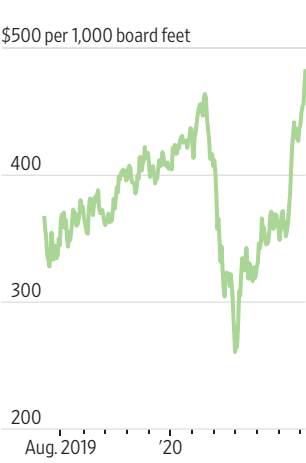
Lumber producers have outperformed the broader market since stocks bottomed in March.

Share-price and index performance



Source: FactSet

Random Length lumber futures price



'Blank Check' IPO Brings Ackman Back on Stage

By CORRIE DRIEBUSCH

Hedge-fund billionaire William Ackman has come roaring back after years of dwindling assets and a self-imposed exile from the spotlight.

But the activist investor's recent wins haven't been fueled by publicly agitating for companies to change. They have instead come from outside-the-box moves like the one that will be on display next week, when Mr. Ackman is expected to launch an initial public offering of the biggest "blank check" company ever, raising money to take a future acquisition public. Blank-check companies don't have any assets or operating histories when they go public.

Mr. Ackman hasn't initiated a public shareholder-activism

campaign since he lost a proxy fight with Automatic Data Processing Inc. in 2017.

Instead, he has made long-term bets on large companies

where he remains an involved shareholder, like Starbucks Corp. Earlier this year, he made a prescient bearish wager that enabled his fund to

sidestep the stock market's plunge. Now he is taking a big swing in the IPO market.

In the first half of 2020, Mr. Ackman's public fund, Pershing Square Holdings Ltd., returned 29%—handily beating a 4% decline in the S&P 500—boosted in part by complex hedges he began to put in place in February. Those hedges generated \$2.6 billion in proceeds and offset other losses in his portfolio.

His strong start to 2020 follows a big win in 2019, when Pershing Square returned more than 50%.

Mr. Ackman declined to comment for this article.

Hailed as an investing savant after strongly outperforming the broader market during the financial crisis, Mr. Ackman's Pershing Square

fund swelled to \$20 billion under management in mid-2015.

Then, his fortune turned. A big bet on drugmaker Valeant began to unravel, ultimately costing the fund billions of dollars and driving losses for three consecutive years. A bet against Herbalife Nutrition Ltd. also floundered, and despite Mr. Ackman's many public appearances deriding the company's accounting and business practices, the stock kept rising. Between 2015 and 2019, his private fund shrunk by roughly \$9 billion.

Mr. Ackman stopped raising money for that private fund and focused on the public fund, retreated from the limelight and told investors he was returning to the type of investment analysis that first

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William Ackman hopes to raise \$3 billion in the IPO for acquisitions.

Walgreens Halts Buybacks, Cuts 4,000 Jobs

By SHARON TERLEP
AND MICAH MAIDENBERG

Walgreens Boots Alliance Inc. said it plans to cut about 4,000 jobs in the U.K. and suspend stock buybacks as demand fell off in its international business during the drugstore chain's latest quarter.

The pharmacy chain on Thursday said the coronavirus pandemic sliced out around \$700 million to \$750 million in sales for its quarter ended May

31, with most of the impact tied to its retail-pharmacy business overseas.

A "dramatic reduction" in customer traffic, including an 85% decline in April, weighed on demand for its Boots U.K. stores, Walgreens said.

The company said it recorded noncash impairment charges of \$2 billion tied to the Boots U.K. unit.

Shares of the pharmacy chain fell 7.8% in trading on Thursday.

The job cuts in the U.K. will impact about 7% of its workforce there and less than 1% of its global staff, and will include closing 48 Boots opticians and a 20% head-count reduction in the company's U.K. support offices.

Boots, a big seller of upscale health and beauty products as well as a pharmacy and eyecare chain, has been a lucrative business for Walgreens, which has struggled in the U.S. amid smaller revenue for prescrip-

tion drugs and competition from online retailers.

Walgreens acquired Boots Alliance in 2014, two years after taking a 45% stake in the company, which also is Europe's largest pharmaceutical wholesaler.

Boots comprises most of Walgreens' international retail and pharmacy business and is

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Elon Musk Taunts His Doubters

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“short shorts,” skimpy red-satin garments that the company said sold out quickly. Tesla’s website said the shorts included the company’s model names spelling out S-3-X-Y, and Mr. Musk noted they were selling for “only \$69.420!!”—numerical references to both a sexual position and marijuana—themes Mr. Musk has hit on before on Twitter.

Tesla didn’t respond to a request for comment.

The episode is the latest in Mr. Musk’s long-running and vitriolic Twitter battle with short sellers who, attracted by Tesla’s struggles and Mr. Musk’s showmanship, have questioned the fundamentals of the business and demand for electric vehicles.

The recent stock surge has reduced the short sellers’ ranks to the hardest core, said Mr. Dusaniwsky. “These losses have squeezed out most of the less rabid short sellers, leaving only those most dogmatic short sellers in the trade,” he said Wednesday. Short-seller interest in Tesla has fallen to less than 10% of its stock, compared with more than 20% about a year ago.

Mr. Musk also has mocked the Securities and Exchange Commission, a longtime target of his. “Will send some to the Shortseller Enrichment Commission to comfort them through these difficult times,” he tweeted last week about the shorts, reviving a term he used in 2018 after settling with the SEC over claims that he had misled investors with tweets.

The latest surge in Tesla’s stock puts Mr. Musk closer to unlocking a second giant pay-

day tied to the company’s performance, including holding an average market value of \$150 billion over six months and 30 days. At Wednesday’s closing price, the past six-month average market value was \$139 billion. He qualified in May for the first of a 12-part compensation package that, in aggregate, could potentially be worth more than \$50 billion through 2028.

The initial payday had a nominal net value of more than \$700 million at the time. This second tranche would be worth \$1.76 billion at Thursday’s closing price of \$1,394.28 a share.

Longtime automotive industry analyst David Whiston said Tesla’s share-price rise reminds him of the 1990s tech bubble, except that the auto maker is making a product that some people want. “I just can’t justify the valuation even if you want to be very optimistic on their deliveries rising,” said Mr. Whiston, an analyst for Morningstar Research Services.

Analysts now have revised their financial forecasts for the second quarter, due July 22. Those surveyed by FactSet, on average, estimated on Tuesday that Tesla would lose \$294 million in the period, an improvement from late May, when they predicted a \$387 million loss.

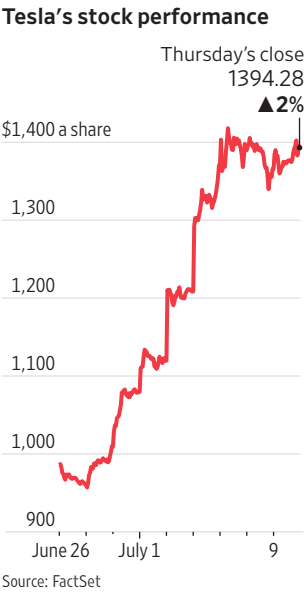
Some analysts, including Brian Johnson at Barclays, think Tesla might eke out another surprise profit. Mr. Johnson estimates a possible \$42 million profit helped by the sale of \$300 million in regulatory tax credits. Doing so would make Tesla eligible for consideration to be included in the S&P 500 index.

By the end of December, analysts predict Tesla will turn a \$258 million full-year profit—its first—on delivery of 435,000 vehicles, short of the more than 500,000 deliveries that Mr. Musk targeted before the pandemic.

Mr. Johnson, who sees Tesla as overvalued, cautioned bearish investors that he doesn’t see a trigger to cause shares to fall until near year-end, when it becomes clear what demand for the new Model Y compact sport-utility vehicle might be. “We see nothing to prevent the shares moving higher in the coming weeks and urge our bearish friends..to remain in the shelter of their caves,” he wrote.

The momentum around Tesla shares has swung drastically in the past. The stock fell to close at a low of \$178.97 a share on June 3, 2019.

Tesla shares began to surge when deliveries improved in the second half, took a step back as the pandemic hit and reignited in April when the company posted a surprise first-quarter profit.



BUSINESS & FINANCE

Wirecard Executives Investigated For Possible Money Laundering

By PATRICIA KOWSMANN AND TOM FAIRLESS

German prosecutors are looking into possible money laundering by executives at Wirecard AG, adding to probes related to potential fraud and fake accounting at the insolvent payments firm.

A spokeswoman for the Munich public prosecutor said it was conducting several legal cases related to possible money laundering at Wirecard, the oldest dating as far back as 2010.

A Wirecard spokeswoman declined to comment.

Wirecard has long been dogged by allegations from investors that the company used third-party partners to generate fake revenue or claimed to hold cash that wasn’t there.

The company filed for the German equivalent of bankruptcy in June, days after it disclosed that \$2 billion it had claimed to have on its balance sheet was missing and might not even exist.

Two people, including Wirecard’s longtime chief executive

officer and largest shareholder, Markus Braun, have been arrested amid the continuing probes.

Mr. Braun resigned in June and was released on bail after being detained over accusations he inflated Wirecard’s numbers. Mr. Braun has denied wrongdoing.

This week, Munich prosecutors arrested and questioned the director of a Dubai based-Wirecard unit that managed the group’s relationships with third-party acquirers—companies Wirecard said processed payments on its behalf in countries where it didn’t have licenses.

Prosecutors said the executive was arrested over suspicion of conspiracy to commit fraud. The missing money related to business with these third-party partners.

U.S. authorities are also examining whether Wirecard 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.

At the heart of the case are two businessmen accused of conspiring with third-party payment processors and others to trick U.S. banks into approving credit-card payments for marijuana products.

