

THE WALL STREET JOURNAL

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DJIA 28248.44 ▼ 60.02 0.2% NASDAQ 11466.47 ▲ 0.8% STOXX 600 369.75 ▼ 0.3% 10-YR. TREAS. ▼ 11/32, yield 0.680% OIL \$43.35 ▲ \$0.73 GOLD \$1,911.80 ▼ \$15.90 EURO \$1.1836 YEN 106.39

What's News

Business & Finance

American Airlines said it would shed 19,000 workers Oct. 1, as the industry braces for a wave of layoffs when protections tied to federal aid to U.S. carriers expire this fall. **A1**

The U.S. business of Teva was indicted on charges that the generic drugmaker fixed prices on cholesterol medication and other drugs. **A1**

McDonald's said its probe into Easterbrook's conduct is examining whether he covered up improprieties by other employees alongside allegations of potential misconduct within the HR department. **B1**

Chinese fintech giant Ant revealed how highly profitable its business has been as it gears up for what is likely to be a record-breaking IPO. **B1**

Palantir launched a broadside against the tech sector as it unveiled paperwork to take itself public. **B1**

The S&P 500 and Nasdaq again notched records, rising 0.4% and 0.8%, respectively. The Dow fell 0.2%. **B1**

GM is tapping salaried workers to help keep the lines running at a Missouri pickup-truck plant, drawing objections from the UAW. **B1**

Some mortgage lenders are asking customers to confirm that they don't intend to seek forbearance. **B1**

Best Buy's online sales surged in the latest quarter, but executives said product shortages crimped the gains. **B1**

A federal judge granted "Fortnite" creator Epic Games a partial reprieve in its battle against Apple. **B4**

World-Wide

First lady Melania Trump argued for her husband's reelection from the White House grounds, saying he was fighting for Americans, and Secretary of State Pompeo weighed in from Jerusalem, as the second night of the GOP convention entered unusual territory for a political event. **A1, A4**

Protesters in Kenosha, Wis., clashed with law enforcement for a third night in the wake of the police shooting of Jacob Blake, a 29-year-old Black man. **A3**

FDA officials pushed back against claims that their authorization of convalescent blood plasma treatments for Covid-19 had been politicized. **A5**

The Kremlin said it wasn't involved in the sudden illness of Russian dissident Navalny and questioned German doctors' assertion that he was poisoned. **A6**

Firefighters gained some ground on two massive wildfires in Northern California overnight Monday into Tuesday after hot and windy conditions abated. **A3**

Laura gathered strength as it churned toward the Texas and Louisiana coasts, where it was projected to make landfall as a Category 3 hurricane. **A3**

Trump will nominate Chad Wolf, the acting DHS secretary, to serve permanently in that role, the president wrote in a tweet. **A3**

Beijing alleged that a U.S. spy plane entered a no-fly zone over an area where the Chinese military was conducting live-fire drills. **A6**

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First lady Melania Trump addressed the Republican National Convention from the White House Rose Garden. Secretary of State Mike Pompeo delivered recorded remarks from an official trip to Israel. The president's daughter Tiffany Trump also spoke.



American Airlines Plans 19,000 Job Cuts

Industry braces for wave of mass layoffs as U.S. aid expires and travel fails to rebound

By Alison Sider

American Airlines Group Inc. said it would shed 19,000 workers Oct. 1, the first big wave of the tens of thousands of pilots, flight attendants, mechanics and other airline employees in jeopardy of losing their jobs when protections tied to federal aid to U.S. carriers expire this fall.

American's cuts are short of the 25,000 potential job losses it warned were possible last month. But together with retirements and temporary leaves of absence, the reductions will make the carrier about 30% smaller than it was in March and are the clearest sign yet of the devastation coming for the airline industry as the summer travel season winds down and government funds run out.

U.S. airlines have warned employees that more than 75,000 jobs could be cut this fall. This week Delta Air Lines Inc. said it would furlough 1,941 pilots unless it reaches a deal with their union on cost reductions. Earlier in the summer, United Airlines Holdings Inc. sent notices to 36,000 workers whose jobs it said could be at risk, though it hasn't yet said how many will be cut.

The airline sector was one of the few that had protections as broader unemployment...

First Lady, Secretary of State Buck Tradition With Speeches

By Alex Leary and Rebecca Ballhaus

First lady Melania Trump argued for her husband's reelection from the White House grounds, saying he was fighting for Americans, and Secretary of State Mike Pompeo weighed in from Jerusalem, as Tuesday's second night of the Republican convention entered unusual territory for a political event. The speeches capped a night

of programming that upended norms for a convention, including videos of President Trump issuing a pardon and conducting a naturalization ceremony from the White House. It also featured more of an optimistic tone than Monday.

In a convention marked by glossy tributes to Mr. Trump, the first lady was the speaker who made the most direct acknowledgment of the toll the coronavirus pandemic has

taken, with more than 177,000 people killed. "I know many people are anxious and some feel helpless," Mrs. Trump said. "I want you to know you are not alone."

She praised the people who elected her husband in 2016. "We have not forgotten the incredible people who were willing to take a chance on a businessman who had never worked in politics," she said, calling on them to award him a

second term. She also referenced civil and racial unrest that has swept across the country in recent months.

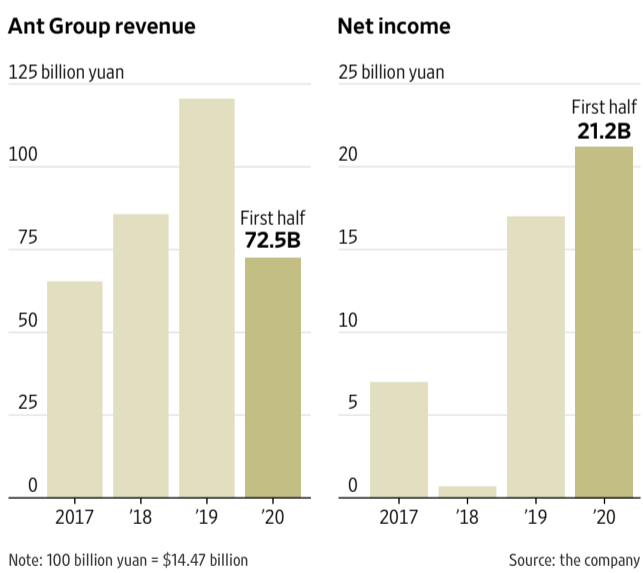
Mrs. Trump and Mr. Pompeo both bucked tradition with their remarks. It is not typical for a sitting secretary of state to give political speeches, particularly while on a diplomatic mission.

Please turn to page A4

♦ Re-election bid dwarfs 2016 campaign... A4

Ant Group Opens Up for IPO

Ant Group, the Chinese financial-technology giant controlled by Jack Ma, revealed details about its earnings as it prepares for IPOs on exchanges in Shanghai and Hong Kong. **B1**



Teva Indicted in Price Case

By Brent Kendall and Jared S. Hopkins

WASHINGTON—The U.S. business of Teva Pharmaceutical Industries Ltd. was indicted Tuesday on charges the generic drugmaker fixed prices on cholesterol medication and other drugs.

The Justice Department's antitrust division brought the case in a Pennsylvania federal court, alleging Teva Pharmaceuticals USA engaged in anti-competitive conduct that resulted in at least \$350 million in overcharges to consumers.

Prosecutors accused the company of fixing prices, rigging bids and allocating customers in three different conspiracies, including for pravastatin, a commonly prescribed cholesterol drug whose brand name is Pravachol.

A second conspiracy involved price fixing on medications used to treat arthritis, seizures, pain, skin conditions, and blood clots, the Justice Department alleged. The third alleged conspiracy involved drugs used to treat brain cancer, cystic fibrosis, arthritis, and hypertension, the department said.

Teva participated in the conspiracies from May 2013 until at least December 2015, prosecutors alleged.

"Today's charge reaffirms that no company is too big to be prosecuted for its role in conspiracies that led to substantially higher prices for generic drugs relied on by millions of Americans," said Assistant Attorney General Makan Delrahim, the Justice Department's top antitrust official.

Teva rejected the allegations and promised to defend itself in court, saying in a statement that it was "deeply disappointed that the government has chosen to proceed with this prosecution." The company said its own internal investigation found no price-fixing.

The indictment is the highest-profile action in a long-running investigation that has swept across the generic-drug industry and has resulted in cases against seven companies and four executives so far.

Generic drugs account for some 90% of medications dispensed in the U.S.

Most companies so far have agreed to settle charges by paying criminal penalties, admitting wrongdoing and agreeing to cooperate, in exchange for non-prosecution.

♦ Beijing condemns U.S. spy plane overflight... A6

No Joke:
Comics Need
An Audience

* * *
Stand-ups find it isn't funny writing when not on stage

By Chris Kornelis

The pandemic has cleared Lewis Black's schedule, but like so many others, it hasn't led to an increase in productivity.

"Most of the stuff that I've been doing," says the stand-up comedian and actor, "has been, literally, dealing with the tech problems associated with trying to get work done."

Writing jokes has been all but impossible. To do that, he needs to be on stage, somewhere he hasn't been since... *Please turn to page A8*

China Consulate Fight Tied to Military

Diplomats helped researchers evade FBI scrutiny, U.S. says, spurring Houston closure

By Kate O'Keefe and Aruna Viswanatha

WASHINGTON—When Assistant Secretary of State David Stilwell told China's ambassador that the Houston consulate must close within 72 hours, he delivered a related message: Remove all Chinese military researchers now in the U.S.

The July 21 order on the researchers, which hasn't been previously reported, was the culmination of months of rising concern in the Trump administration over what U.S. officials depict as an intelligence-gathering operation aided by Chinese diplomats to collect scientific research from American universities.

The alleged sources for that intelligence, according to U.S. officials and court documents filed in related cases, were Chinese postgraduate researchers in areas such as bio-medicine and artificial intelligence who had, to varying degrees, hidden from immigration authorities their active-duty statuses with the People's Liberation Army.

Investigations are in early stages, and much about the events leading to the consulate's closure remains classified and hard to assess. But U.S. officials say the interactions between researchers and Chinese diplomats spurred the...

♦ Beijing condemns U.S. spy plane overflight... A6

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Ranked #1 for CRM Applications based on IDC 2019H1 Revenue Market Share Worldwide.

17.3% (Salesforce)
5.5% (Oracle)
5.3% (SAP)
3.5% (Microsoft)
3.5% (Adobe)

2015 2016 2017 2018 2019H1

Source: IDC, Worldwide Semiannual Software Tracker, October 2019.

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THE REPUBLICAN CONVENTION

Re-Election Bid Dwarfs 2016 Effort

President's operation has spent more than it did in the entire race four years ago

By REBECCA BALLHAUS

WASHINGTON—Nearly four years after Donald Trump's skeletal campaign propelled him to a surprise victory, his operation looks a lot more like the behemoth Hillary Clinton built.

As President Trump prepares this week to accept the Republican nomination for president for a second time, new campaign-finance records shed light on the magnitude of his operation. Through the end of July, with more than three months to go before the election, the Trump campaign already had spent \$323 million, more than the \$321.8 million it spent in the entire 2016 election cycle—and more than the \$258 million Mrs. Clinton's campaign spent through July 2016.

Mr. Trump entered the general election four years ago with the most thinly funded and staffed campaign for a nominee in recent memory, which left him nearly entirely reliant on the Republican Party for the basic functions of a campaign. His operation's single largest expense in the month before the 2016 Republican convention was on campaign merchandise such as T-shirts and stickers. He spent just \$150,000 on ad buys that

month, preferring instead to rely on free media. Mrs. Clinton's largest expenses, in contrast, were on payroll, travel and advertising.

The Trump campaign's expense report this time around looks considerably more traditional. The campaign's largest shares of expenses in July were on advertising, mailers and payroll, according to Federal Election Commission filings—though the campaign also spent more than \$1.7 million on merchandise such as stickers, apparel and signs.

During the Democratic National Convention last week, the Trump campaign mounted a digital ad campaign attacking Joe Biden, spending more than \$10 million to temporarily take over advertising on the homepages of The Wall Street Journal, the Washington Post and the Daily Caller as well as the YouTube masthead, a campaign official said. It expects to spend a similar amount during the Republican convention this week, the official said.

According to FEC filings, the campaign in July had more than 200 staffers on the payroll, many of whom are based in a sprawling Arlington, Va., office building. That number doesn't account for some advisers paid through their consulting firms. Four years ago, that number was less than 80.

Campaign advisers say the goal was always for the 2020 operation to be bigger. "I mean, Jesus—that operation was so tiny, it couldn't be



As President Trump prepares to accept the nomination, campaign-finance records are shedding light on the magnitude of his effort.

smaller," one adviser said. "If you play the game, play with everything you got. That's all we had in 2016."

Incumbent presidents traditionally have larger campaigns—though not usually by such a large margin—because they are able to raise more money. After being outpaced in fundraising in 2016 by Mrs. Clinton, the Trump campaign through July raised more than \$426 million, more than three times what it had raised by that point four years ago.

Yet the campaign's hefty spending has raised eyebrows among some Trump allies, who wonder where the money is being spent as national polls show Mr. Biden with a substantial lead.

"They've already spent as much as 2016, and they're losing to Joe Biden," one White House official said last month.

Courtney Parella, the Trump campaign's deputy national press secretary, said the campaign was in good shape "thanks to the record enthusiasm for President Trump and the solid infrastructure we've built on since 2016." Trump campaign manager Bill Stepien has said the campaign's internal polling shows the president in "strong standing."

The Trump campaign in July spent about \$5 million more than Mr. Biden, and has spent \$93 million more than Mr. Biden's campaign over the course of the election, FEC filings show.

The Trump Operation

President Trump's campaign brought in \$72 million in July, nearly double what his campaign raised in July 2016.

Campaign revenue/spending		Trump campaign top spending categories	
JULY 2020		JULY 2020	
Trump	Raised \$72.0 million	Placed (TV/radio/print) media	\$34.2 million
	Spent \$64.5 million	Online advertising	\$9.8
Biden	\$63.4	SMS (text message) advertising	\$3.3
	\$59.7	Direct-mail printing and postage	\$2.4
JULY 2016		Payroll	
Trump	\$36.7		\$2.0
	\$18.5		
Clinton	\$52.3		
	\$38.2		

Source: Federal Election Commission

Potential 2024 Candidates Get Platform of Their Own

By JOHN McCORMICK

This week's Republican National Convention offers the biggest opportunity yet for several politicians who could seek the party's 2024 presidential nomination to showcase themselves as potential successors to President Trump.

Two South Carolinians, former governor and U.N. Ambassador Nikki Haley and Sen. Tim Scott, spoke during prime time Monday on the convention's opening night, along with Mr. Trump's eldest son, Donald Trump Jr. They will be followed on subsequent nights by Vice President Mike Pence, Sen. Tom Cotton of Arkansas and others.

Secretary of State Mike Pompeo, another potential 2024 candidate, delivered a recorded address from Israel that was played Tuesday evening. His decision to speak to the convention while on a taxpayer-funded trip sparked complaints from former diplomats and congressional Democrats that he had crossed the traditional boundary between diplomacy and politics.

It is still early for Republicans to publicly discuss future



Republican Sen. Tim Scott of South Carolina got a prime-time speaking slot at the convention on Monday.

presidential ambitions, but convention speaking slots can give rising stars an opportunity to introduce themselves and leave an impression on the American public.

"Getting on the stage, especially during prime time, propels you into the conversation," said Steve Grubbs, an Iowa-

based Republican strategist and former state party chairman who advised the unsuccessful 2016 presidential bid of Sen. Rand Paul of Kentucky. "That conversation matters in becoming an early front-runner and finding money."

What the GOP will be looking for in 2024 could depend on the

outcome of November's election. If Mr. Trump wins a second term, he is likely to play a strong role in shaping the party's future. If he loses to former Vice President Joe Biden, or if Democrats take control of both chambers of Congress, the party could find itself in more of a soul-searching mode.

Some potential 2024 GOP candidates who haven't always supported Mr. Trump in recent years are expected to miss the Republican convention. That includes Maryland Gov. Larry Hogan, who has been critical of the president's handling of the coronavirus pandemic, and Nebraska Sen. Ben Sasse, another frequent critic.

Also absent are former President George W. Bush and 2012 Republican presidential nominee Mitt Romney, now a senator from Utah. Both have been critical of Mr. Trump and neither has endorsed his re-election.

That stands in contrast with last week's Democratic convention, which featured every living former Democratic president as well as the party's 2004 and 2016 presidential nominees.

Three Floridians mentioned as possible 2024 GOP candidates—Gov. Ron DeSantis and Sens. Marco Rubio and Rick Scott—haven't been named as convention speakers.

Two other senators, 2016 presidential candidate Ted Cruz of Texas and Josh Hawley of Missouri, who has drawn national attention in recent years, also aren't scheduled to appear.

Ms. Haley, who served as ambassador during the first half of Mr. Trump's administration, highlighted her parents' immigrant story and outlined her accomplishments as governor, which overlapped with the current Democratic presidential nominee's time as vice president.

"Everything we did happened in spite of Joe Biden and his old boss," said Ms. Haley, a onetime critic of Mr. Trump who defended him Monday. "We cut taxes. They raised them. We slashed red tape. They piled on more mandates."

Mr. Scott of South Carolina, the only Black Republican senator, argued for greater school choice. He also suggested that the nation is making progress in addressing racial division, even if it doesn't always seem that way.

"We live in a world that only wants you to believe in the bad news, racially, economically and culturally polarizing news," he said. "The truth is, our nation's arc always bends back towards fairness. We are not fully where we want to be, but I thank God almighty that we are not where we used to be."

First Lady, Pompeo Make Case

Continued from Page One mission overseas, and political activity is generally not conducted on White House grounds.

Mr. Pompeo's speech extolled foreign-policy decisions by the president, including the deadly strike on Iranian military leader Qassem Soleimani and moving the U.S. Embassy to Jerusalem. "President Trump has put his America First vision into action," he said. "It may not have made him popular in every foreign capital, but it has worked."

A Democratic-led congressional committee said it would open an investigation into whether Mr. Pompeo's speech, which he recorded during a trip aimed at urging Arab countries to forge formal ties with Israel, violates federal regulations or State Department guidelines on political activity.

The State Department said it wouldn't bear any costs in connection with his appearance and

wasn't involved. Mr. Pompeo is thought of as a future GOP presidential candidate.

Mr. Trump's aides have defended the unconventional arrangements of speaking from the White House after the party was forced to cancel most of its in-person convention events due to the pandemic. A government body charged with enforcing the rule that restricts political activity by federal employees said Mr. Trump could speak from the White House.

The Biden campaign in a statement said, "Like his many failures throughout the COVID-19 pandemic, Republicans and the Trump campaign are trying to use their convention to create an alternate reality and distract from the crisis they created."

Mr. Trump made his first appearance early in the program. In a video, he said he was issuing a pardon for one convention speaker, Jon Ponder, who was convicted of bank robbery and became an advocate for felon rehabilitation. Mr. Ponder praised Mr. Trump's work on criminal justice reform.

Just after 10 p.m., Mr. Trump appeared again from the White House for a naturalization ceremony featuring five new U.S. citizens. Democrats criticized the

In the Spotlight On Wednesday

Vice President Mike Pence is set to speak from Fort McHenry, the national monument in Baltimore, on the third day of the Republican National Convention. Other scheduled speakers include:

- ◆ Second lady Karen Pence
- ◆ Tennessee Sen. Marsha Blackburn
- ◆ Iowa Sen. Joni Ernst
- ◆ South Dakota Gov. Kristi Noem
- ◆ New York Rep. Elise Stefanik
- ◆ Kellyanne Conway, adviser to the president. Ms. Conway said late Sunday she was leaving the administration at the end of the month, and it wasn't known whether she would keep her slot at the convention.

move, saying that he was politicizing a government function and that his policies during the pandemic have shut down most legal immigration avenues. A White House spokesman dismissed the idea that anything was inappro-

priate about the ceremony.

Two of Mr. Trump's children gave some of the most charged speeches, lashing out at the news media and political opponents. Tiffany Trump said the contest is a "fight for freedom versus oppression." Eric Trump said, "The Democrats want to defund, destroy and disrespect our law enforcement." Mr. Biden has said he doesn't support a push by some activists to defund police departments.

The program also featured people the campaign picked to highlight Mr. Trump's policies. Cultural issues gained the spotlight with a speech from a student whose encounter with a Native American activist at the Lincoln Memorial in Washington last year became a viral moment. "I learned that what was happening to me had a name. It was called being canceled," said Nicholas Sandmann of Kentucky. "Canceled is what's happening to people around this country who refuse to be silenced by the far left."

Mary Ann Mendoza, whose son was killed by a drunken driver in the country illegally, planned to speak but was pulled from the program after she encouraged her Twitter followers to read a thread that included anti-Semitic ideas. She

apologized, saying she shared it "without reading every post within the thread."

The speech was a return to the convention stage for Mrs. Trump and a chance for a redo. In 2016, her speech drew accusations of plagiarism over similarities to words by Michelle Obama.

Mrs. Trump has kept a lower profile than some of her predecessors, but she has put energy into an antibullying effort. She just oversaw a redesign of the Rose Garden, where she spoke Tuesday before an audience. The campaign had discussed giving her more of a role, including heading fundraisers, though that has been curtailed by the pandemic.

Mr. Pompeo's appearance led to questions from the House Foreign Affairs Committee, whose chairman, Rep. Eliot Engel (D., N.Y.), pointed to State Department documents he said "clearly" show a violation of legal restrictions interpreted by department lawyers and reiterated by Mr. Pompeo in a July memo to employees. A subcommittee chairman said he was launching an investigation.

Neither the State Department nor the Trump campaign responded to requests for comment.

Event Draws 17 Million Viewers

By BENJAMIN MULLIN

The first night of the Republican National Convention drew 17 million viewers, according to Nielsen, underperforming the opening nights of both last week's Democratic event and the 2016 Republican convention.

TV viewership of Monday's event, which included speeches from President Trump and his son Donald Trump Jr., was 14% smaller than the first night of the Democratic National Convention, which drew 19.7 million viewers, according to Nielsen.

The first night of the Republican and Democratic nominating conventions both had smaller TV audiences than four years ago. The decline in TV viewership of the conventions reflects, in part, Americans' shifting media-consumption habits. As millions of households cut the cable cord, political discourse is increasingly moving online.

U.S. NEWS

Cases Jump In Rural Parts Of Illinois

By KRIS MAHER

As new coronavirus cases decline nationally, despite an uptick on Monday, health officials and business leaders in rural parts of Illinois are raising alarms about rising infection rates that are fueling a steady increase in positive cases statewide.

In the past two weeks, eight of the 10 counties in Illinois with the fastest rates of new Covid-19 cases per capita were in smaller nonmetropolitan counties, according to an analysis of data tracked by Johns Hopkins University.

This is a reversal from an earlier trend, which saw Cook County, which includes Chicago, leading the state in coronavirus infections. Since March, Cook County has accounted for about 55% of the state's Covid-19 cases. But its contribution has slowed as cases have spread to other corners of the state.

In rural Effingham County, population 34,000, cases surged from a few dozen in mid-July to 427 as of Sunday. That increase gave the county the highest rate of cases by population for the week ended Aug. 17, with more than 400 cases per 100,000 residents. Cook County had a rate of about 100 cases per 100,000 residents for that week.

"For a long time, it seemed like it was in the urban areas, and now a lot of the urban areas are tapering off," said Jeff Workman, administrator for the health department in Effingham County. "It is frustrating, honestly. We need to somehow convey to people that they need to wear masks and social distance."

The U.S. reported 38,045 new cases on Monday, according to Johns Hopkins. That is

up from 34,567 on Sunday but still an improvement from last week, when cases topped 40,000 most days and neared 50,000 on some.

The rise in rural infections in Illinois continues a summer trend. New cases in the state's 75 nonmetropolitan counties have outpaced those in the state's 27 metropolitan counties since the middle of July, according to Johns Hopkins.

The shift follows a broader trend in the Midwest since July in which cases in rural areas have outpaced those in urban ones in several states.

On Monday, the Illinois Department of Public Health announced 1,612 new Covid-19 cases. The state has had 221,790 cases since the start of the pandemic.

Ngozi Ezike, director of the state health department, said last week that while the positivity rate for the nation as a whole declined over the previous four weeks, it had increased for Illinois during that period. "We're going in the wrong direction," she said.

