

THE WALL STREET JOURNAL.

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What's News

Business & Finance

U.S. stocks sold off as rising coronavirus infections shook investors' confidence in the global economic recovery. The Dow, S&P 500 and Nasdaq fell 3.4%, 3.5% and 3.7%, respectively. **A1**

◆ **Tiffany agreed** to accept a lower price in its takeover by LVMH, ending a dispute between the luxury-goods companies. **A1**

◆ **Marvell is nearing** a deal to buy Inphi for as much as \$10 billion, in what would be yet another big semiconductor tie-up. **B1**

◆ **Fiat Chrysler posted** record operating profit for the third quarter and Ford delivered strong earnings, signaling an industry rebound. **B1**

◆ **Boeing said** it would cut more jobs and review jetliner production rates in a bid to stop bleeding cash. **B1**

◆ **GE reported** another quarter of shrinking revenue amid the aviation industry's troubles, but the conglomerate posted a smaller loss. **B3**

◆ **Trump's tariffs** on foreign-made steel haven't produced the domestic industry renaissance he promised. **A2**

◆ **Ad firms and publishers** complained to French regulators that privacy changes Apple plans to roll out are anticompetitive. **B1**

◆ **Samsung posted** its largest profit in more than 18 months, in another sign of technology's strength during the pandemic. **B4**

◆ **UPS boosted** revenue and profit but earnings from the company's domestic business fell sharply. **B3**

World-Wide

◆ **France and Germany** imposed new lockdowns, in a sign of how Europe's strategy for containing the coronavirus has buckled under the pressure of mounting cases and deaths. **A1**

◆ **Chiefs of the largest** social-media firms tangled with senators over their role in public discourse amid a contentious election that has stoked bipartisan criticism of the companies' policies. **A1**

◆ **Biden is centering** his closing campaign argument on his ability to steer the nation through the pandemic, as Trump minimizes the virus's threat. **A6**

◆ **The Supreme Court** declined to disturb extended ballot deadlines in North Carolina and Pennsylvania, leaving the states more time to receive mail-in ballots postmarked by Election Day. **A6**

◆ **A Wall Street Journal** investigation points to a Russian PR executive as the source behind some key parts of a widely discredited dossier on Trump. **A4**

◆ **Hurricane Zeta struck** southeastern Louisiana, lashing the northern Gulf Coast with strong winds and life-threatening storm surge. **A3**

◆ **A Philadelphia curfew** went into effect Wednesday night after unrest sparked by the fatal shooting of Walter Wallace Jr. by police. **A3**

◆ **The White House** is developing a plan for a new biometric database that prospective immigrants or visitors would need to enter before applying for visas. **A3**

◆ **Connecticut acted fast.** Social distancing, lockdowns and testing slashed Covid-19 cases in the spring.

◆ **But when Comptroller** Kevin Lembo opened an email from his budget director on April 15, it was clear the state's quick action to contain the pandemic hadn't insulated its finances.

◆ **"We hit the brakes** so quickly on the economy that we went through the wind-

◆ **Connecticut is projecting** a total revenue decline of \$8.4 billion through the 2024 budget year—more than twice the rainy day fund built up over the past three years.

◆ **"All you can do** is grip the bar as tight as you can, make the smartest decisions you can in real time, plan for the worst and be surprised at something less than worst," said Mr. Lembo.

◆ **U.S. states are facing** their biggest cash crisis since the



From top, Facebook CEO Mark Zuckerberg, Twitter CEO Jack Dorsey and Alphabet CEO Sundar Pichai testified before the Senate Commerce Committee via webcast about social media's influence and were asked about a law that shields platforms from liability for users' posts.

Tech CEOs Square Off With Senators Over Online Speech

By RYAN TRACY AND JOHN D. MCKINNON

WASHINGTON—Chiefs of the largest social-media companies tangled with U.S. senators over their role in public discourse amid a contentious election that has stoked bipartisan criticism of the companies' policies.

Facebook Inc. Chief Executive Mark Zuckerberg, Twitter

Inc. CEO Jack Dorsey and Sundar Pichai, CEO of Google and YouTube owner Alphabet Inc., have spent the years since the 2016 election rewriting their policies and taking a more active role in moderating online speech—in part to avoid a spotlight like the one placed on them Wednesday.

Instead, the Senate Commerce Committee hearing reflected deep discontent with

social-media platforms' power and equally deep divisions about how to address it.

Republicans are pushing to update part of a 1996 law known as Section 230 that helps shield internet platforms from liability for user-generated content, claiming it has been misused to censor conservative views.

Sen. Cory Gardner (R.,

INSIDE



BUSINESS & FINANCE
Fiat Chrysler's and Ford's earnings beat expectations, signaling an industry rebound. **B1**



PERSONAL JOURNAL
Pop-up music events give hard-hit musicians a chance to perform and raise funds. **A11**

States Are Facing Historic Cash Crisis

Billions in shortfalls expected as year's income and sales tax revenue evaporated

By HEATHER GILLERS AND GUNJAN BANERJI

Connecticut acted fast. Social distancing, lockdowns and testing slashed Covid-19 cases in the spring.

But when Comptroller Kevin Lembo opened an email from his budget director on April 15, it was clear the state's quick action to contain the pandemic hadn't insulated its finances.

"We hit the brakes so quickly on the economy that we went through the wind-

shield," his deputy wrote. Connecticut is projecting a total revenue decline of \$8.4 billion through the 2024 budget year—more than twice the rainy day fund built up over the past three years.

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U.S. states are facing their biggest cash crisis since the

Tiffany, LVMH Strike Deal on Lower Price

By CARA LOMBARDO AND DANA CIMILLUCA

Tiffany & Co. agreed to accept a lower price in its takeover by LVMH Moët Hennessy Louis Vuitton SE, ending a dispute between the luxury-goods companies that erupted after the coronavirus pandemic upended the industry.

The companies have come to

an agreement on new deal terms calling for LVMH to pay \$131.50 a share for the iconic U.S. jewelry maker, according to people familiar with the matter. That is down from an original price of \$135 a share, equating to savings of about \$430 million for LVMH. It would allow the two sides to avoid what would have been a costly and time-consuming trial

set to start in January.

Tiffany's board signed off on the revised terms at a meeting late Wednesday, one of the people said. Under the new framework, litigation over the deal would be resolved, paving the way for a new shareholder vote and a closing of the transaction possibly by January.

Tiffany agreed to sell itself

Now on the Drive-Thru Menu: Terror

Halloween scares don't require leaving the car

By STEVE GARBARINO

The Oaks Park Haunted Drive-Thru offers five frightening options to choose from, including one called "The Condemned."

"Fake blood and guts get smeared and strewn all over your car," said Emily MacKay, marketing and events director. "But you get a carwash at the end of the drive. From a value standpoint, you could come just for that." Or for the killer clowns or nuclear-disaster mutants featured in the other options at this mobile Portland, Ore.-based creep-show.

This year, lots of haunted houses are closed. Yet there is

Lockdowns Ordered Again Across Europe

France and Germany imposed new lockdowns, in a sign of how Europe's strategy for containing the virus has buckled under the pressure of mounting cases and deaths.

By Noemie Bisserbe, Stacy Meichtry and Ruth Bender

In a national television address on Wednesday, President Emmanuel Macron of France imposed a national lockdown that will begin on Friday and last at least a month, requiring people to remain inside their homes while restaurants, bars and shops deemed nonessential will close.

Chancellor Angela Merkel of Germany said the country's federal and state governments agreed to a less-restrictive one-month shutdown of restaurants, bars, fitness studios, concert halls and theaters, starting on Monday. Hotels are barred

from hosting tourists until the end of the month, she said, and public gatherings will be limited to 10 people from two households.

Both leaders aimed to cushion the economic impact of the restrictions, saying factories and schools would remain open. Still, the new restrictions mark a clear departure from months of targeted measures that European officials hoped would keep a lid on the virus. Mr. Macron cast the new lockdown as a form of shock treatment aimed at halting the virus's momentum.

"If we don't apply a brutal break on new contaminations, our hospitals will be saturated," he said.

Researchers in the U.K., meanwhile, estimated the coronavirus is spreading far more

Please turn to page A8

◆ Rule is set for free vaccinations..... A7

Stocks Fall as Fears Over Economy Grow

By WILL HORNER AND JULIET CHUNG

U.S. stocks sold off on Wednesday in what is shaping up to be the worst week since late March, as rising coronavirus infections shook investors' confidence in the global economic recovery.

The Dow Jones Industrial Average lost 943.24 points, or 3.4%, to 26519.95, its fourth losing session in a row and its worst day since June 11.

The S&P 500 fell 119.65 points, or 3.5%, to 3271.03, its third consecutive down session. The benchmark has slipped more than 8% from its record closing level in early September and its gains for the year now stand at around 1.3%.

The Nasdaq Composite dropped 426.48 points, or 3.7%, to 11004.87, bringing its gains for the year to 23%. The stock prices of Facebook Inc.,

Google parent Alphabet Inc. and Twitter Inc. dropped more than 5% each after their chief executives squared off against U.S. senators in a hearing over their companies' roles moderating public discourse.

Stocks have slid this week on several uncertainties, sparking discussion from investors about whether the sell-off marked a buying opportunity or a turn in the market.

Worsening coronavirus case numbers threaten to make more stringent restrictions imperative across the U.S. and Europe, potentially setting back a fragile economic recovery. The U.S. reported more than 73,200 new cases for Tuesday, the second daily increase in a row, according to data compiled by Johns Hop-

Please turn to page A2

◆ New virus concerns drive selloff in raw materials..... B11

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U.S. NEWS

Steel Tariffs' Boost Appears Short-Lived

By Bob Tita
and William Mauldin

PITTSBURGH—President Trump made good on his 2016 campaign pledge to the steel industry, slapping 25% tariffs on foreign-made steel in an effort to revive an industry that once symbolized American manufacturing might.

The tariffs succeeded in pushing down steel imports and—for a short time—resulted in higher prices for domestic steelmakers. They also encouraged newer steel companies to expand operations in the South and Southwest.

Yet the tariffs haven't produced the steelmaking renaissance and robust job growth in America's industrial heartland that Mr. Trump promised. The tariffs have also hurt U.S. manufacturers, including those in the automotive and appliance sectors, who say the duties on steel and aluminum continue to keep their metal costs higher than what overseas competitors pay.

"Once you put a tariff on a raw material, companies have to deal with price distortion," said Kathryn Russ, associate professor of economics at the University of California, Davis. "The tariff squeezes their profits, and that can cause them to produce less, hire fewer people or make inefficient substitutions in their production process."

Steel producers including United States Steel Corp. remain supportive of the tariffs, saying they helped secure the U.S. manufacturing base. But domestic steel producers that turn mattress-size slabs of im-



Justin Ellsworth outside U.S. Steel's coke plant in Clairton, Pa. He has been a steelworker for 15 years.

ported steel into finished sheet steel said they are hurting.

Pittsburgh-based Allegheny Technologies Inc. abandoned its stainless-steel business this summer, and NLMK USA, a division of a Russia-based steelmaker, has laid off one-quarter of the 600 employees at its Farrell, Pa., rolling mill after failing to receive Commerce Department tariff relief on slabs. "The government picked winners and losers here," said Bob Miller, chief executive of NLMK USA.

The Trump administration has defended the tariffs, imposed without Congress through a law known as Section 232 to protect industries vital to national defense. "No prior administration has done more to put American workers first and the 232 actions are intended to increase job opportunities in the steel and aluminum industries," Commerce Secretary Wil-

bur Ross said in a statement.

With the expanded production, about 6,000 jobs were added to the U.S. steel industry's workforce after tariffs started in 2018, according to the Census Bureau. By the end of 2019, though, those gains evaporated as steel demand and prices sank.

Higher prices that manufacturers had to pay led to the loss of about 75,000 U.S. manufacturing jobs, according to a study released late last year by the Federal Reserve Board of Governors.

The president's "America First" strategy for trade and his pledge to restore the region's steel and coal-mining sectors attracted steelworkers who used to be reliable voters for Democratic candidates. Their support helped Mr. Trump take Pennsylvania by 44,292 votes in 2016.

"They want their livelihoods protected," said Tim Ulery, 43 years old, an hourly worker at U.S. Steel's Mon Valley Works near Pittsburgh, who said he again plans to vote for Mr. Trump. "I believe the tariff helped our plant."

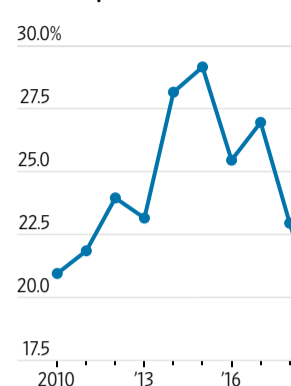
Mr. Ulery credits the tariff with giving company executives the confidence to invest in making Mon Valley more cost-competitive with newer mills.

Justin Ellsworth, a steelworker for 15 years at U.S. Steel's Mon Valley Works, which is spread out along the banks of the Monongahela River, said he believes most of his co-workers will still vote for Mr. Trump, but said he plans to cast his ballot for Democratic nominee Joe Biden—in part because of what Mr. Ellsworth considers a failed tariff policy.

"The approach rubbed me the wrong way," said Mr. Ell-

Tariffs helped to drive down import volumes of finished steel to a decade low in 2019.

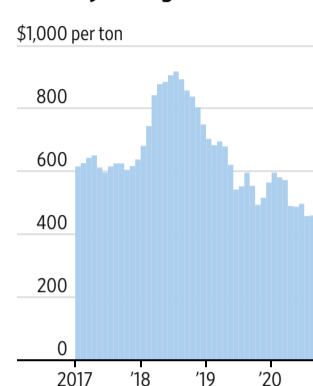
Percentage of total steel consumption



Sources: U.S. Census Bureau, American Iron and Steel Institute, Metal Strategies (steel consumption); S&P Global Platts (dollars per ton)

The spot-market price for hot-rolled coiled sheet steel peaked in July 2018.

Price of steel per ton, monthly average



Markets Fall Amid Case Rise

Continued from Page One
kins University. While lower than the more-than 80,000 cases reported on Saturday and Sunday, Tuesday's tally is higher than daily levels earlier in the month, as well as in August and September.

"A month ago, the narrative in the market was very much that lockdowns would be limited and targeted, and so would have a smaller impact on the economy," said Hugh Gimber, global market strategist at J.P. Morgan Asset Management. "But now, what we are seeing are broader concerns that lockdowns might be wider and have a much wider impact."

Susan Webb, founder and chief investment officer of outsourced investment firm Appo-

mattox, said the market was factoring in fears that shutdowns would stall 20% of the domestic economy—that related to sectors such as travel, entertainment and restaurants—and hit the economies of tourism-dependent countries such as Spain and Italy.

She also attributed some of the selloff to investors rebalancing their portfolios as they assess the virus's hold in different geographies.

"There is a rotation going on," Ms. Webb said. "A lot of people are taking some money off the table in U.S. equities where they've become substantially overweight as Europe has sold off, and there's a recognition Asia is recovering faster and has gotten control of this pandemic."

Investors also remain leery about the U.S. election and whether delays in counting mail-in ballots might lead to uncertainty in the days after Election Day on Nov. 3. The S&P 500 remains on track for its worst week before a presidential election on record. While uncertainty related to

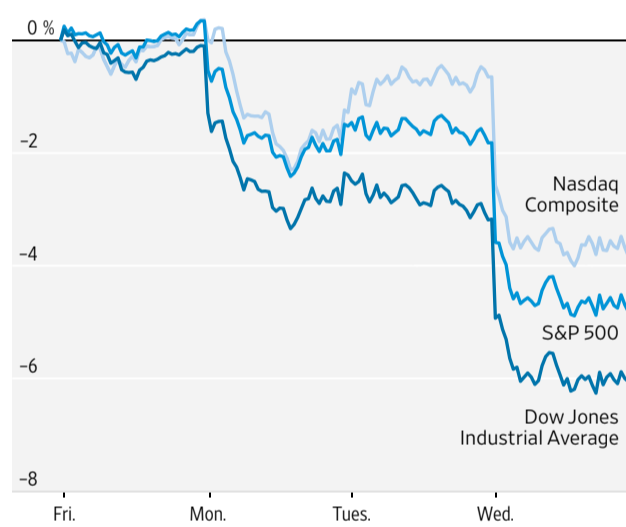
a change of administration has historically resulted in selloffs, said David Bailin, investment chief of Citi Private Bank, the uncertainty is particularly pronounced this time. Among the reasons, he said, is worry "that no decision is reached in a reasonable period of time" on the election and that a surprise victory by President Trump, a Republican, would mean continued global trade wars.

Hopes have also faded that talks between the White House and Democrats would produce agreement over a fresh package of stimulus measures before the election, propping up the economic recovery.

A rare bright spot Wednesday was General Electric Co., whose shares rose 7.4% after it surprised analysts with a third-quarter profit. Automatic Data Processing Inc. shares jumped 6.2% after it reported higher quarterly profit.

Microsoft Corp.'s stock fell 5% though the company reported that sales had jumped because of surging demand for its videogames and cloud-computing services amid the

Index performance



Source: FactSet

global pandemic.

Investors' expectations are too high, said Jeff Mills, chief investment officer at Bryn Mawr Trust, and might lead to stocks taking a beating.

"When companies miss or even just meet expectations, you are seeing negative reactions in the stocks: that tells

me valuations are quite optimistic," Mr. Mills said. "Earnings expectations are quite high, and if companies underperform, I am not sure the market will react to that well." Front-month Nymex crude for December delivery lost \$2.18 per barrel, or 5.51%, to \$37.39.

Commodity markets were also under pressure. U.S. oil lost \$2.28, or 5.5%, to \$37.39 a barrel.

The yield on the 10-year Treasury rose to 0.780% from 0.778% on Tuesday.

The ICE U.S. Dollar Index, which measures the greenback against a basket of currencies, gained 0.5% as investors worried about fresh lockdowns. The dollar typically rises when investors pull out of stocks due to its status as a haven currency.

European markets have been particularly hard hit as the Continent grapples with a surge of new infections, and governments in France and Germany impose stricter lockdowns to combat the virus. The pan-continental Stoxx Europe 600 fell 2.95% to its lowest level since May.

Investors were also shedding riskier European bonds, resurrecting worries that Europe will have trouble pushing through another round of relief measures if the new lockdowns make increased spending necessary.

Post-Election Aid Plan Unclear, Pelosi Says

By Natalie Andrews
and Kristina Peterson

WASHINGTON—House Speaker Nancy Pelosi said the coronavirus relief plan she has been discussing with the White House could morph in the lame-duck session of Congress, absent any formal agreement on its details and shifting incentives for both parties after the election.

"There's very little that we have a commitment from them on. We have, shall we say, narrowed our differences," the California Democrat said in an interview on Wednesday. The speaker last spoke with Treasury Secretary Steven Mnuchin

on Monday. The two have been discussing a roughly \$2 trillion package but have yet to finalize details, and both sides have acknowledged there is no time to pass legislation before election Tuesday.

President Trump has repeatedly said he would like to pass more coronavirus relief, including a second round of direct checks to Americans. Any deal this year would need to make it through the Republican-controlled Senate, where GOP lawmakers are divided on the level of assistance that is needed, if any.

"What [Mr. Mnuchin] and I have agreed upon—on how we would go forward—is not nec-

essarily what the Republican Senate will vote on," Mrs. Pelosi said. "That is up to the president to convince them that the agreement we have with him is one that will be honored by them."

Mr. Mnuchin anticipates continuing negotiations after the election, a person familiar with the matter said. The White House didn't immediately respond to a request for comment.

After passing several bills earlier this year to address the health and economic needs caused by the coronavirus pandemic, Democrats and the administration have been at loggerheads since May. Points of

disagreement, besides the overall price tag, included state and local aid, the size and duration of enhanced jobless benefits and liability shields for hospitals and businesses.

Some Democratic and Republican lawmakers pushed their leadership to come to the table in September and October, and discussions restarted but failed to result in an agreement. Lawmakers aren't expected to return to Washington until next month.

"We'll come back in November," Senate Appropriations Chairman Richard Shelby (R., Ala.) said Monday. "The question might be, will there be something then?"

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CORRECTIONS & AMPLIFICATIONS

A chart of credit-card payments to small businesses was an analysis from the Philadelphia Federal Reserve Consumer Finance Institute using data from Womply and the U.S. Census Bureau. The source information for the chart, which appeared with a Page One article Wednesday about unpaid rent, omitted that the Philadelphia Fed used data from Womply and the Census Bureau.