Wirecard played a role in the alleged conspiracy by serving as both a payment processor and an offshore merchant bank,

pany that have popped up over the years.

In 2010, an investigation by the Federal Bureau of Investigation into a German national living in Florida found he appeared to be operating an unlicensed money-transmitting business for payouts of illegal profits from gambling in online casinos.

Documents seen by The Wall Street Journal showed Wirecard’s banking business was involved in the transference of some of the money.

BaFin, the German markets regulator that also oversees Wirecard’s banking business, carried out a special money-laundering probe in June 2010 in response to a criminal complaint it and the Munich prosecutor’s office received, a BaFin spokeswoman said. She added a 2011 review “found that identified shortcomings were resolved.”

In late 2015, German prosecutors also raided Wirecard at the request of U.S. authorities who were investigating money laundering, according to the Munich prosecutor’s spokeswoman.

The company filed for the German equivalent of bankruptcy in June.

the people said.

The authorities are considering the possible role of several former or current top Wirecard executives, two of the people said.

While the prosecutors’ spokeswoman didn’t mention any specific cases of possible money laundering by Wirecard officials, there are at least two in the U.S. involving the com-

TikTok Weighs Overhaul

Continued from page B1

spond if asked.

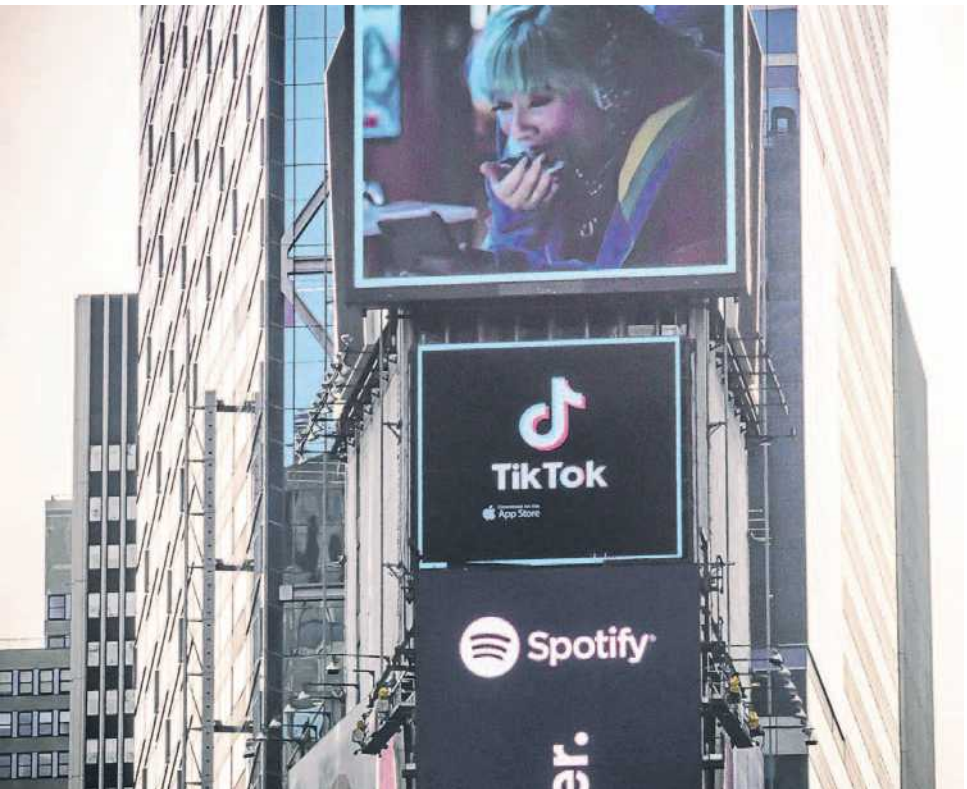
The U.S. State and Defense departments already prohibit employees from downloading TikTok on government devices. On Tuesday, Secretary of State Mike Pompeo hinted at a possible ban for TikTok and other Chinese apps during an interview with Fox News.

In Australia, the chair of a legislative committee looking into foreign interference through social media named TikTok among the platforms that might be called to appear.

“What’s needed is a really clear understanding from the platforms about their approach to privacy and their approach to content moderation. That’s one of the objectives of this inquiry,” Jenny McAllister, the chairwoman of the committee, told an Australian radio station on Monday.

The government in India, one of TikTok’s largest markets, banned the app over cybersecurity concerns following violent clashes along the two countries’ disputed border.

Most recently, TikTok surprised observers by reacting more strongly than Western tech companies to Beijing’s imposition of mainland-style internet controls in Hong Kong. Where Twitter Inc., Facebook Inc., and Alphabet Inc.’s Google said they would pause responses to data requests from Hong Kong police, TikTok pulled out of the city entirely—a move some describe as part of the effort to distance the app from China.



The app faces scrutiny from several Western governments. An ad in New York’s Times Square.

“ByteDance is the first of China’s tech giants to make it big outside China, but the company that is the envy of China’s tech world is finding that success has a higher price perhaps than failure,” said Peter Fuhrman, the chairman of investment advisory firm China First Capital.

ByteDance managed to outperform its more established Chinese peers such as Alibaba Group Holding and Tencent Holdings in their quests to go global despite spending less on investments, he added.

ByteDance’s discussions about changing how TikTok is run are still in their early stages, but setting up an independent TikTok management board would allow a degree of autonomy from the parent company, the person familiar

with the firm’s thinking said. This person wasn’t aware of any discussions around a corporate spinoff.

TikTok had also been considering opening a new global headquarters as early as December, The Wall Street Journal reported at the time. Singapore, London and Dublin were considered as possible locations. Recent events accelerated such plans, the person said.

TikTok currently doesn’t have a global headquarters. Recently installed Chief Executive Officer Kevin Mayer is based in Los Angeles.

The hiring in May of Mr. Mayer, a longtime Walt Disney Co. executive, put an American face on the Chinese company, whose website lists offices in 11 cities world-wide—none of

them in China. The company says it doesn’t allow Chinese moderators to handle TikTok content.

ByteDance nevertheless has a long way to go to convince its critics. Any change to the corporate structure has to be significant enough to separate TikTok from any entanglements with mainland China, and has to cut off mainland Chinese staff from accessing user data, said Fergus Ryan, an analyst at the Australian Strategic Policy Institute. TikTok’s privacy policy says that user data can be accessed by ByteDance and other affiliate companies.

“Will the new structure be designed so as to remove any leverage Beijing can have over it? I find that hard to imagine,” Mr. Ryan said.

Walgreens Cuts 4,000 U.K. Jobs

Continued from page B1

concentrated in the U.K., where it has nearly 2,500 retail outlets and 600 opticians. Walgreens has another 2,100 stores outside the U.S. in countries including Mexico, Chile and Thailand.

Overall, the international unit generated 8% of the company’s revenue and 15% of its gross profit last fiscal year.

Foot traffic “ground to a virtual halt” in Walgreens’ U.K.’s Boots business, Walgreens’ finance chief, James Kehoe, said Thursday in a call with investors.

Sales fell 70% for the company’s 600 U.K. optician locations, which typically generate around \$500 million in sales but were largely closed amid the pandemic.

Overall, Walgreens swung to a loss of \$1.71 billion, or \$1.95 a share, for its latest quarter, compared with a year-earlier profit of \$1.03 billion, or \$1.13 a share. Its adjusted profit fell to 83

cents a share and was short of expectations.

The company generated \$34.6 billion in sales, roughly flat year over year. Analysts polled by FactSet had predicted \$34.3 billion in sales for the latest period.

In the U.S. retail unit, sales rose about 3% from a year earlier to \$27.4 billion. Pharmacy sales were up 4.6%, while prescriptions filled in the third quarter decreased 1.3%.

Walgreens has been cutting costs in its home market and last year it announced plans to close 200 U.S. stores.

The Covid-19 pandemic has been challenging for drugstores, as patients put off visiting doctors and other health providers. Walgreens is part of a coalition of health-focused companies that is paying for advertisements that encourage people to return to their medical providers. “Globally, pharmacy volume was impacted by a drop in doctor visits and hospital patient admissions,” the company said.

Walgreens is working with and investing in primary-care provider VillageMD to open 500 to 700 doctors’ offices in its drugstores.

Rival **CVS Health Corp.** is developing so-called health-care hubs in its stores, offering a range of medical services.

Starbucks To Require Face Masks

Continued from page B1

age about the new mask requirement to store managers and offering them resources on how to de-escalate situations where customers won’t wear masks, the Seattle-based company said in a message to employees viewed by The Wall Street Journal.

In some cases, workers may have to “respectfully refuse service with kindness,” according to the memo.

“We want the focus on partner and customer safety to guide us, and do so in a way that ensures you are feeling supported,” Starbucks said in the message.

Some Starbucks workers who already must require customers wear masks because of local rules say some patrons have resisted the mandates. One Michigan barista said enforcing the policy has been uncomfortable, and she is looking for new employment after more than a decade with the

coffee company.

“I fully expected one woman to throw her drink at me. I didn’t sign on for this. I don’t like not feeling safe at work,” the barista told the Journal.

A Starbucks spokesman declined to comment about any individual workers but said the company is making sure employees have the support they need.

At locations where local government mandates for masks aren’t in place, customers who don’t wear masks will be able to order items via drive-through windows, delivery or by using the company’s curbside pickup option, Starbucks said.

In addition to running its own stores, there are about 6,350 Starbucks locations operated by outside companies under license agreements. The company shares policies with licensees, but it is their choice whether they implement them, the spokesman said.

Starbucks said in June that it would close, renovate or move 400 traditional cafes in the U.S. and Canada over an 18-month period and would aim to open 40 to 50 pickup-only locations.