The rise in cases across Illinois comes as students are returning to K-12 schools and universities, which could leave the state in a bad position if infections spread more this fall as the weather cools, health officials say.

Diana Stenger, administrator for the health department in Coles County, attributes a recent surge in cases to young people having parties to say goodbye to friends before heading to college.

The county, with about 53,000 residents, has had 827 cases and 20 deaths. Its rate of new cases was recently three times that of Cook County.

—Maureen Linke
contributed to this article.

Politics Clouds Covid-Plasma Science

By AMY DOCKSER MARCUS
AND THOMAS M. BURTON

Food and Drug Administration officials pushed back against claims that their authorization of convalescent blood plasma treatments for Covid-19 had been politicized, as the partisan brushfire obscures several scientific and public-health ramifications of the agency's decision.

The FDA on Sunday authorized antibody-rich convalescent plasma, derived from patients who have survived the virus, as a potentially effective therapy against the new coronavirus. The authorization came after President Trump criticized the agency for delaying the decision, asserting that it might be part of a "Deep State" attempt to sabotage his re-election campaign.

That, in turn, brought claims that the FDA authorized the therapy under pressure from Mr. Trump—which agency officials rejected Tuesday.

FDA chief Stephen Hahn said on CBS that the agency's decision wasn't influenced by political pressure. He said he had inadvertently mischaracterized some data at a White House news conference, but the authorization "was based on sound science and data."

Emergency-use authorizations have been used during previous pandemics, and scientists and government officials have sometimes disagreed on how to interpret the data. EUAs are temporary and have a lower regulatory standard than the standard applied for a drug approval.

In a statement Tuesday, Peter Marks, a senior FDA official involved in the convalescent plasma decision, said the FDA reviewed data from sources including over a dozen studies and from a national FDA-sponsored expanded-access study led by the Mayo Clinic. He underscored that convalescent plasma's potential benefits outweigh potential risks—meeting the standard for authorization in a public-health emergency.

FDA scientists found some



The FDA's Stephen Hahn, left, with Health and Human Services Secretary Alex Azar on Sunday.

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patients who got plasma with high levels of antibodies showed an approximately 35% survival advantage over patients who got plasma with lower antibody levels. The patients who benefited were under age 80, not on mechanical ventilation and received the plasma within three days of diagnosis of their illness.

Scientists who weren't involved in the recent convalescent-plasma studies agreed that there is a case to be made in support of the FDA decision. What has been missing is an open discussion about the pros and cons of the emergency authorization and its consequences, said Joshua Sharfstein, a professor at Johns Hopkins Bloomberg School of Public Health and former senior FDA official who was involved with EUAs during the swine-flu outbreak in 2009.

Others said even under an EUA's lower standard of evidence, convalescent plasma falls short. "We can't say whether you are better off getting convalescent plasma than a placebo," said David Magnus, professor of medicine and biomedical ethics at Stanford University. "It is plausible as a candidate for research, not

clinical care."

Before the Sunday decision, the vast majority of Covid-19 patients who got access to convalescent plasma did so through the large FDA-sponsored expanded-access program led by the Mayo Clinic. In the program, set up in April, more than 72,000 hospitalized patients received convalescent plasma transfusions through a process also known as "compassionate use" access, streamlined to fill urgent requests of doctors looking to save patients' lives.

Investigators have reported safety data involving the first 5,000 patients, then 20,000, providing reassurance that the plasma appeared safe to use.

The question of whether convalescent plasma works always lingered. All patients received the experimental treatment in the expanded-access study, so investigators can't make comparisons between results in patients who got plasma versus those who don't. As a result, they can't be certain that improved outcomes are due to the plasma.

The EUA in some ways makes it easier to access convalescent plasma, by removing some of the regulatory barriers.

It enables patients to get plasma at hospitals that previously weren't able to offer it because they lacked the required staffing and resources to participate in the expanded-access program.

Patients also don't have to sign up for a randomized clinical trial—something they might have been reluctant to do because they would risk being assigned to a control group and denied plasma.

The EUA applies only to hospitalized patients: Outpatients, or healthy people seeking plasma because of exposure to the coronavirus, might have to enroll in clinical trials designed for those populations. Doctors may also file emergency requests with the FDA, which might not approve them.

Jesse Goodman, a professor at Georgetown University and a former chief scientist at the FDA, said promising data outside the rigors of a clinical trial can be deceptive. Even though an EUA isn't the same thing as a drug approval, Dr. Goodman said, "many people portray it as one, and believe it is one. We need to make it very clear in ways people can understand that they are getting an unapproved product."

American Airlines Plans Cuts

Continued from Page One
ment surged in recent months. Airlines agreed not to let any workers go through the end of September as a condition of the \$25 billion they received under a broad economic stimulus package passed in March. Efforts to secure another \$25 billion in funds to keep airline workers in their jobs through the end of March 2021 garnered bipartisan support but have stalled in recent weeks, as Congress has been unable to reach an accord.

"It was assumed that by Sept. 30, the virus would be under control and demand for air travel would have returned. That is obviously not the case," American Chief Executive Doug Parker and President Robert Isom wrote in a message to employees Tuesday. American plans to fly less than half its typical schedule in the fourth quarter.

Airlines had hoped to prevent the tumult of the industry and its workers experienced after the Sept. 11, 2001, terrorist attacks, when carriers within a matter of weeks outlined plans to let go tens of thousands of employees.

After years of turmoil, including the 2008 financial crisis and the waves of bankruptcies and consolidation it triggered, airline employment levels only recently returned to near where they stood before Sept. 11. Airlines' ranks swelled by about 20% in the past decade as the industry enjoyed a record-long stretch of profits, according to figures from the Bureau of Transportation Statistics. Airlines' biggest labor challenge before the pandemic was finding enough pilots to keep up with surging travel demand.

The pandemic is set to have an even deeper and longer-lasting impact on airlines' finances than 9/11, several industry executives have said.

Carriers have spent months trying to lure passengers back onto planes after the pandemic nearly halted travel in the



Air-travel demand has stalled at around 30% of last year's levels.

spring. They have developed more-thorough cleaning procedures and toughened rules requiring passengers to wear masks. They have struck partnerships with medical institutions such as the Mayo Clinic and brands like Clorox. They have offered deep discounts.

Nevertheless, travel demand has stalled at around 30% of last year's levels. Executives believe it will take years—and likely a vaccine—for it to fully rebound.

"We are six months into this pandemic, and only 25% of our revenues have been recovered," John Laughter, senior vice president of flight

The pandemic is set to have a longer-lasting impact on airlines than 9/11.

operations, told Delta pilots in a memo Monday. "Unfortunately, we see few catalysts over the next six months to meaningfully change this trajectory."

Airlines had hoped that summer would bring higher travel numbers. American made plans to sharply expand flying to capture the increased traffic as demand started to rise in May and June. But the early optimism waned quickly as the virus continued spreading, triggering new travel restrictions that damped travel demand in July. Airlines began to scale back their plans.

The corporate traffic that would typically ramp up in the fall as business travelers jet to

client meetings and conferences in the final months of the year shows no signs of returning. Governments around the world are still restricting travel—including between the U.S. and Europe—cutting off lucrative international traffic for major airlines.

"I'm afraid it's hard to be positive for anything between now and the end of the year," said John Grant, chief analyst at airline data provider OAG. American's reductions include 17,500 furloughs of pilots, flight attendants, mechanics and others, as well as 1,500 cuts from management and administrative ranks. They cover American Airlines itself as well as the two regional airlines it owns.

Other airlines including Alaska Air Group Inc., JetBlue Airways Corp. and Spirit Airlines Inc. have said they would be able to avoid furloughs at least for pilots, who are expensive to train and difficult to replace.

Southwest Airlines Co. has said it can likely manage through this year without letting employees go after thousands agreed to take extended leaves or depart on their own.

"They did a good job enticing people away," said Charlie Mattingly, one of the hundreds of pilots who accepted Southwest's early-retirement offer and recently made his last flight. The prospect of giving up a decadeslong career was an emotional one for many, said Mr. Mattingly, who is also a principal at Leading Edge Financial Planning, which provides financial advice to pilots.

"I've been a pilot for 23 years," he said, "and I'm not a pilot anymore."



EAST MEETS WEST LE PHO



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This original oil was composed by Le Pho, one of the two most important Vietnamese painters of all time. The artist is renowned for his portrayals of women and children, with imagery that brings together the

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WORLD NEWS

North Korea Turns Focus Inward

Kim Jong Un is dealing with a faltering economy, flooding and coronavirus defense

BY TIMOTHY W. MARTIN
AND ANDREW JEONG

SEOUL—In a year that once looked primed for outward provocation through its weapons program, North Korea has instead turned inward in recent months.

Pyongyang in recent weeks has shuffled senior leadership positions and made a rare admission of defeat on its five-year economic policy. Further keeping the regime focused on the home front are widespread flooding and the task of keeping the coronavirus out of a country under-equipped to deal with a big outbreak.

Meanwhile, Pyongyang has halted major weapons tests, and its nuclear talks with Washington remain gridlocked, with little likelihood of progress before a U.S. election that will decide the fate of President Trump, who has met with North Korean leader Kim Jong Un three times.

Pyongyang this month demoted and replaced his premier, whose role focuses on the economy. South Korea's spy agency said Mr. Kim, who rose to power in late 2011, recently has delegated authority to some senior aides—including his sister Kim Yo Jong, now a de facto No. 2, though not an anointed successor. This spreads the potential blame onto others in the event of a policy failure. But another motivating factor, the spy agency told South Korean lawmakers last week, may be that Mr. Kim is feeling the strain of ruling as challenges pile up.

If not for the Covid-19 fears and the recent flooding, Pyongyang may have charted a different path this year, conducting even more weapons tests to



North Korean leader Kim Jong Un, left, in an image released by his regime, led a meeting last week.

ratchet up pressure on Mr. Trump, said Rachel Lee, a former North Korea analyst for the U.S. government. "I'm sure North Korea has had to recalibrate their policy," she said.

North Korea started the year on far less humbling and more audacious footing. The South Korean and U.S. militaries went on alert after Pyongyang threatened to deliver a "Christmas gift." Then, in a speech published Jan. 1, Mr. Kim said he no longer felt bound by a moratorium on long-range weapons tests. He promised to soon unveil a new strategic weapon, an unfulfilled vow.

The North restarted major weapons tests in March, unleashing five in about six weeks. But since April 14, Pyongyang has halted major test-fires, though it has conducted other routine drills.

An Oct. 10 celebration marking the 75th anniversary of the

Workers' Party founding, one of the regime's most important events in years, could provide a forum for the Kim regime to finally showcase its latest weapon, Pyongyang watchers say.

"North Korea does have a lot

The economy could contract by at least 8.5% this year, analysts estimate.

of problems," said Go Myonghyun, a research fellow at the Asan Institute, a Seoul-based think tank. "But that does not mean North Korea will suspend development or work on its nuclear weapons."

The North, for now, is dealing with more on-the-ground

issues. At a Workers' Party plenary session last week, North Korea acknowledged its economic plans had failed to improve the lives of citizens and progress had been "seriously delayed." When the five-year plan was adopted in 2016, Mr. Kim touted expected science and technology advancements, in addition to hopes to expand "external economic relations" that would allow the country to "fly the flag of victory."

But a combination of international sanctions, border clampdowns prompted by the coronavirus threat and floods have derailed an economic turnaround. Now, Mr. Kim talks of self-reliance and belt tightening. The next five-year plan won't be revealed until January.

North Korea's economy could contract by at least 8.5% this year, according to a Fitch Solutions estimate this month, dragged down by slowdowns to

the global economy.

Pyongyang doesn't publish official economic data. South Korea's central bank, relying on data gathered by other government departments estimated the Kim regime's economy expanded by 0.4% last year, helped by more construction and agricultural output. That followed contractions of 4.1% in 2018 and 3.5% in 2017. The South Korean figures don't include the North's underground economy.

The Kim government has evaded international sanctions and generated funds by hacking financial institutions and illicit ship-to-ship transfers, according to United Nations reports. But foreign tourism, a key source of legitimate revenue, has collapsed after the North sealed off its borders to bolster its virus-preventive efforts.

Last month, the North instituted a lockdown near the South Korean border, after a suspected case of Covid-19 emerged. As of late July, North Korea had 4,380 people quarantined, the World Health Organization said. Pyongyang hasn't acknowledged any cases, but stressed prevention measures.

The North this month was pummeled with rainfall that led to widespread flooding, which state media has said damaged at least 16,680 homes and 630 public buildings. From late June to mid-August, North Korea received over 60% more rain than the average, with some of the hardest-hit areas home to a bulk of the country's rice fields, South Korea says.

The bad weather worsens the government's vulnerable food production. Even before the floods, about three-fifths of North Korea's roughly 25 million people had limited or uncertain access to adequate food, according to a U.S. estimate. In the past year, about 700,000 additional North Koreans can be deemed "food insecure," according to the U.S. Department of Agriculture analysis.

Beijing Condemns U.S. Spy Overflight

BY CHUN HAN WONG

HONG KONG—Beijing said that a U.S. spy plane entered a no-fly zone it had designated over an area where the Chinese military was conducting live-fire drills, condemning the overflight as a provocative act.

An American U-2 reconnaissance aircraft "severely disrupted regular Chinese training activities" on Tuesday by intruding into airspace over an area where the People's Liberation Army's Northern Theater Command was carrying out the exercises, said a spokesman for China's Defense Ministry.

The overflight was a blatant act of provocation that could have caused misunderstandings, misjudgments or even an accident, said the spokesman, Senior Col. Wu Qian. He accused the U.S. of contravening bilateral guidelines on aerial and maritime safety, as well as international norms.

"China is firmly opposed to this and has made solemn representations to the U.S.," Col. Wu said. He didn't provide further details about the U-2's flight path or the location of the Chinese live-fire drills.

The plane was flown by personnel of the U.S. Pacific Air Forces, which described the flight in a statement as within accepted international rules and regulations. "Pacific Air Forces personnel will continue to fly and operate anywhere international law allows, at the time and tempo of our choosing," the statement said.

According to notices issued by China's Maritime Safety Administration, military exercises, including live-fire drills, were being conducted in waters off the northeastern coast, from the Bohai Gulf to the Yellow Sea.

Global Trade Shows Signs of Recovery After Sharp Fall

BY PAUL HANNON

Global trade flows collapsed in the spring, marking the largest fall in two decades, as coronavirus lockdowns disrupted air and sea transport and dealt a blow to the demand for many consumer and investment goods.

In more recent weeks, signs have emerged of a rebound in the movement of goods across national borders. But the enormous economic and social disruptions caused by the pandemic are expected to reshape global trade in the longer term.

Global trade had weakened before the crisis, hobbled by trade tensions and fresh tariffs. Coming in addition to those disruptions, the pandemic has raised fresh questions about the resilience of supply chains that stretch across the globe and drive a third of world trade.

Now, some governments—stung by shortages of domestically made medical supplies when the pandemic hit and worried about a reliance on Chinese-made products—are advocating the erection of trade barriers and are pushing to bring manufacturing home, in what could be a rebalancing of world trade after the global health crisis abates.

The CPB Netherlands Bureau for Economic Policy Analysis on Tuesday said flows of goods across borders were 12.5% lower in the three months through June than in the first quarter of the year. That was the largest drop since records began in 2000.



A rebound isn't reaching every corner of the globe: Japanese manufacturers reported a drop in new orders. Above, a ship in Yokohama.

Global trade volumes, indexed 2010=100



Source: CPB World Trade Monitor

more and more regions."

But there also are signs that the recovery in exports isn't reaching every corner of the global economy. U.S. and German manufacturers responding to a survey of purchasing managers last week reported a jump in export orders in August, with the former seeing the largest rise since September 2014. By contrast, French and Japanese manufacturers reported a drop in new orders.

One challenge is capacity. Businesses prefer to send smaller, high-value items by air when they are selling to customers who are far away, while air travel also is essential to make up for shortages as a result of delays in shipping by sea. But many aircraft remain grounded in response to the sharp fall in air travel.



Yulia Navalnaya, left, arrives at the Berlin hospital where her husband, Russian dissident Alexei Navalny, is receiving treatment.

Kremlin Denies Poisoning Opposition Activist

BY THOMAS GROVE

MOSCOW—The Kremlin said it had no involvement in the sudden illness of Russian dissident Alexei Navalny and questioned the assertion by German doctors that he was poisoned, pushing back against demands from Western leaders for an inquiry into the latest suspected attack against a critic of President Vladimir Putin.

The exact circumstances surrounding the illness of Mr. Navalny, who remains in a coma in a Berlin hospital, are a mystery. Kremlin spokesman Dmitry

Peskov told journalists Tuesday that suggestions that Mr. Putin played a role in harming the dissident are baseless, responding to allegations from some of Mr. Navalny's allies.

Mr. Navalny, a prominent opposition activist who has amassed a following numbering millions across Russia, fell ill on a flight Aug. 20 after drinking tea. He was put on a ventilator at a hospital in Siberia before being transferred Saturday to Germany, where doctors determined that he had been poisoned with a nerve agent.

Mr. Peskov rebuffed calls

from Western leaders for an investigation into Mr. Navalny's sickness, citing the need for further proof of foul play.

On Tuesday, Secretary of State Mike Pompeo said Washington supports calls for a probe into the circumstances around Mr. Navalny's poisoning and said the U.S. is ready to assist. German Chancellor Angela Merkel has urged Russia to launch a probe, and French President Emmanuel Macron has called for transparency.

The disagreements, not only concerning the investigation but about whether Mr.

Navalny was poisoned at all, signal a deepening divide between Russia and the West.

Mr. Peskov said that Russian doctors found no traces of poison in Mr. Navalny's blood or urine, and that his condition could have been caused by a metabolic imbalance, such as a low-blood-sugar attack.

"We don't understand why our German colleagues are in such a hurry, using the word poisoning," Mr. Peskov said.

"If it's established that it was poisoning, then, of course, it will be grounds for investigation," he added.

WORLD NEWS

Sudan Spurns U.S. Push for Israel Ties

By NICHOLAS BARIYO

Secretary of State Mike Pompeo's bid to persuade Sudan to recognize Israel appeared to be rebuffed Tuesday, in a setback to the administration's effort to expand the United Arab Emirates-Israel peace deal to other Arab nations.

Mr. Pompeo flew to Khartoum from Tel Aviv in what the State Department called the first direct flight between the two nations amid speculation that the strategically located African nation would join the U.A.E., which recognized Israel this month in a deal brokered by the Trump administration.

The new Sudanese government, which came to power last year after street protests overthrew the 30-year military dictatorship of Omar al-Bashir, has been pressing Washington to remove it from a list of state sponsors of terrorism to help revive its isolated and battered economy.

The U.S. has outlined terms for easing sanctions, including paying \$300 million compensation to victims of terrorist attacks allegedly sponsored by Sudan on the American embassies in Nairobi and Dar es Salaam. Sudanese government officials say they would need a third party—possibly the U.A.E.—to help pay the bill.

Ahead of a meeting with

Prime Minister Abdalla Hamdok, Mr. Pompeo said the Sudanese political transition represented a "once in a generation opportunity." After the meeting, Mr. Hamdok said he had "transparent discussions...on the removal of Sudan's name from the list of countries sponsoring terrorism and bilateral relations," but he didn't mention Israel.

The government didn't have a mandate to recognize Israel and wanted to decouple the discussions on easing sanctions from that question, a Sudanese spokesman said.

The State Department said Messrs. Pompeo and Hamdok discussed "positive developments in the Sudan-Israel relationship," without elaborating.

It wasn't immediately clear whether the Sudanese refusal to normalize ties would affect its bid to rapidly ease sanctions. Recognizing Israel is complex for the transitional government, which is facing pressure from Islamists in the military and security services who were close to the toppled Bashir administration.

Mr. Pompeo's presence in Khartoum showed how far both sides have come in a stop-start diplomatic courtship that began at the end of the Obama administration. Sudan was first designated as a state sponsor of terrorism in 1993 for harboring al Qaeda leader Osama bin Laden and others.



ALIVE: A child is pulled from the rubble of a five-story apartment building that collapsed Monday in Mahad, a town in central India. Rescuers found one body and nearly 60 survivors, an official said Tuesday. More than 20 others are feared trapped in the rubble.

VIETNAM

U.S. Alleges Currency Manipulation in 2019

The Treasury Department has determined that Vietnam devalued its currency in 2019, a finding that will open the door to tariffs on tires from Vietnam and provide the first test case of a Trump administration initiative to tariff countries for alleged currency manipulation.

The Treasury's determination, published Monday, marks the first case the department has weighed in since new regulations took effect in April allowing currency-focused tariffs. The tariffs being pursued in the case will affect only passenger vehicle and light-truck tires, which accounted for less than 1% of the \$67 billion in imports from Vietnam in 2019. But analysts say the finding has broad implications because it implies that all goods from Vietnam in 2019 benefited from the subsidy.

Vietnam's trade minister Tran Tuan Anh disputed claims it devalued its currency.

—Josh Zumbrun

THAILAND

Facebook to Fight Order to Block Group

Facebook Inc. said it was preparing to legally challenge Thailand's government in connection with orders to block access to a group on the website focused on the Thai monarchy, a politically sensitive subject in the country.

The private Facebook group, called the Royalist Marketplace, was created in April and quickly became a forum to debate and scrutinize the powerful royal family's role in politics.

It amassed a million members at a time when a youthful new movement is demanding greater accountability from the monarchy.

The subject has long been considered off-limits in the country, which has strict lèse-majesté laws, including punishments of up to 15 years in prison.

Thailand's Ministry of Digital Economy and Society didn't respond to requests to comment. The palace hasn't publicly commented on the issue.

—Niharika Mandhana

IRAN

U.N. Rejects U.S. Call To Restart Sanctions

The United Nations Security Council won't act on a U.S. bid to reimpose multilateral sanctions against Iran, its president announced Tuesday, following a near-unanimous rejection of Washington's standing to do so.

Thirteen of the 15 members of the panel have said the U.S. can't reinstate the sanctions because it withdrew from the 2015 multilateral nuclear accord that provided that authority.

"It is clear for me that there is one member which has a particular position on the issues, while there are significant numbers of members who have contesting views," according to Ambassador Dian Triansyah Djani of Indonesia, president of the council this month.

The U.S. hasn't said what its next move will be.

Ambassador Kelly Craft, the U.S. envoy to the U.N., acknowledged the U.S. isolation in her own remarks Tuesday.

"The Trump administration has no fear in standing in limited company on this matter, in light of the unmistakable truth guiding our actions," Ms. Craft said. "I only regret that other members of this Council have lost their way and now find themselves standing in the company of terrorists."

—Josh Zumbrun

EUROPE

China Begins New Diplomatic Push

China's top diplomat began a weeklong tour of Europe seeking to counter growing wariness of Beijing's increasingly assertive foreign policy amid the coronavirus pandemic and worsening relations between Beijing and Washington.

Chinese Foreign Minister Wang Yi's five-country trip, to Germany, Italy, France, the Netherlands and Norway, billed as promoting cooperation in rebuilding the world economy and fighting coronavirus, is his first overseas in months.

—Daniel Michaels



Mike Pompeo, right, is greeted by a Sudanese official in Khartoum.

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GREATER NEW YORK

Many Worry About Air Quality in Schools

NYC officials work to ensure ventilation systems mitigate the spread of Covid-19

By LEE HAWKINS

Concourse Village Elementary School principal Alexa Sorden has always felt proud that her own children attend the school that she runs.

So when she decided to keep her children home this fall from the Bronx school that is ranked among the best in the nation, other parents took notice. She based her decision, in part, on the lack of information about whether the building has proper ventilation to help filter out Covid-19. "I don't feel a hundred percent confident," she said.

With only two weeks until school is scheduled to start Sept. 10, Ms. Sorden is one of thousands of New York City principals questioning the safety of school buildings and

the readiness of staff, and asking Mayor Bill de Blasio to delay the reopening. New York City's public-school system, the largest district in the nation, is one of the few big districts planning to open for in-person classes. It has settled on a hybrid model that would let families choose fully remote classes, or a mix of days on campus and off.

Ms. Sorden's concern is one shared by many: Making sure schools are well-ventilated.

The Department of Education said Tuesday that it has deployed teams to inspect ventilation systems, fans and windows in all schools through Sept. 1. The agency promised to begin posting results online this week, with all available by Sept. 4.