The crossword puzzle that appeared Wednesday repeated Tuesday's puzzle. Wednesday's crossword can be found at WSJ.com/Puzzles. The solution to Tuesday's puzzle appears with today's puzzle on page A14.

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

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.

U.S. NEWS

Curfew Imposed After New Looting

By SCOTT CALVERT

A citywide curfew took effect in Philadelphia Wednesday at 9 p.m., as officials tried to restore order after two nights of looting and vandalism sparked by the fatal shooting of Walter Wallace Jr. by police.

City officials said the first of several hundred Pennsylvania National Guard soldiers are expected to arrive in the city Friday, with a primary mission to safeguard property and prevent looting.

"We believe these two steps are necessary in order to prevent the despicable activities we've seen," Philadelphia Mayor Jim Kenney said.

Bystander video that captured Mr. Wallace's shooting was distributed on social media Monday. The video shows Mr. Wallace, a 27-year-old Black man, standing on a sidewalk holding a knife, with two police officers pointing their guns at him. At one point a woman appeared to try to stop Mr. Wallace as he crossed the street. Officers fired several times when he re-emerged onto the street from between two parked cars and walked toward them.

A police spokesman said officers ordered Mr. Wallace to drop the knife before they fired their guns. The two officers, whose names haven't been released, each fired about seven rounds, police Chief Inspector Frank Vanore said.

City officials said police have arrested more than 170 people on felony or misdemeanor charges since Monday, following Mr. Wallace's killing in West Philadelphia that afternoon. Hundreds of protesters have taken to the streets, and looters have broken into stores around the city. Most of the arrests were for commercial burglaries, officials said.

More than 50 officers have been injured since Monday, and one remained hospitalized Wednesday afternoon, officials said. Since Tuesday evening, at least 20 people have been shot, three fatally, police said Wednesday evening, and nine ATMs were blown up, most of them inside businesses.

Initial reports indicate more than 200 businesses citywide were damaged, said Sylvie Gallier Howard, who leads the city's Commerce Department.

Shaka Johnson, a lawyer for the Wallace family, said Mr. Wallace had been diagnosed with bipolar disorder and was taking lithium under a doctor's care. "The man was suffering," he said. "When you come to a scene where somebody is in a mental crisis, [and] the only tool you have to deal with it is a gun, that's a problem."

Hurricane Winds Whip Louisiana

By ARIAN CAMPO-FLORES

Hurricane Zeta struck southeastern Louisiana Wednesday, lashing the northern Gulf Coast with strong winds and life-threatening storm surge and testing a region already battered by several storms this season.

Zeta made landfall near Cocodrie, La.—a fishing village in Terrebonne Parish, south of New Orleans—as a Category 2 storm with 110 mile-an-hour winds, 1 mph shy of a Category 3. By late Wednesday, it was hammering the Mississippi coast. It was forecast to move across the Southeastern and Eastern U.S. on Thursday, according to the National Hurricane Center.

More than 440,000 homes and businesses were without power in Louisiana Wednesday night, according to poweroutage.us, which tracks electrical outages.

A hurricane warning was in effect from Morgan City, La., to the Mississippi-Alabama border, including New Orleans. A storm-surge warning was in effect from the mouth of the Atchafalaya River in Louisiana to Navarre, Fla. Forecasters said strong, damaging winds would spread well inland across parts of Mississippi, Alabama, northern Georgia and the Carolinas.

In New Orleans, Mayor LaToya Cantrell urged residents to fight fatigue as they undertook storm preparations a seventh time this season. While the city was spared the brunt of earlier hurricanes this season, this time it lay



A man took a photo of the damage his New Orleans apartment building sustained Wednesday from Hurricane Zeta's fierce winds.

squarely in the path of Zeta.

"This is not a drill," she said Wednesday. "It's coming fast, it's coming strong."

Damage from Zeta, which was moving at 24 mph Wednesday evening, is expected to stem largely from powerful, sustained winds, said Collin Arnold, director of the city's Office of Homeland Security and Emergency Preparedness. "There's going to be power outages, there's going to be downed trees, there's going to be downed limbs, there's going to be dangers out there in the

street after this is over," he said. "These things will not be resolved overnight."

City officials said a turbine that helps power drainage pumps broke down over the weekend and wasn't back in service ahead of the storm. They put in place contingency plans, but the loss deprived the system of much backup power, they said.

Zeta is the 27th named storm of an especially active Atlantic hurricane season, nearing the record 28 tropical storms of the 2005 season. Several of them have ham-

pered the Gulf Coast, and about 3,600 Louisianans remain sheltered because of Hurricane Delta earlier this month and Hurricane Laura in August.

Louisiana Gov. John Bel Edwards said that while those previous storms battered the southwestern area of the state, Zeta would rake the southeastern coast. If there was a positive aspect to the hurricane, he said, it was that its rapid speed would prevent a prolonged pounding and avoid dumping large amounts of rain. He said the state was

working with power utilities to mitigate any impacts of power outages on the elections next week.

Mr. Edwards said the National Guard activated more than 1,500 members and positioned high-water vehicles, boats and helicopters for search-and-rescue efforts. It also moved food and water into place for distribution as needed after the storm. President Trump approved an emergency declaration for Louisiana on Tuesday, freeing up federal assistance for the state.

Eight Charged With Helping China Target Expatriates

By ARUNA VISWANATHA

The FBI arrested five people on charges of helping Beijing harass and threaten alleged fugitives in the U.S., authorities said Wednesday, opening a new front in U.S. law-enforcement efforts targeting allegations of official Chinese wrongdoing in the U.S.

The arrests, in the New York area and in California, are the first specifically targeting what China describes as an anticorruption effort to return to that country people wanted for economic and other crimes—but which critics, including the U.S. government, in some cases consider a campaign directed at Beijing's political rivals.

Three other defendants charged alongside the five who were arrested aren't in custody and are believed to be in China, officials said. The allegations are described in a 43-page criminal complaint unsealed in federal court in

Brooklyn on Wednesday.

Between 2016 and 2019, the defendants allegedly tried multiple tactics to pressure a Chinese citizen living in New Jersey described as a fugitive by the Chinese government to return to China, including by bringing his elderly father to the U.S. in an effort to coerce him; targeting his daughter for surveillance and online harassment; and leaving a note taped to his house that said: "If you are willing to go back to the mainland and spend 10 years in prison, your wife and children will be all right."

The defendants face charges of conspiring to act as secret Chinese agents and stalk and harass a victim couple, who aren't named but are identifiable as Xu Jin and his wife, Liu Fang. The couple was the subject of a Wall Street Journal article in July that described the alleged harassment they had faced from Chinese operatives. An attorney for the cou-

ple declined to comment.

The defendants include both Chinese and U.S. citizens, including a New Jersey private detective. The five who were arrested made initial appearances in court Wednesday but haven't yet entered pleas and couldn't be reached for comment.

China has been deploying aggressive means to go after expatriates, the Journal has reported, dispatching teams of agents abroad to threaten them in efforts to force them to return home and face corruption charges. When the U.S. shut down the Chinese Consulate in Houston this year, officials defended the decision in part by citing China's alleged use of its consulates as a "base of operations" to harass fugitives.

The Chinese Embassy in Washington has called the accusations "groundless fabrications." An embassy representative didn't respond to a request to comment on the new case.

Visa Seekers Face Biometric Screening

By MICHELLE HACKMAN

WASHINGTON—The White House is developing a plan to create a new biometric database that prospective immigrants or visitors would need to enter before they apply for visas to come to the U.S., according to draft plans reviewed by The Wall Street Journal and two government officials involved in the conversations.

Under the change, visa applicants would need to submit their fingerprints and possibly other biometric information to be entered into a new database before they are permitted to submit applications online. Right now, visa applicants visit a U.S. consulate abroad after they file an application to do an interview and submit their fingerprints.

The plan has been the subject of discussion for several months at the White House's National Security Council. On Oct. 14, officials directed the

Department of Homeland Security to begin purchasing fingerprinting machines to ship to consulates abroad, according to a "summary of conclusions" document reviewed by the Journal. Consulates already have machines they use to take fingerprints, but the machines used by DHS collect more detailed fingerprints.

The Department of Homeland Security referred comment to the National Security Council, which declined to comment for this article.

Administration officials have argued internally that collecting biometric information earlier will allow the government more time to conduct background checks, and it furthers President Trump's promise in 2016 to crack down on foreign visitors.

But some of the officials working on the policy questioned whether the administration would have a specific use for the biometrics before someone files a visa application.

Brain Implants Hold Promise for Immobilized Patients

By DANIELA HERNANDEZ AND MIKE CHERNEY

When Phil O'Keefe wants to open a document or click a link on his computer screen, he can think about tapping his left ankle.

That brain activity is collected by sensors implanted in a blood vessel in Mr. O'Keefe's brain and relayed to a computer through devices in his chest. The signals are converted to a mouse click or zoom-in on his screen with the help of machine-learning software.

Mr. O'Keefe, 60 years old, is one of a small number of patients with mobility issues testing this new system, part of a wave of brain-sensing technology that aims to allow people immobilized by disease or injury to handle daily tasks requiring movement. In 2015, he was diagnosed with amyotrophic lateral sclerosis, a neurodegenerative condition commonly known as ALS.

Companies and academic labs world-wide are racing to build next-generation devices and artificial intelligence that can monitor and decode brain activity. With as many as 500,000 people a year globally suffering spinal-cord injuries, and strokes becoming more common among younger people because of Covid-19, the need is huge, neuroscientists said.

Success hinges on better un-



Graham Felstead, the first person implanted with the Stentrode device, uses it to operate a computer.

derstanding normal brain function and being able to build durable, accurate and safe devices that work outside research settings. Companies including Silicon Valley startup Synchron Inc., which developed the sensor in Mr. O'Keefe's brain, are working on technology to access the brain while limiting the potential for damage.

Experts said Synchron's Stentrode has the potential to expand mobility options for people who can't move. So far, its accuracy varies. Experts said that could improve with training or software updates.

The technology is in very early stages, and its long-term

safety needs to be assessed in more patients, experts said: If the device ruptured the blood vessel it is in, the injury would likely be fatal. The company said it has done safety testing to mitigate risks.

The Stentrode has been implanted in three people so far as part of a small trial in Australia, said Thomas Oxley, Synchron's chief executive. The trial was described in a study published Wednesday by scientists affiliated with the firm.

Researchers expect to enroll a total of five participants to evaluate the device's safety, said Peter Mitchell, the surgeon who implanted the device.

"Within two or three months...the patients were already doing far more than we thought we'd be doing," said Dr. Mitchell, director of the neuro-intervention service at Royal Melbourne Hospital.

"My condition being terminal, it was really a question of, Do I want a quality of life or do I just want to sit and watch television all day?" said Graham Felstead, 76, the first patient implanted with the device.

Many people with limited mobility who want to use a computer or smartphone currently rely on eye-tracking technology, which is effective but can be tiring, experts said.

Other methods are low-tech, such as placing buttons on a patient's wheelchair.

Researchers also are working on devices that can pick up residual nerve signals through sensors on people's arms or hands. Devices for people who can't move much at all may need to interact with the brain directly, though that requires brain surgery.

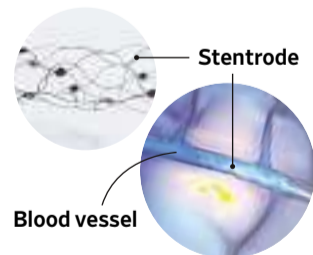
"There's not too many options out there for allowing someone to have a little more autonomy without major surgery or without having that mental strain of eye tracking," said Tara Hamilton, an associate professor in electrical and data engineering at the University of Technology Sydney.

Recent work in neurotechnology aims to record from as many brain cells or regions as possible to give scientists more precise readings on the signals that underpin activities such as speech, walking and grasping. Data scientists can then translate those neural recordings into instructions that can be fed into a robotic device, or back into the nervous system, to produce movement, vision or even the sensation of touch, experts said.

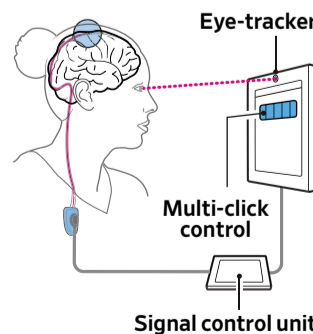
Accessing so many of the brain's delicate cells comes at a price: The electrodes that reach into the tissue can cause inflammation over time. Developers are working on sensors made from less damaging materials.

Brain Sensor

The Stentrode is a new implantable sensor that records neural activity after it's placed inside one of the brain's blood vessels. By decoding neural signals, it can help patients compose emails and do online banking on a computer.



1 The sensor is placed next to the motor cortex, which controls movement.



2 A device in the chest sends the neural signals to a transmitter. 3 A machine-learning algorithm translates those signals into specific commands.

Source: the Company, Alberto Cervantes/THE WALL STREET JOURNAL

U.S. NEWS

Russian Fed Steele's File On Trump

In the nearly four years since they were published, many of the unverified allegations about President Trump compiled by former British spy Christopher Steele have

By Alan Cullison
in Washington and
David Gauthier-Villars
in Istanbul

been widely discredited, including by special counsel Robert Mueller's investigation of Russian meddling in the 2016 U.S. election.

Yet the source of some of the most critical allegations in that dossier and how they reached Mr. Steele have remained a mystery.

A Wall Street Journal investigation provides an answer: a 40-year-old Russian public-relations executive named Olga Galkina fed notes to a friend and former schoolmate who worked for Mr. Steele. The Journal relied on interviews, law-enforcement records, declassified documents and the identification of Ms. Galkina by a former top U.S. national security official.

In 2016, Ms. Galkina was working in Cyprus at an affiliate of XBT Holding SA, a web-services company best known for its Webzilla internet hosting unit. XBT is owned by Russian internet entrepreneur Aleksey Gubarev.

That summer, she received a request from an employee of Mr. Steele to help unearth potentially compromising information on then-presidential candidate Donald Trump's links to Russia, according to people familiar with the matter. Ms. Galkina was friends with the employee, Igor Danchenko, since their school days in Perm, a Russian provincial city near the Ural mountains.

Ms. Galkina was the source, for instance, of the dossier's contention that Webzilla played a central role in the 2016 hacking of the Democratic National Committee, according to people familiar with the matter. The release of emails stolen from the Democratic Party leadership roiled the presidential campaign.

She was also responsible for the mention of Mr. Gubarev in the dossier as a hacking expert recruited under duress by Russian security services, these people said.

Likewise, she was behind the dossier's assertion that Mr. Trump's lawyer, Michael Cohen, and Russian intelli-

gence officials, held a secret meeting in Prague in the summer of 2016 to discuss how to pay the hackers and cover up their work, the people said.

Messrs. Cohen, Gubarev and others have long denied taking part in the activities described in the dossier. Contacted by the Journal, Ms. Galkina acknowledged receiving a reporter's written questions, but didn't respond to them.

While contributing to the dossier, the people familiar with the matter said, Ms. Galkina was in a messy dispute with her employer, Webzilla's parent company.

A law graduate who spoke five languages and had worked in Russia in a variety of industries, according to an online résumé and a person who worked with her, she appeared qualified for the job. But in August 2016, less than 10 months after her arrival in Cyprus, Ms. Galkina's employer took steps to fire her.

Relations soured to the point where her manager went to authorities in the Cypriot city of Limassol in November of that year and filed a statement with police. According to the statement, which was reviewed by the Journal, Ms. Galkina was chronically showing up late to work, sometimes appearing drunk.

The manager told police that an acquaintance of Ms. Galkina had told him he would face deep trouble, including possible death, unless he paid €10,000 (\$11,740) in compensation, according to the statement, which was confirmed by a Cypriot official and a person who attended its recording. Because the manager never filed a formal complaint, the matter was dropped, the official said.

In November 2016, Ms. Galkina was fired. Weeks later, she implicated Webzilla and Mr. Gubarev in the hacking, according to people familiar with the matter.

Mr. Trump has said the dossier was part of a broader attempt to sully his reputation, referring broadly to information about Russian interference in the 2016 election as a "hoax."

Mr. Mueller's investigation found that the hacking of the DNC was directed by the Kremlin in a bid to benefit Mr. Trump. Mr. Mueller's investigators obtained a related indictment of 12 Russian military intelligence officers as well as guilty pleas or convictions against several former



Former U.K. spy Christopher Steele. His dossier of unverified allegations about Donald Trump has widely been discredited.

TOUCA AKHMEV/AGENCE FRANCE-PRESSE/GETTY IMAGES

aides and associates to Mr. Trump for lying to investigators or separate financial crimes. The investigation didn't establish a conspiracy between the Trump campaign and the Russian government, which has repeatedly denied interfering in U.S. elections.

The Mueller report presented no evidence the purported Prague meeting ever happened. Alleged attendees have denied they had anything to do with the hacking or met in the Czech capital. Mr. Gubarev, Webzilla and XBT have denied any involvement in the hacking.

Mr. Danchenko, the Russian national who conducted research for Mr. Steele's dossier, was identified publicly for the first time this past summer after the Trump administration declassified documents from a Federal Bureau of Investigation probe into the report's origins.

In three days of interviews with the FBI in early 2017 as the agency tried to determine the origin of the dossier, Mr. Danchenko said he had been working for Mr. Steele as a researcher, according to the declassified documents. With the approach of U.S. elections in 2016, Mr. Danchenko told the FBI, Mr. Steele asked him for information about Mr. Trump's ties to Russia.

Mr. Danchenko told the FBI that the task was "outside the normal scope of work and it wasn't completely comfortable" for him. To find such information on Mr. Trump, he turned to his "social circle" in Russia, according to declassified FBI notes of the meeting.

Mr. Danchenko told the FBI that a school friend, referred to in heavily redacted FBI notes as "Source 3," had provided him with information for Mr. Steele "across a wide range of topics," and stood as the dossier's most important contributor. The former high-ranking U.S. national security official told The Wall Street Journal that the source in

question was Ms. Galkina.

Mr. Danchenko, in a statement released by his attorney, said he wouldn't confirm or deny information concerning his sources or methods. "I have a longstanding relationship with most of my sources...and have no reason to believe that any of them fabricated information that was given to me," Mr. Danchenko said. "More importantly, I have yet to see anything credible that indicates that the raw intelligence I collected was inaccurate."

In his FBI interview, Mr. Danchenko said he knew Ms. Galkina since the equivalent of



Olga Galkina was the Steele dossier's most important contributor.

eighth grade and that she had remained a "close, personal friend" who he had helped financially over the years.

Mr. Danchenko told FBI investigators that Ms. Galkina, who had held a variety of jobs in government and the private sector in Russia over the years, had a "vast network of people" she could talk to, including some with connections to the Kremlin, and had helped him gather information in the past, according to the declassified notes.

According to Mr.

Danchenko's FBI interview and FBI notes, Mr. Steele gave him "four to five" names of officials in Mr. Trump's circle to research, which he passed along to Ms. Galkina in the fall of 2016. "Almost immediately," she recognized the name of Mr. Trump's lawyer, Mr. Cohen, according to the declassified notes.

Ms. Galkina's initial version of alleged contacts between Mr. Cohen and the Russian government was sketchy and she could identify few of the people involved, according to the declassified notes.

In mid-October, Ms. Galkina reported that Mr. Cohen had met with Kremlin officials that summer in an undisclosed European country, where they discussed ways to minimize the appearance of contacts between Mr. Trump's aides and Russia, the FBI notes said.

In December, Ms. Galkina gave Mr. Danchenko new details about Mr. Cohen's purported meeting and implicated her erstwhile boss, Mr. Gubarev, in the DNC hacking, the notes said. Mr. Cohen denied in an appearance before Congress in 2019 that he had ever been to Prague or that he had anything to do with the 2016 hacking of the Democrats.

The dossier, which consists of reports dated between June and December 2016, sprang from an effort initially commissioned by conservative Republican opponents of Mr. Trump during the presidential primaries and was later continued by Democrats, including the campaign of candidate Hillary Clinton and the DNC.

Mr. Steele was hired by Fusion GPS, a business-intelligence research firm in Washington. The Journal in January 2017 was first to report that Mr. Steele was the author of the dossier.

Mr. Steele, who has said the dossier wasn't meant for public consumption, through an associate declined to comment. The dossier was pub-

lished by BuzzFeed News in January 2017. Other news outlets, including the Journal, subsequently published articles describing some of the allegations and making clear that they were unverified.