—Micah Maidenber

contributed to this article.

BUSINESS NEWS

Airlines Cancel Hong Kong Flights

By Lucy Craymer

HONG KONG—Two U.S. airlines have canceled flights to and from Hong Kong after the city said all crew members arriving there would have to undergo Covid-19 tests.

Following a new outbreak of local infections, Hong Kong's Centre for Health Protection on Wednesday started making all crew, including pilots, on flights arriving at Hong Kong International Airport provide "deep throat saliva specimens."

A **United Airlines Holdings** Inc.'s spokesman said due to the recent changes in testing protocols, flights to Hong Kong had been suspended through July 10 as have their corresponding return flights. He added the company was assessing how this would affect future operations.

American Airlines Group Inc. was scheduled to resume flights to Hong Kong Thursday but said in a statement it now wouldn't restart the flights until Aug. 5.

"We've been making regular adjustments to our schedule to match demand, and we consider a range of factors including travel restrictions or entry requirements in making network decisions," the company said.

The association, which is the union for American Airlines pilots, said it had been speaking with the airline's management since the introduction of the rules. American Airlines didn't return a request for comment, but a flight scheduled to leave Dallas-Fort Worth Thursday has been canceled, according to the American Airlines website.

Airlines world-wide are grappling with the impact of the coronavirus, which has cratered travel demand and saddled them with huge losses.

The news comes as airlines prepare to cut thousands of workers and tap government aid as a surge of coronavirus cases and fresh government travel restrictions elsewhere upended a nascent recovery in travel.

United on Wednesday said it is exploring the possibility of shedding almost half its U.S. workforce a week after American said it may have as many as 20,000 more staff than it needs to handle reduced demand.

In many countries, including the U.S. and the U.K., pilots and crew are exempted from testing, quarantine or self-isolation rules required of other arrivals.

In Hong Kong, almost all arrivals in the city are subjected to mandatory testing and required to quarantine for two weeks. The policy has been credited with keeping infections low in the city, which has recorded 1,366 cases so far with seven deaths.

Airline crew were exempted from tests and quarantine requirements, but testing rules were tightened after a 54-year-old cargo pilot on July 4 tested positive for the virus after returning from Turkey and Kazakhstan.

Hong Kong health officials announced the change earlier in the week, saying they wanted to identify new cases of the virus and prevent it spreading locally.

Live Streams Revive China Stores

Shop owners use show-and-tell to connect with virus-wary customers

By Trefor Moss

SHANGHAI—Chinese shoppers have long used their phones to buy almost everything they need. The coronavirus crisis has supercharged that trend, turning online retail into a show which has hooked millions of stay-at-home consumers.

Fu Chenyuan thought she might have to close her 14-year-old Shanghai clothing shop, DF Boutique, in the spring as she watched other stores in the city's bustling Jing'an district shut their doors. Having never sold anything online before, the 35-year-old reluctantly took up her iPhone and started modeling her inventory of niche European shoes and blouses for customers.

"We had to go online—otherwise we couldn't have survived," she said.

Hawking her wares live was uncomfortable for the camera-shy Ms. Fu at first, but her customers loved it: Real-time sales pitches she broadcasts through her phone now account for 70% of her total sales, she said, and revenue has bounced back to where it was before Covid-19.

Live streaming has been a lifesaver for other store owners looking to reach shoppers still wary of confined spaces. Even global brands like Gap Inc. and Louis Vuitton have joined in the scramble to engage millions of homebound Chinese consumers.

The world's biggest retail market, with \$5.8 trillion in sales last year, has yet to rebound to precrisis levels. But online sales, and live-stream sales in particular, have been a bright spot.

Live streaming has taken Chinese retail into a new phase, said Daniel Zipser, who leads McKinsey & Co.'s consumer and retail practice in China. "For retailers now it's about digital engagement, generating demand by exciting people and creating an experience."

Live-stream technology has



Fu Chenyuan and an assistant show footwear to online customers via WeChat's live-streaming channel.

already created a generation of "stream queens" and other video celebrities whose fans send them money as they perform. Retail is its latest incarnation.

Most retailers stream via the handful of megaplatforms that dominate China's e-commerce and social media, such as Alibaba's Taobao and Tmall sites, JD.com and WeChat. Their interactive features allow viewers to chat with hosts, call up product information and make single-click purchases midshow.

Ms. Fu started selling directly to her socially distanced customers using video streams broadcast twice a week on WeChat, Tencent's do-everything app. The technology offers a way of replicating the personal attention customers get in a store, she said.

After closing her physical shop one June evening, Ms. Fu opened its virtual space. She put on the first sale item, a coffee-colored Italian blouse, then positioned herself between two bright lighting panels and started speaking to more than 200 clients through an iPhone mounted on a stand. With the help of an assistant, she cycled through a fashion show's worth of outfits and footwear, talking viewers through the features of each item and encouraging them to buy.

"Lynn, good evening," she said, welcoming one regular client. "Today we have all kinds of shoes, a lot of them are your size—37." Training her smartphone's camera on a pair of blue leather heels being modeled by her assistant, Ms. Fu singled out another customer. "These are so comfortable, many sisters have bought them; Xiaoluo, you could buy one more pair!"

Some big companies, such as local cosmetics brand Forest Cabin, have trained sales staff to run regular live streams, answering customers' virtual queries much as they would deal with in-store visitors.

Louis Vuitton tapped movie star Zhong Chuxi to host its first live stream on social-commerce platform Xiaohongshu in March, while Gap's live-stream

debuted on Taobao in April was fronted by Viya, one of China's best-known social-media influencers.

Until last year, 80% of the company's sales happened in-store. That has now flipped, and 80% of sales are online, said Chief Executive Sun Laichun. "The Covid-19 epidemic changed how we operate," he said. Even as the epidemic raged, first-quarter sales, pro-

\$5.8T

Total retail sales in China last year

pelled by live streaming, actually increased 20% from a year earlier, he added.

Louis Vuitton tapped movie star Zhong Chuxi to host its first live stream on social-commerce platform Xiaohongshu in March, while Gap's live-stream

E-commerce was highly developed in China before the pandemic, driven by the near-universal use of mobile payments. It accounted for roughly a quarter of all retail sales last year but jumped to a record 29% in the first quarter. In the U.S., by comparison, around 12% of retail sales were online last year.

Some analysts say China's embrace of live-stream retail offers a glimpse of the future of shopping everywhere. Others think Chinese consumers are more open to watching shopping broadcasts on their phones than, say, their American counterparts.

It is unclear how much live streaming contributes to China's overall e-commerce business.

—Yin Yijun contributed to this article.

Harley-Davidson to Cut 13% of Global Workforce

Harley-Davidson Inc. said it would cut about 700 jobs as part of a global overhaul, the latest company to reduce its workforce, as the pandemic continues to depress economic activity.

The Milwaukee-based motorcycle maker said Thursday that the restructuring plan, including the job cuts that amount to about 13% of its global workforce, would result in costs of about \$42 million in the second quarter.

Harley-Davidson's sales in its core U.S. market have been falling for years, and the company replaced CEO Matt Levatich earlier this year with Jochen Zeitz, who formerly ran Puma SE.

Mr. Zeitz has slowed the introduction of some new motorcycles that Harley-Davidson has designed to appeal to younger riders. The company reopened its factories after closures related to the pandemic some weeks ago at lower production levels, reflecting pressures including lower demand for motorcycles. Harley-Davidson said the layoffs are part of the larger strategic rethinking and not a response to the coronavirus impact on the economy.

—Austen Hufford



Coronavirus Crisis Puts Further Pressure on Big Jets

By Benjamin Katz

LONDON—The aviation-industry crisis triggered by the coronavirus pandemic is exacerbating a yearslong move by airlines away from big jets.

Rolls-Royce Holdings PLC, a bellwether for the market for wide-body aircraft, said it raised a further £2 billion (\$2.53 billion) to help shore up its liquidity as demand for its engines wanes among airline customers. The U.K. supplier specializes in making and servicing engines for the industry's biggest aircraft.

It said Thursday that its revenue will be lower than forecast until at least 2027 as it cuts back production and has fewer engines flying as a result, cutting back revenue related to engine servicing and maintenance.

Shares fell 11% in London.

Airbus SE, meanwhile, the world's biggest jet maker by deliveries, said late Wednesday it had booked 21 orders for wide-bodies but received cancellations for 22 in the first six months of the year.

As demand for flying has cratered amid the pandemic, carriers have laid out plans to lay off or furlough tens of thousands of workers. They have sought investor and government rescue cash and have reduced routes. They have also scaled back plans to purchase new planes.

Now that many economies are starting to open up again, airlines have more recently started to add back some capacity. But the type of demand that is returning—typically for

shorter intracontinental or domestic routes—threatens to exacerbate a yearslong shift by airlines to smaller, nimbler jets.

Airbus said it received 344 new orders for narrow-bodies, or single-aisle jets, with 45 cancellations in the first six months of the year.

Airbus and rival Boeing Co. have been pivoting in recent years to adjust to airline customers' new reluctance to buy their biggest jets. Instead, carriers have flocked to smaller, single-aisle planes that are more fuel efficient, more flexible on range and can be filled up with passengers more easily.

Unlike its main rival, General Electric Co., Rolls-Royce bowed out of the market for the more popular and better selling narrow-body market in 2012. Rolls-Royce has already out-

lined plans to cut some 9,000 jobs from its 52,000 global workforce. Chief Executive Officer Warren East has indicated that the company could close or consolidate some of its manufacturing sites.

Rolls-Royce said its engines flew 50% fewer hours in the first half compared with 2019, with the trough in April when usage was down 80%. The company has previously said it would manufacture 250 engines this year, compared with previous guidance for 450 deliveries.