Many of the city's 1,800 school buildings are several decades old, which has raised concerns about the condition of airflow systems. Well-functioning ventilation uses outdoor air and filtration to dilute, push out, and replace indoor air that can mitigate

the spread of the coronavirus and other germs.

The Council of School Supervisors and Administrators, which represents 6,400 New York City school leaders, has said delaying reopening would give schools more time to ensure they hire enough nurses, repair ventilation systems, and stock cleaning supplies, according to the union.

In New York City, most public-school students are black or Hispanic, according to the DOE, and as of March, about 820,000 of New York City's 1.1 million public-school students lived in poverty, demographics that have been disproportionately affected by the virus.

In response to widespread concerns, Mr. de Blasio said last week that if a classroom or a building doesn't have adequate ventilation, the DOE will shut it until it does. On Monday, he said he would close streets and parks to make it easier for schools to hold class outside if they want.



Concourse Village Elementary School principal Alexa Sorden

Schools Chancellor Richard Carranza said the DOE has purchased more than 10,000 portable air filters for rooms that are cited as needing additional circulation. But ensuring a school has adequate ventilation can sometimes require a major capital investment, some experts said.

In a 2016 report, the Na-

tional Council on School Facilities estimated that bringing U.S. school buildings up to acceptable standards would cost \$145 billion annually.

In a June Congressional report, the U.S. Government Accountability Office estimated 41% of districts nationwide need to update or replace heating, ventilation and air-conditioning systems in at least half of their schools, representing about 36,000 schools nationwide.

Ron Cosby, an executive at the U.S.-based heating, ventilation and air conditioning division of Trane Technologies PLC, said maintenance needs vary from school to school and air quality can be affected by a building being closed.

"If a building has been sitting idle for a while, you don't just go and flip a switch and everything comes back on. You have to make sure things are set up properly and operating properly."

There are no federal or state regulations governing air qual-

ity in schools, but good ventilation is critical to reducing the spread of the virus, he said.

Kevin Van Den Wymelenberg, a professor of architecture at University of Oregon, said ventilation systems can both mitigate and spread the virus. But if best practices are used, each time the air is circulated in or out, it is pushed over filters that can reduce the spread of germs. The process becomes more difficult during the heating season, depending on the building, he said.

In April, Ms. Sorden's school was named one of "2020 America's Best Urban Schools" by the National Center for Urban School Transformation. Without a ventilation report, she said it is difficult to guarantee parents that their children will be safe.

"This is a delicate balance where you don't want to go against your employer, which I'm not in any way," she said. "We're praying that the folks above are doing the right thing."

Connecticut City Sees an Increase in Virus Cases

By KATE KING

An uptick in coronavirus cases in Danbury, Conn., has prompted officials to close athletic fields and delay in-person public-school classes, likely until October.

The infection rate in Danbury, a city of roughly 85,000, jumped to about 6% or 7% in a relatively short period, Gov. Ned Lamont said at a news conference Tuesday. Connecticut's statewide infection rate has hovered around 1% for months.

"It's not a time to panic, but it is a time to be cautious," he said, adding that the area's hospitals still have plenty of beds available.

Danbury Mayor Mark Boughton said officials have found instances of Covid-19 being spread by people who recently traveled, attended in-person worship services or participated in team sports. He said he recently visited city athletic fields and saw children sitting close to each other on the benches and parents socializing on the sidelines without masks.

"I know people want to forget about it because we're so tired of it; I get it. But it's still there and we have to be diligent," he said of the virus.

Officials also are seeing a higher rate of infection among young people. The governor said the state had closed the boat launch at nearby Candlewood Lake after several large parties were reported there.

"We've got to be incredibly strict about this," he said.

Connecticut has recorded more than 52,000 coronavirus cases and more than 4,400 deaths since March, with the worst of the pandemic hitting the state in the spring. The state began reopening its economy in late May, and most businesses and attractions are operating under capacity restrictions, except for bars, which remain closed.

Connecticut, along with New York and New Jersey, requires travelers from states with high rates of infection to quarantine upon arrival. Mr. Lamont said Connecticut has fined several people for non-compliance.

So far the uptick in cases seems to be confined to Danbury, the governor said, adding that he doesn't think other school districts need to close or delay reopening.

Last week, Mr. Boughton said Danbury public schools would start the year entirely online—not likely before Oct. 1—before moving to a mix of in-person and remote learning.

Officials called for Danbury residents to get tested for Covid-19, even if they don't have symptoms, and urged them to respond when contact tracers call. "We have to get more people tested because that helps us understand where the virus is," he said. "We want to see more data."

Danbury Acting Health Director Kara Prunty said many cases have been linked to small family gatherings. She urged people to socially distance if they get together.

Gov. Murphy Presses for Millionaires Tax

By JOSEPH DE AVILA

New Jersey Gov. Phil Murphy called for borrowing \$4 billion and raising taxes on the state's wealthiest residents to fill a \$5.7 billion budget shortfall fueled by the coronavirus shutdown.

Mr. Murphy's budget proposal includes \$1.25 billion in budget cuts that stretch across all state departments and makes a record high pension payment of \$4.9 billion. It spares public-education funding from reductions and raises taxes on cigarettes, guns and ammunition.

The Democratic governor said the Covid-19 pandemic unleashed an economic crisis—1.4 million New Jersey residents have filed for unemployment—that is comparable only to the Great Depression and the Civil War in the state's history. In six months since the pandemic hit New Jersey, about 190,000 residents have been infected with the virus. More than 14,000 state residents have died from Covid-19.

"We can't build the same New Jersey that we had before the coronavirus crisis," Mr. Murphy told lawmakers gathered at SHI Stadium at Rutgers University. "Now is the time to secure the resources and to make the investments to ensure that every single New Jersey benefits from the bright future I know is ahead of us."

The state's budget typically ends on June 30, but state lawmakers passed a \$7.6 billion stopgap budget to cover spending through September. The governor's new spending plan would begin on Oct. 1 and end on June 30, 2021.

Mr. Murphy's spending plan proposes to make an expiring



"We can't build the same New Jersey that we had before the coronavirus crisis," New Jersey's governor said Tuesday at Rutgers University.

surtax on corporations permanent, producing about \$210 million in additional annual revenue. The governor also renewed his call for increasing taxes on millionaires, and proposed raising the rate of the top income-tax bracket to 10.75% from 8.97%. That would bring in additional annual revenue of about \$390 million, according to the Murphy administration.

"I would urge those who would pay this tax to see it this way—we are asking you to sacrifice pennies on your top dollar to ensure that every New Jerseyan has the same opportunity to succeed that you did," Mr. Murphy said.

Democratic Assembly Speaker Craig Coughlin, who previously opposed the millionaires tax, said he would keep an open mind as he reviews the governor's proposal. "All options are on the table," Mr. Coughlin said.

The governor's spending plan also raises the state's surplus to \$2.2 billion to guard against additional economic and fiscal shocks from the continuing pandemic, he said.

Republicans said the governor's budget plan relies too much on tax increases and borrowing. Doug Steinhardt, chairman of the New Jersey Republican Party, said it is in-

appropriate for the state to make the record \$4.9 billion pension payment without asking public-sector unions to make sacrifices related to their state-funded retirement plans.

"In the middle of a pandemic, where every New Jersey household and small business has sacrificed, made tough choices, and scaled back its spending, Phil Murphy's appetite to spend your money is growing," said Mr. Steinhardt.

The state GOP, along with Republican lawmakers, recently sued New Jersey in an attempt to block a new law that allows the state to borrow billions of dollars to cover rev-

enue shortfalls stemming from the pandemic. The New Jersey Supreme Court, the state's top court, sided with the Murphy administration and ruled that the new measure is constitutional because it met an exemption for an emergency caused by a disaster.

Mr. Murphy's budget proposal also includes the creation of a "baby bond" program where the state will deposit \$1,000 into an account for 72,000 children born in 2021 that can be withdrawn when those children reach 18 years of age. A family of four earning \$131,000 or less would qualify for the program.

Lawsuit Is Filed to Stop Postal-Service Changes

By DEANNA PAUL

The New York attorney general filed a lawsuit Tuesday to block the Trump administration from disrupting the operations of the U.S. Postal Service, joining other Democratic-led states and lawmakers in pressuring the federal agency to maintain services ahead of the Nov. 3 election.

The suit, which names President Trump, U.S. Postmaster General Louis DeJoy and the Postal Service as defendants, follows changes made by Mr. DeJoy at the struggling agency that postal union representatives and customers have said substantially slowed mail delivery around the country.

The Postal Service has become the focus of a tense political battle over expanded mail-in voting during the pandemic. Mr. Trump has been vocal in his opposition to voting by mail. In a tweet last month, he wrote that "Republicans, in particular, cannot let this happen!"

Democrats, who favor the method amid the pandemic, worry the recent changes by Mr. DeJoy, a major Trump campaign donor, will interfere with the election.

The lawsuit filed by New York Attorney General Letitia James, a Democrat, alleges that the changes were a thinly



Postal Service workers rallied Tuesday on the steps of the James A. Farley Post Office in Manhattan.

veiled attempt to advance Mr. Trump's political agenda.

The White House didn't respond to a request for comment. A Postal Service spokesman referred to Mr. DeJoy's recent congressional testimony.

Mr. DeJoy told a Senate committee Friday he had never spoken to Mr. Trump about the agency, other than in receiving his congratulations on becoming postmaster general this spring.

Mr. DeJoy also defended his

changes to the Postal Service. The former logistics executive quickly jump-started a cost-cutting overhaul of postal operations after he was appointed. The mail agency faces both longstanding financial problems and fresh challenges caused by the pandemic, which has increased costs amid a decrease in mail volume.

Meanwhile, an unprecedented number of voters cast mail-in ballots in state primary elections earlier this

year as new Covid-19 cases were surging across the country. States are preparing for another influx of such ballots in November.

The Democratic-led U.S. House took action to help the agency on Saturday, passing legislation to prevent Postal Service cutbacks at least through January and to provide it with \$25 billion in additional funding. The bill has an uncertain future in the Republican-led Senate.

Under Mr. DeJoy's leadership, the lawsuit alleges, the Postal Service has since June reversed decades-old policy "that were mission critical to the timely delivery of mail," prompting concerns about its ability to effectively deliver a record number of mailed votes. Mr. DeJoy has said the Postal Service would suspend operational changes, such as removal of mail-processing equipment and collection boxes, until after the election.

The U.S. Postal Service delivers 48% of the world's mail and delivered 143 billion pieces of mail to 160 million addresses in fiscal 2019, according to court documents.

New York expects the number of voters who will cast absentee ballots this year to be at least 10 times greater than those who voted by mail in 2016.

The state already has seen vote-count chaos after thousands of absentee ballots from the Democratic primaries in June were first invalidated and then counted weeks later. Tuesday's lawsuit, filed in the U.S. District Court for the District of Columbia, was joined by New Jersey, Hawaii, San Francisco and New York City. It is the third suit filed this month by state attorneys general concerning Postal-Service changes.

GREATER NEW YORK

METRO MONEY | By Anne Kadet

Son Aims to Rescue Parents' Shop



Soon after the coronavirus lockdown hit, some peculiar posts appeared on the New York City forum of Reddit, a popular discussion site. A user calling himself "meat boy" was offering crazy low prices on cuts ranging from drumsticks to pig lips at an obscure Chinatown butcher shop.

"Let your poor and broke ass friends know that they don't need to starve in times like this," he wrote.

The missives, which offered even steeper discounts to people in need, were funny and rude. They garnered thousands of likes and hundreds of comments on the usually curmudgeonly forum. "Heart of NY right there," was a typical response.

"Meat boy," I learned when I called, is Jefferson Li, a 28-year-old who works at the butcher shop with his parents. His folks immigrated in 1985 from China's Guangdong province and speak little English.

Mr. Li said he hoped to lure new customers to the struggling store, which caters largely to Chinese immigrants. His dad worked long days at the shop for decades and drove a taxi at night. "I can't stand to see all that effort go down the drain," he said.

He's no slacker himself. He has been "volunteering" at the shop since he was 5 years old, working the register and hauling boxes.

He enlisted in the Coast Guard, attended Hunter College and supported himself with jobs ranging from a stint at J.Crew to a logistics gig. But he never stopped helping at his parents' shop.

Sometimes he served double duty: When superstorm Sandy destroyed \$750,000 of inventory in 2012, he wrangled grants and loans to save the business. In a landlord



Jefferson Li stands outside his family's business, 47 Division Street Trading Inc., in Chinatown, where he has returned to work.

dispute, he saved attorney costs by researching cases.

It took him nine years to earn his college degree. "The family legacy was more important than my studies," he says.

Upon graduating last year, he finally struck out on his own, accepting a five-month assignment in Seattle with the Coast Guard's Maritime Force Protection Unit. "It was the best vacation I ever had."

He returned to New York planning to take another long assignment with the Coast Guard. Then the pandemic hit. Mr. Li didn't want his parents exposed to the virus at the store. Yes, he's back to 80-hour weeks at the shop.

He isn't unusual, says Yin Kong, director and co-founder of Think!Chinatown, a non-profit civic group. Chinatown was disproportionately hit by Covid-19, and many who grew up working for their parents have returned to help.

The older generation, meanwhile, is starting to adopt their children's suggestions. "They are more willing to try new things, like go online," she says.

Mr. Li said he is putting his own stamp on the store for the first time, starting with the Reddit posts. But when we spoke, he admitted he still hadn't told his parents what he had done, afraid of their reaction.

Last week, I visited the shop, 47 Division Street Trading Inc. A faded 2012 dragon calendar hung in the window. Inside the narrow store, sausages dangled from a ceiling pipe and whole ducks sat in bins atop milk crates. The frozen meats were displayed in a repurposed Good Humor ice cream case.

There were only a few signs in English, another effort by Mr. Li to update: "Duck Feet \$1.59 a pound." "Pig trotters \$1.49 a pound."

Mr. Li was waiting on a

young man who was clearly not a local. "I saw the Reddit post!" said the customer, Alec Feretti, who had biked down from Murray Hill. He was buying a pork shoulder, a duck and a black chicken.

He loved the prices. "Maybe I'll come back and work my way up to pig lips," he said.

Mr. Li told me that the night before, he finally told his parents about the posts.

I spoke to his father, Peter Li, through a translator.

"I've noticed at least five or six people who are clearly not from here every day," he said. "I'm really appreciative that after he put it on the internet, people see it and are coming."

His son took me upstairs to the office, with its plywood floors and metal file cabinets. "It's as janky as s—" Mr. Li grinned. "The atmosphere is definitely 1980s hard-core Chinese immigrant."

He looked embarrassed

and proud at the same time.

He pulled up a website from a fancy butcher shop in Australia. "I'd love to be like this, while retaining our own personal characteristics," he said. "For us, it'd have a more Chinese heritage and style to it."

Does that mean he's planning to stick around?

He sighed. He has passed up good opportunities to join friends launching businesses, he said. And he sometimes feels stagnant compared with his pals who went into investment banking. "But when my parents came here, it wasn't about them, it was about us," he said of himself and his older sister. "It's only fair for us to keep that in mind."

I told Mr. Li how great it was to meet someone with such an unusual perspective. He looked mystified. "I'm a regular Chinatown kid who just grinds...We're a dime a dozen."

anne.kadet@wsj.com

GREATER NEW YORK WATCH

CONNECTICUT

Test Issues Prompt New Virus Checks

Fairfield University is retesting students and staff for the new coronavirus after school officials discovered that some previous test results might have been erroneous or sent to the wrong patients.

In a statement to the school community, Fairfield officials said they will no longer use that lab and are advising anyone who has already taken a saliva test for the school to disregard their results.

The school said it has brought in 35 rapid testing machines and that it will be retesting members of the school community on-site with swab tests that will give results in 15 minutes.

—Associated Press

NEWARK AIRPORT

TSA Worker Rescues Lost Wedding Gown

Transportation Security Administration employees saved a bride's big day after her wedding dress was left behind at an airport security checkpoint.

The bride's mother forgot to take the red roller bag holding her daughter's gown after she cleared security at New Jersey's Newark Liberty International Airport and boarded a flight to Columbus, Ohio, earlier this month, the TSA said.

The bride's brother, Christopher Cepeda, filled out a lost and found form online because the wedding was set for the following day. "As soon as I submitted the request, we lost hope of retrieving the luggage on time for the wedding," Mr. Cepeda said.

The website indicated the response time was about five days. TSA administrative assistant Loletta Nathan-Gordon saw the email and recovered the bag in six minutes, the TSA said.

Mr. Cepeda paid to ship the bag overnight and it arrived in time for his sister to walk down the aisle. He said Ms. Nathan-Gordon "literally saved my sister's wedding."

—Associated Press

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FAMILY & RELATIONSHIPS

PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Wednesday, August 26, 2020 | A9

We often feel powerless. Better self-control can help.



BONDS
Elizabeth
Bernstein

Early in the coronavirus pandemic, Zvi Band took out a blank piece of paper and drew a line down the middle. Then he made two lists.

On one side, he wrote down the things he can't control: the length of the quarantine; whether he or someone he knows gets sick; whether his business suffers; if or when there will be a cure.

On the other side, he listed things he can control: how he spends his time and who he spends it with; how he cares for his wife and family; what he spends money on; the information he consumes; the food he eats; how well he follows safety precautions.

When he was done, Mr. Band ripped the page in half, crumpled up the list of things he can't control, and threw it away. He taped up the list of things he can control next to his computer monitor.

"It reminds me to stay focused and that I am in command of my emotional state," says the 36-year-old CEO of a software company in Washington, D.C.

Feel like everything right now is beyond your control? It's not.

You can control yourself.

Self-control—the ability to manage your thoughts, feelings and actions to achieve a goal—is a necessary skill to master in the Covid-19 era. You can't overcome a challenge—big or small—without being disciplined.

Yet many people are finding it harder to maintain their self-control these days. When we're under extreme stress, our brain works overtime to regulate our emotions, attention and behavior. At the same time, we have more distractions, fewer options for stress relief and poorer sleep. All this taxes our mental resources, depleting our ability to stay motivated, experts say.

"You can think of self-control as bandwidth," says Angela Duckworth, professor of psychology at the University of Pennsylvania, who studies self-control. "And right now, it's divided."

The Ancient Greeks had a word for the lack of self-control: Akrasia—acting against one's better judgment because of a weakness of will. It's what happens when we



The One Thing You Can Control Now: Yourself

succumb to a temptation that feels good in the moment, rather than doing something that would be good for us in the long run. During the pandemic, lack of self-control includes bingeing Netflix for hours instead of doing our work, succumbing to our emotions and snapping at loved ones (or strangers), and endlessly doomscrolling the news.

Times are hard. It's natural to lapse sometimes. If you've felt your self-control slip recently, don't beat yourself up about it. It's OK and even to be expected from time to time. Just try to do better going forward.

Research shows that people who practice self-control reap a host of benefits, including fewer physical and mental health problems and a longer lifespan; more success in school and work; a greater popularity with others, fewer arguments and better relationships, says Roy Baumeister, a social psychologist and professor at the University of Queensland in Australia, who has studied self-control for 30 years.

Everyone's born with some ability to maintain self-control, ex-

perts say. But for some, it comes easier. People with the personality trait of conscientiousness may find self-control more manageable, as will people who have learned healthy coping skills. People who are naturally more reactive will probably find it harder.

The good news: Everyone can strengthen their self-control. "The Victorians called this building character," says Dr. Baumeister, who is co-author of "Willpower: Rediscovering the Greatest Human Strength."

A just-published article reviewing the research on self-control commissioned by the John Templeton Foundation, a philanthropic institution that funds scientific research,

identifies two main ways to boost it. The first is to form better habits, such as turning off your cell-phone when you need to work, shopping locally so you can walk to stores and get some exercise, or going to bed at the same time each night.

Next, reframe your thinking. Psychologists call this cognitive reappraisal. The idea is to broaden your perspective beyond the moment at hand.

Here are some techniques to help you do this.

Get some distance.

You can use language to put mental space between you and whatever temptation you're struggling with, whether it's a piece of cake or the yearning to yell at your kids. This is called "psychological distancing."

The idea is to talk to yourself when you're upset as another person would. Experts suggest using the third person point of view to insert distance. ("Elizabeth is stressed-out on deadline but is not going to melt down.") Studies show that people who do this have less anxiety and perform better under stress.

Create an alter ego.

To strengthen your resolve, imagine you're a different, more capable person. Want to up your tennis game or swim laps faster? Pretend you're an Olympic athlete in the competition finals. (My dad taught me to do this when we raced sailboats: "The world's watching, so let's show them how we win!" he'd shout with glee at the starting line.)

You could also ask yourself what

someone you admire would do in the same situation. My favorite? "What would Mr. Rogers do?"

Studies show that when small children pretend to be a favorite character—Batman, Bob the Builder, Dora the Explorer or Rapunzel—they perform better on challenging tasks, both better regulating their emotions and managing their frustration.

Can this work for adults? Yes. "It allows you to take a step back and also channel someone who is more competent for the task," says Amanda Grenell, a developmental psychologist at the University of Minnesota who co-authored the research.

So go pick your superhero.

Time travel.

Recall a time in the past when you kept your resolve. Or think about past challenges in history that others have overcome.

Research shows it can also help to envision a future point in time—whether it's in a week or a year—when things will be better. "You think: 'Yes, it is a turbulent time. But it will get back to normal,'" says Ethan Kross, a professor of psychology and management and director of the Emotion

Please turn to the next page

Boys Find A Way to Cope in Pandemic



FAMILY & TECH
JULIE
JARGON

During the first month of the coronavirus shutdown, 9-year-old Drew Schnurman read books, played board games and watched YouTube. But he got bored. "He was really needy, asking me to play with him all the time and looking for a lot of attention," said his mother, Dana Schnurman, a public-relations freelancer who tried to keep him occupied while working from home in Deerfield, Ill.

Some of his school friends messaged him on his iPad, asking him to play "Fortnite," the popular online game. And some of the mothers asked Ms. Schnurman if he'd like to join the other boys. Desperate to connect her son with friends and to take some of the entertainment burden off of herself, Ms. Schnurman suggested it to Drew. He wasn't interested but finally agreed to give it a try.

Now, he spends almost all day and night in the basement playing "Fortnite," and his parents are having a hard time prying him away.

Videogame-playing has soared during the pandemic, with the major game developers reporting record sales. During a one-week period in March, after the coronavirus was declared a pandemic, U.S. videogame usage on Verizon networks increased by 75%, according to the telecom.



▲ Nine-year-old Drew Schnurman has found a social outlet in the online game 'Fortnite'. ► Drew and his mom, Dana Schnurman, played hoops.

It's likely boys are driving much of the surge. In a study conducted last year, Common Sense Media found that before the pandemic, boys ages 8 to 18 were spending an average of one hour and 19 minutes a day playing videogames, compared with just 14 minutes spent by girls.

There is also evidence to suggest that boys are generally feeling less isolated than girls. That's not to say they don't get lonely or depressed. But in a spring survey by Common Sense Media, boys were far less likely than girls to report feeling more lonely than usual during the pandemic. The organization also found boys spend a lot less time on social networks like Snapchat and Instagram, which can magnify feelings of loneliness and depression.

Eunice Louie, a manager at a tech company in Silicon Valley, said her 11- and 15-year-old sons have probably been spending too much time playing videogames with friends but it's their only social outlet. "Videogames have actually kept them sane," she said.

Parents feel conflicted. While games have given boys a critical

social outlet when they are cut off from school, sports and other activities, some parents worry their new habits will be hard to break when the pandemic is over. They also worry about the effects on their sons' academic performance. Will they be able to stay focused? Will they rush through homework to get back to their game?

Games aren't as rewarding for girls as a social outlet: Many girls who play games online keep the voice chat off, because they tend to experience harassment from male players, said Bubba Gaeddert, executive director of the Varsity Esports Foundation, a nonprofit focused on promoting diversity and inclusion in gaming.

It's hard to pry kids away from their videogames in part because their brains aren't developed enough to switch from a highly rewarding activity to one that's more mundane. Having to suddenly cease such a rewarding activity can leave a child feeling withdrawal-like symptoms, experts say. "It makes me feel kind of mad," Drew said.

How can parents tell if a child is spending too much time playing

videogames? While there's no magic number of hours, experts say there are telltale signs when game-playing crosses from fun to problematic.