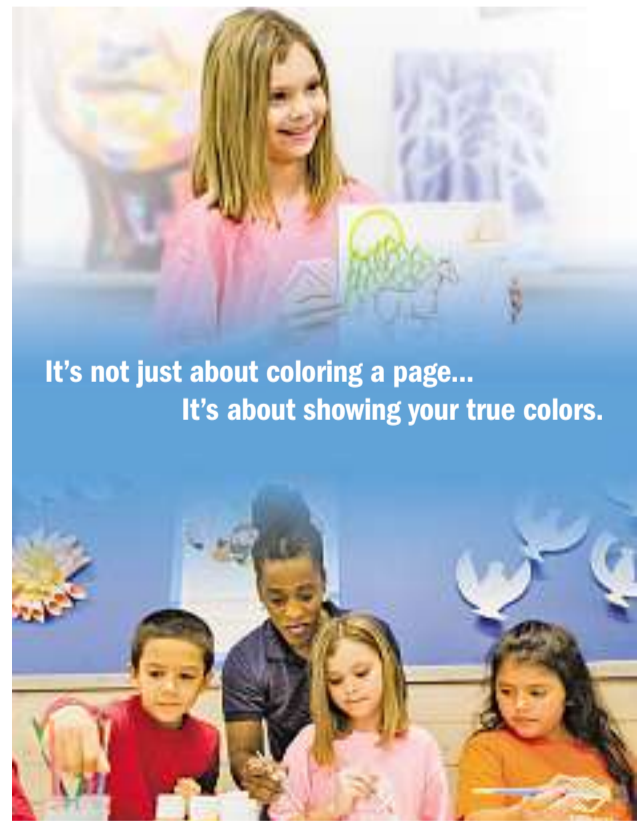
Mr. Gubarev sued BuzzFeed in the U.S., where a judge dismissed the case, saying that the dossier had become a government record that the publication couldn't be held liable for, even if it was incorrect. Mr. Gubarev has filed a libel lawsuit against Mr. Steele in the U.K. Mr. Gubarev declined to comment, citing the pending litigation. BuzzFeed's editor in chief at the time, Ben Smith, said the ruling was a vindication of the publication's work.

The FBI in July 2016 launched an investigation into any links between the Trump campaign and Russian interference in the election based on intelligence it had received overseas. Later, acting on a request from former Attorney General Jeff Sessions and complaints by members of Congress, the Justice Department's inspector general reviewed the FBI's actions in starting the Russia probe and last year reported it found "serious performance failures" in the FBI's conduct in a portion of that investigation that relied on the dossier.

The review found that the FBI had reason to open its overall probe and found no evidence that political bias influenced the FBI's decisions. The probe of the ties to Russia was handed to Mr. Mueller in May 2017.

FBI director Christopher Wray has introduced a series of reforms, including changes to the FBI's confidential human-source program, under which Mr. Steele provided information to the FBI. The declassified FBI notes indicate U.S. federal agents distrusted Mr. Steele's source network.

—Nonna Fomenko
in Moscow
contributed to this article.



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Senators Question Tech CEOs

Continued from Page One
Colo.) questioned Twitter's decisions to label some posts by President Trump as misleading but not others by Iran's Supreme Leader Ayatollah Ali Khamenei threatening Israel and denying the Holocaust. "I just don't understand how Twitter can claim to want a world of less hate and misinformation while you simultaneously let the kind of content that the ayatollah has tweeted out to flourish," he said.

Democrats also want to review Section 230 but raised differing concerns about the platforms, including asking whether the companies are taking adequate steps to guard against disinformation campaigns in what could be a chaotic aftermath to Tuesday's election.

"The issue is not that these companies before us today are taking too many posts down. The issue is that they are leaving too many dangerous posts up," said Sen. Ed Markey (D., Mass.).

In a series of testy exchanges over the nearly four-hour hearing, which was conducted via webcast, the CEOs expressed varying degrees of openness toward changing Section 230 but denied any political bias.

Mr. Dorsey faced perhaps

the harshest questions, including Twitter's decision to block users from linking to recent New York Post articles concerning allegations against Democratic presidential nominee Joe Biden, which his campaign has denied.

Sen. Ted Cruz (R., Texas) accused Twitter of acting as a "Democratic super PAC" when it decided to block tweets of the articles, including by the Post.

"Who the hell elected you and put you in charge of what the media are allowed to report?" Mr. Cruz asked.

"I hear the concerns and acknowledge them," Mr. Dorsey said, but he denied Twitter was favoring Democratic causes.

The company will now allow posts about the disputed Post articles, though the newspaper's Twitter account remains blocked. Twitter has told the Post its account will be reactivated once it deletes the tweets, Mr. Dorsey said. Upon reactivation, the outlet can post the Biden stories without penalty, he said.

In response to questions about warnings placed on Mr. Trump's tweet, Mr. Dorsey said Twitter has policies against certain types of false information, including "manipulated media, public health—specifically Covid—and civic integrity." Mr. Trump's labeled tweets addressed mail-in voting, violent protests and the coronavirus.

The Twitter chief said the company also has policies against the incitement of violence, but he characterized the Iranian leader's statements as

newsworthy "saber-rattling, which is part of the speech of world leaders."

"Speech against a country's own citizens, we believe, is different and could cause immediate harm," Mr. Dorsey said.

Democrats largely focused on other issues, including how the tech companies share advertising revenue with local news publishers. Sen. Amy Klobuchar (D., Minn.) questioned Mr. Zuckerberg over studies suggesting Facebook's algorithms contribute to political polarization.

"The way I look at it [is] more divisiveness, more time on the platform—more time on the platform, the company

The CEOs said they have changed how they handle election-related content.

makes more money," she said.

Sen. Richard Blumenthal (D., Conn.) warned that foreign powers including Iran and Russia are "making 2016 look like child's play," referring to Moscow's widespread online interference efforts to help elect Mr. Trump, a Republican. Mr. Blumenthal asked whether the companies have taken enough steps to prepare for curbing misinformation in a potentially volatile postelection period.

The CEOs said they have changed the way they handled election-related content and worked with publishers.

Some Democrats said the hearing could have a chilling effect on tech companies' efforts to block misinformation and hate speech. Sen. Jon Tester (D., Mont.) dismissed the hearing as a "cheap stunt" aimed at pushing the platforms to allow misinformation to remain online and to raise doubts about the election. He charged that the directive to hold the hearing came "straight from the White House." The White House didn't respond to a request for comment.

A committee source said the panel authorized subpoenas for the CEOs two weeks before the New York Post articles.

Section 230 of the 1996 Communications Decency Act, the hearing's focus, gives online companies broad immunity from legal liability for user-generated content and wide latitude to control what appears on their platforms.

Republicans are pushing to rewrite the law, and the Federal Communications Commission has begun a review that could lead to scaling back liability protections for internet platforms. Sen. Roger Wicker (R., Miss.), the panel's chairman, said the shield has "given these internet platforms the ability to control, stifle and even censor content in whatever manner meets their respective 'standards.' The time has come for that free pass to end."

The executives signaled some openness to changes in the law. Messrs. Zuckerberg and Dorsey said they strive to balance users' right to free expression with protecting public safety.



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U.S. NEWS

Covid Policy Dominates Final Stretch of Race

BY REBECCA BALLHAUS
AND SABRINA SIDDIQUI

Democratic presidential nominee Joe Biden is centering his closing campaign argument on his ability to steer the nation through the coronavirus pandemic. President Trump's rallying cry: The virus is no big deal.

In a series of speeches in recent weeks, including one on Wednesday in Wilmington, Del., Mr. Biden has attacked the president's handling of the pandemic, which has killed nearly 227,000 people in the U.S. New infections are surging to record levels in much of the country.

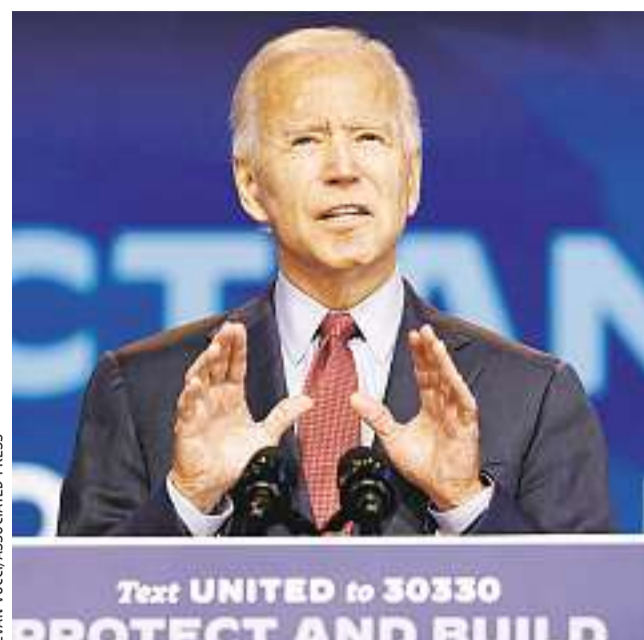
"I'm not running on the false promise of being able to end this pandemic by flipping a switch," Mr. Biden said Wednesday. He promised to "let science drive our decisions" and to "deal honestly with the American people."

Mr. Trump in the final stretch of the campaign has minimized the threat posed by the virus and accused the news media of exaggerating its

severity to hurt him politically. He has likened some Covid-19 cases, including that of his 14-year-old son, Barron, to "sniffles" and said his own experience indicates the virus isn't always so bad.

"I want to say because I am a very young person that's in physical shape," Mr. Trump joked Tuesday at a rally in Lansing, Mich. "I took that virus"—he paused to mime punching it—"and I woke up the next morning and I felt like Superman, it's true." Mr. Trump, who is 74 years old, was hospitalized for three days after his diagnosis and was treated with a steroid typically used in severe cases, an antibody cocktail and the antiviral drug remdesivir.

Mr. Trump acknowledged that cases are surging in many states, including in the battleground state of Wisconsin, which on Tuesday reported more than 5,000 new cases. He told supporters Tuesday in Omaha, Neb., that there are "certain areas that are heated up right now," but that "they'll be down within two weeks."



President Trump has minimized the virus's threat. Democratic nominee Joe Biden has been laying out an agenda for curbing its spread.

He regularly points to his decision in January to restrict travel from China and says the death toll in the U.S., which is the highest in the world, would have been far greater if he had done nothing to address the virus. In daily campaign events, he predicts the nation is "rounding the corner" on the virus.

Public-health officials say they are bracing for the number of Covid-19 cases and deaths to get worse.

Mr. Biden says his agenda to curb the spread of the virus includes a nationwide testing plan, which he said would test

roughly as many people each day as the U.S. currently tests each week. The former vice president has vowed to make all testing and a coronavirus vaccine available to the public free of charge.

Mr. Biden also said he will urge all governors and local officials to impose mask mandates in public spaces and use his executive authority to require face coverings in all federal buildings and on interstate transportation.

Other elements of Mr. Biden's plan include hiring 100,000 contact tracers, driving up production of personal pro-

TECTIVE equipment and additional economic relief for Americans and small businesses.

He has called on Congress to pass emergency funding to help reopen public schools, estimating roughly \$30 billion for supplies and \$4 billion for upgrading technologies.

The candidates' campaign events in the final days before the election mirror their attitudes toward the pandemic. Mr. Biden has been holding drive-in rallies before spreading supporters in cars, while Mr. Trump has convened thousands of people, many of whom don't wear masks and

are grouped together, often but not always outside. At times, those events have been held despite the wishes of the local public-health departments.

Voters have ranked the pandemic as a top concern, along with the economy, according to Wall Street Journal/NBC News polling. Some 57% disapprove of Mr. Trump's handling of Covid-19, compared with 41% who approve, according to a Journal/NBC poll released Oct. 15.

—Alex Leary
and Ken Thomas
contributed to this article.

Court Won't Block Ballots in North Carolina, Pennsylvania

BY JESS BRAVIN
AND BRENT KENDALL

WASHINGTON—The Supreme Court on Wednesday declined to disturb extended ballot deadlines in the battleground states of North Carolina and Pennsylvania, leaving the states more time to receive mail-in ballots postmarked by Election Day.

The court's newest justice, Amy Coney Barrett, didn't participate in either decision "because of the need for a prompt resolution" and because she hasn't had time to fully review

the parties' filings, a court spokeswoman said.

In the North Carolina litigation, the justices denied Republican requests to block a decision by state elections officials to extend the deadline for accepting mail-in ballots until Nov. 12, six days past the date set by the Legislature.

North Carolina elections officials said they extended their deadline "to keep voters from having their votes thrown out because of mail delays that the Postal Service had explicitly warned the state about."

The Trump campaign, Re-

publican National Committee, the GOP state lawmakers and others challenged the deadline extension and other changes, saying those officials improperly rewrote unambiguous rules set out by state lawmakers who already had made some concessions for the Covid-19 pandemic.

The high court didn't explain its reasons for rejecting the requests. Three of the court's conservatives, Justices Clarence Thomas, Samuel Alito and Neil Gorsuch, registered objections and said they would have granted the challengers'

request to roll back the deadline. Justice Gorsuch wrote that the pandemic wasn't the kind of natural disaster that gave the state board of elections a license to change voting rules.

In the Pennsylvania matter, the Supreme Court refused to expedite a Republican challenge to a state court order providing three extra days for the state to accept absentee ballots mailed by Election Day.

The court's order in that case included no noted dissents, although the same three conservative justices issued a

statement indicating they were open to considering the case after Election Day.

On Friday, the Republican Party of Pennsylvania, backed by the Trump campaign, asked the Supreme Court to hear and decide its challenge before Election Day, Nov. 3. The motion was unusual in that only days earlier, the Supreme Court, by a 4-4 vote, had refused to block the three-day extension.

In September, the Pennsylvania Supreme Court extended to 5 p.m. Nov. 6 the deadline to accept absentee ballots,

from 8 p.m. Nov. 3. The court credited guidance from the Pennsylvania secretary of state that the three-day extension would adequately account for processing backlogs in elections offices and postal delivery delays related to the pandemic.

Democrats, who sued for public-health accommodations in accepting ballots, had asked for a weeklong extension, equivalent to the deadline federal law sets for accepting ballots mailed by military families and Americans overseas.

Ad Council

I didn't talk
for a
very long time

Jacob Sanchez
Diagnosed with autism

Lack of speech is a sign of autism. Learn the others at autismspeaks.org/signs.

Autism Speaks

U.S. WATCH

WASHINGTON

Anonymous Trump Critic Reveals Himself

Miles Taylor, the former chief of staff at the Department of Homeland Security who became an outspoken critic of President Trump, identified himself Wednesday as the anonymous author of an opinion column and book that attacked the president as amoral and reckless.

In an essay published on Medium, Mr. Taylor said he wrestled with the decision to air his criticisms of the president anonymously. "Issuing my critiques without attribution forced the President to answer them directly on their merits or not at all, rather than creating distractions through petty insults and name-calling," he said.

Trump campaign press secretary Hogan Gidley on Wednesday called Mr. Taylor's disclosure the "least impressive, lamest political 'reveal' of all time" and attacked Mr. Taylor as a "standard-issue, arrogant, Washington, D.C. swamp bro who loved President Trump until he figured out he could try to make money by attacking him."

In an anonymous New York Times opinion column published in September 2018 titled "I Am Part of the Resistance Inside the Trump Administration," Mr. Taylor wrote that a group of senior administration officials were "working diligently from within to frustrate parts of his agenda and his worst inclinations."

—Rebecca Ballhaus

GEORGIA

Hacker Attacking County Releases Files

A computer hacker who took over networks maintained by Hall County, Ga., publicly released election-related files after a ransom wasn't paid, heightening concerns about voting security.

A website maintained by the hacker lists Hall County along with other hacked entities as those whose "time to pay is over," according to a Wall Street Journal review of the hacker's website.

The Hall County files are labeled as "example files," which typically are nonsensitive and used to encourage payment before a possible bigger rollout of

often more-compromising information.

The release of some Hall County files came Tuesday, one week before the 2020 presidential election. Recent polls show the race has tightened in Georgia, which was last won by a Democrat in 1992.

The Journal's review of the hacked county files, which include administrative documents and election information, found named individuals with provisional ballots that were flagged for their signatures not matching; voter names and registration numbers; and an election-equipment inventory. Some information was public; some, such as a voter's Social Security number, are private.

Hall County officials declined to comment on the attack or the release of information. The county didn't provide the amount of ransom demanded and didn't say whether it has yet paid any amount.

—Tawnell D. Hobbs

CALIFORNIA

Subdued Winds Help In Fight Against Fires

Calmer weather on Wednesday helped firefighters beat back two wildfires that drove nearly 100,000 Southern Californians from their homes amid fierce winds and dry conditions.

Authorities lifted some evacuation orders Tuesday as winds began subsiding and containment was increased for the massive wildfires in brushy hills above cities in Orange County. More residents were expected to receive permission to return to their homes soon. "With favorable weather, fire crews will find opportunities to establish more control lines," said the California Department of Forestry and Fire Protection, or Cal Fire.

The Silverado Fire burned 21 square miles and was 25% contained on Wednesday.

No homes were destroyed but 70,000 remained threatened by the blaze, which broke out in gusty weather around dawn Monday near Irvine, about 35 miles south of Los Angeles.

In Northern California, power had been restored by Wednesday to the vast majority of residents, with the remaining 10,000 expected to see it restored soon.

—Associated Press

U.S. NEWS

Rule Is Set for Free Vaccines

BY STEPHANIE ARMOUR

Seniors and people in private health-insurance plans are among those who won't be charged for getting a coronavirus vaccine under a Trump administration rule designed to ensure that as many people as possible get vaccinated once a shot becomes available.

Medicare will cover the cost of administering the vaccine for seniors under a plan released Wednesday.

In addition, the administration will require all providers of Covid-19 tests to post their cash prices for the tests online, and failure to do so could result in fines of up to \$300 a day. Federal law requires private insurers, Medicare and Medicaid to cover tests—but doesn't guarantee people without insurance get no-cost tests. The fines aim to ensure there is price disclosure around any possible out-of-pocket costs for tests. Insurers also use the cash price when determining reimbursement.

The administration rule also will provide increased Medicare payments for new Covid-19 treatments as soon as they become available.

The requirements are part of a reimbursement strategy released Wednesday. The administration has been pressing for a vaccine against a virus that has killed more than 226,000 Americans, although polls indicate the number of Americans reluctant to get a vaccine has risen. Ensuring that vaccines are free could remove cost as one barrier to vaccination.

While the rule goes into effect immediately, there will be a 30-day public comment period. Adjustments could be made to the rule after comments are received.

AstraZeneca PLC and the University of Oxford, Pfizer Inc. and Moderna Inc. are well into Phase 3 clinical trials on their vaccine candidates, and the administration has agreements for 100 million doses as soon as the end of the year.

"Now we're seeing this greater effort on how we are



A health-care worker handles test tubes used in a Covid-19 vaccine study in Hollywood, Fla.

MARCO BELLO/REUTERS

Hospitalizations, New Cases Rise

The number of people hospitalized in the U.S. with Covid-19 climbed to 44,212 Tuesday, the highest number of patients since Aug. 15, according to data from the Covid Tracking Project.

The increasing number of patients poses a challenge for some hospitals struggling with staffing shortages and increased capacity. Rising hospitalizations in places such as Idaho, Utah, Montana and El Paso, Texas, and other indica-

tors of the virus's spread have prompted officials to implement stricter restrictions in recent days. In New Jersey, more than 1,000 people were hospitalized in New Jersey on Tuesday, the highest since early July.

The U.S. reported more than 73,200 new cases for Tuesday, the second daily increase in a row, according to data compiled by Johns Hopkins University. While lower than the more than 80,000 cases reported on Saturday and Sunday, Tuesday's tally is higher than daily levels earlier in the month, as well as in August and September.

—Jennifer Calfas

going to get every American vaccinated," said Seema Verma, administrator at the Centers for Medicare and Medicaid Services. "We're coordinating across the entire health care delivery system, private and public."

Medicare, which covers about 62 million people, will cover the cost of administering Covid-19 vaccines approved by the Food and Drug Administration under an emergency-use authorization and given in an out-patient setting. Beneficiaries wouldn't owe a deductible

or coinsurance, which is the percentage of costs paid by patients after they reach their deductible.

Congress in March passed legislation making the administration of any coronavirus vaccine free, but there was a hitch: Medicare doesn't cover drugs that get an emergency use authorization, which has lower standards than the criteria used in typical drug approvals. Drugmakers are expected to pursue emergency use authorizations once their Covid-19 vaccine candidates meet effi-

cacy and safety milestones.

The rule overcomes that hurdle and means the administration won't have to go to Congress and seek a fix, administration officials said.

The rule from CMS goes beyond Medicare, however. It establishes that all providers of Covid-19 tests, as well as places that perform tests, will also have to post the cash price of the test online. The price disclosure requirement was also included in the March legislation known as the Cares Act.