"We play in wide-body, we do not play in single-aisle," Mr. East said. "As much as it might be nice to be in a larger-scale market, it's a slightly academic question."

Analysts and industry officials say business travel, which

is critical to making long-haul flying financially feasible, could be the last travel segment to recover. Companies have been reluctant to send employees traveling during the pandemic and wary of the expense during an economic crisis. Many have also gotten used to going without travel.

"We've seen this in China, that domestic recovers much faster and to a much greater degree than international does," said Nick Cunningham, a London-based analyst at Agency Partners. "If your exposure is wide-bodies, then yes, you have a problem."

Airlines across the globe have been downsizing their fleets amid the crisis. They have typically started with their bigger, less fuel-efficient, older jets. Deutsche Lufthansa

AG, for example, has said it would retire four-engined Airbus A380s, A340s and Boeing 747s.

Qantas Airways Ltd. is permanently parking its 747 jumbo jets and hibernating its own A380s for the next three years. Air France and Emirates are also cutting back their operation of the double-decker.

Boeing had twice cut its production rates for its 787 Dreamliner before the pandemic, while development delays have hampered its newest and bigger 777X, which has struggled to drum up a significant order backlog. The company has also indicated that it plans to cease production of the 747.

◆ Heard on the Street: Rolls has a big headache..... B12

Emissions Picked Up Again After Lockdowns Were Eased

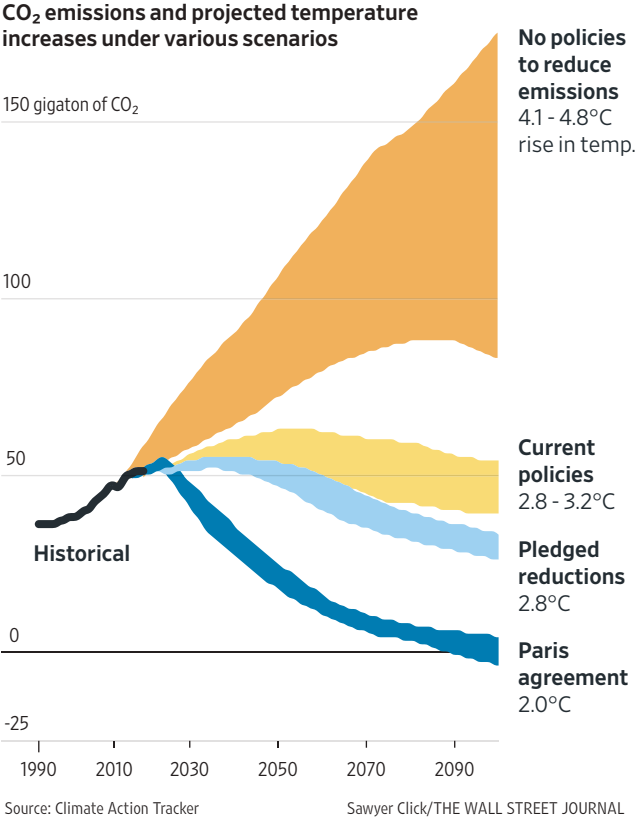
By Sarah McFarlane

For climate scientists, the pandemic has made one thing clearer: the difficulty of reducing carbon emissions. Emissions sank when factories were shut down, planes grounded and cars parked, as people stayed home to slow the spread of the coronavirus, but they are rebounding fast as economies reopen. When two-thirds of the world’s population was under lockdown in early April, carbon emissions were down 17%, compared with average daily emissions last year, according to a study by a group of climate scientists published in the journal Nature Climate Change. By June 11, the drop was 5%.

“We’re getting to this by stopping all activities, not structural changes, so when people go back to work there’s no reason these emissions wouldn’t go shooting back up,” said Corinne Le Quéré, a professor of climate change science and policy at the U.K.’s University of East Anglia, who led the study. For a lasting impact, governments need to encourage low-emissions technologies such as electric vehicles, she added.

Governments have put more effort into reducing emissions since the 2015 Paris climate accord, under which they agreed to limit global temperature increases to less than 2 degrees Celsius, with an ambition to cap them at 1.5 degrees. Since then, emissions have continued to rise, and the U.S. has said it is withdrawing from the deal.

Emissions are typically monitored monthly and annually, but scientists say the pandemic has accelerated efforts to move toward a system of daily reporting. To do that, they are tapping proxy data, such as measuring road traffic via daily requests for driving directions on Apple Inc.’s maps



app and TomTom NV statistics, and using data transmitted by smart meters to gauge residential electricity demand.

Scientists wanted to measure the impact lockdowns were having on global emissions and how long it would take to return to prelockdown levels.

“The virus will fundamentally change carbon cycle science, it already has in that we’re focusing on real-time carbon emissions,” said Rob Jackson, chairman of the Global Carbon Project, which produces annual data focused on emissions from fossil fuels and land use.

“We were struck by how ill-prepared we were to make real-time estimates,” Mr. Jackson said. “What we weren’t as creative about was using [proxy] data sources like cell-phone data.”

Scientists say that greater use of that data—while not as accurate as more direct sources—has allowed them to track the pace of the fall in emissions and the subsequent rebound.

“I think that is useful and sobering for the realization of the challenge,” said Sverre Alvik, program director for energy transition at Norway-based consulting firm DNV GL.

The United Nations Environment Program says global emissions need to fall 7.6% a year until 2030 to be on track to meet the Paris goals.

The world is set to exceed that target this year, with the International Energy Agency forecasting carbon emissions to fall 8% to 30.6 gigatons—the lowest level in a decade. However, many scientists expect the fall to be short-lived given it has been induced by a health

crisis rather than a planned, permanent change to emissions-emitting activities.

For instance, emissions fell 1% during the 2009 economic downturn but rebounded 6% the following year, according to IEA data, as governments pumped trillions of dollars into their economies to stimulate growth.

This year, governments have committed \$12 trillion to reinvigorating economies, with around 5% earmarked for climate-friendly initiatives, according to a report by BloombergNEF in June.

Scientists say their newfound ability to rapidly assess changes to emissions could be helpful for future policy.

Most of the recent drop in emissions came from surface transport, where activity fell 50%, and industry, where it dropped 35%, according to the report by climate scientists. Aviation saw the largest drop in activity at 75%, but it only generates 2.8% of global emissions. Ordinarily, the largest contributor to carbon emissions is industrial production at 44%, followed by electricity generation at 22% and road and rail transport at 21%.

“It’s shown us a few of the sectors that are more elastic in the sense that they can be rapidly targeted like transport,” said Richard Allan, professor of climate science at the University of Reading in England.

Scientists also say behavioral shifts during the pandemic have shown that governments, companies and individuals can make changes quickly that curb emissions, and that recent momentum could be used to bring about lasting reductions.

However, the extent to which people work from home more frequently, reduce international travel and opt to walk or cycle after the pandemic—and the impact of those actions on emissions—isn’t yet clear.

MSNBC Taps Reid For Evening Show

By Micah Maidenber

Longtime political analyst Joy Reid will anchor an evening news and opinion show on MSNBC, taking over a slot that once featured Chris Matthews.

Ms. Reid’s new show, called “The ReidOut,” will air weeknights at 7 p.m. and premiere July 20. Based in Washington, it will feature politicians and newsmakers, MSNBC said Thursday. The Wall Street Journal reported last month that the network was expected to tap her for the 7 p.m. position.

Since 2016, Ms. Reid has hosted MSNBC’s “AM Joy” program and regularly filled in as anchor on other programs on the network. In her new role, she will serve as the lead-in for the network’s left-leaning prime-time hosts, including Rachel Maddow.

Ms. Reid said in a statement she was eager to build on her experience at “AM Joy” and bring “in diverse, smart, and accomplished voices to



Joy Reid’s show starts July 20.

the table on topics that are important to our viewers.”

Ms. Reid is the most prominent Black anchor on MSNBC, a unit of Comcast Corp. She began contributing to the network in 2011 and previously served as managing editor of TheGrio.com, a columnist for the Miami Herald and a press aide during the final stretch of President Obama’s Florida campaign in 2008, among other positions, the network said.

WhatsApp Sees Rise Of Business Users

By Dave Sebastian

The messaging platform WhatsApp said it has more than 50 million users of its business app world-wide each month, a milestone showing steep growth since the app’s 2018 launch and progress in Facebook Inc.’s efforts to generate revenue from the service.

Its current pool of WhatsApp Business users, primarily small to medium-size businesses, reflects 10-fold growth from early 2019, the last time similar data were released.

WhatsApp on Thursday also said it has added a feature that allows users to scan a QR code and chat directly with a business and for businesses to share product catalogs on

WhatsApp as links. Before the feature was introduced, users had to add a business’s phone number manually to message them. The move is the latest effort by Facebook, which acquired WhatsApp in 2014, to offer more e-commerce tools to companies. Facebook earlier this year backed away from efforts to sell ads on Whatsapp, in its bid to monetize the platform.

WhatsApp said more than two billion people use its app, and more than 40 million people view a business catalog on the platform each month.

Facebook doesn’t break out financial figures for WhatsApp. The company is due to release its second-quarter results July 29.

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Hillary and Obama want Trump defeated.
It's payback for 2016.
David Horowitz says they will fail.
Trump has *a secret plan* . . .

Ever since he first announced his presidential quest — after coming down the escalator of New York's Trump Tower — the media, the establishment, and his critics in both parties belittled, demeaned, mocked, and even laughed at Donald Trump.

But the billionaire has had the last laugh and will again in 2020. And, as David Horowitz reveals in his just-released **BLITZ: Trump Will Smash the Left and Win**, Trump has been — and will continue to be — the Democrats' worst nightmare.