"What you want to be concerned about is that boy who is staying up much later than usual and losing sleep, not coming down for meals and withdrawing from other activities," said Vicki Ehrlich, a clinical psychologist in Larchmont, N.Y., who said she treats many children and teens who use videogames to escape or cope with other problems. "If they become irritable and angry when they stop, that's a sign of the game becoming more entrenched."

Other warning signs include kids gaming in secret, or playing down to parents the amount of time they spend gaming. The type of game they choose matters, too.

"Playing with friends poses much less of a risk than playing alone, against the game," Dr. Ehrlich said. Also at lower risk are kids whose families are functioning fairly well, who have friendships and who don't have learning problems or a propensity for depression or anxiety. "But it's still concerning because we don't know how much of a habit this will create," she said.

Luke Walters, a 16-year-old in Richmond, Va., said he enjoys making new friends in the games he plays. "I talk to some of them about stuff I wouldn't talk to my friends in real life about, because they can't spread rumors around school about who you like, for instance," he said.

"All I can say is, if the internet didn't exist, I think his head would have exploded by now," his father, Thomas Walters, a retired teacher, said. "I'm cool enough to know that it's not just gaming. They chat as much as they play."

How Parents Can Win Game Wars

If you worry your child has become too immersed in videogames, there are things you can do, experts say.

■ Seek the root of the problem.

If you think your child is trying to escape the stress of pandemic life, ask him what he likes about the game. Understanding which needs the game fills can help you figure out other activities to meet the same needs. He could be craving more time with you.

■ **Disable stealth mode.** Experts say it's best for consoles, laptops and other devices to be kept in a main room of the house, not the child's bedroom. If you are worried he will sneak into the living room to play in the wee hours, lock up the controllers or devices at bedtime.

■ **Use positive reinforcement.** Approaching your son in a positive way can be more effective

than getting mad at him for not turning off his console. "You can say, 'We miss you at dinner,'" Dr. Ehrlich said.

■ **Find solutions together.** Rather than lay down the law that excessive gaming must stop, get your child involved in choosing alternative activities.

Susan Groner, author of a forthcoming book, "Parenting With Sanity and Joy: 101 Simple Strategies," suggests saying something like, "It's great that you have that outlet. It seems, though, that it's taking up all your time and you're not really doing anything else. What do you think is a reasonable amount of time per day to play?"



PERSONAL JOURNAL. | FAMILY & RELATIONSHIPS

By CLARE ANSBERRY

Baby Boomers Deal With Covid-19's Financial Hit

After Sue Sweetra was laid off because of the pandemic, the 56-year-old widow began volunteering regularly at a free farmers market, where she and other volunteers received boxes of potatoes, onions, turkey and cheese.

"That helped stretch my budget," says Ms. Sweetra, who lost her job as an operating-room nurse when all elective surgery was canceled. "I spent \$40 on groceries in May." Not knowing when or if she would be called back to work, Ms. Sweetra also decided to sell the Crested Butte, Colo., home she shared with her late husband and move into a smaller place.

The pandemic has left many people at or near retirement age out of work and unexpectedly living on a shoestring budget. They're cutting their high-speed internet and life-insurance premiums. Frills like subscriptions are gone.

About 58% of baby boomers saw their jobs negatively affected by Covid-19, according to a survey by Transamerica Center for Retirement Studies.

Many are too young to collect Social Security, which can begin at 62, or use Medicare, which starts at 65, and don't have enough money set aside. Less than half of working Americans over 60 feel their retirement savings are on track, and 13% had no retirement savings, according to a 2019 report by the Federal Reserve.

The stock market has recovered its losses from earlier this year, which helps those who have 401(k) or other retirement accounts, but not everyone has those investments. Moreover, financial advisers warn against prematurely tapping retirement savings.

Getting a new job at their age can be difficult.

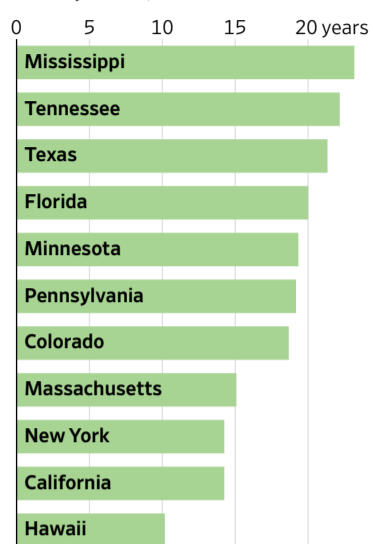
"Once an older person loses his or her job, it takes longer to find a new one," says Alicia Munnell, director of the Center for Retirement Research at Boston College. More than half of older workers are in jobs that can't be done from home and with Covid-19 riskier for older adults, they're concerned about returning to the workplace. "You either face a health risk of returning to work too early or an economic risk of running out of money," she says.

Everyone defines shoestring differently, and what is a pared-down budget for one person might be extravagant to another. Where people live makes a difference: A study released in June found that \$1 million in savings lasts 23 years in Mississippi compared with 10 years in Hawaii.

Even those who began preparing for retirement in their mid-20s find plans upended by the pandemic. Gary Stigen, 61, and his wife, Liz, 59, began meeting with financial advisers soon after they married and saved regularly. Over the years, the couple, who live in Coon Rapids, Minn., invested in

Nest Egg

How long will \$1 million in savings last during retirement? It depends on where you live, estimates show.



Sources: GOBankingRates analysis of Bureau of Labor Statistics (expenditures) and Missouri Economic Research and Information Center (cost of living)



▲ Sue Sweetra, here holding a picture of her late husband, Clifford, is packing for a move to a less-expensive place. ▼ Dave Wysocki, 66, was laid off July 1 from his job with the Pittsburgh Pirates, ending a 32-year career.



vacation property, buying and fixing up cabins and mobile homes in Minnesota and Florida. They now own a cabin by Lake Augusta in Minnesota and are paying off a house in Florida. They planned to sell their family home this year to pay off the Florida mortgage.

Everything is on hold. Mr. Stigen's position as regional facility manager at Cabela's, an outdoor-recreation retailer, was eliminated in coronavirus-related downsizing, and he hasn't found another job. Ms. Stigen hasn't returned to her part-time job as a hair stylist or gone back to volunteering with the Salvation Army food shelf, because she cares for her 83-year-old mother, who has stage 4 lung cancer and is concerned about contagion.

Mr. Stigen started a spending journal. They cut cable TV and high-speed internet service. They quit the gym. They've been relying on unemployment insurance and Pandemic Unemployment Assistance and obtained health coverage through the

MinnesotaCare program. "We are getting by day by day," says Mr. Stigen. "I'm not sure how we are going to pay all our expenses until we get through this Covid mess."

Many who are still working are cutting discretionary expenses because they doubt the economy will bounce back quickly, which could jeopardize their jobs.

Dave Wysocki, 66, was laid off July 1, ending a 32-year career working in the box office and finance department of the Pittsburgh Pirates. Although he receives about \$4,000 a month in pension and Social Security funds, he monitors spending carefully, knowing how quickly it adds up. Two years ago, he had \$20,000 in car and home-equity debt and needed budget counseling from a financial coach.

"I assign each dollar to a category—food, transportation, utilities," he says. Money not used goes into an "Unspent Account" and tapped for one-time expenses.

He'd like another job, ideally a

position that involves helping others, but isn't sure given the economy, Covid-19 and age, whether that's doable. "Can I go back to work somewhere?" he says. "By no means, at 66, am I ready to say I will never work again."

Ms. Sweetra, the operating-room nurse, worked at a Denver hospital and her husband, who was 16 years older, worked at Lockheed Martin. After he received an early-retirement package, the couple moved to Crested Butte. When he died in 2015, her emotional world unraveled and so did her financial one because she was no longer receiving his Social Security, which was 40% of their income.

She tapped her retirement savings to help pay bills and told her friend Bev Miller, who is also a financial coach, "I'm bleeding money and don't know how to stop." Ms. Miller helped Ms. Sweetra put together a budget and create an emergency fund, which grew to \$24,000.

In January 2019, Ms. Sweetra, a non-smoker and active hiker and skier, was diagnosed with lung cancer and out of work for 8 months. She returned to work in October, only to be laid off again in March. Her part-time job in Crested Butte as a dental assistant also ended.

Her emergency fund dwindled to \$3,000. She decided to sell her house in Crested Butte and is getting ready to move to a smaller house. It wasn't an easy decision. She and husband bought the Crested Butte house as their dream retirement home. It will always remain special, she says, but "it's time for me to make my own dreams."

One Thing You Can Control: Self

Continued from page A9 and Self-Control Laboratory at the University of Michigan.

Imagine your future self.

One of the reasons it is so hard to choose a future goal over immediate gratification is because it's hard to relate to our future self, says Dr. Duckworth. She suggests visualizing yourself in the future the way you want to be, as a way to connect your current actions to your future goals. Then—this is important—you need to identify the obstacles that stand in the way.

Angela Hale, who owns a coaching business and is the single mother of a toddler, often imagines her future self when she feels irritable, overwhelmed or doubts herself.

One recent evening, as she rocked her daughter to sleep for the sixth time and tried not to panic about the work she still had to do, Ms. Hale closed her eyes and imagined herself a few years older. She visualized a beautiful home and a thriving business. And she pictured her daughter laughing and running around. "This helped me see how temporary this time in her life is, and I melted instead of exploding," says Ms. Hale, 35, who lives in Nevada City, Calif. "I suddenly felt so lucky to be there with her."



Angela Hale imagines the future to boost her self-control.

Often when she imagines her future self, Ms. Hale asks for advice—about a relationship or a job or even what time to go to bed. Then she takes it.

"I know my future self well enough by now to know that she knows what's best," Ms. Hale says. "She didn't get where she is by wasting energy on unavailable men, staying up all night watching old episodes of 'Grey's Anatomy' or making poor financial choices. So neither will I."

MY RIDE | A.J. BAIME

What's Better Than Having One '33 Buick? Having Three.

David C. Anderson, 75, an investment adviser and bluegrass musician who lives in St. Louis, on his three 1933 Buicks, as told to A.J. Baime.



◀ David C. Anderson with his Buicks near his home in St. Louis.

When I was in high school, a number of my classmates in Fort Thomas, Ky., owned Fords from the 1930s, which they spent weekends modifying and repairing so they could cruise the main street in town. I saved funds, but my father refused to give me permission to buy a vintage car because he thought my academic record would suffer. So I had to settle for sharing a 1955 Dodge Royal Lancer with my mom.

I finally bought my first vintage vehicle in 1971—a 1933 Buick Model

Fifty-Six S Sport Coupe (which had a base cost of \$1,030 new). I have a picture of me with the car from the day I purchased it. I was wearing a straw hat, which I still have. That same year, I began attending the annual Antique Automobile Club of America national meet in Hershey, Pa., with my antique-car mentor and friend, the late David Noran, who also owned a 1933 Buick. We made more than 30 consecutive appearances in the pursuit of elusive original parts to improve our vehicles.

In the mid-1980s, I started looking for a 1933 convertible to pair with my coupe, and was lucky enough to find a Model Fifty-Six C (very few were built, and the factory list price was \$1,115 when new), which I had restored and painted in original colors. In 1989, I started looking for a certain convertible sedan, of which only 124 were made, to complete my collection. A chance encounter at a Hershey meet led me to a San Francisco garage, inside which was an

unrestored 1933 Eighty-Eight C (which went for \$1,845 new, and is today one of only three surviving that I have been able to find) and a huge stash of parts. I bought all of it, and it took two full 18-wheelers to get the stash to the restoration shop I was using in Kentucky.

That last car went through a five-year restoration, and in 1996, I displayed all three 1933 Buicks at the Hershey show and was awarded first-place award badges for each, which now permanently

reside on their respective radiators.

Why 1933 Buicks? For me, the 1930s represent the pinnacle of American automotive design. The new element of chrome allowed for designs that featured lots of flamboyant "brightwork." New manufacturing techniques could produce fenders with more sensuous curves. In the highly competitive automobile market of the 1920s and 1930s, General Motors changed the body design of its cars slightly every year to attract customers. So 1933 Buicks look a little different than the cars from the year before and after. For me, the 1933 Buicks stand out.

My dad got to ride in all three before he passed away in 1999, and we shared some nice moments talking about the benefits of deferred gratification. Meanwhile, next year will mark the 50th anniversary of the day I bought my first 1933 Buick. I'm hoping that by then, the pandemic will have subsided and we can have a proper party.

ROLEX

OYSTER PERPETUAL DAY-DATE 40

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ARTS IN REVIEW



FROM TOP: THE TENEMENT MUSEUM; LIZ CLAYMAN

By MORRIS J. VOGEL

CULTURAL COMMENTARY

Pandemic Perseverance, Then and Now

In enduring the challenges of Covid-19, New York's Tenement Museum draws inspiration from the immigrants to whom it is dedicated

Our is an unlikely museum. We exhibit tenements: small, crowded homes on New York's Lower East Side that housed generations of impoverished immigrants and migrants who arrived in the U.S. from more than 20 nations between the mid-19th century and the late 20th century.

Nothing about our flagship 1863 structure at 97 Orchard St. is architecturally noteworthy; none of the more than 7,000 residents who made their lives in this building rose to power, wealth, or glory in their new land; none of the furnishings through which we tell their stories would be displayed in a traditional museum. That the Tenement Museum exists speaks to its powerful vision that the everyday lives of ordinary people—immigrants who followed their dreams to this country and helped build it—are worthy of attention.

When the coronavirus forced us to close on March 14, we lost more than 75% of our nearly \$11 million annual operating budget because earned income—museum admissions and shop sales—is our primary source of revenue. We are unlikely to see the return of the 278,000 annual visitors we welcomed in 2019 anytime soon. In addition, we have a meager endowment of less than \$3 million.

This is, of course, not the first time that a global pandemic has visited hardship on the site, and the challenges we face due to Covid-19 reminded me of the Burinescu family who lived at 97 Orchard from 1916 to 1927. As the flu pandemic of 1918 swept through New York, one of the many lives lost was that of

Jacob Burinescu, an immigrant and the family's primary breadwinner, who left behind five children and his pregnant wife, Sarah.

Jacob was not the only one in his family to contract the deadly virus. His 3-year-old daughter, Pearl, was also stricken, but recovered. Against the odds, Sarah overcame the loss

ring expenses by over 60%, temporarily furloughing all part-time and some full-time staff (while continuing to provide fully employer-paid health insurance for covered employees through the end of August) and laying off a handful of other colleagues. Senior management went on a week-on, week-off schedule, taking a 50% pay cut. Then in late July, when it became clear the pandemic wasn't loosening its grip and that public health guidelines would prevent the museum from welcoming visitors inside our historic tenements at 103 and 97 Orchard St. for the foreseeable future, we made the tough decision to lay off the furloughed front-facing part-time hourly staff.

The museum's April gala, which we had expected to net \$700,000, had to be turned into a virtual event. But it nonetheless succeeded in netting \$1.1 million. This followed an online fundraising appeal that started in late March and still continues; additional support arrived in April after the New York Times ran a story that presented the museum as a case study in the plight of small cultural institutions during the pandemic. This reassured us that we could shift our business

model to rely equally on philanthropy and earned revenue, instead of deriving only 25% of our revenue from philanthropy.

And we had some lucky breaks. A wonderful anonymous donor offered to refinance a \$9.5 million tax-exempt bond previously issued to help us buy our tenement buildings, giving us an especially friendly interest rate that will reduce our mortgage expenses by almost \$500,000 annually. A PPP loan allowed us to bring back all furloughed full-time staff in late April to plan for the very different kind of programming we expect to do for the foreseeable future. And just as there are moments worthy of celebration in our present crisis, not everything in the tenements' hardscrabble history was grim: In addition to providing for her family, Sarah Burinescu became the first woman resident at 97 Orchard to vote—a heartening landmark during the centenary of the 19th Amendment.

But at a time when so much is uncertain, the personal accounts the museum tells remind us that, when they uprooted themselves to make new lives in a new land, immigrants and migrants faced more uncertainty than we do today. Their stories are the source of the museum's strength and its endurance—and of our determination to safeguard the museum's future.

So we've pivoted to online and interactive programming as much to stay in the public eye as to discharge our mission. This includes

Interior, above, and exterior, below left, of New York's Tenement Museum

digging into our archives to offer timely web-based exhibits such as "Beyond Statistics: Living in a Pandemic" and a reboot of our popular "Tenement Women: Agents of Change"; developing new live virtual programming that includes book talks, family programs and visits like "Secrets From the Privy Vault: Insights on a Tenement Rear Yard"; and creating educator initiatives like online curriculum (which now reaches a national audience!), digital field trips, and English as a second-language programs.

In addition, we're testing whether offering these web-based programs to alumni clubs, family reunions, affinity groups and other private organizations can generate earned revenue.

We are about to restart the outdoor walking tours that had served 6% of our pre-Covid visitorship. And next spring we plan to launch a walking tour, under development for the past year, exploring the history of Black institutions and communities in lower Manhattan from the 17th century through the present, concluding with the important story of the African Burial Ground National Monument.

The museum is a historical reminder that ordinary people are worthy of celebration, and that's an important message to preserve. So for now we're focused squarely on getting through this time of turmoil, and drawing inspiration to do so from the immigrants and migrants who inhabited our buildings and our neighborhood. Jacob and Sarah Burinescu—with their hardships, losses, and hope for the future—are just one such story, and one with a happy ending. Their descendants held a family reunion at the museum in 2015.

Mr. Vogel is president of the Tenement Museum.



of her husband and earned a living as a sewing-machine operator in the garment industry, single-handedly providing for her six children.

This spirit of perseverance is as integral to the museum as the bricks and mortar from which it was built, and like the determined generations who once lived here, we faced our new challenges, knowing full well that it meant putting in hard work and making difficult decisions. We immediately cut recur-

TELEVISION REVIEW | JOHN ANDERSON

No Good Deed Goes Unsigned

You don't have to mortgage your soul to sell real estate in the Hamptons, but the stakes are high. Sellers are needy. Buyers are demanding. The commissions are stratospheric. And your co-workers are cutthroats. All of which helps establish "Million Dollar Beach House" as a waterfront property at the low tide of human behavior. And, naturally, a paragon of reality TV.

The East Coast answer to "Selling Sunset," in which purveyors of high-price properties in L.A. also engage in soap-opera-like antics, the six-episode "Beach House" is in the relative big leagues of real-estate porn: The houses are all hangar-like, most look unlivable, some have up to eight bedrooms, 25-foot ceilings, "indoor/outdoor flow" and "backyards" appointed like four-star restaurants. Some are smart houses, many have spectacular views, and most have spectacular price tags—one of the minidramas in the mix involves a

\$35 million home in Amagansett. (Montauk is also included among the "Hamptons," though some would argue.) The agent's cut of the selling price may not be seven figures, but it's often close. This can cause anxiety.

And, naturally, if viewers are not quite satisfied luxuriating in the dream homes of other people, they can be marinating in the bile generated by those selling the dream homes of other people.

What's often referred to as "unscripted" TV seems very often, and very highly, scripted—although if one were actually to create drama in which to immerse the "Beach House" characters, you'd expect it to be a little more fraught. As it is, the employees of Nest Seekers International are preoccupied with their careers, their careers, their careers and Noel, the one Black employee working out of the company's Hamptons office. "You met him yet?" asks an agent named Mike, a former fashion model. "A



A scene from Netflix's 'Million Dollar Beach House'

very polished gentleman." The statement, which drips, says a lot about Noel, a lot about Mike and a lot about the show: When Noel's twin, Joel, shows up, it doubles the Black population of the as-presented Hamptons.

The more overt hostility is between Noel and Peggy, who like her colleague J.B. has cycled out of the Manhattan real-estate market (which seems right now to have been a genius move) and is, like all her co-stars, a type. Her problem with Noel does seem to be based

in his approach, and grasp of reality: He lists that aforementioned Amagansett house at \$35 million to lure the owner into selling, but then can't defend the price when Peggy brings him at least one bona fide buyer who knows more about the property than he does. It's exactly the kind of cringe-inducing situation for which reality television was born and raised.

Something like the misleadingly titled "Million Dollar Beach House"—nothing is a mere million dollars—seems intended for those

who will never come close to affording one of the featured properties, but will be comforted by the petulance of the inhabitants.

Which is not to say that buyers and sellers of Hamptons houses won't find something genuinely interesting in the proceedings. The best moments of the show, in fact, occur when an owner unexpectedly walks into his or her own home after it's been redecorated, re-envisioned and one might say "corrected" by the people assigned to sell it. "We can spend tens of thousands to sell a house," says Mike. "It's worth it." But on several occasions what they do is clearly taken as an insult by the sellers.

"I'm not digging it," says a woman named Patti at the open house for her "Patti Shack." She can barely contain her "complete and utter disdain," as one agent puts it, and in front of potential buyers. Similarly, a Hamptons couple who show up, take one look around at the remake their home has been given and command their real-estate agents to start moving out furniture. It's at moments like these that the agents of "Million Dollar Beach House" really seem to be earning their money.

Million Dollar Beach House
Wednesday, Netflix

NETFLIX

SPORTS

Lawsuit Alleges Bias in Concussion Payouts

Black former players say that the agreement with the NFL uses an evaluation process that discriminates on the basis of race

By LOUISE RADNOFSKY AND ANDREW BEATON

A group of Black former NFL players has filed a federal lawsuit alleging that the National Football League's much-contested concussion settlement with players blocked some Black claimants from securing payouts by using an evaluation process that assumed they had lower cognitive functioning when healthy than white players.

The explosive claim against the NFL is being made by Kevin Henry of the Pittsburgh Steelers and Najeh Davenport, who played for the Green Bay Packers, Steelers and Indianapolis Colts. They are seeking to establish a class action on behalf of all Black former players.

"The lawsuit filed today is entirely misguided," NFL spokesman Brian McCarthy said in a statement, which added that the agreement has paid out more than \$700 million in benefits to retirees and their families and was approved by federal courts. The statement said the agreement "always contemplated the use of recognized statistical techniques to account for demographic differences such as age, education and race."

"The point of such adjustments—in contrast to the Complaint's claims—is to seek to ensure that individuals are treated fairly and compared against comparable groups," McCarthy said. "But the Settlement Agreement does not require the use of any particular adjustments, and instead leaves their use to the sound discretion of the independent clinicians administering the tests in any particular case."

Christopher Seeger, the co-lead counsel who helped cut the settlement deal and who now represents the class of players eligible for it, said in a statement that "while we have not seen any evidence of racial bias in the settlement program, we will further investigate the issue and respond to this motion accordingly."

The approach taken in the evaluation process is not unique to the NFL, and has a number of neuropsychology defenders. But in the context of the settlement, the significant number of Black players in the NFL, and the already volatile politics of the upcoming season, it is potentially inflammatory.

The players say the NFL has been paying head-injury claims under the settlement, which took effect in 2017, using a formula that "explicitly and deliberately discriminates on the basis of race." When Black former players are evaluated for a qualifying diagnosis of neurocognitive impairment, they are "automatically assumed (through a statistical



The racial discrimination claim against the NFL is being made by former players Najeh Davenport, above, and Kevin Henry, right, No. 76.

manipulation called 'race-norming') to have started with worse cognitive functioning than White former players," according to the complaint filed Tuesday in the U.S. District Court for the Eastern District of Pennsylvania.

"As a result, if a Black former player and a White former player receive the exact same raw scores on a battery of tests designed to measure their current cognitive functioning, the Black player is presumed to have suffered less impairment, and he is therefore less likely to qualify for compensation."

The complaint says that both Henry and Davenport received indications during testing that their results were subject to adjustment using models that weighted results for different races, as well as differences in age and education.

The settlement over head injuries, which is uncapped but potentially valued around \$1 billion, has been the subject of bitter fighting between the league and former players. At one point the league asked a federal judge to appoint a special investigator to probe what it described as a widespread fraud involving lawyers and doctors that resulted in false claims. Lawyers for former players have accused settlement administrators of



acting unfairly. The new race claims are particularly incendiary because they are coming at a moment of national reckoning over racial injustice in which the league has sought to establish itself as an ally to Black players who protest inequality.

Neuropsychologists have long wrestled with how to assess somebody's cognitive capacity before an injury if they haven't previously encountered them. Many researchers have identified African-Americans performing less well than white Americans on cognitive tests, though the reasons for this are widely debated.

One proposal in response has been to adjust scores to account for race with the goal of reducing inaccurate diagnoses of cognitive impairment, or false positives.