The rule implementing the new requirements follows mounting concern from some lawmakers and health-care advocates about out-of-pocket costs some people are paying for tests. Costs of tests can vary widely: Large hospitals nationwide charge from \$20 to \$859 for a single out-of-network test, according to an analysis from the Kaiser Family Foundation.

The rule includes provisions to ensure that people in private health plans get free coronavirus vaccines during the public-health emergency. The free vaccines were stipulated in the Cares Act, whether they are in or out of network. The federal government is paying for the cost of the vaccines.

Tiffany, LVMH Strike Deal

Continued from Page One

to the European luxury-goods conglomerate late last year in a roughly \$16.2 billion deal. LVMH, whose scores of brands include Louis Vuitton and Bulgari, saw an opportunity to revamp the famed jeweler, which had struggled with weak demand. It would also strengthen LVMH in China, where demand for luxury goods has been steadily increasing as incomes rise, and expand its presence in the U.S.

LVMH, with a market value of around \$200 billion, is one of Europe's most valuable companies and many times the size of Tiffany. It has a long history of deal making, including a \$13 billion move in 2017 to bring all of French fashion house Dior under the ownership of LVMH.

But the Tiffany acquisition represented the biggest bet yet by LVMH under Bernard Arnault, the French billionaire who has been its chief executive and controlling shareholder for three decades.

The deal's merits changed when the pandemic spread around the world in early 2020, forcing Tiffany and other retailers to close stores and severely denting sales.

The pandemic has especially hurt demand for luxury brands, given that they tend to be more reliant than other consumer goods on both in-store sales and steady streams of tourists. Consultants at Bain have forecast a sales decline of 20% to 35% across the global luxury-goods industry in 2020.

LVMH said in September it was backing out of the deal, using the novel justification of trade disputes between France and the Trump administration. It said it had received a letter from the French foreign ministry asking it to delay the acqui-

The French company saves \$430 million and avoids a court battle.

sition. Many saw the move as a bid to lower the price. Tiffany Chairman Roger Farah said at the time that there was no basis under French law to order a company to breach a valid and binding agreement, and a French diplomatic official also said such a letter wouldn't be binding.

Tiffany sued LVMH in Delaware Chancery Court to enforce the agreement or obtain damages. That prompted LVMH to countersue, arguing the U.S. jeweler's business had been so deeply damaged during the pandemic that their takeover

agreement was no longer valid. Some legal experts have said LVMH faced long odds of prevailing.

Whether in the end it turns out to have been a good move for LVMH to challenge the deal—for a \$400 million-plus discount—remains to be seen, given that the next time it tries to make an acquisition the target could hesitate, worried it too could risk being left at the altar.

Tiffany shareholders have continued to receive a 58-cent-a-share quarterly dividend, meanwhile. LVMH had criticized the company's decision not to cut its dividend despite losing money.

The tie-up is the highest-profile deal to sour as a result of the pandemic, though far from the only one, especially among companies in retail. Private-equity firm Sycamore Partners sued Victoria's Secret parent L Brands Inc. in April, arguing that the retailer had violated the terms of their merger agreement by closing stores, furloughing workers and skipping rent payments. L Brands countersued and the two sides eventually agreed to scrap the deal.

Mall landlord Simon Property Group Inc. sued to terminate a \$3.6 billion deal to buy Taubman Centers Inc. Taubman countersued and Simon later amended its complaint to argue that Taubman since breached the agreement by renegotiating its credit facilities. The companies are set to go to trial next month.

SERVICE FOR A SULTAN
KING LOUIS-PHILIPPE TEA SERVICE

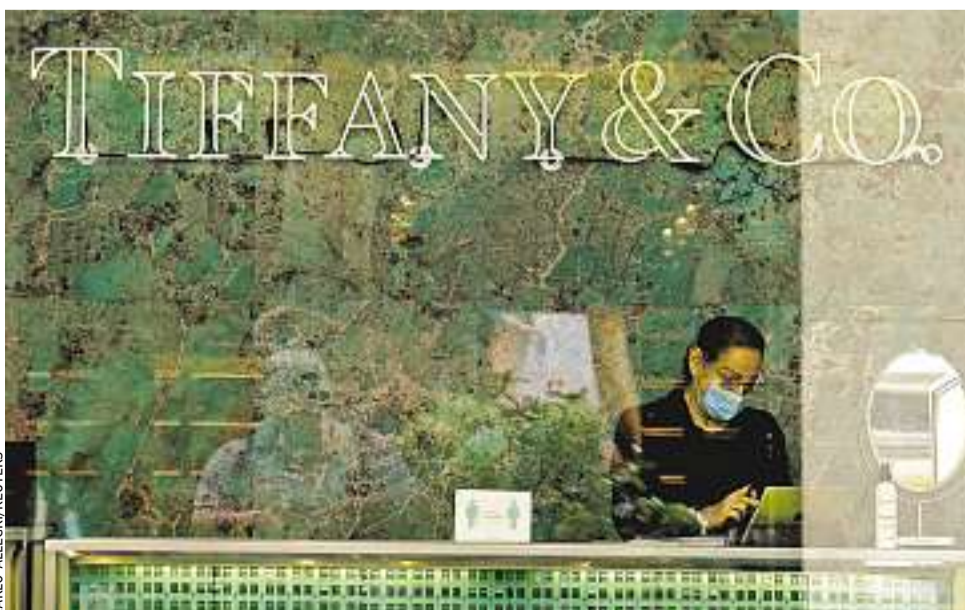
Royal gift. One-of-a-kind artistry. Impeccable craftsmanship. This extraordinarily rare tea service was made as a gift from French King Louis-Philippe to Mahmud II, Sultan of the Ottoman Empire. The complete 78-piece silver gilt and porcelain service for 24 includes four different colored sets of six cups and saucers, as well as two Orientalist lacquered trays. Representing the important friendship between the Ottoman Empire and France in the 19th century, it is a truly one-of-a-kind masterpiece. Circa 1835.

Case: 34" w x 27" d x 9" h. #31-1570

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An acquisition of Tiffany represented the biggest bet yet by luxury-goods maker LVMH.

CARLO ALLEGRI/REUTERS

WORLD NEWS

Pompeo Blasts China in Sri Lanka

Secretary of State says Communist Party is a 'predator,' warns against dependence

By William Mauldin
and Saeed Shah

COLOMBO, Sri Lanka—Secretary of State Mike Pompeo warned Sri Lanka against its tightening ties with China, as his tour of South Asia this week put a spotlight on the growing rivalry between the U.S. and Beijing for regional influence.

Mr. Pompeo arrived in Sri Lanka as it is ratcheting up its relationship with China with new loans, multibillion-dollar construction projects and new laws to cement the partnership.

India has been moving closer to the U.S. after it got caught in deadly skirmishes with China this year. In India on Tuesday before leaving for Sri Lanka, Mr. Pompeo announced new accords to help New Delhi cooperate with the U.S. military and buy its hardware.

Sri Lanka, however, has demonstrated it is increasingly wary of being sucked into the U.S. orbit in the superpower's struggle with China to gain an edge in the Indo-Pacific. The small country off the southern tip of India is in a strategically important location along Indian Ocean shipping lanes. Mr. Pompeo warned Sri Lanka about the potential consequences.

"The Chinese Communist



Mike Pompeo on Wednesday visited St. Anthony's church, which was attacked by terrorists in 2019.

Party is a predator," Mr. Pompeo told reporters after a meeting Wednesday with Sri Lankan Foreign Minister Dinesh Gunawardena. "The United States comes in a different way—we come as a friend and a partner."

Beijing reacted with anger over what it saw as Mr. Pompeo's interference in its relationships with India and Sri Lanka, accusing the U.S. of arm-twisting those countries.

China has used its infrastructure building and financial firepower to increase its influence in nations across Asia, as well as pressing its territorial claims on land and sea more

aggressively. The U.S. has sought to counter that, partly by arms sales and encouraging nations to demand more transparency in Chinese deals.

"Sri Lanka will always maintain a neutral stand in foreign policy and will not get entangled in struggles between power blocs," Sri Lanka's President, Gotabaya Rajapaksa, said on Twitter after meeting Mr. Pompeo.

Sri Lanka, where a sweep of parliamentary elections in August handed the pro-China Rajapaksa brothers the prime ministership in addition to the presidency they took late last

year, said even before the visit that it isn't interested in signing a military agreement and an economic assistance package sought by Washington.

The Rajapaksas say they encourage all countries to invest in Sri Lanka, which is still recovering from a three-decade civil war, but repeatedly the only nation to show up with money is China.

After a stop in the Maldives, which has distanced itself from China after a new government came to power in 2018, Mr. Pompeo is set to visit Indonesia, which has territorial strains with China.

Aside from China, the other main agenda item for the Sri Lanka visit outlined by the State Department was encouraging democracy, which also faces challenges, critics say.

Mr. Pompeo sought to emphasize the shared democratic vision of Sri Lanka and the U.S., citing the presence of Coca-Cola Co., Oracle Corp. and International Business Machines Corp. in the country and U.S.-donated Coast Guard cutters used to help keep some of the region's sea lanes open.

"A strong, sovereign Sri Lanka is a powerful and strategic partner of the United States on the world stage," he said.

The Rajapaksas last week pushed through a constitutional amendment to shift powers held by Parliament and independent bodies to the presidency in what the opposition claims is a move toward autocracy. The brothers say the previous system, which was brought in by their predecessors trying to create checks and balances, instead resulted in dysfunction and infighting.

Mahinda Rajapaksa was president between 2005 and 2015, when he embraced China with a series of infrastructure deals. He was ousted from office between 2015 and 2019, partly as a result of public reaction to those murky deals, and Beijing's relations with Sri Lanka cooled. Growing concerns about the economy and the country's ability to fight terrorism brought the brothers back to power last year.

U.S. Moves To Block WTO Pick For Leader

The U.S. opposed the selection of former Nigerian Finance Minister Ngozi Okonjo-Iweala as the World Trade Organization's new leader, officials said, the latest Trump administration challenge to the body.

By Laurence Norman
in Brussels and Drew
Hinshaw in Warsaw

Ms. Okonjo-Iweala was poised to become the WTO's first female leader after gaining the support of most WTO member states. But as her nomination moved forward at a meeting on Wednesday, the U.S. became the sole remaining country to voice opposition to her appointment.

A senior U.S. official said the U.S. had opposed Ms. Okonjo-Iweala's candidacy because she had no background in trade, having spent most of her career at the World Bank, and because the WTO should not have moved forward with her candidacy when there wasn't a consensus in support.

Dozens of governments swiftly spoke out against the U.S., saying Washington was trying to obstruct and weaken the global-trade regulator, several people present or briefed on the exchange said.

Ms. Okonjo-Iweala, who is also a U.S. citizen, would be the first female and African leader of the WTO. She was running against South Korea's first female trade minister Yoo Myung-hee, whom Washington backs.

The senior U.S. official said Ms. Yoo had an extensive background in trade that made her better suited for the role of managing the WTO in a period of turmoil. The U.S. isn't trying to weaken the WTO, the official said, adding that Ms. Yoo's background would make her better suited to lead the organization.

"Twenty-seven delegations took the floor," said WTO spokesman Keith Rockwell. "One delegation could not support the candidacy of Dr. Ngozi and said they would continue to support South Korean Minister Yoo. That delegation was the United States."

President Trump has repeatedly complained the WTO is unfair to the U.S. and some Republican lawmakers are seeking to pull the U.S. out of the organization. Washington has blocked the appointment of judges to the WTO's top court, called the Appellate Body, so that since December 2019 the court has too few judges to rule on big trade disputes between countries.

U.S. officials have said the WTO needs a major overhaul to challenge what Western countries say is unfair competition from China's market-distorting state capitalism system. Washington has long opposed what it sees as judicial activism from the Appellate Body and the Trump administration has slammed the body for ruling that some U.S. tariffs on China are illegal.

Mr. Rockwell said the WTO would go ahead with a meeting Nov. 9 to pick a new leader. If necessary, as a last resort, a vote could be held to pick a leader although that would break the precedent of selecting the WTO chief by consensus. He said consultations with the U.S. and other members would continue. South Korea declined to withdraw Ms. Yoo's candidacy.

Lockdowns Reimposed In Europe

Continued from Page One rapidly in England than daily testing data suggest, findings likely to spur further restrictive measures on swaths of the country.

The restrictions from Europe's two biggest economies are likely to pressure other countries to follow suit. European governments massively ramped up testing this summer to better monitor the virus's spread and crack down on local outbreaks. They also instituted curfews in order to curb night-life that authorities blamed for a rise in infections that was steady but not overwhelming.

This month, however, countries across Europe began to record a spike in new cases as the weather cooled and more social activity moved indoors. A jump in hospitalizations and deaths has followed, forcing Mr. Macron and other European leaders to take more-dramatic measures to break the disease's momentum.

"The second wave will probably be stronger and deadlier than the first one," Mr. Macron said, adding that the virus was spreading faster "than even the most pessimistic forecasts."

In France, which has emerged as the epicenter of Europe's outbreak, the seven-day average of new daily patients admitted for intensive care has increased by 38% over the past week.

A rise in the rate of tests coming back with positive results also indicates the virus is outpacing authorities' ability to detect it. On Tuesday, France reported a positivity rate of more than 18%, compared with 13.6% a week earlier.

Researchers in the U.K. estimated the virus is spreading far more rapidly in England



A Covid-19 patient was wheeled into an intensive-care room at a hospital in Arles, France, on Wednesday.

than daily testing data suggest. In a study published Thursday, Imperial College London and polling company Ipsos Mori estimated the number of new daily infections in England was running at 96,000 over the 10 days through Oct. 25—almost six times higher than the average official daily case count for the same period.

The findings, which are preliminary and haven't been peer reviewed, could spur further restrictive measures on swaths of the country.

Germany's restrictions, while less severe than France's, mark a rare moment of coordination by the German states, which have often diverged in their approach to fighting the pandemic.

Ms. Merkel warned on Wednesday that daily infections had doubled from last week, and the number of patients in intensive care had doubled over the past 10 days. Germany's main epidemiology institute, the Robert Koch Institut, on Wednesday reported a record 14,964 new daily infections.

The new restrictions threaten to compound the economic damage caused by the springtime lockdowns. French Budget Secretary Olivier Dussopt said on Wednesday a new monthlong lockdown could cost France as much as 2.5 percentage points of economic output. France suffered a second-quarter contraction of 13.8% in gross domestic product, a post-World War II record.

The economic pain is testing public support for the restrictions. Widespread solidarity was a defining feature of the first wave of the virus in March. Back then, European leaders justified the economic shutdowns by comparing the fight against Covid-19

to a wartime effort. Seven months later, however, a sense of collective fatigue and frustration is palpable.

"It's our life's work that's at stake here," said Frédéric Jeanjean, who owns a restaurant in Marseille. Debt is piling up, Mr. Jeanjean said, adding that he feels Mr. Macron is completely disconnected from the life of ordinary French people.

Mr. Macron described the new lockdown as a modified version of its predecessor. Schools will remain open; visits to nursing homes will be allowed; and people will be allowed to report to their place of work if they are unable to work from home, he said. The government will re-evaluate the situation every two weeks and could decide to enforce new restrictions or relax certain rules, he said, adding that shops will be allowed to reopen if the number of new contaminations drops significantly within the next two weeks.

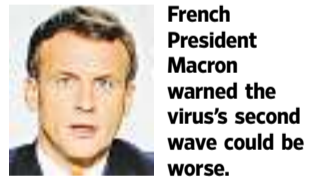
Ms. Merkel said Germany's government would cover as much as 75% of the lost sales

of affected businesses with fewer than 50 employees. Bigger businesses will also receive aid within the constraints set by European Union state aid law, Ms. Merkel said. Total aid will be as much as €10 billion (\$11.8 billion).

In Italy, which reported 24,991 new cases and 205 deaths on Wednesday, protesters took to the streets this week after the government made public plans to shut gyms, theaters and cinemas. The government is also forcing bars and restaurants to close earlier in the day. The protests have turned violent at times, with far-right groups and other individuals attacking shops and the police.

The Italian government recently approved €5 billion in measures to shore up businesses affected by the restrictions, including grants to the entrepreneurs, funding to extend furloughs and tax holidays.

—Giovanni Legorano
and Jason Douglas
contributed to this article.



French President Macron warned the virus's second wave could be worse.

WORLD WATCH

CANADA

More Stimulus Steps Needed, Officials Say

Canada's top two economic policy makers said Wednesday that extraordinary fiscal and monetary stimuli are here for the foreseeable future to help the country dig out from the deep financial hole caused by the new coronavirus pandemic.

Bank of Canada Gov. Tiff Macklem said he expected to keep the benchmark interest rate, at 0.25%, unchanged until 2023. That is the amount of time he said is required to soak up all the spare capacity in the economy stemming from virus-induced business closures and

job cuts. "We're going to get through this, but it's going to be a long slog," Mr. Macklem said after releasing the bank's latest rate-policy decision.

Canada's gross domestic product won't return to pre-pandemic levels until 2022, the bank said.

Meanwhile, Canada's Deputy Prime Minister and Finance Minister, Chrystia Freeland, said aggressive fiscal policy was essential, especially as the Bank of Canada has limited room to cut rates further. She said despite a growing debt load, Canada has the fiscal capacity to keep spending, and warned about the risks posed by premature spending restraint.

—Paul Vieira

POLAND

Protests Continue Over Abortion Ruling

People across Poland gathered off their jobs and crowds stayed for a seventh straight day of street protests Wednesday in a mass outpouring of anger at a top court ruling that bans abortions in cases of fetal abnormalities.

Protesters in Warsaw marched to the parliament building, which was surrounded by police officers in riot gear. Large crowds also filled the streets in other major cities, including Krakow, Wroclaw, Szczecin and Lodz. Poland's most powerful politician, ruling-party leader Jaroslaw

Kaczynski, lashed out at opposition lawmakers, accusing them from the podium of inciting people to protest during the pandemic. "You are destroying Poland," he said. "You are exposing a lot of people to death, you are criminals."

The nationwide strike and protests come amid a deepening standoff between angry demonstrators and Poland's deeply conservative government, which pushed for last week's court ruling and has vowed not to back down.

Rage over the ruling, which would deny legal abortions to women even in cases of fatal birth defects, has been directed at the Roman Catholic Church and Mr. Kaczynski.

—Associated Press

TANZANIA

Opposition Alleges Vote 'Irregularities'

Tanzania's presidential election saw "widespread irregularities," the leading opposition candidate alleged Wednesday amid a massive internet slowdown, while some observers said the once-peaceful country likely faces five more years of repressive rule.

Results declared by the electoral commission cannot be challenged in court, bringing urgency to vote-monitoring efforts, but the opposition said observers were turned away from scores of polling stations. Some major independent observers such as the Euro-

pean Union weren't invited or barred, unlike in previous elections.

"Mass democratic action will be the only option to protect the integrity of the election," said top opposition candidate Tundu Lissu with the Chadema party. The survivor of an assassination attempt in 2017, he returned from exile this year to challenge populist President John Magufuli, who seeks a second term.

The electoral commission chair, Semistocles Kajage, said that allegations of irregularities circulating on social media weren't true.

The commission had not received any formal notification of alleged fraud, he said.

—Associated Press

FROM PAGE ONE

States Face Historic Cash Crisis

Continued from Page One
Great Depression.

Nationwide, the U.S. state budget shortfall from 2020 through 2022 could amount to about \$434 billion, according to data from Moody's Analytics, the economic analysis arm of Moody's Corp. The estimates assume no additional fiscal stimulus from Washington, further coronavirus-fueled restrictions on business and travel, and extra costs for Medicaid amid high unemployment.

That's greater than the 2019 K-12 education budget for every state combined, or more than twice the amount spent that year on state roads and other transportation infrastructure, according to the National Association of State Budget Officers.

Deficits have already prompted tax hikes and cuts to education, corrections and parks. State workers are being laid off and are taking pay cuts, and the retirement benefits for police, firefighters, teachers and other government workers are under more pressure.

"There is no real model for a crisis like this," said New Jersey Treasurer Elizabeth Maher Muoio. "It's going to be tough for the next couple years."

New Jersey is expecting a more than \$5 billion revenue decline for the 2021 budget year, a 13% drop from the state's pre-Covid projection. Already one of the most indebted states in the nation, New Jersey authorized a contested plan to borrow up to \$10 billion; raised taxes on people earning between \$1 million and \$5 million; and is making another billion in cuts to help plug the gap.