BLITZ reveals the attacks made against Trump have been the most brutal ever mounted against a sitting president of the United States.

Blinded by deep-seated hatred of his person and his policies, the left even desperately tried to oust Trump in a failed impeachment bid.

Horowitz shows that their very attacks — targeting a man whose mission has been to “Drain the Swamp” and “Make America Great Again” — backfired, turning Trump himself into a near martyr while igniting the fervor of his “base.”

In **BLITZ** you'll discover the left's terrifying socialist agendas as you've never seen them before.

Trump's response? He's going to steamroll this opposition in November using the same playbook he has used to win before.

- In **BLITZ** you will find shocking revelations:
- **The 9 biggest dangers to America the left poses — their agenda will blow your mind.**
 - Show me the money: names of the billionaires and fat cats out to get Trump.
 - **Why charter schools may prove to be a decisive issue and why the Democrats fear them.**
 - How patriotism suddenly became “white nationalism” linking Trump to Hitler and the KKK.
 - **Why Trump is at the nexus of the left's secularism and hate pushed against Christians.**
 - Why every effort to demonize Trump and his supporters is backfiring.
 - **Obama's agenda: how the former president casts a much greater shadow over Trump's political woes than you ever imagined.**
 - Hillary is not gone! **BLITZ** shows the “revenge” role she plans for Trump.
 - **The Genius: Trump's brilliant strategy has worked and**

BUZZ ON BLITZ



Donald Trump, Jr. says:
“If you're interested in debating deranged liberals with facts, you won't want to miss this latest book.”



Gov. Mike Huckabee says:
“A MUST read for those who want to better understand what is really happening in the ‘idea war’ for the soul of America.”




Mark Levin says:
“An indispensable book explaining why today's Democrats are so dangerous and why President Trump is their nemesis.”




Sean Spicer says:
“David's expertise and insights and experience give him a unique understanding of how we got here and what it means for 2020 elections.”

Read President Trump's Tweet Endorsing BLITZ:



Donald J. Trump

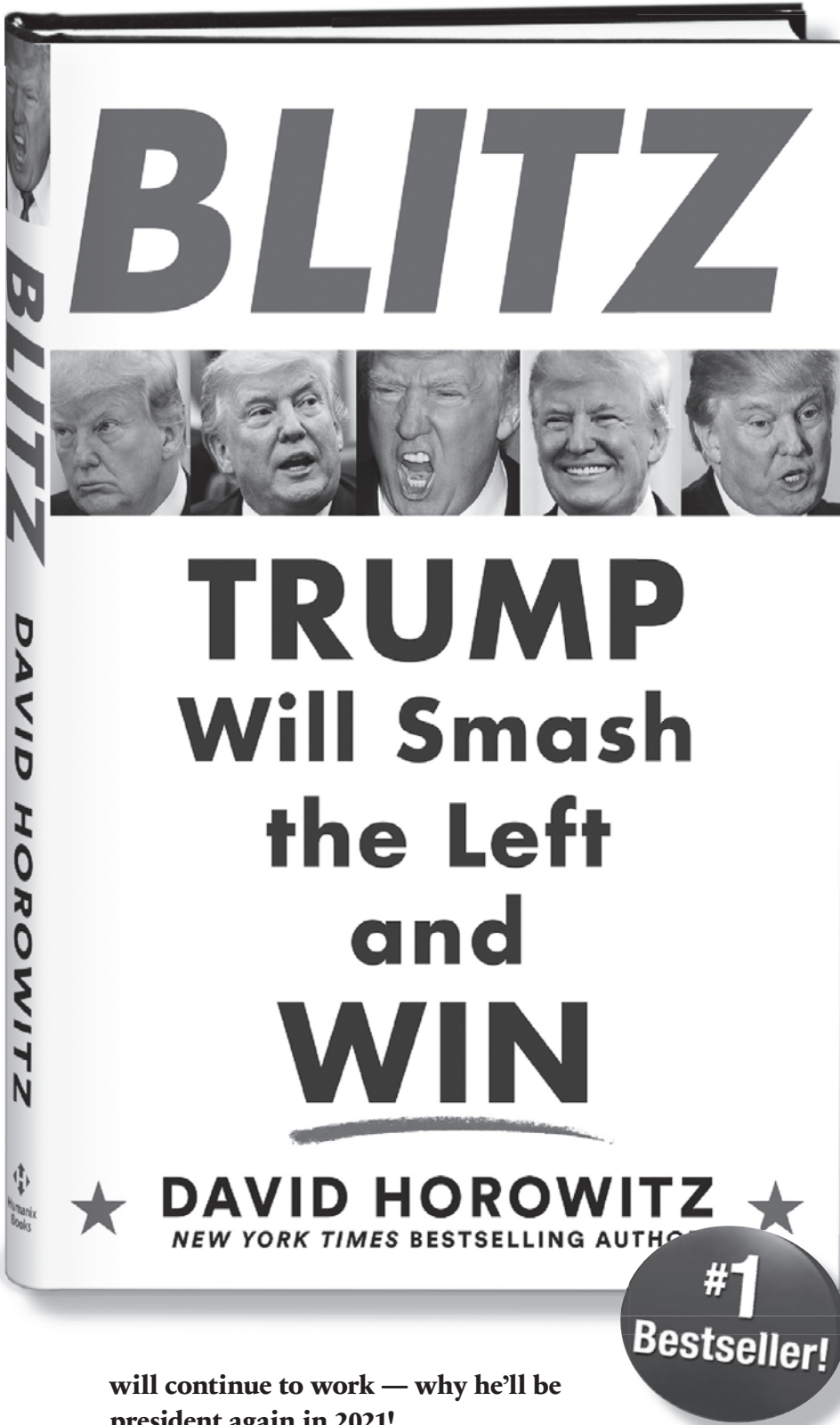
@realDonaldTrump



“BLITZ, Trump Will Smash the Left and Win”, by David Horowitz. Amazon #1 Bestseller . . . Hot book, great author!

8:44 AM - June 18, 2020

15.7K Retweets 68.2K Likes



will continue to work — why he'll be president again in 2021!

The effort to remove and destroy our duly elected president may be the greatest challenge America has faced since the Civil War, explains Horowitz.

For the first time **BLITZ** exposes the left's strategy to take down Trump, and how Trump not only beat them at their own game, but how he's turning the tables on them once and for all.



David Horowitz is not just any author. Once a radical liberal, he turned on his far-left friends when he saw their real motives. He soon became a noted conservative and author.

His *New York Times* bestseller *Big Agenda: President Trump's Plan to Save America* was written before Trump was elected — so certain was Horowitz of Trump's victory.

Now, Horowitz is so certain Trump will win reelection in 2020, he's written **BLITZ**.

FREE Offer

BLITZ retails for \$30 at bookstores everywhere, but Newsmax magazine has an incredible **FREE** Offer!

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Facebook, Rights Groups Remain at Odds

The Facebook spokeswoman said the company has committed to providing more insight into how it enforces its hate-speech policies.

—Steven Rosenbush
contributed to this article.

BANKING & FINANCE

Oil Investors Debate Odds of Boom Ahead

By JOE WALLACE

Oil markets began the 2020s by nosediving below \$0 a barrel for the first time. Investors and analysts are now trying to work out what the rest of the decade holds in store.

Some think the bust will set in motion a boom, predicting that investment in oil-and-gas production will dry up and propel crude prices back above \$100 a barrel.

“That funding pressure is going to be massive. It’s going to be really difficult for some of the producers to produce,” said Trevor Woods, chief investment officer of Ohio-based hedge fund Northern Trace Capital. “We could hit \$150 pretty easily by 2025.”

Others say the pandemic will sap fuel demand after the threat of contracting coronavirus has faded, cementing an era of cheap oil.

The debate over the long-term direction of the world’s most important energy source is thorny. Oil markets have dozens of moving parts, making them hard to forecast.

In the long run, most analysts agree prices should gravitate to a level at which energy producers profit from making just enough crude to match demand. Covid-19 has made that calculation more complex. Investors are unsure whether the

pandemic will permanently alter transport and consumption patterns, or expedite the move toward cleaner energy sources.

Oil prices staged a quick recovery after turning negative in late April, boosted by a pickup in China’s economy as well as output cuts by the Organization of the Petroleum Exporting Countries, Russia and producers in North America. The rally has stalled since new virus cases threatened to hit fuel demand in Southern and Western U.S. states. West Texas Intermediate futures, the benchmark in U.S. markets, have traded at around \$40 a barrel since late June.

The case for soaring prices rests on asset managers and banks declining to bankroll necessary investments in new and existing oil wells, leading to a shortfall of crude.

Oil companies have already slashed spending plans, seeking to shore up their balance sheets in response to the drop in revenue caused by the pandemic.

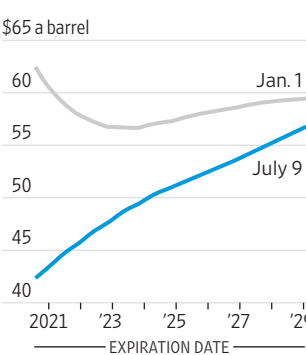
Exxon Mobil Corp., which last week warned of big losses in its second-quarter earnings, has said it plans to reduce capital spending in 2020 by \$10 billion, or 30%.