Skeptics of that kind of adjustment have raised concerns about its potential application to the treatment of different races, as well as missed diagnoses of conditions, or false negatives. Some researchers, such as Philip Gasquoine, a clinical neuropsychologist and a professor of the University of Texas Rio Grande Valley, have suggested using a single national standard and then using a specific test score, such as a score for vocabulary, which is relatively resistant to brain injury, to estimate a specific individual's pre-existing skill level.

Henry, the complaint says, was tested in 2017 by an approved physician. His scores indicated his executive functioning, or self-management, was impaired, and his memory and language were more severely impaired, to the point that

he met the criteria for benefits. He had played in the league for eight years and retired in 2000 at the age of 33, after a career in which he had multiple concussions.

His claim for settlement benefits was denied, and he took a second test in 2019. This time, a health-care provider wrote he didn't meet the criteria and that the results differed from his 2017 evaluation because "different normative comparison groups were used at the previous evaluation, which also may account for some discrepancies in the standard scores and meeting impairment criteria." Henry's lawyers say that "different normative comparison groups" meant that racial weighting was being deployed.

Davenport, the complaint says, was tested in 2019 by a physician who used a standard that didn't adjust based on Davenport's race, and initially was considered to have qualified for benefits based on some impairment in his executive functioning and greater impairment in language. He had at least 10 concussions, played in the league for seven years until 2008, and retired at the age of 29, the suit says.

He received a notice saying he would receive compensation, but the NFL appealed his claim, arguing in part that "based on the NFL Parties' independent recalculation of Mr. Davenport's" scores, and "applying the industry standard Heaton norms, Mr. Davenport did not demonstrate the requisite cognitive impairment in any domain."

"Heaton norms" is generally understood to refer to using different tables for different races to interpret the results of neuropsychological tests, in addition to factoring in the demographics of age and education. The litigation, which was filed in the same court where the concussion settlement is now overseen, includes both a motion to prevent the use of race adjustment in assessments of former players and a complaint of discrimination that also seeks damages for former players, punitive damages from the league and legal fees.

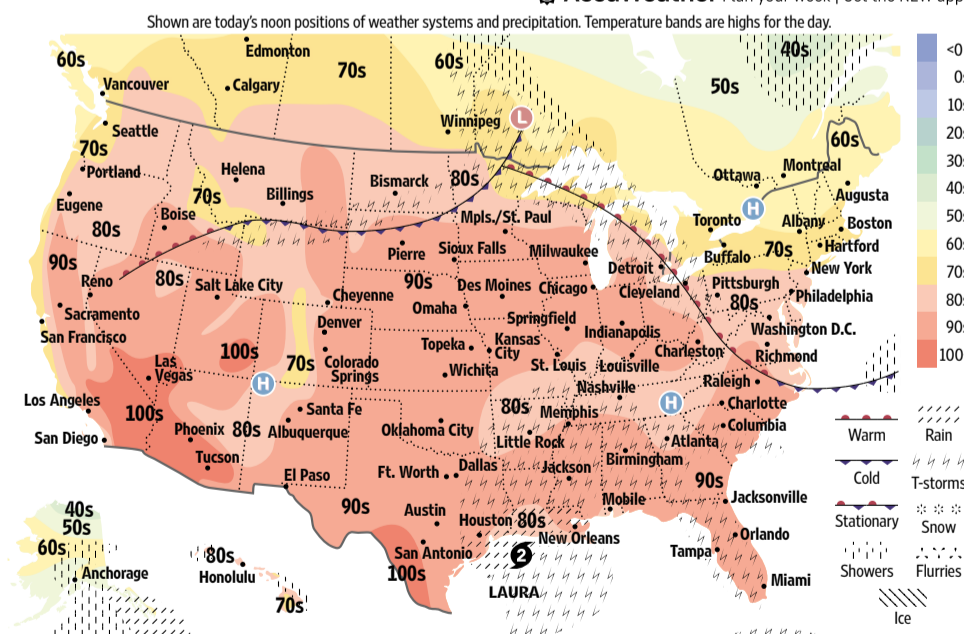
In an interview, Henry, who is now 51 years old, said that he noticed that something was wrong when his speech became slurred, he suffered daily headaches, he struggled to remember things and his temper became hard to manage.

Henry said he felt betrayed to think that Black players had been discriminated against in the settlement, which he had concluded "was to make all the fans out there feel like we're taking care of the players...and we are taking care of some of them, but not all of them."

Davenport, who is 41 years old, said he started to notice he was forgetting things about seven years ago. "They preached to us about not disrespecting the shield," said Davenport. "We come to find out that they can care less about us...It makes you look at that shield differently."

The settlement over head injuries has been the subject of bitter fighting.

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U.S. Forecasts

Table with 2 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists major cities and their weather forecasts.

International

Table with 2 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists international cities and their weather forecasts.

The WSJ Daily Crossword | Edited by Mike Shenk

A crossword puzzle grid with 13 columns and 67 rows. Clues are provided for various words.

REMOTE LOCATIONS | By Val Melius

A list of crossword clues categorized by type (Across, Down) and numbered. Includes clues like 'Fancy that!', 'Given that...', and 'Spot for a stud'.

- A list of crossword clues and answers, including 'Flows through the cracks', 'Chicago commuting options', and 'Target of Sideshow Bob's plots'.

A grid titled 'Previous Puzzle's Solution' showing the filled-in letters of a crossword puzzle from a previous issue.

FROM TOP: MURRY GASH/ASSOCIATED PRESS; GARY STEWART/ASSOCIATED PRESS

OPINION

Russia and the Never Trumpers



BUSINESS WORLD
By Holman W. Jenkins, Jr.

When Donald Trump entered presidential politics, many in the conservative commentariat naturally were concerned with their own personal brands. They had worn their Republican affiliations on their sleeves for years. They hoped their audiences perceived them as the party's intellectual vanguard. They feared being tainted by Mr. Trump's character or engulfed in any failure of his administration.

Their concern was understandable but many became hopelessly stuck in their self-protective rut. Where they could have done better is when the Russia farce unfolded. They would have seen they were not meting out a defeat to Vladimir Putin, but serving his interests. As Harvard's Berkman Klein Center for Internet & Society pointed out in a careful 2018 study, "overstating the impact of [Russian propaganda and manipulation in the election] actually helps consolidate their success."

All the more so as we came to understand our own intelligence community's role in the 2016 election, as much blundering as it was possibly corrupt. The FBI may well have caused Mrs. Clinton's defeat. It certainly helped promote the unfounded slur that Mr.

Trump was a Russian agent. Even more when the press showed itself to be completely dysfunctional. A paid foreign agent peddles implausible, un-sourced and unsubstantiated allegations about a U.S. presidential candidate. The job of the press is to find out what's going on, not to enlist in the paid agent's cause.

Most of all, the Never Trump pundits had a duty to put away childish preoccupation with themselves and realize that every circumstance contains the possibility of better and worse outcomes. Mr. Trump is not a principled politician in whatever limited sense the word applies in Washington. He is hardly a Republican. He is not ideological. The potential for new coalitions to get interesting things done was obvious with his arrival, but it's hard not to suspect the Russia hoax was exactly and deeply what many of Mr. Trump's fans said—a defense by a reckless elite of its own status unrelated to any policy or philosophical goal. And playing a supporting role were lousy judgment and a colossal failure by many pundits to do the job of pundits and appreciate what's interesting about the times they are living in.

And it was interesting. When Mr. Trump came down the escalator, I was surprised by the effectiveness of his presentation and urged colleagues by email to tune in. Two months later, in response to a variety of online signs and portents, I had no trouble

believing Mr. Putin's trolls were getting behind the Trump boomlet. Why wouldn't they? First of all, the Internet Research Agency in St. Petersburg is a moneymaking operation. Mr. Trump was a click magnet. Without instruction, its trolls likely would also have seen in his rise the kind of outlandish, apparently disreputable democratic phenomenon Mr. Putin would always like to hype.

In the collusion racket, too many pundits were 'traitors to themselves.'

I was not shocked and still am not. Since czarist times, the Russian government has played such games, and was hardly going to adopt a self-denying ordinance now that the internet was making them costless and effortless.

Mr. Trump entered the race with the idea of making himself more famous but now a truly democratic phenomenon was in danger of running away with the country. His voters selected for him a role that he couldn't have defined for himself. This is interesting too—and reducing it all to a Russian plot was dishonest by Democrats and evidence only that many journalists aren't up to their jobs.

And yet Russia, which we heard about incessantly for three years, went all but un-

mentioned at last week's Democratic convention. Adam Schiff, the public face for three years of the Democratic critique of Mr. Trump's alleged Russia ties, a daily presence on cable TV, was unseen at the convention. He did not speak. Hillary Clinton spoke, including about her loss in 2016. Down the memory hole, however, went the Russian conspiracy that for years she and her acolytes had promoted to suggest Mr. Trump was an illegitimate president.

It's impossible to know what course a mercurial and unformed Trump presidency would have taken otherwise, but when I think of those who could not get past their histrionic disdain for the man to speak against the collusion hit job, I think of the tongue-lashing Gregory Peck gave Hugh Marlowe in "Twelve O'Clock High" after he "ran out" on his responsibility under an inadequate and failing wing commander. "As far as I'm concerned, you're . . . a traitor to yourself."

By the way, this is not a criticism of the Republican worthies, some of whom deserve your respect and some of whom are notorious attention seekers, who last week issued a pledge to vote against Mr. Trump. If there is a right time for expressing yourself on the character of the commander in chief, it's an election. At the same time, they didn't need to be his admirers or supporters to know that Russia collusion was a lie and damaging to the country.

BOOKSHELF | By John Donovan

From Bud To Blossom

The Origins of You

By Jay Belsky, Avshalom Caspi, Terrie E. Moffitt and Richie Poulton
(Harvard, 410 pages, \$35)

Beginning on April 1, 1972, and over the next full year, slightly more than 1,100 babies were born at a single hospital in Dunedin, New Zealand, a city comparable in size to New Haven, Conn. Today, deep into middle age, these same individuals have lived varied lives, and, in many cases, landed far from Dunedin. A sizable number, 166, were living in Australia as of 2019, while 26 were in the U.K., 10 in the U.S., 4 in Canada and another 20 or so scattered across Africa, continental Europe, the Middle East and South America. That such information exists on a set of people connected only by the circumstances of their birth suggests someone has been keeping track of them all their lives. Someone has. "The Origins of You: How Childhood Shapes Later Life" is a book-length discourse on "how we become who we end up being" that relies heavily on cooperation from that cohort of New Zealanders enrolled as infants in the Dunedin Multidisciplinary Health and Development Study.

A remarkably high percentage of the original "study members" continued showing up at two- to three-year intervals to be prodded and probed, measured and scanned, tested and scored. The most recent assessment conducted in 2019, with a 94% participation rate. As the members passed through adolescence and became adults, seemingly every aspect of their lives continued to be recorded: pregnancies conceived, crimes committed, dreams fulfilled. So were accounts of their moods, incomes, dental health, DNA and faith in God—and that only scratches the surface of what they shared with researchers.

More than 800 academic papers have resulted over the last four decades, and now this book, co-authored by four psychologists specializing in human development. Three of the four, Avshalom Caspi, Terrie Moffitt and Richie Poulton, have played leadership roles in the project. The fourth, Jay Belsky of the University of California Davis, also brings in his work on a 15-year longitudinal study in the U.S., as well as a separate British study focused on twins.

Mr. Belsky, who conceived of this book and did the actual writing, is one of psychology's superstar researchers. He is controversial for his work in the U.S., which found that longer hours spent in day care during the first 4.5 years of life predicts higher levels of aggression and disobedience in children, and then, during adolescence, risky and impulsive behavior. Unwelcome in many quarters, that finding nevertheless relied on the unique advantages of the longitudinal model for studying development, which the New Zealand project epitomizes. As the authors argue persuasively, the longitudinal approach has distinct benefits compared with "retrospective research," in which "the potential causes of later social, emotional, and cognitive functioning, or even of physical health, are not measured when they occur."

By contrast, researchers engaged in longitudinal work are right there with their subjects when key "experiences, exposures, and early-life functioning" are happening, taking measurements and filling notebooks. Researchers can't know what information will turn out to be important and are thus, perhaps, less influenced by confirmation bias.

Examining the data to determine the degree to which our childhood personalities and behaviors predict our adult selves.

This book's authors, having plumbed their data in depth, deliver a flood of insights around the book's central question: To what degree do our childhood personalities and behaviors predict our adult selves? They discovered, for example, that those who exhibited more self-control as young children were more likely than those at the other end of the spectrum to achieve financial success as adults, and also less likely to get in trouble with the law. That children with more limited self-control showed earlier signs of aging as adults. That persistent marijuana use across decades predicts a diminishment in IQ scores in adulthood. And that 15-year-olds using marijuana faced a higher risk of later "schizophrenia-related outcomes" than those who waited another two years to start. In many cases, the authors can only guess at what exact mechanisms drive these connections, leaving tantalizing pointers for further theorizing and research.

But the guessing itself gets interesting at times, as when Mr. Belsky analyzes the finding that girls in the Dunedin group reached puberty at younger ages in homes where the father was absent—a circumstance he labels an "adverse condition." Knowing that evolutionary biologists view "the purpose of life is to pass on genes to the next generation and future descendants," Mr. Belsky theorizes that these girls, owing to adversity, "were rushing to maturity—for reproductive reasons." That is a debatable take, but invites comment and investigation by anyone else who might have something to say about it: geneticists, endocrinologists, gynecologists, social workers and actual evolutionary biologists, among others. This head-turning quality is one of the book's virtues. It presents lots to interest many kinds of researchers.

Mr. Belsky, however, says he set out to hook a lay audience, "to share the insight, even excitement, that comes from investigating how humans develop." On that score, the book misses. It never tells its most relatable story—that of the people studied in Dunedin, as people. They are barely met as individuals, either at home or in the exam room. Only a handful are given names, and then only passingly, for the purpose of noting some finding they embody. The book never describes the full life course or environment of any single subject, and none is ever heard from on one of the most interesting questions: how or why they trusted these researchers and remained committed to a project they were enlisted into as infants, when volunteering was out of the question.

No doubt, the ironclad anonymity promised to the study members was a barrier to that sort of narrative. But the resulting book reads like a reference work. Even Mr. Belsky, while repeatedly promising an "adventure," acknowledges that the book's parts don't require reading in order, and that there is "little intellectual cost to jumping around from chapter to chapter." That the researchers experienced an intellectual adventure is entirely believable. But as "The Origins of You" lays things out, it seems you had to be there.

Mr. Donovan is the co-author, with Caren Zucker, of "In a Different Key: The Story of Autism."

Trump's Unlikely Path to Victory



POLITICS & IDEAS
By William A. Galston

Some Republicans are looking to 1988 as a model for turning around a sinking candidacy and surging to victory. George H.W. Bush, who trailed Michael Dukakis by as much as 17 points after the Democratic convention, ended up beating the Massachusetts governor by more than 7 points in November.

The parallel is less than perfect. Mr. Bush was not an incumbent president with a record to defend, and Mr. Dukakis was not well-known to the electorate. The Bush campaign defined Mr. Dukakis before he could define himself. By contrast, Mr. Trump has a substantial and controversial record, and former Vice President Biden is a familiar figure. Then-Vice President Bush was liked and respected across party lines; Mr. Trump's character and conduct has raised concerns among even some of his supporters.

Mr. Biden's campaign is gaining momentum. A CBS/YouGov survey conducted right after the Democratic convention suggests that it strengthened Mr. Biden's hand. Before the convention, some 49% of Biden voters said they were voting for him to oppose Donald Trump. That figure has fallen to 42%. Meanwhile, some 38% said they were supporting Mr. Bi-

den because they liked him, up from 29% before the convention.

As President Trump prepares to address the Republican convention on Thursday, he trails the Democratic presidential nominee by about 9 points. No incumbent in the past half-century has been so far behind at the start of the conventions.

Still, a Trump victory is far from impossible. Although the Democratic convention was successful, it did open up some political vulnerabilities. The convention did not focus on Mr. Biden's policy agenda. A plurality of Americans told CBS/YouGov that they thought the recent focus on discrimination against minorities had gone too far, an impression the convention did nothing to dispel. There was little outreach to white working-class voters who are reconsidering their support for Mr. Trump.

The president hasn't done much to expand the narrow base that gave him only 46% of the popular vote in 2016, but this is not necessarily a formula for defeat. As an analysis by Brookings Institution demographer William Frey shows, more than 60% of the 2016 non-voters in the "Blue Wall" states of Michigan, Wisconsin and Pennsylvania were whites without college degrees. Compared with 2004, when George W. Bush won reelection, turnout rates among these voters, fell by 7 percentage points in Wisconsin, 5.7 points in Michigan, and 2.7 points in Pennsylvania. Re-

storing their turnout to 2004 levels could allow President Trump to repeat his 2016 Midwestern success, even if Democrats do better in the suburbs and large cities. He could eke an Electoral College majority even if he loses Florida, where he now trails Mr. Biden.

Mr. Trump has other strengths. The sharp economic downturn has reduced but not eliminated the advantage he holds over his challenger on

He could still scrape together an Electoral College majority in the Midwest.

the management of the economy. While his support among African-Americans has not increased, his tough immigration policies and unyielding social conservatism may have improved his standing in some parts of a diverse Hispanic community.

The president's second-term agenda as announced at the Republican convention may also help. Reducing America's dependence on Chinese manufacturing will appeal to voters across party lines, as will requiring new immigrants to support themselves financially. On balance, defending the police will play better politically than calls to defund them.

The Democratic Party's newfound unity is a mixed blessing. The Biden campaign

was compelled to accept compromises with forces well to the former vice president's left, exposing him to charges that his agenda is unaffordable, even if he raises taxes by trillions of dollars, which may itself be a political liability.

The same is true for Mr. Biden's decades of public service. Most people think that he has the experience to be president. But Mr. Biden has voted for policies that turned out poorly, such as the Iraq war, and he has changed his mind on issues such as the Hyde amendment that forbids public funding of abortion. Although he served as chairman of the Senate Foreign Relations Committee, his record on important foreign policy issues is hardly impregnable.

This said, President Trump faces an uphill battle to win reelection. His job approval rating sits well below the share of the vote he will need to prevail in the electoral college. He is behind Mr. Biden in nearly every swing state, and the president will have to spend time and resources defending states—Ohio, Iowa, Georgia and Texas, among others—that he won handily in 2016. More than 6 in 10 Americans disapprove of his handling of the Covid-19 pandemic, which may turn out to be the pivotal election issue.

On the eve of the 2016 election, analyst Nate Silver was ridiculed for giving Mr. Trump a 3 in 10 chance of winning. As of today, he puts the odds of a Trump victory at 26%. That seems about right.

It's Time to Open New York's Offices

By Jeff T. Blau

New York has gone from the epicenter of the pandemic to the model for a responsible reopening in two short months. The parks seem full, the streets have more life, but it's an illusion. The reality is: New York's offices remain empty.

We can't recover until people actually return to New York. That won't happen until the people who work in our offices come back. New York, like all cities, is an economic ecosystem that requires the common commitment of everyone to thrive. Office workers support retail, restaurants, cab drivers, street vendors and countless others. The tightly woven fabric of our urban economy is in danger of fraying beyond repair. The Partnership for New York City estimates that more than a third of small neighborhood businesses might close permanently. The New York Fed has reported on the disproportion-

ate effect the pandemic is having on black-owned businesses. The damage is compounding and the situation will only grow worse unless we change course.

Business leaders face a stark choice: We can allow the economy to continue to decay or we can revive New York by bringing employees back to our offices. We decided to reopen our

The city can't recover until the people who work here come back.

offices when New York moved to Phase 2 on June 22. Of course, the health and safety of our employees and their families was paramount, and remains so. We wear masks in the office. It isn't optional. Wearing a mask isn't merely a matter of individual physical health; it is essential to our economic well-being. The alternative is another shutdown.

We can't afford that.

Staying vigilant is also essential. We must ensure that New York's infection rate remains among the country's lowest. Offices need to have measures in place to encourage social distancing and adherence to strict health protocols.

While none of this is easy for anyone, the value of returning to work in the office is undeniable. The New York area is the economic engine of the nation, representing almost 9% of U.S. gross domestic product. As New York goes, so goes the country.

The entire essence of this city we all love is at stake. This isn't about writing a love letter—anyone who lives, works or visits New York knows what it offers. As John Updike said, "people living anywhere else have to be, in some sense, kidding." The city has an energy that can't be found anywhere else. The greatest cultural institutions in the world are here.

That's not New York brag-gadocio, it is simply a fact.

But all of our cultural and financial strength is driven by the people who live, work and visit New York. The local and national economies that thrive on this intangible energy are facing an existential threat. If we want New York to recapture its momentum, then business leaders need to lead.

Let's not forget that during the worst of the pandemic, thousands of essential workers went to work every single day. We all owe a debt of gratitude to the police, firefighters, emergency medical technicians, doctors, nurses, transit workers, building staff, essential construction workers and so many other heroes who were there for us.

Now it's our turn. When it comes to reviving the economy, we are all essential workers. Responsibly and smartly bringing New York back to life is our obligation. Let's get back to the office.

Mr. Blau is CEO of Related Companies.

OPINION

REVIEW & OUTLOOK

Remember the Trump Economy?

Joe Biden is running on his record in the Obama Administration of staging a turnaround after an economic crisis, and last week we reminded readers there's less to that record than the spin. Conversely, there's more to President Trump's economic achievements in his first three years than his detractors admit, and this debate is crucial to how well the economy recovers after Covid-19.

Mr. Biden and the economic left claim Mr. Trump inherited a long expansion, and nothing much changed. But recall that Mr. Trump was able to win in 2016 in part by running against the "secular stagnation" that liberals said was inevitable. The Obama-Biden recovery was the slowest in decades, and by the second half of 2015 it was losing steam and came close to a recession in 2016.

* * *

Mr. Trump promised to spur growth again, and his win immediately revived animal spirits. The NFIB Small Business Optimism Index, which had languished below 100 for all but one month of President Obama's tenure, jumped 10 points to nearly 106 in December 2016. The OECD's Business Confidence Index showed a similar flip from pessimism through most of 2015 and 2016 into growing optimism. The University of Michigan's consumer confidence survey quickly exceeded its Obama-era high.

In its first two years, Mr. Trump pursued two major policy shifts. Instead of raising taxes as Obama-Biden did, he cut them. The 2017 Tax Cuts and Jobs Act passed by a GOP Congress restored global competitiveness to the U.S. corporate tax code, years after even European governments cut their marginal rates. Rationalizing taxation of overseas profits encouraged companies to repatriate foreign earnings to fund investment, increase wages, or return to shareholders for other uses.

Tax reform also encouraged business investment by allowing immediate 100% expensing of capital spending. The result of these measures was a capex surge, with job creation and productivity gains in its wake.

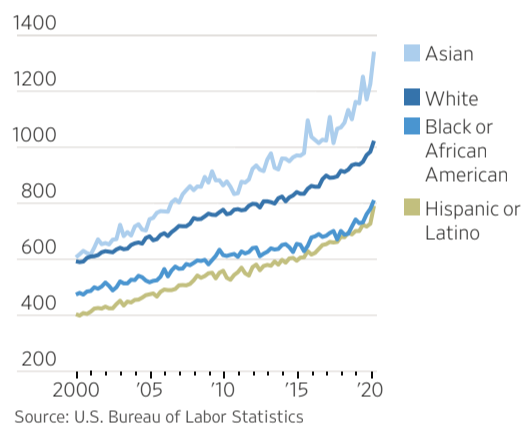
The other track was deregulation. The Administration eased restrictions on new energy pipelines, opened new areas to exploration, and rationalized emissions rules in the energy industry. This spurred a boom in gas and oil production. America is now a net exporter of petroleum products, allowing Washington new freedom to advance American interests in the Middle East and elsewhere.

The Trump Administration also freed banks of the more pointless elements of post-2008 regulation, such as investigations into racial discrimination in auto lending based solely on borrowers' last names. And wouldn't you know, the financial system still looks set to survive the Covid-19 shutdown. Republicans killed another 16 Obama-era rules through the Congressional Review Act.

These policies delivered what they promised, which was a burst of growth. From the end of 2017 through September 2018 the economy grew by more than 3%.