States are dependent on taxes for revenue—sales and income taxes make up more than 60% of the revenue states collect for general operating funds, according to the Urban Institute. Both types of taxes have been crushed by historic job losses and the steepest decline in consumer spending in six decades.

Americans have since ramped up spending on everything from home improvements to bicycles with the help of stimulus checks, though overall expenditures remain below pre-pandemic levels. States that earn big chunks of their revenue from hard-hit industries are hurting. Americans are commuting and traveling far less, and oil prices have tumbled, hitting energy industries in Texas, Oklahoma and Alaska. Tourism has dropped in Florida, Nevada and Hawaii, and casino closures hurt Rhode Island, New York and Illinois.

Hawaii, for example, is expecting fewer than half the visitors it took in last year in 2020, and state officials forecast its general fund revenues won't recover to pre-pandemic levels until its 2025 fiscal year.

For the budget years 2020 through 2022, average annual revenues in all 50 states combined are expected to fall short of the 2019 total, Moody's Analytics said.

A nationwide decline in combined state revenue has happened after only two events in 90 years: following the Sept. 11, 2001, attacks and the 2008 financial crisis.

Annual state revenue fell following the Sept. 11 attacks and the bursting of the dot-com bubble around that time, but recovered within a year. During the recession that followed the 2008 crisis, state government revenue fell 9% over two years, according to Census Bureau data.

This time the shortfall could reach 13% over two years, according to Moody's Analytics projections.

An uptick in Covid-19 cases to new daily records in recent days makes that scenario increasingly likely.

The U.S. economy has steadily recovered since the spring, and more than 11 million jobs of the 22 million lost earlier in the year have come back. Still, the unemployment rate recently hovered at 7.9%, and there has been an uptick in permanent layoffs.

Economists warn a two-track recovery is emerging, with well-educated and well-off people and some businesses prospering, at the same time lower-wage workers with fewer credentials, old-line businesses and regions tied to tourism are mired in a deep decline.

State government workforces shrank 5% across the country from February to September to 4.9 million, fewer people than at any point during or after the 2008 recession, according to the Bureau of Labor Statistics. Local government workforces cut 6%, or nearly a million people, and local revenue shortfalls are adding pressure to states' budgets.

In Michigan, more than 31,000 state workers were furloughed two days per pay period for 10 weeks, while others were temporarily laid off. A spokesman said temporary layoffs have ended and none are planned, but that they could be reconsidered if economic fallout worsened.

Earlier this year, Chris Kolb, budget director for the state, calculated that even if he eliminated 12 state departments—including education, environment and treasury—and used up state reserves, Michigan would still be short \$1 billion needed to balance his budget.

Federal coronavirus aid and rainy day funds ultimately helped him balance the budget and cover Covid-related expenses, and some tax revenues were better than initially forecast. But the state is bracing for a shortfall of up to \$2 billion for the next fiscal year, since \$4 billion in tax revenue that the state anticipated back in January has disappeared.

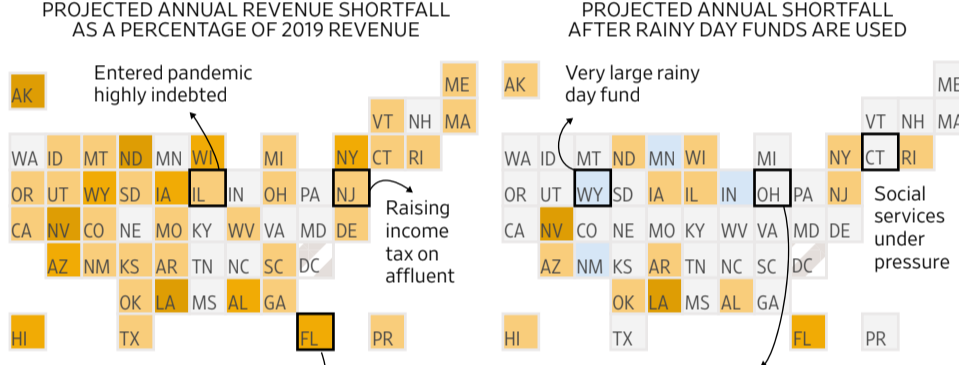
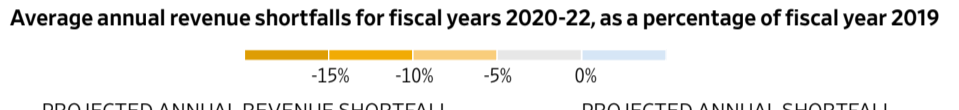
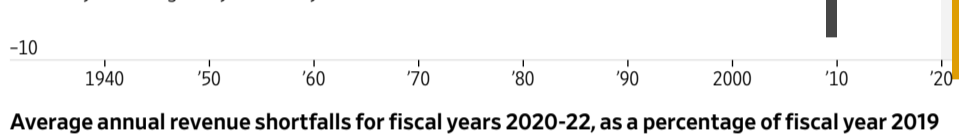
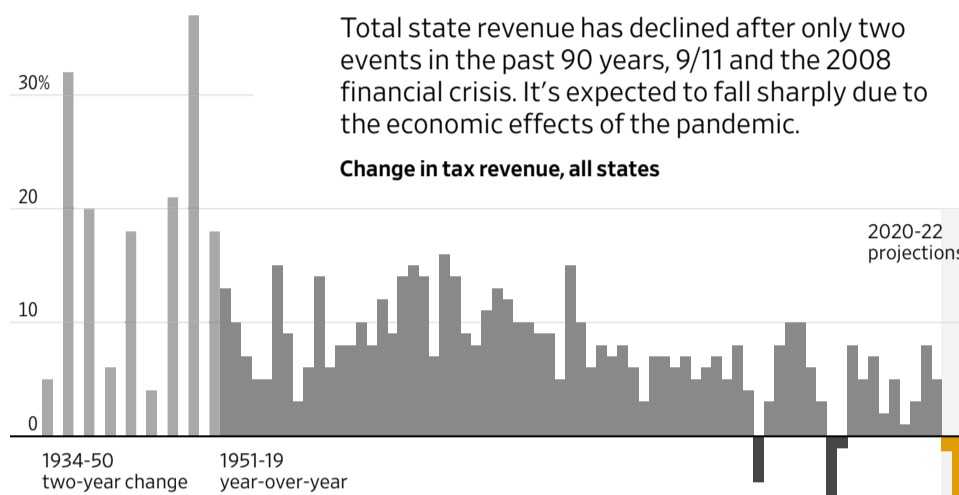
After 2008, some states implemented or added to rainy day funds—cash reserves that can be used to fill revenue gaps caused by a potential shock. The funds are important because state laws typically don't allow states to supplement operating revenues with borrowing, in contrast to the federal government, which helps finance its operations with Treasury bonds. States, on the other hand, typically issue bonds for specific projects, such as building roads or bridges.

At the end of the 2019 budget year, state rainy day funds had accumulated about \$50 billion over the previous decade, according to the Pew Charitable Trusts, putting about two-thirds of states in a better position than they were heading into the 2008 crisis.

Ohio had about a month's worth of cash when Covid hit. Since then, Ohio has cut \$300 million from its K-12 education budget for the 2020 budget year



An employee wore a mask and face shield at the Ocean Casino Resort in Atlantic City, N.J.



Note: Projections assume no further federal stimulus and ongoing business and travel restrictions. No data for D.C.
Sources: U.S. Census (1934-2019); Moody's Analytics (projections)

and reduced salaries for some state workers.

The Willoughby-Eastlake City Schools near Cleveland lost \$1.7 million in state funds this year, and expects to lose another \$1.7 million in 2021. The school district made ends meet by halving its curriculum budget and buying fewer textbooks and other learning aids, among other cuts.

If the money doesn't arrive eventually, the district will have to reduce offerings, said Superintendent Steve Thompson.

School systems also usually receive local funds through property taxes. This year, the Willoughby-Eastlake system has so far received \$800,000 less than last year, the district's treasurer said, as out-of-work residents struggle to pay the tax.

Schools received federal aid from the pandemic-stimulus packages passed by Congress earlier this year. Willoughby-Eastlake received \$1.3 million that it used for technology, health and cleaning supplies and additional custodians. The money was quickly spent, the superintendent said.

About 30% of the district's roughly 8,000 students qualify for free or reduced-price lunch, and many lack computers or internet access at home. The district, which has online classes, has purchased hundreds of computers and hot spots. "At this point we're spending dollars out of our general fund," said Mr. Thompson, who estimated that total technology and health-safety costs from the start of the pandemic to the end of the current school year will approach \$4 million.

Teachers are recording classes so that students in families sharing one computer can watch lessons that they miss because their siblings are using the computer for their own online classes. "If they have a question, they're going to have to wait until the next day when it's their turn to have the Chromebook from their brother or sister," Mr. Thompson said.

New York, projecting a shortfall of \$59 billion through 2022, held back scheduled payments for schools and social services and postponed public worker

raises. Missouri has held back funding for services for the elderly and other programs. Florida's governor vetoed spending on a range of items including a new state courthouse, trade schools and appropriations for local projects.

A few states are likely to come through the pandemic in comparatively good shape thanks to robust savings, tight financial controls or economies that are insulated from the worst impact of social distancing.

Wyoming, though dependent on energy prices, has a very large rainy day fund relative to other states. Minnesota and North Carolina have some of the highest credit ratings in the nation and foster a mix of manufacturing, education, health care and business services, according to Moody's Investors Service, the rating arm of Moody's.

Congress has doled out about \$150 billion in Covid-19 response dollars to state and local governments, plus some additional money to cover elevated Medicaid costs. The money sent to local governments has helped pay

for needs like personal protective equipment. But it can't be used to replace revenue lost as a result of the shutdown.

In recent weeks, White House and Democratic negotiators have been discussing roughly \$2 trillion in additional stimulus, but the price tag has encountered resistance in the Republican-controlled Senate amid concerns about rising debt and some of the expected provisions, and a deal is unlikely to come together before the election.

In the negotiations, House Speaker Nancy Pelosi and White House officials moved closer on many issues, including how much additional aid to provide to state and local governments, but had not yet reached an agreement finalizing an amount.

Illinois, with the worst finances of any state, has been banking on billions in federal funding. The state has a \$230 billion pension liability after years of putting off payments, according to an estimate by Moody's Investors Service, and faces an additional \$8 billion backlog of unpaid bills.

Since the pandemic, Illinois's total retirement and debt liabilities are on track to make up 45% of the state's gross domestic product by June 2021, up from 35% in 2019, according to Moody's Investors Service.

Illinois was one of only two borrowers to tap loans offered from the Federal Reserve as part of the aid packages. New York's Metropolitan Transportation Authority was the other.

Illinois issued \$1.2 billion in notes, but the funds are expensive, with an interest rate about 10 times the level typical in the market. The state has said it could borrow more.

In Connecticut, debt costs have reduced the state's spending flexibility. Before the pandemic, yearly payments on bond debt, pensions and retiree health obligations absorbed 31% of state-generated revenue, according to Moody's Investors Service, making it one of the most indebted states in the nation.

To address the shortfall in this year's budget, Connecticut's governor is recommending the state make about \$25 million in cuts and draw on its rainy day fund. The state has avoided reducing state funding to social-service providers despite revenue losses, said Melissa McCaw, secretary of the state's Office of Policy and Management.

Groups that provide mental health and substance-abuse treatment have received federal aid to help with Covid-related health and safety costs, but have asked for additional state help as well. Ms. McCaw said the state "will continue to monitor provider needs."

Connecticut has historically been one of the top 10 states for drug overdoses, which have increased during the pandemic, spiking higher in the first quarter of 2020 than in any of the previous eight quarters, according to the Centers for Disease Control and Prevention.

Community Health Resources, which offers mental health and addiction services to 27,000 children and adults, is concerned it won't receive its expected more than \$40 million in state funding—62% of the organization's annual budget—in the next fiscal year, which begins in July.

"We are working with individuals who, were it not for our services, would be in emergency rooms," said CEO Heather Gates.

Halloween Scares By Car

Continued from Page One

a detour some haunt promoters are taking: drive-through attractions. Many of them—using conventional effects of an indoor spook-house moved outdoors—are trying to provide the same sort of jolts and shocks to customers who don't have to leave their vehicles.

The Oaks Park attraction took over 44 acres of the outdoor grounds of the historic Oaks Amusement Park, around since 1905. Since Oct. 9, it has sold out every long weekend, including matinee showings for children. Attendance has averaged 300 cars per night, said Ms. MacKay.

"Jump scares" are provided by about 35 performers in masks and prosthetics, including a ghoulish presence who acts as the flag waver for drivers to start their engines. Driving slowly through various



Actors approach a vehicle at the Oaks Park Haunted Drive-Thru.

unsettling vignettes—with car radio tuned to instructions and a menacing soundtrack—Ms. MacKay says the effects and "scare-actors" (pronounced like "characters") are more "spooky than scary. The amusement park has long been a part of growing up here."

The cost for a less-than-cheap thrill is \$79.99 per car, between 7 and 9 p.m.; after 9 p.m. its price—"slasher" hours, she said, are \$69.99.

"Nearly all of the drive-through haunts are doing very

good business," said Brett Molitor, a past president of the Haunted Attraction Association, a trade group that includes 300 owners of haunted-theme operations. Mr. Molitor, who owns the Hysterium haunted hotel in Indiana, said there are about 1,700 such attractions in the U.S., and about 100 drive-through operations. "About 50% of the free-standing ones aren't open this year," he said. (His Hysterium, not a drive-through, is operating and sold-out most nights, he said.)

Most drive-through haunts are set in fields, campgrounds, parking lots and outlying spaces of closed amusement parks. There are even haunted car washes.

But are they still scary?

On a recent Tuesday evening, Jason Collins, 46, and Brian Kinney, 44, bought bags of chocolate to get ready for the "Los Angeles Haunted Hayride." This year, the Halloween attraction shifted to being a drive-through experience. Formerly housed in an abandoned zoo in Los Angeles County's Griffith Park, the enterprise is now at a more contact-free location in an overflow lot of the Raging Waters amusement facility in San Dimas, Calif. Admission to the Halloween attraction ranges from \$49.99 to \$199.99, according to its website.

The tour took them through a ghost town facade in flames, and haunted displays, while demons and ghoulish entities roamed throughout. It culminated at a lot where a long-closed drive-in movie theater has been restored to show creepy short films and music videos that guests watch from parked cars.

The duo's expectations were low. "So far this was looking to be a buzz-kill Halloween," said Mr. Collins, whose special-effects company Autonomous FX has worked on films such as "Abraham Lincoln: Vampire Hunter" and videos for the "American Horror Story" franchise. Mr. Kinney, a makeup effects artist ("CSI," "Sons of Anarchy") also owns his own production company.

"We're purists," said Mr. Collins. "We thought, 'What possibly could they do to scare the two of us?' When we were done, we were like, 'Um, this is amazing!' And it inspired us to seek out other ones."

Key was "Peter Peter Pumpkin Eater," one of the film shorts, and "that thing," he emphasized, looming over his Acura SUV sunroof. While they were transfixed on the screen, a 12-foot-tall scarecrow with a pumpkin head and talon-like arms showed up out of nowhere. "It was the creepiest creature of all these 'scare-actors' coming out in animal masks, shooting flashlight beams in your eyes, banging trash cans," said Mr. Collins. "It scared the hell out of us!" he said.

"Terror in the Timbers," located 40 miles west of Chicago, encompasses 85 acres of wooded land. Two brothers, Dan and Andy Barrie, produced and financed the now-sold-out drive-through haunt. It has a concept based upon 19th-century serial killer Herman Webster Mudgett (alias H.H. Holmes)—he is said to have murdered between 20 and 200 people in his three-story mansion and hotel—and the ghosts of his victims.

The Barrie brothers spent 90 days and, said Dan Barrie, "about \$200,000 and counting, in costs," creating the drive-through. It passes through simulated graveyards, an asylum breakout, a creepy Victorian-era playground and a ghost island. Cars are signaled by a red traffic light to stop within 12 drive-through black boxes with spooky trappings in each.

On recent evenings, he said 650 cars passed through for \$65 per vehicle. "I've had at least 50 customers thank me for getting them out of the house," said Mr. Barrie. "A few said it is the first time they've gone out with the family but for the McDonald's drive-through."

GREATER NEW YORK

Veterans Homes Face Coronavirus Probe

Justice Department is investigating whether New Jersey facilities undercounted deaths

By CHRISTOPHER WEAVER

The U.S. Department of Justice has opened a civil-rights investigation into New Jersey veterans homes' handling of deadly Covid-19 outbreaks this year, according to a letter from the department to the state's governor, Phil Murphy.

In an investigation published Oct. 5, The Wall Street Journal showed one of the facilities—the Menlo Park Veterans Memorial Home, in Edison, N.J.—botched its response to an April outbreak, waiting more than a week to alert families after the virus was in the building, discouraging the use of masks and ultimately

counting deaths by a method that appears to have understated them.

Menlo officially has reported just 62 fatalities, but the Journal showed more than 100 people died in April alone, 10 times what is typical. The state's own health department, which isn't involved in running the veterans homes, said an additional 39 people at the facility probably died of Covid-19.

The health department found that a second state veteran home in Paramus, N.J., also undercounted probable deaths, a development first reported by the Journal.

The Justice Department letter informing Mr. Murphy of the probe says "recent reports suggest that the number of Covid-19 deaths at some nursing homes, including New Jersey Veterans Memorial Home at Menlo Park and New Jersey Veterans Memorial Home at

Paramus (together, the 'Veterans Homes'), two long term care facilities operated by the state, have been understated."

The letter also cites concerns about patient care at the facilities and what it characterized as a lackluster response to an earlier request for information about the state-run homes as part of a broader inquiry into all nursing homes in the state. The DOJ letter says the department hasn't reached any conclusions at this time.

The letter was earlier reported by Politico.

A spokesman for Mr. Murphy said: "The fact that this request from the Department of Justice was announced a week before Election Day speaks volumes about the nature of the review. From the beginning of the pandemic, the State of New Jersey has relied on CDC guidance from

the federal government to protect the residents of our veterans homes. We don't comment on the substance of investigative inquiries and will respond through the appropriate channels in due course."

The state agency has defended its handling of the Covid-19 outbreaks.

A Justice Department official disputed the idea that the investigation was politically motivated, saying the department's civil division had requested data about deaths at state-run nursing homes from four states with high rates of nursing home deaths: New Jersey, New York, Pennsylvania

and Michigan. New Jersey failed to respond to the request, the official said.

The U.S. attorney in New Jersey began investigating the state's veterans homes in the spring and provided a report in August to the department's civil-rights division, which continued the probe, the official said, including by requesting the death data.

The official said the Journal's recent investigation had shown the state's public-death data was unreliable.

The governor's office hasn't explicitly acknowledged the failures at Menlo or its Paramus veterans home. But on Oct. 16, Mr. Murphy fired the chief executives of both facilities, their boss and the commissioner of the Department of Military and Veterans Affairs, the agency that operates the homes.

A spokesman for the veterans agency didn't respond to a

request to comment on Wednesday. The agency has defended its handling of the outbreaks, saying it notified families as soon as possible and counted deaths based on the determinations of experts.

Menlo's new acting CEO, Scott Mueller, previously had worked as an assistant CEO at the facility. In 2018, Mr. Mueller was disciplined for allegedly failing to preserve video footage in connection with four potential resident-abuse or neglect incidents, according to an opinion by an appeal commission in that matter.

Mr. Mueller was suspended for five days and he appealed the move to the state's Civil Service Commission, the opinion shows, but the punishment was upheld. Mr. Mueller didn't respond to a request for comment. The governor's spokesman said he wouldn't comment on a personnel matter.



People voted at the Brooklyn Armory on Wednesday. With only 88 early-voting sites open around the city, hourslong lines have been reported at some polling locations.

Agreement Averts Municipal Layoffs

By KATIE HONAN

New York City Mayor Bill de Blasio and the city's largest municipal union struck a deal Wednesday to delay thousands of layoffs and save the city millions of dollars as it faces one of its worst fiscal crises in decades in the midst of the new coronavirus pandemic.

Under the agreement, the city committed to not laying off employees who are members of the District Council 37 union through the end of June 2021, according to city and union officials.

At the same time, the city won't make any payments to certain District Council 37 union funds for employees and retirees, the officials said.

The union represents 150,000 workers and 50,000 retired employees.

Withholding those payments saves about \$164 million in this year's budget. If the city receives federal assistance or state authority to borrow money, the promise to not lay off employees will extend through June 2022.

Mr. de Blasio said earlier this year that the city could lay off up to 22,000 municipal employees because of a \$9 billion revenue shortfall largely brought on by the pandemic.