European majors are also responding to pressure from investors to reduce their carbon footprint. **BP PLC** cut its investment plans by 25% to \$12 billion and is reviewing whether

Crude-oil futures prices

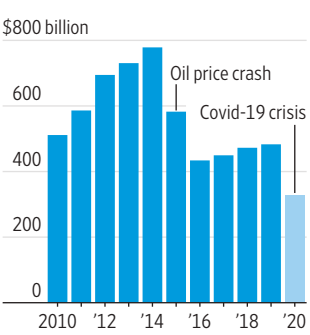


Prices on Brent-crude futures contracts, now vs. start of 2020



*2020 figure is a forecast. Data are not inflation-adjusted. Sources: FactSet (futures prices); International Energy Agency (investment)

Investment in upstream oil-and-gas assets*



to develop oil-and-gas fields it hasn’t fully tapped.

All told, investment in upstream oil-and-gas assets is expected to slump 32% this year to \$328.4 billion, the Interna-

tional Energy Agency said in May, the biggest decline in at least 10 years.

This belt tightening will have a lasting impact on the world’s ability to produce oil, said

Christyan Malek, an analyst at JPMorgan. He estimates that five million barrels a day—or roughly 5% of pre-Covid-19 levels—will be lost, and that an additional \$625 billion will need to be invested by 2030 for production to catch up with demand.

Prices will rise higher than they did in the past to incentivize new oil output, according to Mr. Malek. That is partly because investors are telling energy companies to drill for higher-quality crude and cut methane emissions, raising production costs.

“Could we see oil move to \$100 over the next two years?” Mr. Malek said. “Absolutely.”

Richard Fullarton, chief investment officer of London-based investment fund Matilda Capital Management, said he expects the price of oil to vault above \$100 a barrel in the second half of the 2020s. “We’re never going to physically run out of oil,” he said. “It’s whether we’re going to deploy the capital to access that oil.”

Such predictions are at odds with the futures market, which pegs Brent crude at less than \$60 a barrel for the rest of the decade. The market is overestimating the speed at which the world will move away from fossil fuels, said Mr. Woods of Northern Trace. He agrees that prices will surge, possibly surpassing Brent’s 2008 peak of

\$148, to spur producers in the U.S. shale patch and elsewhere to bring oil out of the ground fast enough.

A transition to green energy sources such as wind and solar is “fully bought into by business leaders, but outside the [European Union] there is extremely slow policy implementation,” said Mr. Woods. “So fossil-fuel use is going to continue to grow.”

For others, a return to \$100 oil is fantastical.

Producers will be able to pump more than enough oil at \$50 a barrel, according to Citigroup analyst Edward Morse. His rationale: Technological improvements have lowered production costs, while the pandemic will encourage people to keep working from home and take fewer flights, crimping oil demand.

OPEC could also keep a lid on the market, according to Martijn Rats, an analyst at Morgan Stanley. When peak oil demand comes into sight, Saudi Arabia and other low-cost producers may turn on the spigots to claim greater market share rather than bolster prices, he said.

“We know from the experience in March and April that when OPEC and Russia turn on the taps we’re not going to go back to 60 bucks,” Mr. Rats said. “They made their point.”

Beijing Broker Plans \$3 Billion IPO

By JING YANG

Beike Zhaofang, a Chinese online property brokerage backed by **SoftBank Group Corp.**, is planning to raise up to \$3 billion in an initial public offering in the coming months, according to people familiar with the matter, in what would be the largest listing of a Chinese company in the U.S. in more than two years.

Beike, which means seashell in Mandarin, was valued at slightly more than \$14 billion after raising \$1 billion in November from SoftBank and another \$500 million from private-equity firm **Hillhouse Capital Group**, social-media giant **Tencent Holdings Ltd.** and venture-capital firm **Sequoia Capital**, The Wall Street Journal previously reported.

The two-year-old company is seeking a valuation of more than \$20 billion at its IPO, according to one of the people.

Beijing-based Beike has filed a confidential listing application with the U.S. Securities and Exchange Commission, and a public filing could come out as soon as this month, according to a different person familiar with the matter.

A spokeswoman for Beike declined to comment.

China’s housing market has gone through a yearslong boom, and while the coronavirus pandemic dented home sales in the country early this year, property sales and housing prices in some major cities have picked up again in recent months.

Still, Beike’s IPO plans come at a tumultuous time for U.S.-listed Chinese companies and other firms in China that are contemplating going public in New York.

In April, a stunning disclosure of fabricated sales by



China’s housing market is stirring again after the pandemic halted its long boom. Towers in Chongqing.

Chinese coffee chain Luckin Coffee Inc. spotlighted the perils of investing in overseas businesses whose financial accounts are subject to less scrutiny than American companies that are listed.

The Public Company Accounting Oversight Board, which the SEC oversees, cannot routinely inspect the audit papers of Chinese companies, due to a lack of cooperation between securities regulators in the U.S. and China. That has hampered U.S. authorities’ ability to enforce investor-protection laws, and the SEC in April issued a warning about the risks of investing in companies from emerging markets, including China.

In May, the Senate passed a bill that would kick Chinese companies off U.S. stock exchanges if their auditors ha-

ven’t been inspected by the PCAOB for three consecutive years.

Beike has nevertheless decided to go ahead with a U.S. IPO. The company recently raised its expectations for the size of its coming share sale after receiving positive feedback from investors during a roadshow last month, according to a person familiar with the matter.

The company is aiming to raise \$2 billion to \$3 billion, and has hired **Goldman Sachs Group Inc.**, **China Renaissance Holdings Ltd.** and **Morgan Stanley** as lead underwriters on the deal, the people said. The details are subject to market conditions and could change, they added.

A sale of that size would be the largest IPO of a Chinese company since March 2018,

when Chinese video streaming site iQiyi raised \$2.4 billion in a Nasdaq offering, according to Dealogic data. A total of seven Chinese companies have gone public in the U.S. since Luckin’s accounting scandal emerged in April, raising a combined \$2 billion, the data showed.

Beike is a real-estate brokerage with an online tool to match buyers and sellers, as sites like Zillow and Redfin do in the U.S., and is also used by many renters and landlords.

It also offers real-estate financing, home décor and property management. Beike, which operates a website called ke.com, was launched in April 2018 by Beijing Homelink Real Estate Brokerage, one of the largest bricks-and-mortar property brokers in the country.

Firms Reap Record Totals in Stock Sales

By CORRIE DRIEBUSCH

Since the coronavirus pandemic began, companies looking to bolster their balance sheets have rushed to sell stock in record amounts. The result has been a resurgence in fees to Wall Street banks in a high-margin area that had languished for years—a bounce-back bankers and investors say could last through the fall.

Thanks to a flood of new-stock issuance and a resilient IPO market, companies raised nearly \$190 billion from the end of March through the end of June, the most ever in a single quarter for the U.S. equity-capital markets, according to Dealogic, whose data go back to 1995.

The wave started in the convertible-bond market as the Federal Reserve gobbled up more bonds to help stimulate the economy. Then it spread to large stock sales by publicly traded companies looking to bolster their coffers as the virus threatened business. Those successes emboldened other companies looking to raise money opportunistically by selling stock. Then, in late May, initial public offerings jolted back to life.

Last month, **Warner Music Group Corp.** and **ZoomInfo Technologies Inc.** raised nearly \$2 billion and more than \$900 million, respectively, in their IPOs, and **Albertsons Cos.** raised \$800 million for its selling stockholders by going public. Soon, the hedge-fund billionaire William Ackman is hoping to raise \$3 billion in a blank-check company IPO.

Secretive data company **Palantir Technologies Inc.** is considering a late summer or fall IPO, according to people familiar with the matter. Food-delivery company **DoorDash Inc.** is expected to pursue an IPO in the near future.

“We’re in the face of a very resilient equity market which, combined with economic uncertainty, has led to a period of unprecedented equity issuance,” said Jim Cooney, head of Americas equity-capital mar-

kets at Bank of America Corp.

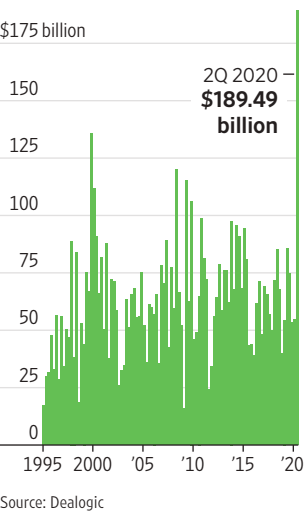
Wall Street has reaped billions in bank fees from such deals, even as the financial world struggles to find its footing in an economy rattled by the pandemic. Equity-capital-markets transactions brought in roughly \$5.7 billion in fees in the first half of the year, Dealogic estimates, a bounceback after several years of languishing fees as fewer large companies tapped the IPO market.

That was topped by the debt-capital markets, a lower-margin business that had so much volume it brought in roughly \$8.5 billion in fees, according to Dealogic, as the Fed and other investors bought a staggering amount of new bonds from U.S. companies.

In June, \$17.2 billion was raised in IPOs, which tend to generate the highest-margin fees for banks in equity-capital markets. After a slow start to 2020, IPOs are poised to make up a bigger portion of banks’ fees for the rest of the year, said John Chirico, co-head of North American banking, capital markets and advisory at Citigroup Inc.

“IPOs are only a recent phenomenon. July this year to July next year should look like a more normal year” in terms of mix, Mr. Chirico said.

Money raised in equity capital markets by U.S. listed companies, quarterly



Holdings Inc. Mr. Ackman has previous experience with taking companies public, having helped flip Burger King Holdings Inc. public in 2012 through the special-purpose acquisition company, or SPAC, he co-founded.

Next week, he will take another SPAC public with the aim of raising \$3 billion in its IPO. Pershing Square could add another few billion dollars to the pot, bringing the total amount for the SPAC to invest in a company to nearly \$6.5 billion. The goal: to use the money to bring a large private company public, according to a regulatory filing—potentially a “mature unicorn” valued at billions in the private market—and continue Mr. Ackman’s recent winning streak.