Work also increased. The unemployment rate fell to 3.5% by September 2019. Many liberal economists had assumed the 4.7% unemployment of November 2016 was a floor. More

Median weekly earnings of full-time workers by race and ethnicity, quarterly averages, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics

impressive, this rate declined even as the number of people working increased. Labor participation among the prime working-age population increased to 83.1% as of January this year, a rate not seen since 2008. Participation among working-age men exceeded 89% in early 2018 for the first time since 2010.

Wage growth, adjusted for inflation, accelerated after years of stagnation. The improvement was especially pronounced among low-skilled and minority workers left behind by the Obama economy. Median weekly full-time earnings for blacks increased 19% in Mr. Trump's first three years, to \$806. That followed a period of 11% growth during Mr. Obama's seven post-recession years in office. (See the nearby chart.)

The Obama-Biden policy mix of easy monetary policy, higher taxes and hyperregulation skewed economic gains toward highly educated workers in industries such as tech and finance at the expense of other workers; toward asset owners at the expense of labor income; and toward larger companies at the expense of smaller. These inequities began to unwind under the Trump Administration.

Mr. Trump's main policy mistake has been trade, which added costs by disrupting supply chains, raising tariffs and adding uncertainty. Tariffs on industrial inputs such as steel bogged down what could have been a bigger manufacturing boom. He made Nafta marginally worse but didn't blow it up. Economists differ on the costs of this trade friction, but a Federal Reserve study put it at about 1% off annual GDP.

Mr. Trump deserves credit for challenging Chinese trade abuses and intellectual-property theft. But he has been less effective by refusing to build trade alliances, not least his withdrawal from the Trans-Pacific Partnership trade deal that excludes China. His immigration restrictionism has also hurt an economy that needs more workers to grow.

* * *

It's easy to forget this record after the hell millions of Americans have suffered in recent months, and Democrats hope you do. Never before has a government suddenly shut down an entire economy, and Mr. Trump shares the blame. At least he soon reversed course and urged a reopening, while Mr. Biden still says he might lock the country down again.

Amid the Covid nightmare, Mr. Trump has also gone along with Speaker Nancy Pelosi's demands for Keynesian income supports for individuals to survive the shutdown. But income transfers are no more than a palliative, and the deficits and debt will hang over the economy for decades.

The issue for the election is which candidate and party can best lead America to a sustained post-Covid expansion. Both will rely too much on easy monetary policy. But Mr. Biden would return to the Obama-Biden policy mix, with a Bernie Sanders lurch left: Much higher taxes, much more regulation, trillions in more spending with perhaps a little less protectionism.

Mr. Trump is no free-marketeer, but he'll try to make his tax cuts permanent, block further regulation, and wouldn't nationalize health care or the energy industry. He prefers faster growth to raise wages instead of income transfers or welfare. If voters look past the ravages of Covid-19, Mr. Trump has the better case.

Trump's Unforced Drug Error

One goal of the Republican convention this week is to make voters nervous about the Democratic Party's new "socialism." The pity is that the GOP is damaging its own case against a government takeover of health care with President Trump's enthusiasm for price controls on drug prices.

Monday night's convention featured a young woman named Natalie Harp who credited Mr. Trump with her ability to access a treatment for bone cancer. She touted the Administration's "right-to-try" law that affirms that desperately ill patients can petition companies for drugs that haven't cleared the Food and Drug Administration.

Ms. Harp said in a 2019 post on her LinkedIn account that she found an oncologist willing to try "an FDA-approved immunotherapy drug for an unapproved use." Such "off-label" treatment would be different from "right to try," though many on the left dislike both. We side with any patient looking to prolong life with the best that human ingenuity can offer.

But incremental measures cannot replace a thriving and dynamic drug industry like the one working to crush Covid-19. Joe Biden should be ripe for attack on this point for his plan to allow "an independent review board" to assess the value of certain new speciality drugs and recommend a price based on the average price in other countries.

But GOP convention speakers lack the credibility to attack the Biden plan because Mr. Trump is pushing his own international price model that would drive investment out of drug research and result in fewer cures.

On Monday in Charlotte the President lin-

gered on congratulating himself for trying to peg drug prices in America to prices paid abroad, where single-payer systems dictate costs. He bemoaned the industry calling him a socialist. "Some of the socialistic countries get the lowest price" on drugs, he rified, "so the only thing I have with socialism is I wanted to get their price. Okay. That's the only thing." Vote Trump to stop socialism—exclusions may apply.

What's a couple lost drugs? Consider that breakthroughs tend to be the result of tens or even hundreds of failures. One recent drug industry report noted that, since 1998, 12 drugs have been approved to treat malignant melanoma; 158 have failed. For pancreatic cancer it's seven approvals to 131 duds, and three approvals in brain cancer compared with 122 dead ends.

President Trump is complicating what should be a strong case against a "public option" or slow-motion single-payer health care. His international pricing project is too late to reduce prices before the election, and he'd be smart to dump it. But the populist appeal is irresistible to a politician worried about his support from seniors.

The broader question is whether the GOP can sell Americans on a health-care agenda beyond frightening everyone about single payer. Aside from welcome support for telemedicine during the pandemic, the ostensible party of health-care innovation and choice has had little on offer about, say, making insurance more portable or affordable. Drug price controls are what a party resorts to when it stops thinking about health-care policy.

LETTERS TO THE EDITOR

Wolfowitz and the End of the First Gulf War

I fought with the 1st Infantry Division—"The Big Red One"—in the Gulf War. It was the perfect war: deploy in January, home by May. Massive amounts of troops with a merciless bombing campaign, plus President George H.W. Bush got other countries to pay for it.

Leave it to Paul Wolfowitz to try to denigrate the mission for not going further ("The Gulf War Ended Too Soon," op-ed, Aug. 13). Poppy Bush, to his eternal credit, knew when to declare victory and get out.

KEN HALTOM
Dover, Del.

Mr. Wolfowitz is correct that the Gulf War ended too soon. Another 24 to 48 hours of combat would have allowed coalition forces to inflict greater damage on the wounded but still effective Republican Guard divisions that were, in Gen. Norman Schwarzkopf's estimate, the main military object of the campaign.

Mr. Wolfowitz errs, however, in his unstated but clearly implicit assumption that regime change in Iraq, which he worked ardently to make a policy goal early in the George W. Bush administration, was in America's interest. It was not. Its inevitable result, with which we are still living today, is greatly enhanced Iranian power in the Middle East.

HAROLD R. WINTON
Madison, Ala.

Mr. Wolfowitz's article would have been much stronger if he had drawn from his own experience in the Second Gulf War and the "slam dunk" certainty projected by CIA Director George Tenet that Saddam Hussein had weapons of mass destruction and would use them. That certainty led to what many argue was the greatest

strategic blunder for America since the Civil War.

In 1990 and 1991, the U.S. didn't know how weak the Iraqi army was or how overwhelming our modern weapons would prove in combat. Nor did we know that Hussein's regime rested on the loyalty of the Republican Guard. If we had targeted those divisions, Hussein could have been fatally weakened. But we didn't know. In war, you go into battle with the intelligence you have, not the intelligence you would like to have or need. As we learned tragically in 2003, that gap can be fatal.

HARLAN ULLMAN
Atlantic Council
Washington

Mr. Wolfowitz writes, "I still believe Bush was right not to risk American lives pursuing the retreating enemy" for fear of losing more lives. I disagree, and I wonder how his 1991 casualty projections would compare to the actual loss of life—American and Iraqi—in the intervening 29 years of conflict. Bottom line: If you're not in a war to win decisively, don't start it.

DAVE SMITH
Kansas City, Mo.

Paul Wolfowitz claims the lesson to be learned from Desert Storm, in which I fought, is that "simply abandoning 'endless wars'" is a "mistaken belief that you won't be forced back to war again." If the historical record is clear on anything, it's that the 2003 Iraq war, 12 years after Desert Storm, was not "forced" on us; we chose to fight. We also chose to stay, even after recognizing our mistakes, and choose to remain there to this day.

DANIEL DAVIS
Defense Priorities
Washington

U.S. Is Isolated on Iran for the Right Reason

Regarding "U.S. Risks Isolation Over Iran Nuclear Move" (World News, Aug. 20): I argue that the U.S. already is isolated because the Trump administration has been trying to right a wrong in the Obama administration's weakly negotiated Joint Comprehensive Plan of Action.

The JCPOA didn't stop Iran from gaining nuclear weapons. It merely slowed Iran's acquisition of nuclear capability, while allowing Iran to rebuild militarily and intimidate its regional neighbors. And that cash payout did wonders for the ruling ayatollahs and Iran's military apparatus.

While I appreciate all diplomatic

efforts, it is a false premise to believe the U.N. Security Council will support any U.S. efforts at extending the arms embargo against Iran. Realist thought proves there is too much money (and some influence) to be gained by Russia and China to expect either country (and I would caution some of our European allies as well) to support further sanctions against Iran. This is a case in which the U.S. should recognize the long-term threat for what it is and stay strong with our position to not support Iran's growing regional aggression and ultimate access to nuclear weapons.

MARK S. CHANDLER
Myrtle Beach, S.C.

Even at 16, We Know Enough to be Activists

Rebecca Sugar claims that "Activism is for Adults" (op-ed, Aug. 20). Though I am 16 years old, I strive to be an informed citizen and form my own opinions. It is true that my perspectives model those of my parents, but I am not merely a vessel for their political ideologies. Contrary to "[forming] opinions without rigorous research or deliberation" as Ms. Sugar argues, my stance on environmental issues was molded by my high-school biology and chemistry classes, which opened my eyes to crises such as ocean acidification and the loss of biodiversity, and while I have never en-

dured an abortion, I became knowledgeable about the subject by combing through reputable academic papers on the databases JSTOR and ProQuest. I, and a sizable contingent of my generation, have grown disheartened by shortsighted, partisan lawmakers absorbed in their own interests. We may not have college degrees, but neither do 64% of voters. Why can we not advocate for positive change, as students and activists, before it is too late?

EMILIA NEYER
Carlsbad, Calif.

I wholeheartedly agree that young people should not be pushed into activism. Perhaps teachers can instead help students understand that there are more important ways to improve society than simply "protesting." Developing solid math, science and communication skills can equip young people to do their part to make the world a better place simply by working hard in school so that they can credibly aspire to become future change makers.

BILL COLTON
Houston

I want to thank Ms. Sugar for her article on allowing children to be, well, children and not pawns of abusive adults.

BOB WATERS
Laguna Niguel, Calif.Pepper ...
And Salt

THE WALL STREET JOURNAL



"Homework isn't in my comfort zone."

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STEPHEN A. SILVER
San Francisco



Every vote is a voice heard

Voting is the most powerful expression of democracy. A vote is a voice heard.

We're building the largest voter information effort in our country's history, starting with a new Voting Information Center.

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Wednesday, August 26, 2020 | B1

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Ant IPO Filing Reveals Big Profit

Preparation for listing of financial-tech firm in Hong Kong, Shanghai shows size of business

By Stella Yifan Xie and Jing Yang

HONG KONG—Ant Group Co., the Chinese financial-technology giant controlled by billionaire Jack Ma, revealed how highly profitable its business has been as it gears up for what is likely to be a record-breaking initial public offering. The owner of the popular payments and lifestyle app Alipay on Tuesday filed listing documents for IPOs on stock exchanges in Shanghai and Hong Kong, publicly disclosing for the first time detailed financial data showing the size and scale of its business.

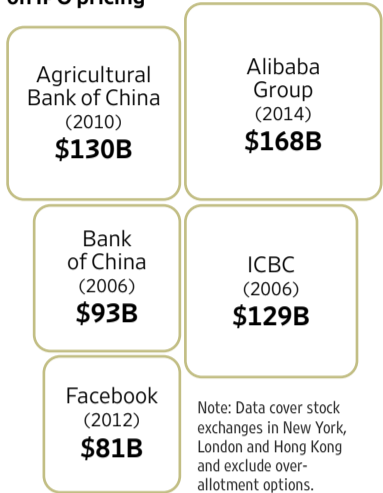
Ant said it made 21.2 billion yuan (\$3.06 billion) in net profit for the six months to June 2020, on revenue of 72.5 billion yuan (\$10.48 billion). That implied a net profit margin of around 30%, fairly high for a relatively young company that is growing rapidly.

The Hangzhou company is aiming to go public as soon as this fall, and is targeting a market valuation above \$200 billion, The Wall Street Journal previously reported. Ant said in one of its filings that the new shares it plans to sell would comprise at least 10% of the company's share capital, implying that it could raise more than \$20 billion.

If achieved, it would propel Ant into the ranks of China's most valuable listed companies and the world's top financial-technology companies, in the

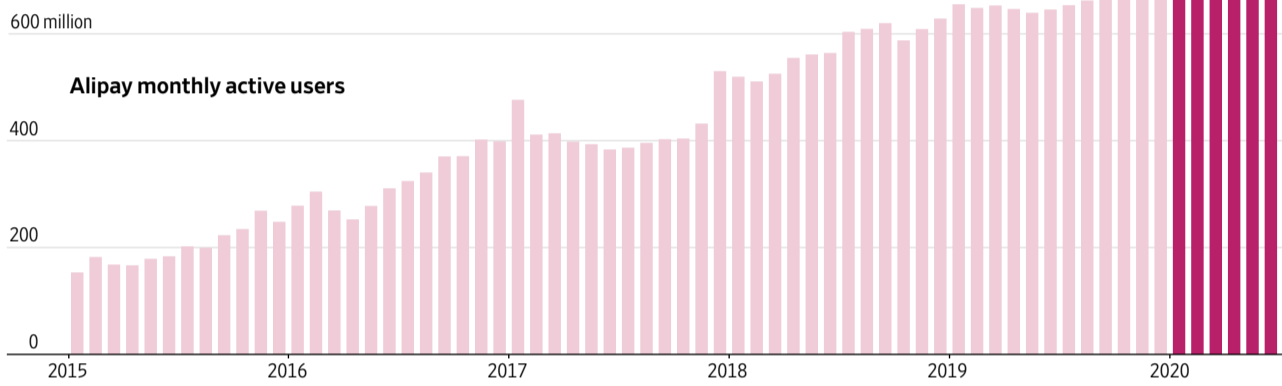
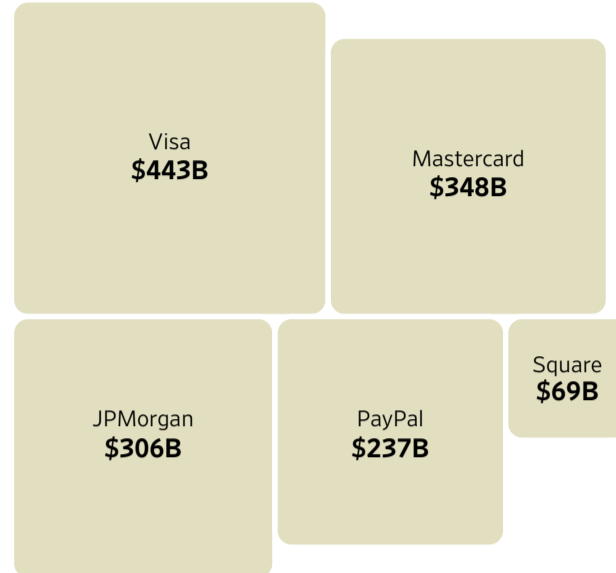
Ant Group earns a \$200 billion market capitalization in its IPO, it would be the most valuable company to go public on a global stock exchange and rival the world's most valuable payments-technology and financial-services businesses.

Largest valuations based on IPO pricing



Ant's target valuation \$200B

Market capitalization of select financial companies



Sources: Dealogic (IPO valuations); FactSet (financial companies); QuestMobile (users)

vicinity of PayPal Holdings Inc. and Mastercard Inc., which recently had market capitalizations of \$237 billion and \$348 billion respectively.

Ant's origins date to 2004, when Alipay was created to facilitate payment transactions on e-commerce sites operated

by Alibaba Group Holding Ltd. Alipay expanded into a payments provider for a range of online, in-store and other retail and business transactions.

A predecessor to Ant was spun off from Alibaba in 2011, and the company became known as Ant Financial Ser-

vices Group in 2014. It changed its name earlier this year to Ant Group. Alibaba, whose New York IPO raised \$25 billion in 2014, owns a third of Ant, while Mr. Ma controls 50.5% of Ant's voting rights, the filing said.

Alipay had 711 million monthly active users as of

June, and more than one billion annual active users, according to Ant's filing.

Ant said its revenue grew roughly 40% in the first half as well as in 2019, when it collected 120.6 billion yuan.

About 43% of its revenue

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McDonald's Probes Claims of Cover-Ups

By Heather Haddon and Suzanne Vranica

McDonald's Corp. said its investigation into former CEO Steve Easterbrook's conduct is examining whether he covered up improprieties by other employees alongside allegations of potential misconduct within the human-resources department.

McDonald's filed suit against the former CEO following a tip that board chairman Rick Hernandez received last month about an alleged sexual relationship between Mr. Easterbrook and an employee. That tip raised concerns about the HR department and possible improprieties by other employees, McDonald's executives said. The company declined to provide details on allegations that it said involved the HR department.

Some former managers told The Wall Street Journal they felt HR leaders under Mr. Easterbrook ignored complaints about the conduct of co-workers and executives. Some of those people said they feared retaliation for reporting the conduct of co-workers and executives to HR.

"The board will follow the facts wherever they may lead," McDonald's said.

Mr. Easterbrook and his lawyer didn't respond to requests for comment.

The fast-food giant's han-

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GM's White-Collar Pinch Hitters Irk Union

By Ben Foldy

General Motors Co. is taking the unusual step of tapping salaried workers to keep the lines running at its pickup-truck factory near St. Louis as the company continues to struggle with staffing the plant amid pandemic-related absences.

The Detroit auto maker has asked white-collar employees to voluntarily fill in on jobs that are normally staffed by unionized workers, while it

works to make up for production lost this spring during a nearly two-month factory shutdown, a company spokesman said Tuesday.

The United Auto Workers union, which represents 3,800 hourly employees at the Wentzville, Mo., factory, has pushed back against the move, arguing that it violates the company's labor contract requiring assembly-line jobs be filled only by union members. A UAW spokesman said the union's local chapter has filed

a grievance with GM. GM said it believes its actions are necessary and appropriate given the challenges of operating during a pandemic.

As many companies attempt to resume operations across the country, the spread of the coronavirus is continuing to cause disruptions, leading to bumpy reopenings efforts in many industries. In some cases, businesses have brought workers back only to send them home again after infections surged anew.

Earlier this summer, as car companies worked to restore U.S. vehicle production, some factories wrestled with higher-than-expected absences as workers took time off to deal with sick relatives and child care challenges or stayed home worried about contracting the virus.

Despite this, the U.S. auto industry has largely managed to stay open this summer with few major disruptions. For the most part, executives say their plants are operating at or near

pre-pandemic levels, even though many have had to lean heavily on temporary workers to manage staffing shortfalls.

GM's Missouri plant, which makes some higher-margin pickup trucks and vans, has wrestled with staffing shortages since it reopened in May. Both GM and union officials have said that worker absences are higher than normal because of the pandemic's impact on surrounding communities. Local union leaders at the

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Best Buy Sales Surge, But Supply Gaps Hurt

By Dave Sebastian

Best Buy Co.'s online sales surged in the latest quarter as consumers bought laptops, appliances and other items that help them work, learn and cook from home, but executives said product shortages crimped the gains.

Consumers reported shortages or delays trying to order everything from Google's Chromebooks to Maytag freezers. A search Tuesday on Best Buy's website showed many chest freezers are sold out or unavailable in Northeast stores.

"The stronger-than-anticipated demand as we opened our stores for shopping resulted in more constrained product availability than we expected," Chief Executive Corie Barry said on a conference call to discuss results.

Best Buy shares closed 4% lower Tuesday. The shares had doubled from their March lows and were trading near all-time highs heading into the earnings release.

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◆ Heard on the Street: Future of retailer is still brick..... B12

Truck Stops Still Attract the Traffic



BRAKE CHECK: Many restaurants and hotels along U.S. interstate highways closed during the pandemic, but most truck stops were open to fuel the 18-wheelers that keep supply lines moving. B6

Mortgage Lenders Ask Home Buyers to Pledge Keeping Up Payments

By Orla McCaffrey

Some mortgage lenders are asking customers taking out a mortgage to confirm they don't intend to seek forbearance, a move meant to keep losses low during a pandemic that has put millions of Americans on shaky financial footing.

The unusual requirement comes in the form of a new document included in many borrowers' closing paperwork. While the language varies, the forms generally tell borrowers that they won't be allowed to skip payments until their loans are backed by the government, according to forms reviewed by The Wall Street Journal. The forms, known among lenders as "Covid-19 borrower certifications," often ask home buyers to confirm that they don't expect changes to their income. Some warn of potential penalties if any of the certifications are later proven to be false.

The \$2 trillion coronavirus stimulus package Congress passed in the pandemic's early days allows struggling homeowners to request up to 12 months of forbearance on federally backed home loans, meaning they can temporarily pause their payments and make them up later. But it can take days, weeks or sometimes even

months for a newly made loan to get government backing.

Lenders can still unload loans that are already in forbearance. Government-backed mortgage companies Fannie Mae and Freddie Mac said this spring they would begin to buy loans in forbearance, but at a discount of either 5% or 7% of the loan's value, depending on whether the borrower is a first-time home buyer. The Federal Housing Administration said it would insure loans in forbearance but could charge the lender a 20% fee if the loan goes into foreclosure.

Together, Fannie Mae, Freddie Mac and the government-owned mortgage company, Ginnie Mae, back more than 70% of outstanding U.S. mortgages, according to the Urban Institute, a nonpartisan policy research group in Washington, D.C.

Lenders are struggling to figure out which borrowers will be able to pay back their loans. The current recession has made it particularly hard to determine who is creditworthy: Millions of Americans are behind on their debts, but their missed payments aren't reflected in their credit scores or uniformly recorded on their credit reports because of protections in the stimulus law.

Many lenders have responded

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Exxon's Removal From the Dow Highlights Decline of Oil Sector

By Karen Langley

The Dow Jones Industrial Average's coming farewell to Exxon Mobil Corp. is the latest sign of the waning influence of America's struggling energy sector.

When trading begins next week, the blue-chip benchmark will include only one energy stock: Chevron Corp., which will represent just 2.1% of the price-weighted index, according

to an S&P Dow Jones Indices analysis.

In the broader S&P 500, the group isn't faring much better: Its weighting has shrunk to less than 2.5%, leaving energy as the least influential of the 11 represented industries. That is a dramatic fall from the end of 2011, when energy stocks accounted for 12% of the market, according to Howard Silverblatt, senior index analyst at S&P Dow Jones Indices.

Although the removal from the Dow is largely symbolic—much less money tracks the 30-stock index than follows the S&P 500—Exxon's departure has historical significance. The company is the longest-tenured member of the benchmark, having joined in 1928 as Standard Oil of New Jersey.

It is also a reminder of Exxon's fall from the top echelon of American industry. As

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INSIDE



BUSINESS

Demand for cans is surging, fueling a rise in output to prevent shortages. B3

Virtual Care Draws Deals

As remote medical visits soar in crisis, providers explore sales, acquisitions

By Sarah Krouse

The pandemic has put the once-niche category of telemedicine in the spotlight and is driving a flurry of deal activity involving virtual health-care providers.

Telehealth company **American Well Corp.** in recent months explored a sale in lieu of going public, according to a person familiar with the matter. The company, known as Amwell, is one of several remote-care companies seeking ways to capitalize on a surge in usage during the pandemic and on Monday filed a registration statement for an initial public offering.

At the same time, **MDLive Inc.**, a rival telehealth company, is preparing for an IPO early next year, and **Talkspace**, the text-based therapy company, is seen by some as a target for companies interested in expanding their behavioral health platforms.

Patients have embraced virtual care as a way to stay in touch with doctors for urgent care or chronic care management without risking exposure to the coronavirus by visiting medical offices.

Telemedicine visits are typically conducted between a doctor and patient using videoconferencing or a phone call and are used to address minor ailments like colds as well as management of chronic conditions like diabetes.

Some 28% of consumers surveyed in April were using virtual medical visits in the early months of the year, up from 15% in 2019, according to Deloitte Consulting LLP.

Telehealth was slow to take off before the pandemic because insurers typically paid doctors less per visit than for in-person appointments, a disincentive to usage.

Federal regulatory changes



Amwell is considering a sale or stock listing. Dr. Mia Finkelston, a medical director for the group.

paved the way for wider telemedicine adoption, including expanded access for Medicare recipients. The Trump administration has said Medicare would cover telemedicine visits during the crisis at the same rate as in-person visits.