The layoffs were postponed in August as the mayor's team worked to negotiate cost-saving measures with labor unions.

Many of those union leaders urged the city to further delay layoffs until after the presidential election on Nov. 3, hoping that a Democratic president would provide federal aid.

New York City still needs an estimated \$5 billion to shore up its current budget, but Mr. de Blasio said the savings from the union deal would help the city as it waits for state and federal assistance.

"Our public servants have gone above and beyond in this crisis and are continuing to make sacrifices to help us recover," Mr. de Blasio said.

Earlier in October, the city reached an agreement with the United Federation of Teachers union that saves approximately \$450 million this year. It has also reached a deal with the union representing firefighters that saves around \$19 million, according to city officials.

"The unions again will try to help the city out and try to get over this whole mess of what this virus put us into," said Harry Nespoli, chairman of the Municipal Labor Committee, an organization of public-sector unions that oversees health care.

Mr. Nespoli, who also heads the city's sanitation workers union, said in an interview Wednesday that he is still working out a deal for his own union.

"The unions are not trying to squeeze the city but trying to make sure they represent their members to the best of their ability and also turn around and help the city out," he said.

Board of Elections Faces Calls for Overhaul

By KATIE HONAN

New York City's Board of Elections should be reformed and professionalized through changes to the state constitution and legislation, Mayor Bill de Blasio said Wednesday.

Mr. de Blasio's call for overhauling the board came on a fifth day of long lines at early-voting sites in the city, and a day after he waited nearly four hours to vote at a site in Park Slope, Brooklyn.

The board, which is an independent body and not controlled by the city, has for decades been accused of being a patronage mill as it has struggled to run primary and general elections without voter problems. Any significant changes to the board can only be made at the state level.

Mr. de Blasio said he supports a state bill, introduced by Sen. Liz Krueger, a Manhattan Democrat, that would shift some authority from the board's politically appointed

commissioners to its executive staff.

The mayor also proposed a constitutional amendment that would further delineate roles within the board and make it more transparent.

"It's something that needs to be re-examined immediately because the Board of Elections' structure simply doesn't work," Mr. de Blasio said at a news conference. "It's arcane."

The amendment would require votes in the state Legislature and a public referendum, according to the mayor's spokesman, who added that Mr. de Blasio hopes the Senate bill passes before the changes to the state's constitution.

A spokeswoman for the board didn't respond to requests for comment.

This is the first presidential election in which New York state has implemented early voting. Since early voting began on Saturday, more than 300,000 people have cast ballots in New York City, according to the Board of Elections. However, the city has only 88 early-voting sites compared with 1,201 sites on Election Day. The smaller number of sites has led to hourslong lines in some parts of the city.

Mr. de Blasio has previously tried to improve the Board of Elections. In 2016, he offered \$20 million if the board made changes, including hiring an outside consultant. The board declined the offer.

The Board of Elections was

created in the late 1800s and is a partisan agency made up of 10 commissioners appointed from each of the city's five boroughs. They are appointed by the counties' Democratic and Republican parties and then approved by the New York City Council.

Many politicians receive support from the same parties that then appoint members to the election board. Good-government groups have said for decades that the setup of the board leads to patronage jobs and poorly run elections.

State Sen. Alessandra Biaggi, a Democrat who represents parts of the Bronx, said in an interview that all elected officials held some responsibility for not fixing the board's problems.

"The calcification of these political machines being in control of the Board of Elections has threatened our ability to cast our ballots in the most important election of our lifetime," she said.

Neal Rosenstein, a government-reform coordinator at the nonpartisan nonprofit New York Public Interest Research Group, said an influx of newer, more progressive state legislators in recent years could finally push through necessary changes.

"The board has been used as a whipping post for politicians to make it appear as if they're engaged or outraged or care, but who have been unwilling to put in the political capital to change the system," he said.

Parents Divided Over Remote Learning

By YOREE KOH

The academic experience for remote learners in New York City public schools this fall has fallen short in the eyes of many parents and varies greatly along racial and socioeconomic lines, according to a new poll released Wednesday.

About half of New York City parents of online learners rate the remote-learning experience as successful, with the low marks primarily coming from parents of color, especially those who identify as Latino, according to a poll conducted by the Global Strategy Group for the Education Trust-New York, a nonprofit that advocates for equity.

The online survey was conducted over a six-day period this month and included 800 parents whose children attend a public school in New York state. The data showed similar trends across the state but they are more pronounced within the country's largest public-school system.



About half of NYC parents of online students rate the experience as successful; low marks mostly come from parents of color, a poll shows.

The city's Department of Education lauded efforts to reopen schools safely for those who returned to classrooms, while acknowledging the limitations of remote learning.

"We've dedicated extensive resources to improving remote education while remaining clear-eyed about the limitations, and still firmly believing in-person education is the best option," Danielle Filson, deputy press secretary of the

city's Department of Education.

About 54% of the roughly 1 million children in New York City's school district have chosen to learn fully remotely, up from 30% in mid-August. Those choosing hybrid, or blended schedules, typically rotate into schools one to three days a week.

Remote learners are more likely to be from low-income families with parents of color,

CORRECTIONS & AMPLIFICATIONS

The New York Police Department doesn't have a completion date for protest-policing training for its officers. An Oct. 6 article about the NYPD preparing for possible election unrest incorrectly stated the department would finish training by November.

Todd Bol built his first box to share books in 2009, and in 2012 he co-founded the nonprofit Little Free Library. An Oct. 21 article about the increase of small libraries in New York City incorrectly said the nonprofit launched the library movement in 2009.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.

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TRAVEL & ENTERTAINMENT

PERSONAL JOURNAL.

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Recent graduates must prove their worth at a fictional London investment bank post-Brexit.

‘She’s very good and she’s meant to be in these rooms, but she comes from humble beginnings so there is impostor syndrome.’

—Myha’la Herrold about her character Harper



BY JOHN JURGENSEN

Dramas set in the financial world usually focus on the savvy power brokers on top. The new HBO series “Industry” is more invested in the struggle (and sex and partying) at the entry level, with a group of Gen Z recruits trying to make it at a London investment bank.

Their gatekeepers: a managing director who grips a baseball bat on the trading floor. A trader who flips into hazing mode when an underling botches a salad order. A manager who demands that a junior analyst stop doing all nighters in the office—not for his sake, but so the manager doesn’t get in trouble for overworking her staff.

These lopsided power dynamics underlie the tension at play in “Industry,” premiering Nov. 9. Despite the show’s financial setting—the fictional Pierpoint & Co is a firm that traffics in post-Brexit trading strategies—its real focus is an ensemble of characters in messy transition. That makes it less like Showtime’s “Billions,” about a cutthroat hedge fund founder, than “Euphoria” or “Girls,” two other HBO shows about generational turmoil. (“Girls” creator Lena Dunham helped produce the first episode and directed it.) The title is intentionally generic: “Industry” producers say the show is about the hazards of yoking one’s identity to a workplace of any kind, particularly for young people trying to find themselves and prove their worth at the same time.

“Young, ambitious and insecure,” is how cast member Harry Lawtey describes the show’s characters. His is an aspiring salesman whose supervisor doesn’t acknowledge his presence at first.

‘Young, Ambitious and Insecure’

The concept is mirrored in the makers of the show. Its core cast members are unknown, a few of them fresh out of drama school. The series was created by a pair of writers getting their first break on HBO’s big stage. Mickey Down and Konrad Kay, both in their early 30s, started developing “Industry” four years ago after washing out of jobs at Rothschild & Co. and Morgan Stanley, respectively.

They say their characters all deal with versions of the anxieties they faced as fledgling bankers. “What’s my value? Am I worth something?” Mr. Kay says. “How much of my identity is outsourced to the institu-



Marisa Abela plays Yasmin, who struggles at the office.

tions I join?”

“They’re 21st century kids. Gen Zers, really,” says cast member David Jonsson. “The bank goes home with them and it sits in their pockets. When they look at their phones, ambition is staring them in the face.”

The series follows a group of recent university graduates competing for job slots at the bank. Yasmin (Marisa Abela) comes from wealth and privilege but gets belittled by her superiors. Robert (Mr. Lawtey) learns that a prestigious workplace doesn’t erase his working-class background. His former classmate Gus (Mr. Jonsson), who has been groomed for prestige, struggles with a faltering start to his career. At the center of the story is Harper (Myha’la Herrold), whose hunger to succeed requires hiding details about her past.

At the London bank, Harper’s outsider status—American, Black, broke—stands out but makes her steely. She’s as close to a whiz kid as the show permits. She thrusts herself into trading schemes and client politics, pushed by a boss whose tough love verges on toxicity. When she presents her idea for a combo of puts, calls and credit default swaps, she pitches it as a “a tidy suite for client convenience at margins big enough to

How two rookie ex-investment bankers turned their dead-end experience into an HBO series about Gen Z bankers in existential crisis



Creators Mickey Down, left and Konrad Kay.

pay us while they own it.”

But like the tech lingo in science fiction movies only the gist of the financial jargon needs to translate for viewers. The young characters bend their ethics to gain an edge, but not to execute any grand “Billions”-style financial crimes.

“Doing a show about graduates means they don’t have to be geniuses,” Mr. Kay said. Lying to get a meeting with a powerful client, covering their tracks on a botched trade, questioning their loyalties to a temperamental boss—“In a way these things have small dramatic

stakes, but they feel massive to the characters because they are so young,” the producer adds.

As young bankers Messrs. Kay and Down recall being miserable. After graduating from Oxford, where they met, Mr. Down worked less than a year in the mergers and acquisitions group at Rothschild, escaping what seemed like a life sentence, he said.

“The way my desk was structured, you could see your career progression across the room, the vice president on one end and the managing director on the other,” Mr. Down said. “I left, but I think I would have been pushed...I was really, really not very good at it.”

Mr. Kay lasted about three years in sales at Morgan Stanley before he was let go. Along with his fear about future employment, he said, “I felt a tremendous sense of relief.”

The two used their ouster as motivation to work together. They wrote plays and a feature film, landing an agent and eventually a pitch at HBO based on their rank-and-file experience in finance.

They built the fictional Pierpoint offices on a studio set in Cardiff, Wales. To record background noise, Messrs. Down and Kay wrote a secondary script for snatches of conversation and phone calls among traders. The “Industry” staff included a retired Morgan Stanley executive who vetted dialogue and ran models for the fictional trades.

The producers say they were as detailed with the show’s sex scenes. Their descriptions were up to a page long in scripts, mapped out through storyboards, and choreographed with an on-set intimacy coordinator (now an industry standard). “The goal was: how can we tell story through sex? How can we make it character-driven rather than something that we just lay on

top because it’s a cable drama?” Mr. Kay said. They got some guidance for the show’s interpersonal drama from Ms. Dunham, whose “Girls” was a portrait of almost-adulthood for millennials.

Ms. Abela’s Yasmin has to weather verbal hazing from a male superior, and stroke his ego without encouraging his apparent come-ons. In one scene, Ms. Dunham coached the actress by suggesting, “Imagine that every single step

you’ve taken through this room, someone has been wolf whistling,” Ms. Abela recalled.

For six months of production (pre-Covid), the cast members lived side by side in the same housing complex in Cardiff. Ms. Herrold, a recent graduate of Carnegie Mellon University’s drama school, got her passport stamped for the first time to fly to the U.K. to play Harper. “Because all of us were coming into this pretty green, we only had each other,” the actress said. “And that really influenced how we as characters moved inside the show.”



Pedro Pascal, here with the character known as the Child, is the titular hero in ‘The Mandalorian.’

The Quest to Unite Star Wars Fans

BY JOHN JURGENSEN

On one YouTube channel that analyzes all things Star Wars, the hosts recently did some forensics on a trailer for “The Mandalorian.” They zeroed in on a single frame at one point, speculating whether a reflection on the saucer eyes of the show’s most popular character revealed a plot clue.

Meanwhile, over in a Facebook group devoted solely to that same character, a different kind of “Mandalorian” buzz has been mounting. The 68,000 members of Baby Yoda Memes are desperate

for any fresh scenes featuring the tiny, green fellow getting into mischief and being adorable.

“I love him so much. He’s so stinkin’ cute!” says Angelica Murillo, a 40-year-old financial compliance professional in Lynnwood, Wash., and one of the moderators of Baby Yoda Memes.

Such are the diverging priorities and expectations that will greet “The Mandalorian” when the series returns Friday for a second season. As the space Western plunges deeper into Star Wars mythology and adds existing characters from far-flung sectors of the franchise,

can it keep casual fans on board who don’t know their Cobb Vanths from their Sabine Wrens?

A year ago, Disney used the debut of “The Mandalorian” to launch its streaming service. The weekly adventures of a bounty hunter and his orphan sidekick—a 50-year-old toddler known officially as the Child, but immediately dubbed Baby Yoda by the internet—helped Disney+ draw 10 million subscribers.

Disney+ had more than 60 million subscribers world-wide as of August. Analysts expect the season premiere of “The Mandalorian” to

keep Disney+ growing as the pandemic-induced shortage of big Hollywood releases continues. (Filming of the new “Mandalorian” season wrapped before the pandemic halted TV and film productions.)

In a restructuring announced this month, Disney put the streaming platform at the center of its release strategy. But there’s more than just subscriber tallies riding on Baby Yoda and the gang. The Star Wars universe has been a fractious place in recent years, as fans have squared off against each other and the controllers of the franchise over its direction. With its most recent trilogy of movies, which wrapped up the Skywalker saga that began in 1977, Disney often struggled to satisfy both nostalgic fans and those clamoring for fresh story lines.

The first eight episodes of the first live-action Star Wars series overlapped with the release of the final movie sequel last December. “The Mandalorian” came out just at the right time. It was almost unanimously loved by the fandom, which has been divided,” said Meg Jeffery, a 23-year-old from London who hosts a fan channel called Star Wars Meg on YouTube.

“The Mandalorian” takes place in a sweet spot for fans—just after the events in the original trilogy of films. The title character, a helmeted bounty hunter named Din Djarin (Pedro Pascal), is part of a warrior clan from the planet Mandalore. In Season 1, the Mandalorian became the reluctant protector of the Child, whose budding Force powers make him a valuable target for bad guys.

In Season 2 the Mandalorian is bent on reuniting his pint-sized ward with others of his species, wherever they might be.

The show’s overseers, including creator Jon Favreau, face the challenge of connecting the dots of the Star Wars myths without retreading or overcomplicating what so far has played like an old-fashioned mission-of-the-week TV series. At the same time, some fans worry about how far the show will go to serve the cult that has grown up around Baby Yoda.

Citing merchandise-ready Star Wars creatures going back to the Ewoks, Ms. Jeffery says, “There’s nothing wrong with a little cuteness, but we shouldn’t get too tied into that. I think the Child’s character needs to go much deeper than him being a cute 50-year-old.” Ms. Murillo, who fondly remembers Chewbacca, R2-D2 and other lovable characters from the original Star Wars trilogy, mostly sat out the movies that came after. But Baby Yoda and the Mandalorian (whose protectiveness of the innocent youngster she finds “kind of hot”) have made her curious about the more arcane stuff that Season 2 will likely explore.

It’s possible that other members of Baby Yoda Memes will become more invested, too. Until recently, Ms. Murillo says, many of them never even bothered to see “The Mandalorian.” They were more interested in sharing images of the Child to fuel jokes about annoying co-workers and married life. Now, she says, “The number 1 question we’re getting is, ‘Where can I watch the show?’”

PERSONAL JOURNAL. | TRAVEL AND ENTERTAINMENT

By JENNIFER SMITH

Opera singers delivered arias from the balcony of a historic Victorian house to a masked audience on the street below. In Prospect Park, jazz combos played for onlookers sprawled on blankets or dancing in the slanting autumn light. As the sun began to set, about a mile to the south a saxophone player took a long porch-front solo, the notes shimmering above the rumble of a passing train.

Such gatherings have been taking place across the country, from front-yard concerts in Cleveland and Pasadena, Calif., to open-air performances in Nashville. The events highlight the challenges musicians face because of Covid-19—and as they prepare for the winter.

Pop-up music events have proliferated across New York during the warmer months, giving isolated and underemployed musicians a chance to play together. The performances range from classical and bluegrass to reggae and hip-hop, drawing audiences from the neighborhood, the city and beyond.

Some began as busking and evolved into tip-supported D.I.Y. residencies. Others function more like traditional gigs but take place on stoops, sidewalks or even a Queens parking lot. In Long Island City arts nonprofit Culture Lab LIC has turned one into an open-air beer garden with a taco truck and outdoor performances.

While some New York musicians say they can make more money playing outside for tips than they did at bar gigs before the pandemic, for many professional players the makeshift arrangements can't replace the exposure and income from touring or regular bookings at the city's performance venues and clubs, many of which remain shut.

"We're going to play no matter what, with or without money," said Filipino singer Malaya Sol.

When New York shut down in March, Malaya moved her efforts online. Since May, she has been playing world music, jazz and soul outdoors with small groups of musicians. Malaya says that in playing in Brooklyn's Prospect Park, she can sometimes make double or triple what she does performing on the sidewalks for local businesses, but not as much as through touring and playing private events before the pandemic.

Venues that serve food and alcohol can have "incidental music" if their liquor licenses already allow it but state rules aimed at keeping big groups from congregating for ex-

For Hard-Hit Musicians, It's a New Gig Economy



Operation Gig organized a porchfront performance with Opera on Tap at a home in Brooklyn's Prospect Park South.



Left: Alegba Jahlyle plays in Prospect Park. Above: Lindell Carter sings opera outside.

tended periods don't allow establishments to sell tickets or advertise performances. Some restaurants pay around \$75 to \$100 per gig these days, Malaya says; others provide food, drinks and a table as a

base of operations.

Since late spring, software engineer and amateur musician Aaron Lisman has arranged dozens of paid shows for artists, including Malaya, an effort he calls Operation Gig.

sidewalks contribute about \$10 apiece or \$20 per family.

"If you can get people to do that, you can pretty quickly get up to a respectable amount of money," said Mr. Lisman, 44. "The mission was to create paying gigs in a world where they had disappeared."

Classical musicians are also moving outdoors. This summer Nina Lee, a chamber musician and cellist with the Brentano String Quartet who teaches at the Yale School of Music, began holding chamber-music "readings" in front of her Park Slope building. She invited students and colleagues who in some cases hadn't played with other musicians since March. The players sight-read compositions before an audience perched on folding chairs. Some 50 musicians have attended over the months, she said, with some traveling from Boston and Connecticut.

"It's not a concert, it's a place where people can connect," said Ms. Lee, 47, who puts a contribution jar out on the stoop so she can make dinner for the players. She plans to hold more in the spring when the weather warms up.

As winter looms, musicians need new approaches. Mr. Lisman is mulling cold-weather strategies including performances for small groups at local event spaces. Another option: small backyard shows around a fire pit, which Operation Gig did last Saturday with Broadway veteran Daniel Breaker, who was playing Aaron Burr in "Hamilton" when the pandemic hit.

Smalls, a jazz club in New York City's West Village is offering live music for small, socially-distanced audiences inside. Another West Village club, The Groove, that hosts outdoor funk, jazz and soul sets is also offering limited indoor dining reservations. The state allows indoor dining capped at 25% capacity in New York City.

Haitian roots and jazz musician Alegba Jahlyle has been playing outdoor sets at the boathouse in Prospect Park, weather permitting, for the past six months with a rotating group of players and bands billed Alegba and Friends. They play for tips, making far more than they did at bars before the pandemic, Mr. Jahlyle said.

But the shows will wind down around Halloween because of the weather, said Mr. Jahlyle, 52, who also works as a teaching assistant in New York City schools.

He has some restaurant gigs lined up, though he has mixed feelings about playing inside as indoor dining ramps back up. "I'm a little anxious about that," Mr. Jahlyle said, but "there is a momentum right now. I should run with it."



Elvis Costello performing in New York in May 1978.

ANATOMY OF A SONG | MARC MYERS

Elvis Costello on Life and Those Tragic 'Accidents'

"Accidents Will Happen" opened Elvis Costello's third album in 1979. Recorded with his band the Attractions, the song helped push the album, "Armed Forces," to No. 10 on the Billboard chart for two weeks in March that year.

In a recent conversation, Mr. Costello revealed the deeper meaning of the lyrics in the autobiographical song—beyond the telling in his 2015 memoir—and shared his regrets and the song's influences. His new album, "Hey Clockface"

(Concord), is due Saturday, and his remastered "Complete Armed Forces" (UMe) box will be issued Nov. 6. Edited from an interview.

Elvis Costello: I wrote "Accidents Will Happen" in early 1978, just prior to my U.S. tour that spring. For the lyrics, I couldn't bring myself to invent an honest narrative for the life I was living at the time.