Payments Firm Taulia Raises \$60 Million

By JULIE STEINBERG

A clutch of global investors is throwing its weight behind a financial-technology upstart that facilitates payments between companies and their suppliers, betting that it is well positioned amid the disruption resulting from the coronavirus pandemic.

Taulia Inc. is raising \$60 million from backers, according to Chief Executive Cedric Bru. The round is being led by the fintech investment arm of **Ping An Insurance (Group) Co. of China Ltd.** and will include JPMorgan Chase & Co.’s strategic investment unit and a venture arm of **Saudi Arabian Oil Co.**, commonly known as Aramco.

Suppliers have come under pressure in recent months as access to cash has tightened during the pandemic. That has prompted demands for early



CEO Cedric Bru says some of the money will be used to expand globally.

payment as a source of liquidity.

People familiar with Taulia’s fundraising say it could value the company, which is profitable, at around \$400 million.

Based in San Francisco, the firm provides an online platform that links companies

with their suppliers. Suppliers enter their invoices into the system to be paid by the buyers. Suppliers can sign up for early payment, to be paid out by either the companies or by third-party financial institutions including banks.

If it is the latter, the compa-

nies pay back the financial institutions. The platform, which has two million suppliers signed up, financed more than \$7.5 billion dollars worth of invoices last quarter. The company’s clients include Airbus SE and Nissan Motor Co.

Taulia works with JPMorgan, UniCredit SpA and Greensill Capital to provide funding. It previously had an exclusive relationship with Greensill but has added other partners in recent months.

The proceeds from the fundraising round will be used to expand globally and introduce new products, Mr. Bru said in an interview. Ping An will help expand Taulia’s platform in China, a country integral to many companies’ supply chains, and Aramco will do the same in the Middle East, he added.

—Duncan Mavin contributed to this article.

MARKETS

Successful Auction Boosts Treasuries

By Sam Goldfarb

U.S. government bond yields fell to a nearly 11-week low after another well-received bond auction helped ease investors' concerns about growing supply.

Yields, which fall when bond prices rise, held steady overnight. But they dropped near the start of the U.S. trading session when U.S. stock indexes started to fall. They then added to declines in the afternoon following a \$19 billion auction of 30-year Treasury bonds.

The yield on the benchmark 10-year U.S. Treasury note settled at 0.605%, its lowest closing level since April 24, compared with 0.630% just before the auction and 0.652% at Wednesday's close.

Thursday's auction was the second straight day that investors showed strong demand for new longer-term Treasury debt following a \$29 billion sale of 10-year notes on Wednesday.

Thursday's auction presented another test for the market. But the hurdle was cleared just as easily, as the new 30-year bonds were sold with a lower-than-expected 1.330% yield.

"Judging by the auction results and the immediate post-auction trading, it seems that investors used this auction as a liquidity opportunity" to bet on a shrinking gap between short-term and long-term Treasury yields, analysts at Jefferies wrote in a research note.

Despite recent stock-market gains, analysts say that investors continue to buy Treasuries partly out of fear that it could take a long time for the U.S. to recover from the fallout from the coronavirus pandemic.

At the same time, investors are confident that the Federal Reserve will continue to support the economy—and fixed-income assets—by buying Treasuries and keeping short-term interest rates near zero.

AUCTION RESULTS	
Here are the results of Thursday's Treasury auctions. 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.	
FOUR-WEEK BILLS	
Applications	\$130,346,983,400
Accepted bids	\$43,328,882,900
* noncompetitively	\$937,254,600
* foreign noncompetitively	\$389,000,000
Auction price (rate)	99.992222 (0.100%)
Coupon equivalent	0.101%
Bids at clearing yield accepted	71.65%
Cusip number	9127963N7
The bills, dated July 14, 2020, mature on Aug. 11, 2020.	
EIGHT-WEEK BILLS	
Applications	\$121,922,437,900
Accepted bids	\$43,329,090,400
* noncompetitively	\$252,875,000
* foreign noncompetitively	\$801,000,000
Auction price (rate)	99.981333 (0.120%)
Coupon equivalent	0.122%
Bids at clearing yield accepted	18.27%
Cusip number	9127963K5
The bills, dated July 14, 2020, mature on Sept. 8, 2020.	
29-YEAR, 10-MONTH BONDS	
Applications	\$49,165,646,600
Accepted bids	\$20,666,899,600
* noncompetitively	\$941,300
* foreign noncompetitively	\$2,000,000
Auction price (rate)	98.034284 (1.330%)
Interest rate	1.250%
Bids at clearing yield accepted	63.47%
Cusip number	9128105N9
The bonds, dated July 15, 2020, mature on May 15, 2050.	

S&P Falls as Netflix Passes Verizon

By Karen Langley
And Caitlin Ostroff

The S&P 500 dropped as investors continued to back away from bets on a smooth reopening from the shutdowns.

Fresh data showed that initial unemployment claims in the U.S. remain elevated, and the number of confirmed new Covid-19 cases in the U.S. hit a single-day high Wednesday.

The broad U.S. stock index pulled back, dropping 17.89 points, or 0.6%, to 3152.05. Only its consumer discretionary and technology sectors gained.

The index has surged more than 40% from its March low.

The Dow Jones Industrial Average fell 361.19 points, or 1.4%, to 25706.09, dragged down by broad losses among the blue chips.

"I think the resurgence in the Covid-19 positive cases certainly makes the markets worried," said Feifei Li, head of equities at Research Affiliates. "They are concerned about the potential second round of lockdown."

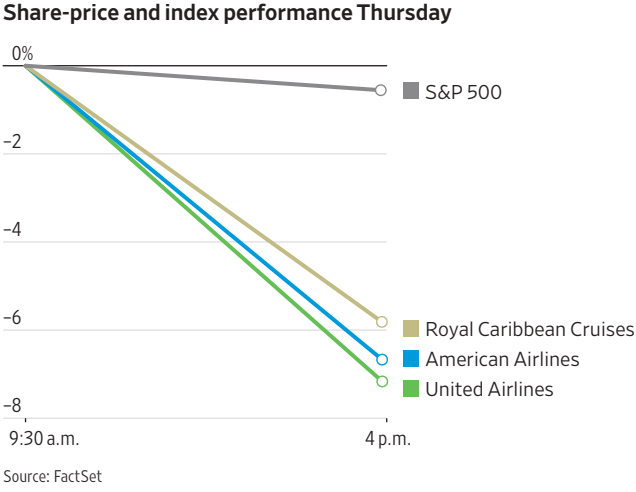
Investors continued to favor many of the megacap growth

stocks that have outperformed throughout the market turmoil. Gains by **Microsoft**, **Apple**, **Amazon** and **Alphabet** helped the Nasdaq Composite rise 55.25 points, or 0.5%, to close at a record 10547.75. The tech-heavy gauge has established a wide lead over other major indexes in 2020.

The market value of **Netflix**, meanwhile, surpassed **Verizon's** for the first time Thursday. The streaming platform's value is \$223.3 billion, while Verizon is valued at \$223.2 billion and **AT&T** is at \$210.4 billion.

Analysts have attributed the stock market's rally in part to broad fiscal and monetary stimulus efforts. But they continue to parse new data that could reveal the strength of economic recovery and the progression of the coronavirus pandemic.

"It's not surprising, depending on some of the headlines that scroll through at this time, you're going to have what we call basically a choppy market," said Jack Janasiewicz, portfolio manager at Natixis Investment Managers Solutions. "It's going to be uneven. You're going to



have fits and starts. The market seems to focus on any sort of bad coronavirus news."

Figures Thursday showed initial unemployment claims edged down last week to 1.3 million, extending a trend of gradual declines from a peak in March. But last week's level remained well above the highest week on record before this year.

Shares of companies whose prospects are tied to the economic reopening came under pressure.

United Airlines Holdings, **American Airlines Group** and **Royal Caribbean Cruises** all lost more than 5%.

With a flurry of new information related to the coronavirus and the approach of the presidential election, many investors expect market volatility to continue.

"The cards are all still very much up in the air for the U.S. economy and the U.S. stock market," said Sarah Henry, a portfolio manager at Logan Capital Management who cov-

ers consumer sectors.

Among individual stocks, shares of **Walgreens Boots Alliance** dropped \$3.28, or 7.8%, to \$39.01 after the drugstore chain reported a quarterly loss and noted reduced traffic in U.K. stores. **Bed Bath & Beyond** shares fell \$2.55, or 24%, to \$7.86 after the home-goods chain said it would permanently close about 200 stores.

Overseas, China's stock market zoomed higher for the eighth day in a row, leading Asian indexes, while stocks in the rest of the world wavered.

Early Friday, the Shanghai Composite was down 1.3%, the Shenzhen Composite was down 0.3% and Hong Kong's Hang Seng Index was down 1.1%. Japan's Nikkei was down 0.2% at midday, while South Korea's Kospi was off 0.7%. U.S. stock futures were down 0.2%.

"The day traders are actually a sizable part of the market," said Altaf Kassam, head of investment strategy for State Street Global Advisors in Europe. He said the traders were looking at signals of the government's support for the economy: "If anywhere has had a V-shaped recovery, it's China."

Investment Firm Bets on Novavax

By Gregory Zuckerman

Vaccine company **Novavax** Inc. traded at just 36 cents a share last May. Hoping to revive its shares and remain on the Nasdaq market, the Maryland company did a 1-for-20 reverse stock split but still finished 2019 down an additional 39%.