The host of temporary regulatory changes broadened the stable of online platforms doctors could use by loosening a federal health-privacy law.

Amwell, which offers services spanning urgent care, chronic condition management and breast-feeding support, could have fetched \$3 billion to \$4 billion from a sale, the person said.

The company, founded in 2006, facilitated 2.2 million visits on its platform in the quarter ended June 30, according to a regulatory filing.

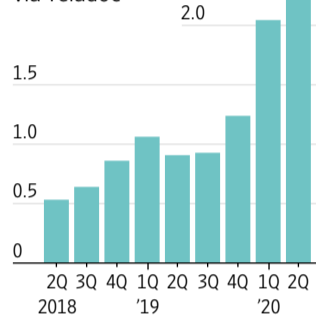
It conducted as many as 40,000 visits a day in April in the early weeks of the pandemic, compared with about 2,900 a day during the same month a year earlier.

An Amwell spokeswoman declined to comment.

Teladoc Health Inc., which is publicly traded, earlier this month agreed to an \$18.5 billion deal to buy remote

Doc Talk

Number of visits between patients and medical professionals via Teladoc



Source: the company

chronic care-management service **Livongo Health Inc.** Teladoc reported it facilitated 2.76 million visits in the second quarter, up from 908,000 a year earlier.

"The pandemic accelerated the collision course for the two organizations," Jason Gorovic, Teladoc's chief executive, said in an interview after that deal was announced.

The pandemic, he said, sped up the adoption of telehealth and the role it plays in the health-care system by three

years.

Neither Teladoc nor Amwell has achieved profitability, and it is unclear how long all of the regulatory changes currently in place will last, though the Trump administration has made some of them permanent.

MDLive, a competitor to Amwell and Teladoc, is planning an initial public offering early next year, said Charles Jones, its chief executive. The company said earlier this month that it has completed about a million visits this year.

The company is currently working with a syndicate of five banks and is considering so-called crossover investments from financial institutions that invest in private and public markets, Mr. Jones said.

Meanwhile, Talkspace, a text-based mental-health application, has had preliminary talks with some larger telehealth companies about a potential sale, people familiar with the matter said.

"We have been approached multiple times in the past about a sale, but we have not pursued it," said Oren Frank, its co-founder and chief executive.

'Fortnite' Maker Wins Round in Legal Fight To Use Apple's Tools

By Sarah E. Needleman

A California federal judge granted the maker of "Fortnite" a partial reprieve in its battle against **Apple Inc.**, saying **Epic Games Inc.** can maintain access to the tech giant's software-development tools but that its blockbuster videogame, for now, would remain out of the App Store.

U.S. District Judge Yvonne Gonzalez Rogers issued the decision late Monday after a virtual court hearing in which attorneys for Epic and Apple defended their companies' positions. "Apple has chosen to act severely, and by doing so, has impacted non-parties, and a third-party developer ecosystem," Judge Gonzalez Rogers wrote in her ruling.

A spokesman for Epic declined to comment on the ruling Tuesday.

"We thank the court for recognizing that Epic's problem is entirely self-inflicted and is in their power to resolve," Apple said in a statement. "We look forward to making our case to the court in September."

Apple planned to revoke Epic's access to tools needed to distribute and update software across its devices on Friday unless Epic removed the mobile-payment system it introduced in "Fortnite," which skirted Apple's 30% commission on in-app purchases.

Though "Fortnite" is free to play on videogame consoles, computers and mobile devices, Epic sells virtual perks and access to special game modes. The shooter-survival game has more than 350 million players world-wide, according to Epic.

The judge's ruling means that "Fortnite" players using an iPhone or iPad won't be able to download the game's next season when it launches Thursday. Android device users who previously obtained the app through Google Play would have to download it from Epic's website or the Android app marketplace

on Samsung devices.

Apple has said that the unapproved modification to "Fortnite" violated its guidelines. At Monday's hearing, Richard Doren, a Los Angeles-based partner at law firm Gibson Dunn & Crutcher LLP, described Epic as willfully breaching a contract and thus responsible for its customers' plight. Mr. Doren also defended Apple's role in protecting users' privacy and security as well as collecting fees to support those efforts.

Closely held Epic has said that losing its Apple developer credentials would harm its reputation and trust with customers in ways that are unquantifiable and irreparable.

The next hearing in the case is scheduled for Sept. 28. In its complaint, Epic asked the court to stop Apple from engaging in anticompetitive conduct with its App Store practices and take steps to restore competition.

Epic sued Apple and Alphabet Inc.'s Google on Aug. 13 in federal court after the companies pulled "Fortnite" from their respective app marketplaces. "It was the only way to try and break the chokehold that Apple has on its payment system, and it's a prohibition on any kind of competition," said Epic attorney Katherine Forrest, a former New York federal judge and Justice Department antitrust lawyer now with Cravath, Swaine & Moore LLP, during Monday's hearing.

The legal battle could have wide implications in the global market for mobile apps, which last year reached \$120 billion in consumer spending, according to App Annie Inc.

Companies including Microsoft Corp., Facebook Inc. and Spotify Technology SA have criticized Apple and Google for the power they wield in their app stores. Microsoft, the maker of the Xbox gaming system on Sunday issued a statement supporting Epic's petition as an Unreal Engine user.



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FREE ADMISSION

BUSINESS NEWS

Mortgage Firms Ask Pay Pledges

Continued from page B1

by tightening credit. Credit-card issuers are closing accounts and lowering credit limits. The Mortgage Bankers Association's Mortgage Credit Availability Index, designed to gauge access to a variety of mortgage products, shows consumer access to home loans fell about 17% between March and July.

For mortgage lenders, the forbearance penalty is an added concern. "The hit more than wipes out your margin—over something you have no control over," said Esther Phillips, senior vice president of sales at Key Mortgage Services Inc. "You can't control what customers do

after you close." Key's form asks borrowers to certify they haven't applied for forbearance from any mortgage payments and have no plans to ask for it.

Adrian Leal was surprised when one of the mortgage lenders he was considering asked him to sign such an agreement in the late spring. The form, from LoanPeople LLC, asked him to confirm that he had no plans to request a forbearance.

At first, Mr. Leal thought it meant his home loan would never be eligible for forbearance. He now believes the letter meant he wouldn't be eligible for forbearance until a government agency agreed to buy or insure his mortgage.

He is still employed as a software engineer but said he would turn to forbearance if he lost his job. "I've never bought a home before, so I needed to be careful," Mr. Leal said.

The share of mortgages in forbearance, 7.2%, declined for 10 straight weeks, according to

the Mortgage Bankers Association, but is still far above pre-pandemic levels. The Urban Institute has estimated that 3,750 loans will be subject to the forbearance penalty.

But lenders are doing everything they can to avoid it, including tightening credit, with wide-ranging effects. Many

Consumer access to home loans fell about 17% between March and July.

reduced minimum credit scores and lowered maximum debt-to-income ratios.

Bernadette Kogler, chief executive of RiskSpan, a mortgage analytics firm, said lenders are going to pull back on credit and "make fewer loans that might go into forbearance."

The resulting credit pullback will limit purchase and refinancing opportunities for up to 255,000 consumers, the Urban Institute said.

Verifying that mortgage applicants have a job, a typical part of the lending process, has become a major concern for lenders during a time of high unemployment.

Dustin Adair said his credit union called his office to make sure he still worked there six times between his loan's approval and the closing on his Austin, Texas-area home this month. Mr. Adair, a legal assistant, understands the rigorous vetting. He was furloughed for about two months in early spring when the lawyers at his office began working from home, delaying his quest for mortgage preapproval.

"Every day I go into work, I think, 'Well, what's going to happen if we go back into quarantine for another three months?'" Mr. Adair said.

Biggest 1,000 Stocks

Table with columns: Stock, Sym, Close, Net Chg. Lists top 1000 stocks by volume.

Footnotes

Footnotes explaining symbols and data sources: +New 52-week high, -New 52-week low, dd-Indicates loss in most recent four quarters, FD-First day of trading, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks including Cognizant, Colgate, Comcast, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks including Exelon, Expedia, Expeditors, etc.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices as of 4 p.m. the previous day.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks including ABB, AbbVie, Abbott, etc.

Stock

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks including ArchCapital, ArcherDaniels, AresMgt, etc.

Stock

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks including Bunge, Burlington, AresMgt, etc.

Stock

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks including DISH Network, DTE Energy, DanaH, etc.

Mutual Funds

Table with columns: Fund, NAV, Chg, %Ret. Lists various mutual funds including American Century, Ultra, American Funds, etc.

Data provided by LIPPER

Table with columns: Fund, NAV, Chg, %Ret. Lists various mutual funds including Invesco Funds, JPMorgan I Class, CoreBond, etc.

Fund

Table with columns: Fund, NAV, Chg, %Ret. Lists various mutual funds including Fidelity, Vanguard, Northern Funds, etc.

Fund

Table with columns: Fund, NAV, Chg, %Ret. Lists various mutual funds including Fidelity, Vanguard, Northern Funds, etc.

BANK RATES

BANKRATE.COM® MMA, Savings and CDs

Table with columns: Type, MMA, 1-MO, 2-MO, 3-MO, 6-MO, 1-YR, 2-YR, 2.5YR, 5YR. Shows average yields of major banks.

Consumer Savings Rates

Below are the top federally insured offers available nationwide according to Bankrate.com's weekly survey of highest yields. For latest offers and reviews of these financial institutions, please visit bankrate.com/banking/reviews. Information is believed to be reliable, but not guaranteed.

Table with columns: Bank, Phone number, Minimum, Yield (%). Lists high yield savings accounts from various banks.

High yield jumbos - Minimum is \$100,000

Table with columns: Bank, Phone number, Minimum, Yield (%). Lists high yield jumbo savings accounts.

Money market and savings account

Table with columns: Bank, Phone number, Minimum, Yield (%). Lists money market and savings accounts.

One-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Lists one-month CD rates.

Three-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Lists three-month CD rates.

One-year CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Lists one-year CD rates.

Two-year CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Lists two-year CD rates.

Notes: Accounts are federally insured up to \$250,000 per person. Yields are based on method of compounding and rate stated for the lowest required opening deposit to earn interest. CD figures are for fixed rates only. MMA: Allow six (6) third-party transfers per month, three (3) of which may be checks. Rates are subject to change.

Source: Bankrate.com, a publication of Bankrate, Inc., Palm Beach Gardens, FL 33410 Internet: www.bankrate.com

In Memoriam

For more information: wsj.com/inmemoriam

Windle Priem

August 7, 2020

BOSTON, MASS. - Windle Beecher Priem died on August 7, 2020 in Boston. "Win" as he was called, lived an exceptional life; his successes forged from his keen observations of people and his insight into business and organizational opportunities.

Born in Worcester, MA in 1937, Win had the good fortune of a "people-person" father in Louis Carl Priem and a "no-nonsense powerhouse" mother in Helen Windle Priem. Combining those qualities ultimately led Win to the CEO position of Korn Ferry International, a world leader in executive searches and placements.

Win lived most recently in Boston and Palm Beach, Florida, always returning to Cape Cod for summers where he and Susan explored the high desert beauty around their then home in Santa Fe, New Mexico. When he returned to Palm Beach, his only sibling, Dawn Burkhead and her husband Gary had their Florida home nearby as his bond of true friendship between his younger sister and brother-in-law became extremely close.

Diagnosed with bone marrow cancer in 2018, Win was nevertheless determined to make his last years productive ones. He joined Fidelity Investments as Executive Consultant to the Private Wealth Management Division becoming, as Win liked to say, "Fidelity's third oldest employee."

Win was survived by his wife, Susan, sister, Dawn Burkhead, her husband, Gary Burkhead, niece, Pamela Smith, and nephew, Scott Burkhead.

Contributions in Win's memory may be sent to Beth Israel Lahey Hospital and Medical Center, Philanthropy Office, 41 Mall Road, Burlington, MA, 01803 or Angel Flight Northwood, Lawrence Municipal Airport, 492 Sutton Street, North Andover, MA 01845.

For online condolences please visit www.johnlawrencefuneralhome.com

THE WALL STREET JOURNAL. IN MEMORIAM EVERY WEDNESDAY AND SATURDAY For more information visit: wsj.com/InMemoriam © 2020 Dow Jones & Company, Inc. All Rights Reserved. D | DOW JONES

BIGGEST 1,000 STOCKS

Continued From Page B5

Table of 1,000 largest stocks with columns for Stock, Sym, Close, Net Chg, and various other metrics. Includes sub-sections M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

New Highs and Lows | WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Table of new highs and lows for August 25, 2020, with columns for Stock, Sym, Hi/Low, and % Chg.

Dividend Changes

Dividend announcements from August 25.

Table of dividend changes with columns for Company, Symbol, Yld, Amount, and Frq.

Foreign

Table of foreign stock listings with columns for Company, Symbol, and Price.

Special

Table of special stock listings with columns for Company, Symbol, and Price.

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S21: stock split and ratio; SO: spin-off.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

August 25, 2020

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table of borrowing benchmarks including Inflation, U.S. consumer price index, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. government rates, and Discount.

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Large advertisement for a 258+ acre prime commercial real estate in Orange County, New York. Includes a map, text describing the property, and contact information.

COMMODITIES

Futures Contracts

Table with columns: Metal & Petroleum Futures, Copper-High (CXM), Gold (CXM), Palladium (NYM), Platinum (NYM), Silver (CXM), Gasoline-NY RBOB (NYM), Natural Gas (NYM), Agriculture Futures, Corn (CBT).

Table with columns: Contract, Open, High, Low, Settle, Chg, Open Interest. Includes Soybean Meal (CBT), Soybean Oil (CBT), Rough Rice (CBT), Wheat (CBT), Wheat (KC), Cattle-Feeder (CME), Cattle-Live (CME), Hogs-Lean (CME), Lumber (CME), Milk (CME), Cocoa (ICE-US), Coffee (ICE-US), Sugar-World (ICE-US), Sugar-Domestic (ICE-US), Cotton (ICE-US).

Table with columns: Contract, Open, High, Low, Settle, Chg, Open Interest. Includes Interest Rate Futures, Ultra Treasury Bonds (CBT), Treasury Bonds (CBT), Treasury Notes (CBT), 5 Yr. Treasury Notes (CBT), 2 Yr. Treasury Notes (CBT), 30 Day Federal Funds (CBT), 10 Yr. Del. Int. Rate Swaps (CBT), Eurodollar (CME), Canadian Dollar (CME), British Pound (CME).

Table with columns: Contract, Open, High, Low, Settle, Chg, Open Interest. Includes Australian Dollar (CME), Mexican Peso (CME), Euro (CME), Index Futures, Mini DJ Industrial Average (CBT), S&P 500 Index (CME), Mini S&P 500 (CME), Mini S&P Midcap 400 (CME), Mini Nasdaq 100 (CME), Mini Russell 2000 (CME), U.S. Dollar Index (ICE-US).

Exchange-Traded Portfolios

Table with columns: Symbol, Closing Price, Chg, YTD (%). Lists various ETFs like XLC, XLP, XLE, XLF, XLI, XLC, XLE, XLF, XLI, XLC, XLE, XLF, XLI.

ETF

Table with columns: Symbol, Closing Price, Chg, YTD (%). Lists various ETFs like SCHW, SCHP, DIA, MDY, SPY, XLE, XLF, XLI, XLC, XLE, XLF, XLI.

Cash Prices

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table with columns: Commodity, Price, Change. Includes Energy (Coal, Oil), Metals (Gold, Silver), Fibers and Textiles, Grains and Feeds, Fats and Oils.

Index Futures

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table with columns: Commodity, Price, Change. Includes Wheat, Beef, Broilers, Butter, Cheddar, Coffee, Eggs, Flour, Hogs, Milk, Pork, Steers, Tallow.

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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

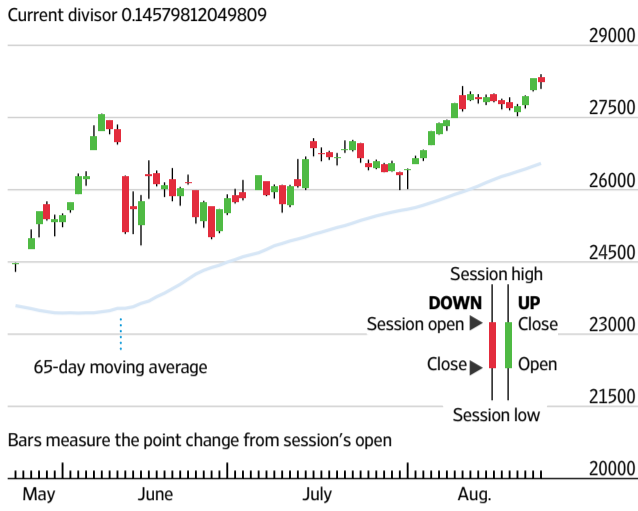
28248.44 ▼ 60.02, or 0.21%
Trailing P/E ratio 28.22 18.51
P/E estimate * 25.34 16.98
High, low, open and close for each trading day of the past three months.

S&P 500 Index

3443.62 ▲ 12.34, or 0.36%
Trailing P/E ratio * 35.35 22.49
P/E estimate * 26.17 17.62
High, low, open and close for each trading day of the past three months.

Nasdaq Composite Index

11466.47 ▲ 86.75, or 0.76%
Trailing P/E ratio * 36.75 23.55
P/E estimate * 32.61 21.12
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table listing various stock market indexes including Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes with their respective values and changes.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table listing most-active issues in late trading with columns for Company, Symbol, Volume, Last, Net chg, After Hours % chg, High, and Low.

Percentage gainers...

Table listing percentage gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, High, Low, and % chg.

Trading Diary

Volume, Advancers, Decliners

Table showing trading diary statistics including Total volume, Adv. volume, Decl. volume, and Issues traded for NYSE and NYSE Amer.

International Stock Indexes

Table listing international stock indexes by region/country with columns for Index, Close, Net chg, Latest % chg, and YTD % chg.

Percentage Gainers...

Table listing percentage gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, High, Low, and % chg.

Most Active Stocks

Table listing most active stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, High, Low, and % chg.

Percentage Losers

Table listing percentage losers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, High, Low, and % chg.

Volume Movers

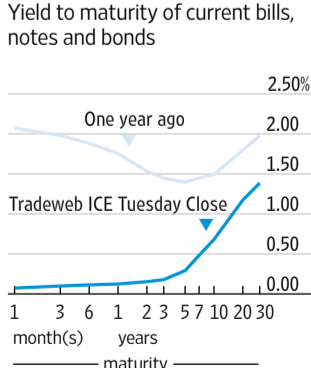
Table listing volume movers with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, High, Low, and % chg.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Section containing U.S. consumer rates (Federal funds rate target, Prime rate, etc.) and Selected rates (Bankrate.com avg, Sallie Mae Bank, etc.)

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table listing corporate borrowing rates and yields for various instruments like U.S. Treasury, Aggregate, Fixed-Rate MBS, etc.

CURRENCIES & COMMODITIES

Currencies

Table showing U.S.-dollar foreign-exchange rates in late New York trading for various countries and currencies.

Commodities

Table showing commodity prices for DJ Commodity, TR/CC CRB Index, Crude oil, Natural gas, and Gold.

MARKETS

Treasury Yields Rise On Trade Progress

By ORLA McCAFFREY

Treasury yields rose Tuesday after progress on trade talks between the U.S. and China boosted hopes for the pandemic-battered U.S. economy. The yield on the benchmark 10-year Treasury note closed at 0.680%, according to Tradeweb, up from 0.645% on Monday. The yield on the 30-year bond also rose, settling at 1.386%, from 1.349% the previous day.

The climb began after China and the U.S. said they were committed to executing a phase-one trade deal between the two countries. A summary of a meeting between trade representatives included discussion of "significant increases" in U.S. product purchases by China. Other data released Tuesday painted a mixed picture of the economic recovery, showing that home-price growth was unchanged in June from the prior month and that consumer confidence fell for the second straight month in August.

The yield on the 10-year Treasury has traded within a narrow range in recent weeks, with investors confident that the Federal Reserve will continue to support the economy—and fixed-income assets—by holding short-term interest rates near zero and buying Treasuries. The next test for that view comes Thursday, when some investors expect Fed Chairman Jerome Powell to signal shifts to the central bank's approach to managing inflation.

"Every time he makes an appearance, or goes to Burger King, people expect him to talk about inflation," said Jim Vogel, interest-rates strategist at FHN Financial. "The rate direction they are taking is pretty clear, but the timing is unknown."

Signs the pandemic may be slowing in the U.S. also boosted yields. New cases fell recently to their lowest level in more than two months, and data from trials of the Oxford coronavirus vaccine could be ready to be handed over to regulators this year, a scientist working on the vaccine said Tuesday.

Bond yields tend to rise when investors feel better about the economy, since quicker growth can lead to inflation, which erodes the purchasing power of bonds' fixed payments and can put pressure on the Fed to raise interest rates.

S&P Edges Higher to Record Close

By JOE WALLACE AND KAREN LANGLEY

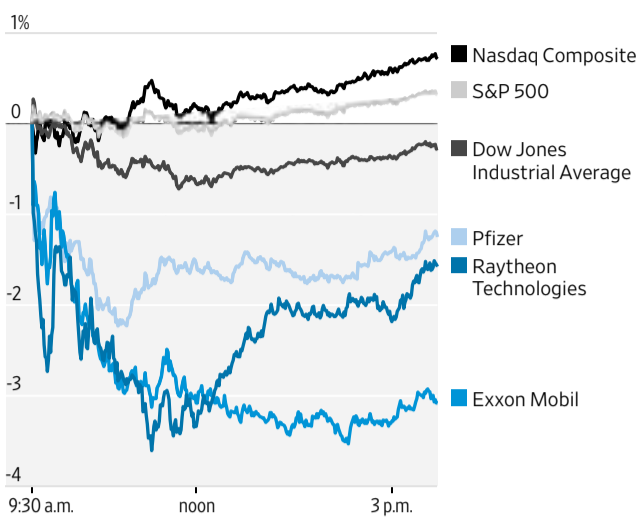
The S&P 500 and Nasdaq Composite notched records again on Tuesday, as investors cheered trade talks among U.S. and Chinese officials following weeks of escalating tensions between the world's two largest economies. U.S. stocks have advanced in recent days, boosted by investors' optimism about a potential treatment for coronavirus. Last week, the S&P 500 notched its first closing record since February and has climbed from there. The S&P 500 added 12.34 points, or 0.4%, to 3443.62 on Tuesday, while the Nasdaq Composite rose 86.75 points, or 0.8%, to 11466.47. The Dow Jones Industrial Average slipped 60.02 points, or 0.2%, to 28248.44. Investors welcomed news that senior U.S. and Chinese officials were committed to carrying out the phase-one trade accord signed in January. A videoconference late Monday brought together U.S.

Trade Representative Robert Lighthizer, Treasury Secretary Steven Mnuchin and Chinese Vice Premier Liu He for a formal review of the deal. Trade tensions between the U.S. and China buffeted markets last year. As relations soured over the Covid-19 pandemic and the national-security law imposed by China on Hong Kong, investors worried that new frictions to trade and commerce would hurt the global economy.

"Of course it's positive when you have that kind of newsflow—it's reassuring," said Nadège Dufossé, head of cross-asset strategy at asset manager Candriam. "It's not in the U.S. and China's interest to have a new trade war." Still, Ms. Dufossé said she wouldn't make investments based on Monday's review of the deal.

"It's positive in the short term, but it can change very rapidly," she said, adding that President Trump might seek to campaign for re-election by being tough on China. "On the technology front, I think frictions are here to stay," she added.

Share-price and index performance, Tuesday



Source: FactSet

Investors have credited the stock market's swift climb from its March lows in part to large amounts of fiscal and monetary stimulus. On Thursday, they will watch for clues about future monetary policy when Federal Reserve Chairman Jerome Powell speaks at the Kansas City Fed's annual Jackson Hole Economic Policy Symposium.

"The big driver has just been the magnitude and the speed of the monetary response," said Holly MacDonald, chief investment officer at Bessemer Trust. "That's been really the fuel behind the rebound in the markets."

Among individual stocks, shares in J.M. Smucker rose \$7.76, or 6.9%, to \$120.75 after

the food manufacturer reported a surge in sales in its most recent fiscal quarter. The three companies that will be exiting the Dow Jones Industrial Average, part of a makeover prompted by Apple's decision to split its stock, all lost ground.