As a song, "Accidents" has a romantic sound, but it also has this moral dilemma baked in. I've had

to make peace with my own failings during that time as a husband and as a father. All of those years ended in a painful divorce.

The song wasn't inspired by a romantic encounter with a female cab driver in Tucson, Ariz., as I wrote in my 2015 memoir. In the book, I needed to construct a single episode in print to stand in for the truth, which was much less funny and much more embarrassing.

Back in '78, I was young and newly famous, and I didn't have any sense of responsibility. Temptation came along, and I gave in to it more than I should have. That's what this song is really about.

I did indeed try to run away to Mexico, as I hinted in the book, but that was just used as a comic way of telling the story. In truth, the song was about several dalliances gone wrong, only to realize after that I shouldn't have done that.

Several songs influenced me during the writing of "Accidents." The drama and scale of the song was swayed by Burt Bacharach and Hal David's "Anyone Who Had a Heart." Though their song doesn't resemble "Accidents" in any way, I wanted their bell-tolling sensation in the chorus that the Attractions' Steve Nieve articulated well on keyboards.

The other inspiration was a lyric line—"I don't want to hear it"—from Randy Newman's "I Don't Want to Hear It Anymore." I used the line in my chorus:

"Accidents will happen / We only hit and run / I don't want to hear it / 'Cause I know what I've done."

When writing the lyrics, I decided to add a bit of disguise by shifting the perspective throughout the song, from first to third person—he, she, him, we, they. You hear this immediately in the song's opening verse:

"Oh I just don't know where to begin / Though he says he'll wait forever / It's now or never / But she keeps him hanging on."

If I had used the first person—"I"—throughout, it would have sounded too confessional. The third person distracts from the confidence the singer is sharing with the listener and makes the drama more universal and less personal.

That was probably self-defense on my part. When I wrote the lyrics, I couldn't quite live with what I was saying in the first person. I also was ashamed, as I was married at the time.

The first verse continues on about a guy trying to seduce some girl who has a girlfriend with her. The guy is trying to lose the other girl:

"The silly champion / She says she can't go home / Without a chaperone."

Cast in the third person, the lyrics also became more journalistic—I'm relaying something I've witnessed:

"There's so many fish in the sea / That only rise up in the sweat and smoke like mercury / But they keep

you hanging on / They say you're so young / Your mind is made up but your mouth is undone."

In reality, the lyrics describe a club scene, the way the eye casts around, and everybody is looking at each other.

From my perspective, I had gone from being an outsider and not very social to being aware of people looking at me because I was on a record cover. There were girls taking an interest because I was somebody they'd heard of.

I think in a weird way, there's a kind of innocence in there or inexperience. I see that now. Of course, all of these things I didn't see when I was writing it.

But I didn't falsify the story in my memoir. I simply romanticized it to illustrate the dilemma and tragedy I found myself in. It's the same with the song. If you relayed the details of an important life event precisely in the lyrics, they'd be crushingly boring.

You'd also be thinking of your moments of indecision and prevarication. The moment where you wanted to escape but didn't and found yourself in some compromise.

Anybody can make that kind of mistake. It's also not the end of the world. That's why the song is called "Accidents Will Happen." In life, there are happy accidents as well as tragic ones.



ROLEX

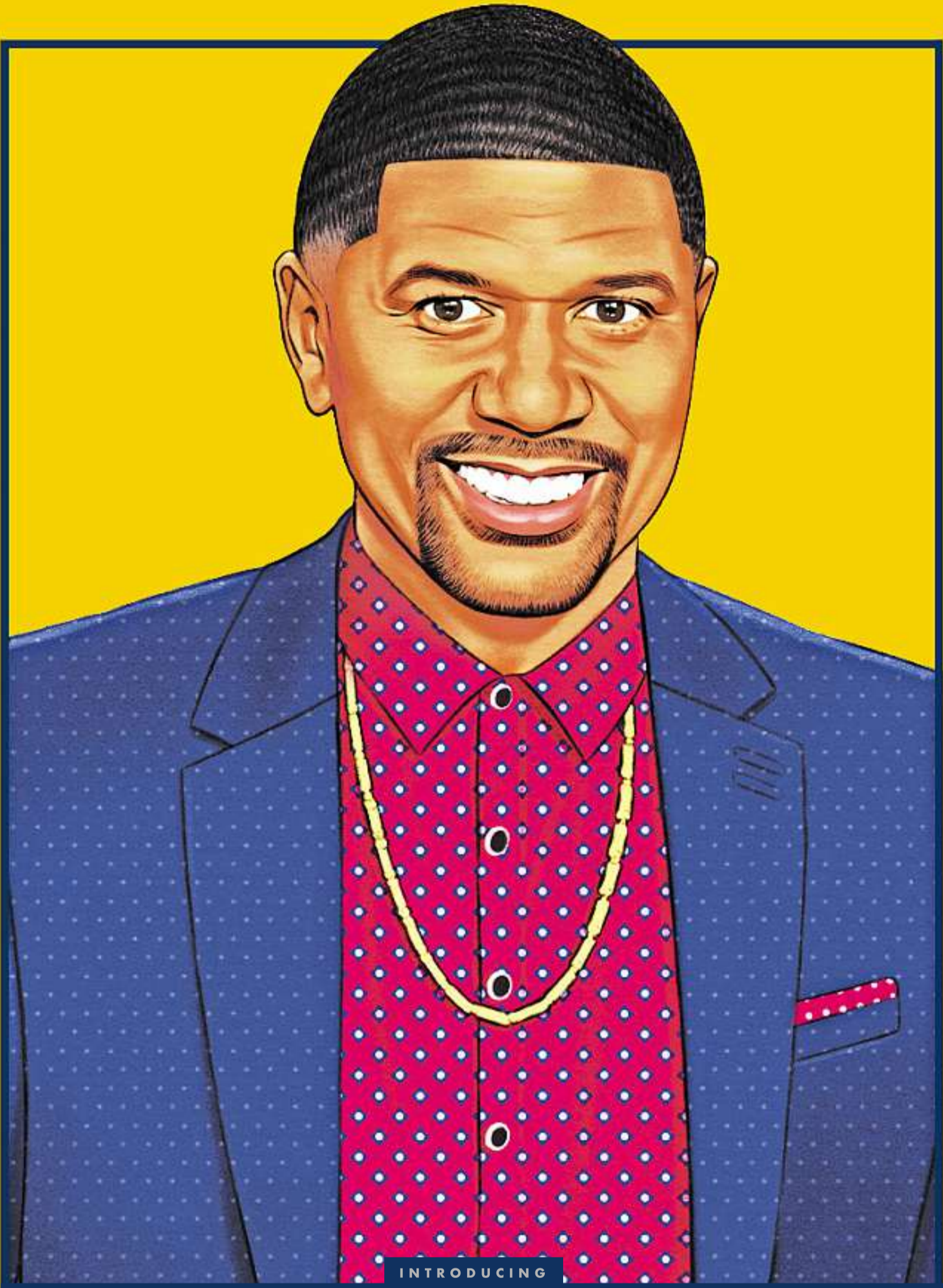
THE NEW OYSTER PERPETUAL SUBMARINER DATE IN 18 KT WHITE GOLD

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NEW YORK POST

ARTS IN REVIEW

ARCHITECTURE REVIEW

Neither Ruin Nor Replica

The Menokin plantation's restoration takes an ambitious approach to historic preservation

By MICHAEL J. LEWIS

Warsaw, Va.

There are two things you can do with an architectural ruin, and both are unhappy. You can “stabilize” it—a euphemism for slowing the rate of decay—or else fabricate the missing elements to produce a facsimile of the original. The restorers of Menokin, the Virginia plantation house of Francis Lightfoot Lee, a signer of the Declaration of Independence, have now found a third way. By embedding the wreck in a shell of transparent glass that reproduces the exact dimensions of the original house, they are making a hybrid that is neither ruin nor replica but something in between. It will be completed in 2023 and it is the most fiercely ambitious historic restoration project in America today.

Menokin, which retained the Algonquin Indian name for the place, owes its survival to its remoteness. It is one hour's drive from any interstate, in the northern neck of Virginia, a backwater after intensive tobacco farming depleted the soil in the 18th century. But it was still flourishing in 1769, when Lee married the daughter of John Tayloe II and received the plantation as a wedding gift. Tayloe evidently gave Lee not only the land and 20 slaves but the house as well, for it is a pocket-size version of his own house, Mount Airy, one of Virginia's most extravagant colonial plantation houses. Each follows the same fashionable Palladian formula of a central block set behind two flanking dependencies, and each is of superb red sandstone masonry—a rarity in Virginia, where plantation houses were typically of brick or wood.

Lee died in 1797, leaving no heirs. His house passed through a series of tenant farmers, who scarcely touched it. By the 1960s the structure was derelict and, in anticipation of its destruction, its decorative paneling and mantelpieces were removed for safekeeping. And just in time—a falling tree promptly crushed the house,



Rendering of Menokin's 'The Glass House Project' above; historic images of Menokin, left and far left

Machado Silvetti, the prominent Boston firm of architects who were entrusted with the restoration of Menokin, recognized that such a conventional approach would not work. For one thing, the ruin itself presented an unusual opportunity, for the standing portions were astonishingly well-preserved. For an 18th-century house to survive with just two coats of interior paint is unheard of. The tree that sliced it open laid bare a fascinating cross-section of stucco, stone, brick and plaster. Here was a compendium of 18th-century building trades—

leaving only half of it standing, along with two forlorn brick chimneys. That might have been the end, had not the Menokin Foundation acquired it in 1995 and begun the long process of stabilizing it.

There was never any question of rebuilding Menokin as it was. That kind of restoration was long ago thrown into disrepute by Colonial Williamsburg, whose cheerful re-creations of vanished colonial buildings became a watchword for what not to do. Today the chief

commandment of the historic preservation community is thou shalt not simulate. From a strictly materialist point of view, the results were successful—every splinter of historical matter reverently preserved, every contemporary addition glaringly obvious—but not from a psychological perspective; restored buildings no longer felt old. They felt like the puritanical white boxes of contemporary museum design, which in some sense they are.

Mr. Lewis teaches architectural history at Williams and reviews architecture for the Journal.

By LAURA JACOBS

New York

THE ANNUAL Costume Institute blockbuster at the Metropolitan Museum of Art is increasingly conceptual. The Rei Kawakubo exhibition of 2017, subtitled “Art of the In-Between,” presented a cool white-plaster labyrinth—part laboratory, part alternate universe—in which the avant-garde fashions fascinated while the abstract themes got a tad academic. Last year's show, “Camp: Notes on Fashion,” took Susan Sontag's 1964 aphoristic essay, “Notes on ‘Camp,’” as its inspiration, and juggled ideas about aesthetics, evanescence and multivalence. This year—the Met's 150th—Andrew Bolton, the curator in charge of the Costume Institute, celebrates the milestone with “About Time: Fashion and Duration,” an exhibition that enlists the modernist writer Virginia Woolf as its “ghost narrator.” Why Woolf? Because the chorus of the clocks and the striking of the hours were her resounding markers for something that cannot be touched or contained or defined: Time.

In Woolf's fantasy novel of 1928, “Orlando: A Biography”—the story of a poet who lives for centuries, and in the late 1600s transforms from male to female—she cites two forces that “alternately, and what is more confusing still, at the same moment, dominate our unfortunate numbskulls—brevity and diuturnity.” This, in short, is the working dialectic of “About Time,” as laid out by Mr. Bolton in his exhibition essay, “Sixty Minutes of Fashion.” The 19th-century poet Charles Baudelaire, he writes, not only believed that “perpetual temporal flux is the distinguishing characteristic of modernity,” but that fashion was “the hallmark of modernity.” The French philosopher Henri Bergson, however, contended that “time exists as ‘duration’ (*durée*), a continuous flow in which the relation between past and present is one of coexistence rather than succession.” With ingenious clarity, pulling mostly



EXHIBITION REVIEW

Continuities in Couture

from the Costume Institute's rich holdings, Mr. Bolton places both views before us. Simultaneously. The exhibition is in two adjacent galleries—or two “clocks”—in the Iris and B. Gerald Cantor Exhibition Hall. Entering Clock One, we hear a metallic tick at four-second intervals: It's a huge brass pendulum swinging from the ceiling, marking time in the center of a round room painted black. A chronographic density of rod-shaped LED lights, positioned like the minute marks on a watch face, intersects the space radially, bringing an aubergine glow to the darkness. On a stepped platform along the curving wall a pair of gar-

ments stands between the luminous marks for each minute (there are 60 such “minutes” in the show—29 in the first clock, 31 in the second). It feels as if we're in a time machine—a mental wormhole where moth and rust do not corrupt.

In each pair, one piece is in the front and the other is elevated behind it. The pieces in the foreground proceed chronologically through the decades, beginning with Roman numeral I, an American mourning dress made in the year of the Met's founding, 1870, and nodding to the *tapissier* (upholsterer) style of Charles Frederick Worth, the first couturier. This

row represents the successive ephemerality of Baudelaire. The elevated counterpart is a more recent design—many made more than a century later—whose silhouette is in deep correspondence, almost uncanny, with the earlier work. This row is Bergson, wherein we see the return of a shape, a volume, a reference, but achieved with different techniques, textiles, intentions and poetics. It's not about quotation—though we see that too, as in XV, when a 1925 sequined Chanel resurfaces in an Autumn/Winter 1965-66 Norell. Rather, it's a sort of *spiritus mundi* of silhouettes.

No twosome captures what Mr.

bricklaying and stone-cutting, carpentry and joinery, plastering and glazing. All is peeled apart as in a scientific dissection, and will remain visible as Machado Silvetti's glass wall begins where Menokin's jagged stone wall ends.

That the Lee family was childless proved an additional bonus, for Menokin was saddled with none of those direct descendants who are the joy and bane of all historic houses, and who can turn them into pious family shrines. In fact, the only families historically associated with the property are the descendants of the slaves who worked it. The Menokin Foundation has identified them and involved them in the project, one consequence of which is that the house is not being treated as an isolated monument but as one component in a complex cultural and economic landscape. The sites of three slave quarters have already been identified, one of which has already been speculatively rebuilt (speculatively, since the only indications of its form are the post holes of its wooden frame) as an evocative place of gathering and remembrance. After entering at the visitor's center, one will want to pause here before proceeding to the house itself.

This casts a new light on the surviving woodwork, some of it surely made by slave labor. It is strangely expressive in its dismantled state, showing exquisite finish on one side and the crude gouges of the adze on the other, speaking of ceremony and formality, but also of labor. To reinstall the paneling in a re-created house would immediately make it less interesting. But in Machado Silvetti's transparent shell of a building, one will be able to see both sides of the story, as it were, at once.

It is this quality, and not the use of glass itself, that makes this restoration so significant. At first glance, its two-part structure suggests parasitic architecture, that recent fad for affixing miniature buildings to older ones like parasites on a host. But its visual strategy is much more sophisticated. Its glass planes can be read as solid wall or insubstantial air; look once and you see the house in all its volumetric absoluteness, look again and see the jagged ruin. It is like those drawings that can be seen either as a duck or a rabbit, depending on which shape your brain assigns it. Menokin, by taking into account what we now understand of the elasticity of visual perception, is our first important post-modern restoration. It is a cannonball flung between the feet of the historic preservation community.

Mr. Lewis teaches architectural history at Williams and reviews architecture for the Journal.

Gallery view of Clock Two at the Met's 'About Time: Fashion and Duration'

Bolton is doing as powerfully as II. The rear view of a gathered and swagged afternoon dress from 1877 speaks to the rear view of Alexander McQueen's Autumn/Winter 1995-96 “Bumster” skirt, cut so low on the hips it reveals the cleavage called “plumber's crack” (the Brits call it “builder's bum”). The princess line of the 19th-century bodice includes a straight seam down the spine that ends in a godet of satin pleats. McQueen's skirt is a distillation, its single center seam ending in a flare of silk faille. In “Orlando,” Woolf writes, “Life seemed to him of prodigious length. Yet even so, it went like a flash.” That “flash”—a time-space compression—is what we see in each pairing.

The darkness of Clock One gives way to an astonishing hall of mirrors in Clock Two, every surface silvered, reflections bouncing ad infinitum. The path curls like a chambered nautilus, and the concept of time becomes a visual roar of endless refractions. Here we continue with numbers XXX to LX, and as the dresses in the foreground march toward 2020, their Bergsonian counterparts are no longer younger than they, but older.

“About Time” comprises 125 garments—black, with a few instances of white—from 64 designers. Because there is almost no text in the show (viewers can scan a QR Code for that) the liberation to look, the delight in finding surprising new affinities, is extremely pleasurable. This is an exhibition that teaches one to see. It also, wordlessly, makes an indelible case for fashion as a subject of serious study. Time is a construct. Clothes are a construct. Fashion tells time.

About Time: Fashion and Duration The Metropolitan Museum of Art, through Feb. 7, 2021

Ms. Jacobs writes about culture and fashion for the Journal.

SPORTS



The Dodgers posed for a group photo after winning the World Series. Justin Turner, front center, had been removed from the game after a positive Covid-19 test.

JASON GAY

Covid-19 Spoils World Series Party

A bizarre episode in a clinching game becomes a metaphor for a public-health struggle



The Los Angeles Dodgers won the World Series Tuesday night, the franchise's first in more than three decades, and in an ordinary year, this column would be a giddy account of this accomplishment, and how they did it—how the Dodgers climbed back from repeated heartbreak to finally prevail.

But it isn't an ordinary year. It's 2020. So this column winds up being about you-know-what, becoming an instant, ruefully comic parable about the continued rivalry between public health, and the public just doing whatever it wants to do.

By now you've surely seen the headlines, stories, photographs, video, and social-media outbursts: Dodgers third baseman Justin Turner, celebrating on the field with his teammates, posing for group photographs, hoisting the World Series trophy...not long after being yanked from Game 6 after receiving news of a positive Covid-19 test.

Turner was absent from the field at the top of the eighth inning, supposedly sent off to be isolated, because that's the protocol when you get a positive Covid-19 result—young, old, asymptomatic or not. Even if you're fine—and Turner says he is completely asymptomatic—the widely accepted recommendation is to lay low, stay away from interacting with others. Turner opted not to lay low.

Shortly after the Dodgers clinched it and Major League Baseball commissioner Rob Manfred presented Los Angeles with the Rob Manfred Ceremonial Piece of Metal, Turner joined the party. Social media cringed: *Is this really happening?* Photographs showed Turner wearing a mask sometimes, and sometimes not.

I'm right there with you: Let's hope this is all overblown. Really. The best case scenario is that Turner's positive will turn out to be a mistake, a false positive, and we can all look back at this episode as an awkward but ultimately harmless moment.

We'll see. The Journal's Jared Diamond reports that a Covid-19 test Turner took on Monday was inconclusive, and that when Major League Baseball saw this inconclusive result during the early innings of Game 6—it fast-tracked the test Turner took on Tuesday. The second test turned out to be positive, and that's why Turner got yanked.

The whole thing is wild. I really wish we could sit here and talk about Clayton Kershaw winning his first ring, Corey Seager's MVP performance, and ridicule the Boston Red Sox for letting go of the generational superstar Mookie Betts. I'd want to throw some love at the Tampa Bay Rays, too, because they were an absolute blast. Nothing would make me happier. A proper celebration is what Dodger fans deserve. They've waited quite long.

Instead, baseball has a hangover, and it isn't from Champagne.

Questions abound. Why were these testing results returning midgame, anyway? This seems like information that should arrive before games. What was happening with the World Series bubble? (Baseball had not had a player positive in 54 days.) What are the Dodgers supposed to do now? Also: What would have happened if the Dodgers lost Game 6? Would Los Angeles have been put in quarantine?

Tuesday night should have been a modest victory lap for Manfred and MLB—how a league that struggled early with team infections and nearly blew its season managed to restructure its playoff format into a geo-specific bubble and pull off a postseason that, from a baseball standpoint, was excellent. The plucky Rays vs. the Dodgers was a genuine thrill.

Instead it's this. Instead, it's MLB-SMH. Diamond reported that baseball officials tried to get Turner off the field, to no avail. The Dodgers stood by their veteran third baseman, saying he wanted to be out there, and they wanted him out there, too.

Baseball sounds really ticked off. "Turner's decision to leave isolation and enter the field was wrong and put everyone he came in contact with at risk," the league said Wednesday. "When MLB Security raised the matter of being on the field with Turner, he emphatically refused to comply."

I empathize with Turner here, I really do. He's probably dreamed

of this championship moment a zillion times, and the idea of being deprived of it while sitting in isolation, feeling perfectly fine, had to drive him nuts.