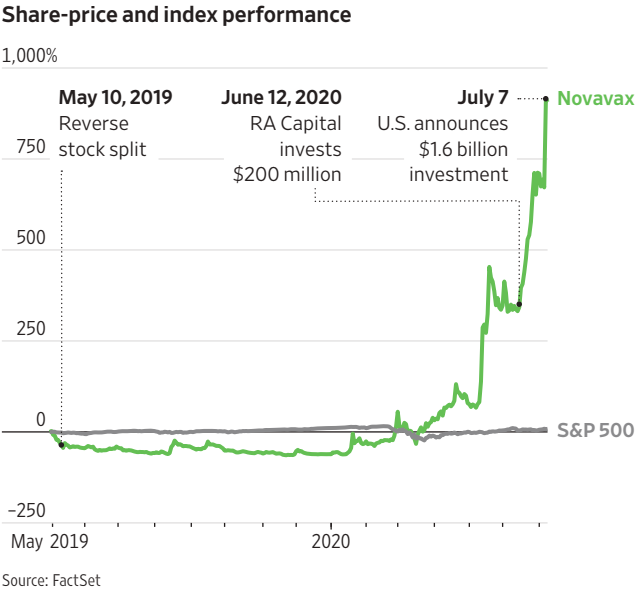
The three-decade-old company had failed to develop a single vaccine, cash was dwindling and it had to fire more than 100 employees, about a quarter of its workforce. The December holiday party was held in a conference room and featured pizza and Coke.

The new coronavirus changed Novavax's financial future while delivering a windfall for an investor who made a recent big bet on the company.

On Tuesday, Novavax's stock price closed at \$104.56, up 32% on the day and 2,527% so far this calendar year, after the company said it would receive \$1.6 billion from the federal government to develop and manufacture a potential coronavirus vaccine. On Thursday, Novavax closed at \$96.30, down 2% on the day. It fell 6% on Wednesday.

Novavax's climb is a sign of how the coronavirus is upending the pharmaceutical world, sparking newfound investor enthusiasm for companies that spent years fruitlessly chasing vaccines.

The stock surge generated \$255 million in paper profits in less than four weeks for **RA Capital Management LP**, an 81-person Boston-based biotech investment firm. On June 12, RA Capital spent \$200 million to purchase convertible preferred stock, giving the firm the ability to own nearly 4.4 million shares, or about 7.5% of Novavax total shares. The value of RA Capital's holdings is up about 120% in less than a



month, a lightning-fast move even for biotech investing, which is known for its home runs and strikeouts.

RA Capital's wager came after it became convinced the novel coronavirus will remain a threat for many years. Peter Kolchinsky, a virologist and managing partner at RA Capital, argues that any immunity likely won't last long, and that any vaccine will be needed annually.

RA Capital had been searching for a company that could develop a combination flu-and-Covid-19 vaccine that might be given seasonally. RA Capital determined that Novavax's flu vaccine, currently in Phase 3 trials, looked promising, and it was impressed with early, primate data from Novavax's work on a Covid-19 vaccine. The investment firm figured an antigen for SARS-CoV-2 could be added to four antigens in Novavax's flu vaccine to create an all-in-one, pentavalent vaccine, or one that can deal with four flu strains as well as Covid-19.

"People have not been talk-

ing about the bigger picture," Mr. Kolchinsky said, referring to the potential need for an all-encompassing vaccine.

It was no secret Novavax needed help. In March, when Chief Executive Officer Stanley Erck participated in a roundtable at the White House with other pharmaceutical executives chasing vaccines and treatments, he told President Trump: "Frankly, we need money. We're a biotech company, and not one of the larger pharma companies. And so we need money to get scale," according to a transcript of the conversation.

Rather than buy shares in the open market or wait for Novavax to do a share offering, RA Capital approached the company to offer financing to help it develop a vaccine, run trials and build manufacturing capabilities.

"We wanted a large position, so we offered to invest in the company and the company agreed," Mr. Kolchinsky said.

RA Capital's investment remains a gamble, partly because Novavax has disappointed in-

vestors throughout its history. The stock hit \$300 in 2001 and \$282.80 five years ago, adjusting for last year's stock split, before collapsing each time because of setbacks in various vaccines. A plunge early last year came after the company stumbled in efforts to develop a vaccine against respiratory syncytial virus. Mr. Kolchinsky said those vaccines used different technologies and approaches than those employed in Novavax's flu and Covid-19 work.

Though the company had demonstrated only vaccine progress, not success, it gained government backing this year for incipient Covid-19 work. Late this month, Novavax is expected to release Phase 1 data for its coronavirus vaccine. The federal funding under Operation Warp Speed will help expedite development of 100 million doses of a vaccine by the end of the year and support a pivotal, Phase 3 study with up to 30,000 participants beginning in the fall.

Others remain skeptical of Novavax.

"The company has suffered a string of failures, it has yet to publish even Phase 1 results for its trial of 130 patients and its vaccine would need to prove safe and effective in thousands of patients," said Michael Kren-savage. His hedge fund, Kren-savage Asset Management LLC, is betting against Novavax shares.

Mr. Kolchinsky said he is aware Novavax's quest could fail. In the past, RA Capital has had its share of losers. In 2009, a chunk of the firm's portfolio was in Sequenom Inc., which collapsed after the biotech company raised questions about the accuracy of its test results.

"Nothing is ever certain, and biotech investing is not for the fainthearted," he said.

Americans Binge on Lumber

Continued from page B1

seen, and we can barely keep up," PotlatchDeltic Corp. Chief Executive Michael Covey told investors in June. The Spokane, Wash., company's stud mills in Minnesota and Michigan were particularly stressed, he said.

In most states, home construction was deemed essential and allowed to continue throughout the shutdown. Work slowed due to social-distancing rules and delayed permits and inspections. But by May construction was booming again. Historically low mortgage rates enticed buyers. Lockdown-weary city dwellers sought suburban living and big landlord companies built houses expressly to rent.

Mills ramped back up and the logjam in the supply chain moved from white wood, which is fresh cut from timber, to so-called green wood, which is treated to last outdoors on patios and along railroads.

Tri-State in Brooklyn has placed orders for five shipments of treated lumber and hasn't yet been given a delivery date or even prices.

Besides the neighborhood construction boom resuming and all the back decks and pergolas being built, dozens of nearby bars, restaurants and cafes have been slapping together fenced-in decks for outdoor dining wherever they can carve out space in bids for survival, because indoor dining is still banned.

In addition to decks, some restaurants have created outdoor dining spaces by encircling parking areas with plywood planters. Georgia-Pacific stamps abound.

Brazil Stocks Lure Funds From Outside the Country

By Paulo Trevisani
And Jeffrey T. Lewis

More people are dying from Covid-19 in Brazil than anywhere else in the developing world, and the local economy is shrinking at the fastest pace in at least a century. Yet foreign investors are putting more money into Brazilian stocks than they are taking out for the first time in months.

As the country's currency plummeted during the coronavirus crisis, foreign investors put a net 343 million Brazilian reais (\$65 million) in local stocks in June, the first month to see a net inflow since December, according to the local stock-market operator B3. That left foreign investors holding 47% of shares traded in Brazil, B3 said.

The Bovespa index is down 14% since January, compared with a decline of 6% in the MSCI emerging markets index—a slide spurred by foreign

investors selling emerging-market assets and seeking refuge in the dollar. June's net inflow is relatively small and comes amid a volatile time for global stocks. But it ends a rare six-month string of outflows and demonstrates investors' renewed appetite for potential bargains.

"One thing we do know is that [Covid-19] shall eventually pass," said James McDonald, chief executive officer at Hercules Investments in Los Angeles. "If you buy a great asset for 30 cents on the dollar because it's temporarily experiencing a price shock, you eventually end up with a 300% plus return when the shock fades and the valuation returns to normal."

Mr. McDonald expects the health crisis to weigh on most Brazilian stocks through the second quarter of 2022. His fund has about \$3 million in Brazilian shares out of around \$200 million under manage-

ment, and he plans to keep adding shares of local blue-chip companies. Those include beer giant AmBev SA, a unit of Belgium's **Anheuser-Busch InBev**, airline **Azul SA**, shopping-mall developer **BR Malls Participações SA** and university operator **YDUQS Participações SA**.

Another major factor in investors' calculations: the Brazilian real has lost more value than any of its Latin American peers. It trades at 5.26 per dollar, much weaker than 4 to the dollar in January.

As recently as 2016 a dollar bought only 3.10 reais. At the time, the Central Bank of Brazil's benchmark interest rate was 14.25%, attracting droves of yield-seeking investors. But as inflation got under control, the bank lowered rates to 2.25%.

The pandemic aggravated the Brazilian currency's trend, making the country's stocks look a lot cheaper in dollar terms. Some investors say Bra-



Foreign investors hold 47% of shares traded in Brazil. A busy street in Rio de Janeiro.

zilian shares are even less risky than stocks in many developed markets.

"One can be quite convinced about Brazil," said Jerome Booth, chairman at New Sparta investment firm in London. He argues Brazilian assets are less likely to be inflated than those in developed countries, where large amounts of money were injected into the economy by central banks and governments to help ease the impact of the pandemic. "In that environ-

ment, emerging markets are reasonably well placed to be resilient sources of value."

Despite those investors' optimism, some analysts said they could be in for a bumpy ride.

Like its peers in the developed world, Brazil's central bank has slashed its benchmark rate and increased funds available for loans. But the scale in Brazil is much smaller.

Brazil's GDP will shrink 6.4% this year according to the central bank's most recent fore-

cast, and will recover only partially in 2021. Unemployment and public debt, both already high even before the pandemic, are expected to show only limited improvement over the next few years.

"This is not enough growth for foreign investors," said Reinaldo Lacerda, a partner at Hiron Patrimônio Familiar e Investimento, an asset-management firm in São Paulo that has clients in the U.S. and other countries.