Raytheon Technologies dropped 93 cents, or 1.5%, to \$60.95. Pfizer declined 43 cents, or 1.1%, to \$38.41. Exxon Mobil slid \$1.34, or 3.2%, to \$40.88.

Investors rewarded their replacements in the blue-chip gauge. Amgen gained \$12.65, or 5.4%, to \$248.22. Honeywell International rose \$5.16, or 3.2%, to \$164.53. Salesforce.com added \$7.59, or 3.6%, to \$216.05. Overseas stock markets were down slightly. The regional Stoxx Europe 600 dropped 0.3%. In Asia, Japan's Nikkei 225 had fallen about 0.2% at midday Wednesday. Hong Kong's Hang Seng was down by less than 0.1%.

In another sign of investor optimism, yields on 10-year Treasury notes ticked up to 0.680%, from 0.645% Monday. Yields rise as bond prices fall.

Volatility Drives ETF Shakeout

By MICHAEL WURSTHORN

Asset managers have closed more exchange-traded products than they have launched this year, a sign of how market gyrations have accelerated an industry shakeout.

So far this year, 188 exchange-traded products, including funds and notes, have been shut down, the most on record, according to FactSet. The closures occurred at big and small asset managers alike, including BlackRock Inc., which manages the popular suite of iShares ETFs; JP Morgan Chase & Co.; Invesco Ltd.; ProShares and Direxion.

Meanwhile, launches have been sparse, with just 161 new offerings coming to market, the lowest number since 2013.

Two factors appear to be driving the shakeout: an oversaturated industry and the unprecedented volatility that has rocked markets this year.

"Some of the larger firms like [BlackRock's] iShares and Invesco have a broad suite of products. And it's common for them to prune their lineup based on where the money hasn't gone into," said Todd Rosenbluth, head of ETF and mutual-fund research at CFRA. "Some leveraged and inverse exchange-traded products have also been volatile."

Asset managers, including Invesco and BlackRock, have been trimming their exchange-traded product lineups in recent years, dumping funds that fail to attract enough assets to support themselves. That threshold is typically at least \$50 million.

Invesco, for example, closed more than three dozen ETFs earlier this year as part of a streamlining following the purchases of OppenheimerFunds in May 2019 and



Market gyrations have wreaked havoc on exchange-traded products, especially those tied to oil prices.

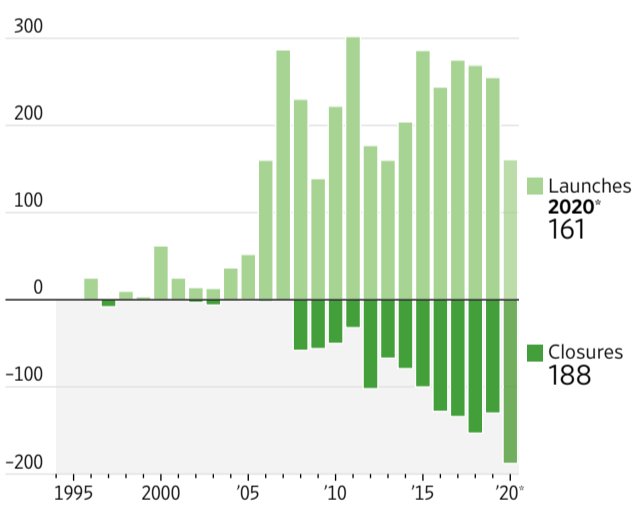
Guggenheim Investments' ETF business in 2018. BlackRock closed eight funds so far this year but also launched 26 new products, including seven funds focused on socially responsible investing.

Since their 1992 introduction, ETFs have evolved from funds that offer exposure to all the stocks in the S&P 500 into more complex strategies that focus on themes or bundle stocks, bonds and other assets.

There are about 2,000 exchange-traded products listed in the U.S., and the industry has grown to \$4 trillion. Asset managers have also been contending with a historic level of volatility caused by the pandemic. It has wreaked havoc on some exchange-traded notes, particularly those that use leverage to amplify the moves of indexes they follow. The S&P 500 slid more than 30% from its February peak to its March low, only to rebound more than 50% since then.

The blowback was even worse for some exchange-traded products linked to commodity prices. Oil prices collapsed in April, briefly pushing the contract for the following month's delivery below \$0. ETNs don't look or trade much differently than mutual funds or exchange-traded funds. However, unlike ETFs, ETNs are debt instruments and don't own the assets they track. The products can be shut down if their value falls below a certain level. Of the 188 closures, 30% were ETNs, according to FactSet.

Number of exchange-traded products launched and closed



*Through Aug. 19. Source: FactSet

Palantir Slams Tech Sector in Listing Bid

By ELIOT BROWN

Palantir Technologies Inc. has a message for investors awaiting the tech company's long-anticipated stock listing: It has soured on Silicon Valley.

The money-losing, data-focused software company, which was once one of the world's most valuable startups, launched a broadside against the tech sector as it unveiled paperwork Tuesday to take itself public through a direct listing slated for later this year—one that could come as soon as next month.

Chief Executive Alex Karp, who co-founded the company along with the billionaire investor Peter Thiel and others, spent much of an introductory letter lambasting the business models of other software companies and criticizing the tech giants of Silicon Valley for being out of touch with American principles and societal needs.

"Our society has effectively outsourced the building of software that makes our world possible to a small group of engineers in an isolated corner of the country," Mr. Karp wrote. "The engineering elite of Silicon Valley may know more than most about building software. But they do not know more about how society should be organized or what justice requires."

The letter was part of an apparent attempt by Palantir to set itself apart from other software firms, and to highlight its work for governments in the U.S. and its allies on security issues.

Dow Shifts Away From Energy

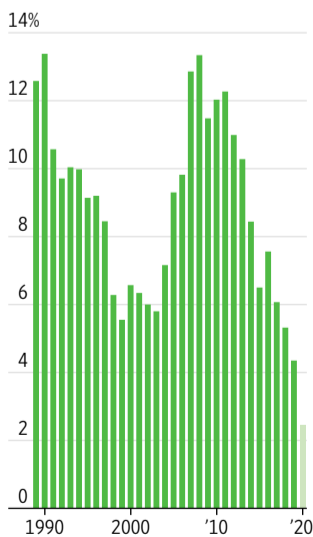
Continued from page B1 recently as 2013, Exxon was the largest U.S. company with a market value above \$415 billion. It has since shrunk to less than \$180 billion and has been eclipsed by the technology giants such as Apple Inc., Amazon.com Inc. and Microsoft Corp. that now drive the American economy.

"Exxon, that used to be a behemoth in the U.S. markets, and now it's dropped out of the Dow," said Matt Hanna, portfolio manager at Summit Global Investments. "That just goes to show how quick things can change and how far energy has fallen as a sector."

Usually, market contrarians say a sector that is so beaten down should be ripe for bargains. But many investors remain skeptical of an energy rebound, pointing to muted expectations for global growth and spotty earnings.

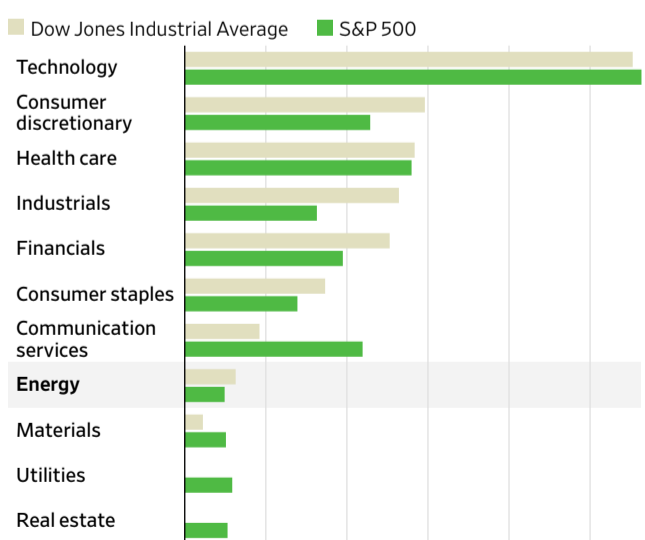
Energy is by far the worst-performing S&P 500 sector this

S&P 500 energy sector weighting



Source: S&P Dow Jones Indices Note: Data as of Monday

Sector weightings



year, down 40% while the index as a whole has gained 6.6%. The underperformance is nothing new: Energy was also the weakest performer in 2018 and 2019.

The fortunes of energy stocks are closely tied to oil prices, which plunged this year when the coronavirus pandemic sapped demand for fossil fuels as producers were already struggling to manage a glut. U.S. crude has dropped nearly 30% in 2020 and is hovering

just above \$40 a barrel. Subdued expectations for economic growth and increased interest in renewable energy have all contributed to the sector's decline.

Energy stocks are unpopular among fund managers. The net share of respondents to August's BofA Global Fund Manager Survey who were underweight energy was the most of any sector. "It's very difficult for Exxon

to really grow when you have low economic growth, muted commodity prices and we're going to be transitioning away from that main line of business into something else," said Mr. Hanna, who said his firm holds no energy stocks in its large-cap portfolio. "With the expectation that we're moving away from oil, that makes a company like Exxon or the energy complex overall just not as interesting to a lot of investors."

Exxon shares are off 41% this year, while Chevron is down 29%. The pain is even more acute among some of the oil-field services companies and shale drillers. Schlumberger has dropped 52%, and EOG Resources Inc. has fallen 47%. Only one company in the S&P 500's energy sector, Cabot Oil & Gas Corp., is up for the year.

Exxon last month posted a quarterly loss for the second straight quarter for the first time in more than 20 years. The company has slashed its capital-spending plans to better manage its expenses during the pandemic. Oil companies have moved to bolster their finances recently, cutting tens of billions of dollars from their budgets and laying off thousands.

Oil companies were struggling to attract investors even before the pandemic amid concerns over climate-change regulations and increasing competition from renewable energy. Exxon has sought to retain investors by paying a hefty dividend, but some analysts have questioned whether the company will be able to maintain the payout if energy demand doesn't improve.

The company played down the significance of its removal from the Dow. "This action does not affect our business nor the

long-term fundamentals that support our strategy," spokesman Casey Norton said in an email. "Our portfolio is the strongest it has been in more than two decades, and our focus remains on creating shareholder value by responsibly meeting the world's energy needs."

S&P Dow Jones Indices, which manages the 30-stock benchmark, said Monday that the changes to index were prompted by Apple's planned 4-to-1 stock split. Along with Exxon, Pfizer Inc. and Raytheon Technologies Corp. are departing the index, while Salesforce.com Inc., Honeywell International Inc. and Amgen Inc. are joining it.

Apple's stock split would have given the information-tech sector a smaller representation in the index, and the changes will help mitigate Apple's decision. The moves "help diversify the index by removing overlap between companies of similar scope and adding new types of businesses that better reflect the American economy," S&P Dow Jones Indices said.

Component stocks of the Dow are selected by the index committee, a group that includes editors of The Wall Street Journal, which is published by Dow Jones & Co., a part of News Corp.

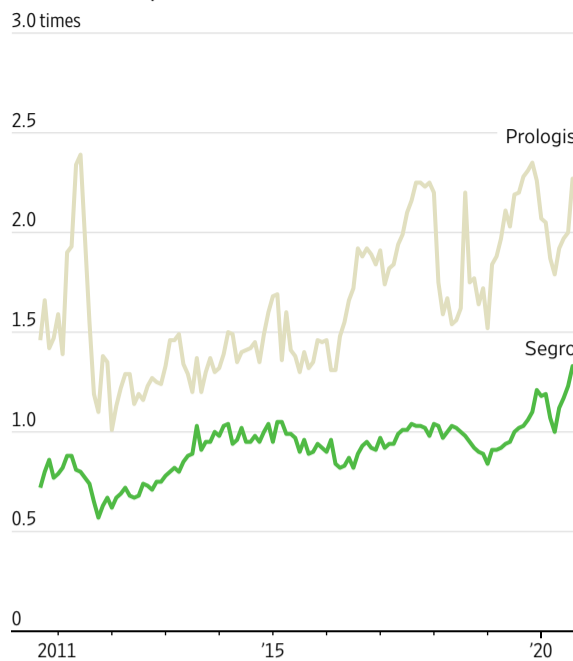
HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Segro's dividend yield



Price-to-unadjusted book value



Warehouse Sector Heats Up

It will take time for industrial landlord Segro to grow into stock premium

Tech fever has spread to the once-staid warehousing industry. It is hard to see how European real-estate investment trust **Segro** can live up to the hype.

The company owns industrial properties across Europe, with a skew toward its home on the outskirts of London. Traditionally, this has been a difficult business during downturns—in 2010 more than a 10th of Segro's space lay empty—but this year is different. As spending shifted online, companies threw money at logistics. Segro's half-year results earlier this month showed steady progress.

The problem is that steady progress hardly seems adequate when investor expectations are pitched so high. Segro shares now change hands for £9.64 (\$12.60)—26% more than its mid-year adjusted book value. London-listed real-estate investment trusts, of which Segro is the largest by market value, usually trade at a discount to book. The rally reduced its dividend yield, once a key part of the investment case, to 2.2%.

Such a high valuation might be justified if Segro were a fast-grow-

ing tech company, but property cannot be scaled up like software. New-build projects will take time: If fully let, those developments the company expects to start over the coming 12 months will add about 9% to the rent roll. Meanwhile, the net rental income from Segro's portfolio in the first half was 2% more than a year earlier.

Warehouses used to be considered the poor cousins of the real-estate family, partly because location was less important than for shops or offices, making it hard to build up a "prime" portfolio able to command steadily rising rents. E-commerce and home working have put both offices and shops out of favor, and burnished the appeal of so-called urban logistics—space near city centers, which is the core of Segro's portfolio. But it is easier to create new warehouse hubs than new shopping or working destinations, meaning competition will limit rental growth. Private-equity investors such as Blackstone and Meyer Bergman are pouring money into the sector.

Moreover, it is possible the current recession will be harder on

industrial landlords than investors expect. While digital businesses are looking to take on warehousing or data-center space, bricks-and-mortar retailers are downsizing or defaulting. Exactly how these structural forces will balance out for Segro seems more uncertain than the share price allows.

To be sure, Segro is somewhat protected by its focus on urban logistics for London: These properties are valuable and flexible by the standards of industrial real estate. And it isn't the only industrial real-estate stock flying high. Shares in U.S. peer **Prologis** change hands for more than twice book value. One difference is Prologis has long traded at a premium, whereas Segro has no such form.

Chances are Segro will grow into its share price, but the journey could be longer and the fight tougher than investors expect. Benjamin Graham, the father of value investing, famously argued that stock picking was about buying companies for less than intrinsic value. At its current price, Segro seems an example of the opposite. —*Stephen Wilmot*

Fitbit Can't Race Past Google's Shadow

Company unveils new smartwatches and fitness tracker as buyout remains up in the air

It is probably good for **Fitbit** to take nothing for granted at this point.

The maker of wearable fitness devices announced its latest products Tuesday morning. Included was a new smartwatch called the Sense, plus updates to the company's Versa and Inspire lines. The devices are due for release next month. It was Fitbit's largest product announcement since striking a deal to be acquired by **Alphabet's** Google in November.

Fitbit didn't mention that deal in a virtual event to showcase the new devices. But it remains a big elephant in the room. Google has made much larger forays into hardware—including its \$12.5 billion purchase of Motorola Mobility in 2011 and the \$3.2 billion pickup of Nest Labs in 2014. But the \$2.1 billion buyout of Fitbit might actually cause the most strain, as it comes during a time of intense scrutiny of tech giants. The European Union announced earlier this month it was launching an in-depth inquiry into the Fitbit acquisition over privacy concerns. Both companies say Fitbit's health-related data won't be used in Google's advertising business.

Fitbit has long maintained that

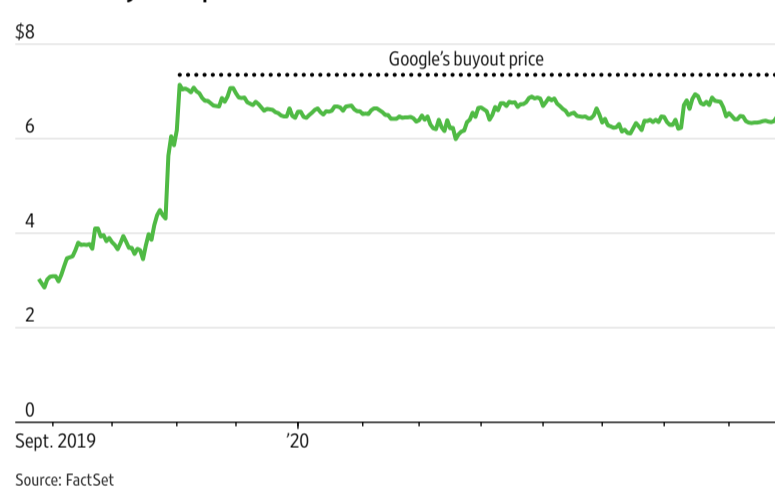
it expects the deal to close this year. But the company allowed in its second-quarter report earlier this month that "the time frame may extend beyond that," given the EU review and potential delays in the regulatory process due to the pandemic. Investors seem worried: Fitbit's shares have been averaging a 13% discount to Google's \$7.35 offer price over the past month, compared with an average 6% discount in the first month after the deal was announced.

Hence, it is more imperative than ever for Fitbit to stay competitive. With a starting price of \$329, the Sense represents the company's most premium smartwatch to date—in a field dominated by the generally more expensive Apple Watch. And Fitbit needs the help; revenue for the first six months of this year fell 23% from the same period a year earlier.

Ironically competition from **Apple**, and Fitbit's declining revenue, could actually help Google make the case that buying Fitbit isn't going to bring it dominance of a new industry. The risk is the internet titan deciding the relatively small deal isn't worth the trouble.

—*Dan Gallagher*

Fitbit's daily share price



The Future of Best Buy Is Still Made of Brick

Best Buy's gravity-defying ability to retain sales with only curbside pickup and delivery options led some analysts to think the technology-focused retailer could be leaving behind its bricks-and-mortar-heavy past. Not so fast.

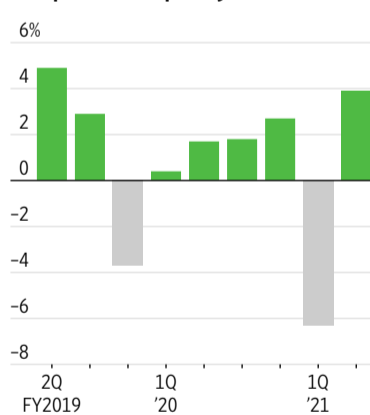
The company grew sales by almost 4% from a year earlier in the quarter ended Aug. 3, exceeding analyst estimates, which were based on the preannounced figure of 2.5% sales growth and omitted the final two weeks of the quarter. Earnings per share came in at \$1.65, well above analysts' consensus forecast of \$1.07.

Reopening stores had a dramatic impact: Total sales grew roughly 16% year over year in the last seven weeks of the quarter after Best Buy swung doors open to shoppers. In the first six weeks of the quarter, Best Buy had made stores available for only curbside pickup and by-appointment visits. For the first three weeks of August, sales were up 20%.

Products across most categories sold well—particularly computing, appliances and tablets, as more people continued to work, cook and learn from home. Some of its newer categories such as home fitness and outdoor equipment—like hand-held GPS devices—performed well. As Best Buy started reopening stores, heavier categories such as large appliances and home-theater components sold better, highlighting the importance of in-person shopping for such products.

That doesn't mean e-commerce slowed down. Domestic online revenue grew 242% from a year earlier, reaching over half of all revenue—the highest it has ever been in a single quarter. Online sales didn't falter much after stores reopened, staying 180% higher than year-earlier levels in the last seven weeks of the quarter and 175% higher in the first three weeks of August. E-commerce sales didn't come without costs, though: Gross profit declined partly due to higher parcel expenses.

Change in quarterly revenue compared with prior year



Since bricks-and-mortar and digital have proven to be crucial for Best Buy, the company is looking at changing the way it uses stores. Chief Executive Corie Barry said starting next month, the company will pilot a "ship from store hub" model ahead of the holiday season. That will let some stores—picked based on size and proximity to carrier partners—ship out significantly higher volumes for same- and next-day delivery.

Despite stronger-than-expected results, Best Buy shares fell 4% Tuesday. This may have been due to cautious commentary on the current quarter: Best Buy said it isn't likely to maintain the 20% pace of revenue growth it is recording now because of uncertainty around a future stimulus package and the potential for prolonged unemployment. Plus, margins will likely weaken as reopened stores will require normal staffing levels and more advertising.

Such concerns seem overdone. Product launches coming later this year, including a new iPhone and next-generation gaming consoles, should help keep sales elevated through the holiday season. If any retailer has proven itself worthy of the benefit of the doubt this year, it is Best Buy. —*Jinjo Lee*

What's the deal with remote work? Jerry Seinfeld has some grim observations.

In a New York Times opinion piece on Monday, the comedian slammed proponents of virtual communication—and one comedy club owner in particular—who believe technology can replace the energy of big-city living. There is a reason big metro areas such as New York City and Silicon Valley exist, he wrote: Remote connectivity doesn't work. He added that "everyone hates to do this."

As if on cue that very morning, pandemic darling Zoom Video Communications said it received reports of users being un-

OVERHEARD

able to visit its website or start and join its meetings. The outages lasted for several hours and were widespread, according to a status map on Downdetector, but they were especially high in major U.S. cities.

Zoom's stock has become an all-time best-seller, more than quadrupling this year as businesses became reliant on the platform due to closures associated with Covid-19. The company has said it had over

300 million daily participants logging into its meetings in April.

Those user numbers are likely to accelerate as students are heading back to school online. Zoom said in May it gave its service for free to over 100,000 K-12 schools around the world.

Remote-work evangelists better hope their lifeline technology doesn't shrink from a little cold water, lest they become a punchline.



GILBERT CARRASQUILLO/GETTY IMAGES

Personal Insurers Need to Avoid a Price War

Personal insurers have been benefiting from fewer claims, but nothing lasts forever.

Auto property-damage and injury frequency, as insurers put it, dropped by a quarter or more from a year earlier in the first half of 2020 at **Allstate**, **Berkshire Hathaway's** **Geico** and **Progressive**, according to company filings. Not only were people driving fewer miles and thus having fewer car accidents, but staying at home also led to a reduction of frequency in homeowner claims such as break-ins, Allstate recently told analysts.

The economic benefit of this reduced frequency has been substantial. At Progressive, for example, the ratio of personal-line losses to premiums earned fell from above 70% in January and February to as low as 42% in April. Progressive shares are up by 28% this year, compared with a 19% decline in the overall S&P 500 financials index.

This phenomenon isn't over yet, but there is evidence it is waning. Allstate earlier this month said frequency trends were normalizing in some states as of June. That tracks with reports from transportation

data provider Inrix, which show that U.S. vehicle miles traveled returned to average levels seen in January and February by late June. Still, they have hovered there since, when you might normally expect a big jump for summer. In July, Progressive's personal-line loss to premiums ratio was 64.9%.

Investors might be cheered by the fact that many, though not all,

It may still be some time before negative pressures on rates entirely abate.

insurers have scaled back premium givebacks instituted earlier this year. Industry rates for private-passenger auto insurance dropped by more than 2% month-to-month in both May and June, according to Wells Fargo tracking of regulatory rate filings. That slowed to just a 0.1% decline as of mid-August.

But it may still be some time be-

fore negative pressures on rates entirely abate, whether due to competitive pressure or consumers' budget tightening. So it is possible frequency upticks might catch up to rate declines at some point. Credit Suisse analyst Michael Zaremski calls the rate dynamic the "elephant in the room" that may suppress valuations on personal insurers until they lap the start of the pandemic next spring, when it will become clear if loss ratios have normalized.

Beyond frequency, there are also questions about growth if people do fewer things—like rent a new apartment for the school year—that generate new policies. Notably, Lemonade, the newly listed digital insurer centered around younger consumers, warned of a possible seasonal impact in the second half of 2020. Normally the latter part of a year is "really driven by the moving dynamic of people in the U.S., and that's just uncertain this year," Lemonade told analysts.

If the rate environment also gets much softer, personal insurance stocks may no longer provide investors with the same degree of protection.

—*Telis Demos*