But that's not how this stuff is supposed to work. Nobody's getting to do precisely what they want to do right now. People are still working from home and teaching their kids math in the kitchen and disinventing grandma from Thanksgiving. The approach is to take a few inconvenient hits for the greater good, in order to keep the spread under control. Maybe you won't get it, or if you do, you'll breeze right through it, no problem. The idea is looking out for your neighbor. Doing whatever feels right isn't a strategy.

This may be who we are. This pandemic is a global beast with complex challenges—Europe is currently surging—and this country has opted to trudge along with an à la carte public-health strategy. Public officials are still arguing about the risks, about masks, about protocols. The finger-pointing continues, the blame game remains intense. Our sense of community is in a tight race with selfishness. It's wearying.

If the aliens are watching us from outer space, they are shaking their big green heads and laughing.

I just hope they watched the World Series, too.

The baseball was pretty great, the Dodgers even better—until 2020 bumbled in from the bullpen.

MLB Probes Turner's Actions

By JARED DIAMOND AND LOUISE RADNOFSKY

Arlington, Texas

THE MORNING AFTER MAJOR League Baseball learned that its playoff bubble had been pierced and witnessed flagrant violations of its pandemic protocols during the Los Angeles Dodgers' championship celebration, many questions remained.

MLB scrambled to understand how Dodgers third baseman Justin Turner had tested positive in what was supposed to be a closed, infection-free environment. Turner left Game 6 of the World Series on Tuesday night after the seventh inning, not long after his test result was received.

On Wednesday afternoon, the league said it was beginning a full investigation into Turner's actions after the game ended, when he broke quarantine and returned to the field to join the festivities with his teammates, at times without a mask. When MLB security raised the matter of being on the field with Turner, "he emphatically refused to comply," the league said.

"Turner chose to disregard the agreed-upon joint protocols and the instructions he was given regarding the safety and protection of others," MLB said. "While a desire to celebrate is understandable, Turner's decision to leave isolation and enter the field was wrong and put everyone he came in contact with at risk."

The league said it would consult with the players' union "within the parameters of the joint 2020 Operations Manual," raising the possibility of additional punishment for Turner.

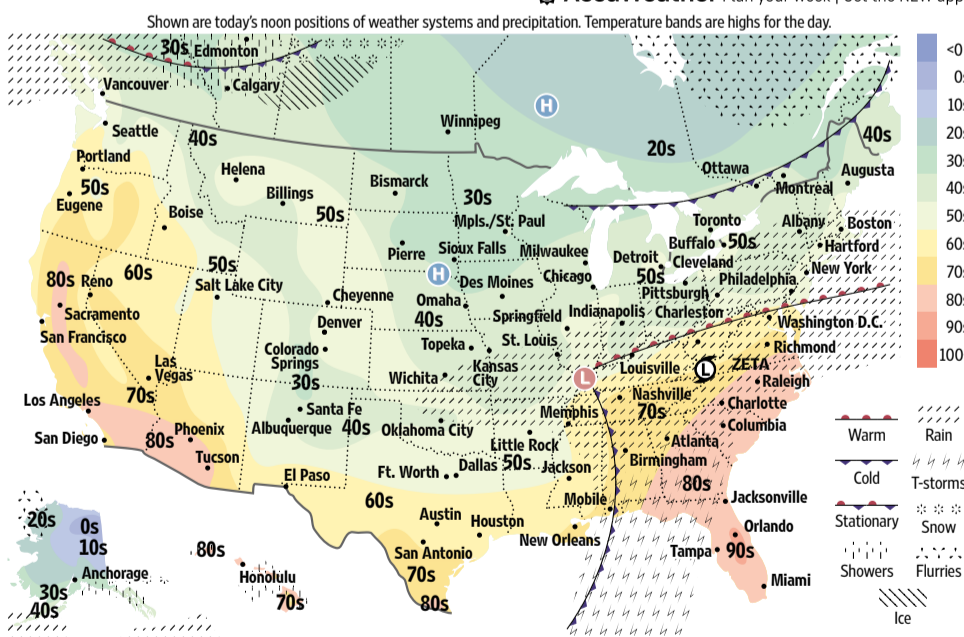
The league was still waiting to learn whether the contagion had spread prior to Tuesday's game, given the Dodgers and opposing Tampa Bay Rays were sharing the same hotel.

Getting all the answers may be difficult. Now that the World Series is complete, players are no longer subject to baseball's frequent testing, with one official describing them as "private citizens." They will work with their teams, as well as state and local health officials, to determine next steps.



Justin Turner didn't remain isolated.

Weather



U.S. Forecasts

Table with columns for City, Today (Hi, Lo, W), and Tomorrow (Hi, Lo, W). Lists major cities and their forecasted weather conditions.

International

Table with columns for City, Today (Hi, Lo, W), and Tomorrow (Hi, Lo, W). Lists international cities and their forecasted weather conditions.

The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with numbered squares and a list of clues on the right side.

HANG GLIDERS | By Ross Trudeau

- Across: 1 It's three under par; 8 Like Simone Biles; 15 Cerulean kin; 16 Cups, pots and the like; 17 Be unutilized; 18 Sequoias, e.g.; 19 Plays for a chump; 20 ___jongg; 22 Number in a record; 23 Not telling; 24 "The Dancing Class" painter; 26 Japanese honorific; 27 Paleozoic, for one; 28 Split the bill; 30 Hermana de tu madre; 31 Miss living in Mexico; 33 Edmonton skaters; 35 It may be rosso or bianco; 36 Golden arches, notably; 37 Discussing pros and cons; 40 Gertrude Stein's portrayer in "Midnight in Paris"; 44 Nutritional std.; 45 Like gluons and muons; 47 Make; 48 Scarf, say; 49 Michael of "Fierce Creatures"; 50 Gumshoe; 51 Tsps., e.g.; 53 Buff relative; 54 "Shoo, kitty!"; 55 A macho fellow's might be bruised; 58 Fruit with a big pit; 61 College on Boston Common; 62 Topple.

Solution to Tuesday's Puzzle, 'Spooked'

A grid of words from the crossword puzzle solution, including TRAIN, GAG, DISHES, BELLA, SOUL, EMPHATIC, OFFSTAGE, SHANTIA, NIGHTS, SHADE, NONE, ATLAS, TING, QUINCE, MEET, SPEED, EMMON, ADD, LAIPS, EDISEL, TOBACCO, MAE, MAY, SCHOOLS, SPIRIT, CLUNKY, ANDRIGEN, AEGEAN, DEADDEDS, TOISISTO, SOD, DUMA.

The crossword puzzle that appeared Wednesday repeated Tuesday's puzzle. Wednesday's crossword can be found at WSJ.com/puzzles. The solution to Tuesday's puzzle appears here.

OPINION

Vote for Joe Biden? Seriously?



WONDERLAND
By Daniel Henninger

The 2020 presidential election has been defined by three events: the emergence of the coronavirus in March, the George Floyd protests after May 25, and Rep. Jim Clyburn's endorsement in February of Joe Biden before the South Carolina primary. There has also been one major non-event: the Biden presidential noncampaign.

A cold-weather resurgence of the virus in the upper Midwest and Plains States has put the pandemic in front of voters in the election's final week, while the importance of the other two events in shaping the outcome has faded, especially the Clyburn coronation.

If this is between the devil or the deep blue sea, I'll take a pass on the deep blue sea.

Forgotten by many voters is that back in mid-February, after losing in Iowa and New Hampshire, it looked as if former Vice President Biden's listless campaign would become his third failed attempt at the presidency.

Mr. Biden had distinguished himself in the primary debates only by surviving them. Minnesota Sen. Amy Klobuchar, the other moderate alternative to the progressive insurgency of Sens. Bernie Sanders and Elizabeth Warren, wasn't gaining traction. Mike Bloomberg landed and left like an evening moth. In short, a path was opening for Vermont democratic so-

cialist Bernie Sanders to secure the party's nomination.

To forestall the likelihood that a presidential nominee with an agenda well outside much of the country's comfort zone could produce an electoral debacle for Democrats, Rep. Clyburn on Feb. 26 publicly signaled to South Carolina's large—and largely moderate—black voting population that it was in their interests to stay in the center lane by voting for Mr. Biden rather than “a self-proclaimed democratic socialist.”

The Clyburn intervention focused Democrats' eyes on the prize. Joe won and Bernie lost.

Mr. Sanders could have denounced the party that did the same thing to him four years ago with Hillary Clinton. Instead, he chose the pragmatism of Hyman Roth in “The Godfather Part II” on hearing that the mob had rubbed out a close friend: “When I heard it, I wasn't angry,” Roth said. “When he turned up dead, I let it go.”

Bernie Sanders knew that Mr. Biden's primary victory was largely symbolic, and this week it looks possible that things may turn out fine for Sen. Sanders, who above all else is a professional.

Almost immediately, Mr. Biden and the party came his way—to do business with Bernie, his surrogates, his base and his agenda. Donald Trump has said the Democrats stifled Bernie. No they didn't. Joe Biden is Bernie in sheep's clothing.

Standing up Mr. Biden's smiley face rather than Bernie's scowl to run against the persistent national fatigue with the pandemic shutdowns and Mr. Trump's self-promo-



Biden in Warm Springs, Ga., Tuesday.

tion was a shrewd call by the Democrats' bloodless establishment. But then May 25 happened.

The protests, violence and ransackings in the aftermath of George Floyd carried on for weeks in U.S. cities. It included a long occupation of downtown Portland, Ore., and the looting of Midtown Manhattan and of shops in working-class neighborhoods in Minneapolis, Philadelphia, Milwaukee, Cleveland and elsewhere. African-American police chiefs resigned—forced out or disgusted at getting no support from progressive Democratic politicians.

Despite the images on TV, the party's simpatico media commentators had to turn themselves inside out trying to create a fictional barrier of responsibility for the violence between “peaceful protesters” and the people 20 feet away assaulting buildings, hurling rocks and setting cop cars on fire.

These events put Democrats in a difficult spot. They weren't just spontaneous acts of rage. The concurrent protests in so many cities and the individuals who spoke on their behalf revealed a darker side to the Democrats—a party whose most visible supporters see the United States as a failed nation, a country of irre-

deemable inequities and people with reflexively racist instincts.

An ideological movement that emerged in January 2017 as the anti-Trump “resistance”—led by Nancy Pelosi, the New York Times's “1619 Project” and various social-media platforms—ended up in the streets as a grim mass insurrection amid shattered glass, burning buildings and toppled or defaced monuments to George Washington, Thomas Jefferson, Abraham Lincoln and Frederick Douglass. Tutored in anticapitalist pieties, younger Democrats convinced themselves the local shop owner was as guilty as the statue in the town square.

Rep. Clyburn's decision to go with Joe Biden looks like genius in retrospect. Mr. Biden's faltering, insubstantial persona floats his noncampaign past the party's embrace of these historical repudiations and his own thin pandemic plan—by either mouthing platitudes (“It's a moment that calls for hope and light and love”) or pretending that President Trump caused 200,000 Covid-19 deaths.

Mr. Biden's promise to America's voters is that he will heal the country's divisions. He won't. What has come into plain view the past year is that the Democratic Party, despite its liberal traditions, has allowed itself to descend into a deeply pessimistic view of America. For all his flailing about, Donald Trump by comparison looks like the optimist.

But voters still ask: How has it come to this, a choice between the devil or the deep blue sea? The deep blue sea has always scared me.

Write henninger@wsj.com.

BOOKSHELF | By Joshua Rubenstein

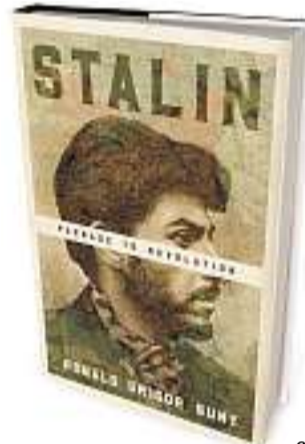
From Periphery To Power

Stalin: Passage to Revolution

By Ronald Grigor Suny
(Princeton, 857 pages, \$39.95)

Not surprisingly, Joseph Stalin has been the subject of many biographical studies, in recent years in particular, when formerly closed Soviet archives became open to students of history. Decades before, Leon Trotsky, Isaac Deutscher, Adam Ulam and Robert Tucker, to name a handful of prominent authors, wrote hefty volumes on Stalin's life, attempting to tell the story with limited information. Their work has been surpassed by another generation of scholars, led by Dmitri Volkogonov, Robert Service, Oleg Khlevniuk and Stephen Kotkin. They have plumbed the archives and benefited from a host of memoirs that have deepened our understanding of a murderous dictator whose legacy, nearly 70 years after his death, still haunts the countries he once ruled.

Ronald Grigor Suny's “Stalin: Passage to Revolution” is a worthy contribution to this continuing enterprise. “The telling of Stalin's life has always been more than biography,” Mr. Suny writes. “There is wonder at the achievement—the son of a Georgian cobbler ascending the heights of world power, the architect of an industrial revolution and the destruction of millions of the people he ruled, the leader of the state that stopped the bloody expansion of fascism.” It is the story of how the Romanov dynasty, convinced of its own divine right to rule the Russian Empire, confronted “a newly emerging social class” of industrial workers, a clash that “exploded into violence, bloodshed, and eventually revolution.” Reading Mr. Suny's chronicle, one can't help



recalling John F. Kennedy's remark, in a 1962 speech, that “those who make peaceful revolution impossible will make violent revolution inevitable.”

Mr. Suny's focus is Stalin's early decades, from his birth and education to the eve of revolution in 1917. Born in 1878 in the Georgian town of Gori, on the southern periphery of the Russian Empire, Ioseb Jughashvili, as he was christened, was raised in a poor family. His father scratched out a living as a cobbler; his mother was a religious woman who worked as a seamstress. The couple had lost their first two sons in infancy, driving his father to become “violent, erratic, and drunk,” Mr. Suny says, and to abandon the family. Convinced of Joseph's abilities, his mother worked to gain his admission to a seminary so that he could become a priest.

Using his access to archives in Georgia, Mr. Suny describes the milieu in which the young Joseph grew up—the children's games he enjoyed and the literature and myths that animated his imagination. It was at the seminary in the Georgian capital of Tiflis that the teenage Joseph confronted the obstinacy of his teachers, who denigrated Georgian culture and insisted on the primacy of Russian language and history. Life at the seminary, Mr. Suny writes, was “colorless and monotonous . . . , a strict routine designed to inculcate obedience and deference.” It proved to be as much a “crucible for revolutionaries as for priests” and pushed “an intelligent but still quite ordinary adolescent into opposition.” At the seminary, Joseph “came to socialism through reading and the fellowship of classmates.”

In highly readable prose Mr. Suny, a history professor at the University of Michigan, tells the story of the young Stalin's rise within the ranks of the Bolsheviks, its disputes with the more moderate Mensheviks, and his frequent arrests and terms of imprisonment and exile. Stalin, known as Koba to his comrades, made a name for himself as a party organizer in the Caucasus, among miners and oil workers. Here confrontations with czarist officials were violent and bloody, marked by heists and assassinations.

Traits of suspicion and intrigue were evident early on, and a capacity for violence. Stalin's mother had hoped he would become a priest.

Stalin closely studied the works of Marx and, not least, the writings of Lenin before he met the Bolshevik leader in 1905, an encounter that began a close and fateful association. Mr. Suny's close study of these years uncovers the traits of suspicion and intrigue that came to define Stalin in power. Koba, he writes, “was not above using dubious means against comrades with whom he disagreed,” lying about them behind their backs to compromise their standing. In his encounters with Mensheviks, he indulged in anti-Semitic insults, knowing that there were more Jews among them than among the Bolsheviks he favored.

Mr. Suny's account of the tensions between Bolsheviks and Mensheviks is spirited and compelling, especially when he describes these ostensible allies splitting into “antagonistic cultures,” each demonizing the other over their motives, making reconciliation ever less likely. Lenin is often at the center of this story, engaging in vicious polemics against his ideological adversaries. Regrettably, Mr. Suny's account briefly falters when he writes about Lenin's return to Russia in the spring of 1917 on a “sealed train.” Lenin not only relied on the cooperation of German officials to make the journey but also accepted German gold to support the Bolsheviks' efforts, a well-documented claim that Mr. Suny doesn't accept. (Germany was still at war with Russia, making Lenin vulnerable to the charge of treason.)

With his focused attention on Stalin, Mr. Suny also goes too far in trying to correct earlier scholars and figures who played down Stalin's role in the October Revolution. Stalin may not have been a “gray blur,” as one Menshevik writer put it. Even so, he was not, as Mr. Suny depicts him, among the decisive players who made the revolution. While his newspaper work and party organizing in Petrograd made him a reliable comrade to Lenin, it was Lenin and Trotsky who directed Bolshevik strategy, dispatching soldiers and sailors to bring down the provisional government in October.

Stalin's moment came in March 1922, when Lenin elevated him to the position of general secretary, handing him so much control of the party that upon Lenin's death in 1924 he could outmaneuver the more prominent, but politically overmatched, Trotsky. It was then that the poor Georgian boy, who devoted himself to a movement that claimed to stand for equality, rose to become a tyrant. History is full of such figures. They dream of emancipating humanity and then, once in power, enslave millions.

Mr. Rubenstein's most recent book is “The Last Days of Stalin.”

‘Not Trump’ Is Not Enough to Govern

By Karl Rove

Joe Biden offered his closing argument on Tuesday with a speech at Warm Springs, Ga., the site of President Franklin Roosevelt's death on April 12, 1945. Biden campaign staff told reporters the Democratic nominee had devoted a lot of time to his remarks, and the 20-minute address showed signs of careful preparation. It was often measured in tone, sometimes elegant and—when Mr. Biden wasn't taking a two-by-four to President Trump's head—largely aspirational.

It was also written to give the candidate the chance to showcase his empathy and again quote his father's observations on life and adversity. “A job's about a lot more than a paycheck,” Joseph Biden Sr. told his son. Somehow, nearly 70 years later, these recollections all come out pitch-perfect for the campaign trail. In any event, voters will want to know *how* Mr. Biden plans to stimulate the creation of those jobs. Does he have a plan?

The former vice president's remarks opened with a focus on the pandemic. “Over these past few months there's been so much pain and so much suffering and so much loss in America,” he said. “Covid has left a deep and lasting wound.”

Mr. Biden turned next to

the “season of protest” that has “broken out all across the country.” He said it represented “a cry for justice from a community that's long had a knee of injustice on their neck.” Mr. Biden also delivered one of his longer condemnations to date—17 words—of the violence that often accompanies the protests: “Some of it is just senseless burning and looting and violence that can't be tolerated and won't.”

Biden calls for unity but is vague as to what he expects voters to unify for.

He decried the country's broken politics, which “for too long has been mean and bitter and divisive.” Mr. Biden then suggested he'd govern as FDR did, as “a president who is not in it for himself, but for others. A president who doesn't divide us but unites us. A president who appeals not to the worst in us but to the best.”

But Mr. Biden undermined his call for unity by launching a four-minute-long assault on Mr. Trump's handling of the coronavirus. By contrast, the former vice president claimed, “I first put forward a detailed plan on how to deal with this

virus back in March.” In fact his plan was fairly general, calling for free testing, vaccine development and other measures the Trump administration was moving forward on.

The Democratic hopeful then returned to his favorite subject, Mr. Trump's character. “Throughout our history,” he said, “we've seen charlatans, the con men, thephony populists, who sought to play on our fears, appeal to our worst appetites, and pick at the oldest scabs we have for their own political gain.” Mr. Biden closed by declaring that his goal was “a nation united, a nation strengthened, a nation healed.”

Mr. Biden's speech contained 2,575 words, of which 1,363, or 53%, were general talk about uniting the country and so forth. Seven hundred fifty-four words, or 29%, were devoted to Covid. A mere 88 words—3% of his remarks—concerned his governing agenda of raising taxes on the wealthy, reforming health care to make it more “affordable” and “accessible,” passing “the Biden climate plan,” and addressing “systemic racism.”

Mr. Biden's core message—that unity is essential to fixing America's politics and restoring trust in its government—has been a powerful one throughout the country's history. But it has been deployed most effectively by candidates

with a vision for governing.

Ronald Reagan preached unity to turn the page on a period of malaise but backed it up with a fairly comprehensive agenda built around tax cuts, a stronger military and a smaller role for the federal government. Battling a depression, FDR rallied the country under the banner of “Happy Days Are Here Again,” but he used his closing address on Oct. 31, 1932, to repeat promises of unemployment relief, public works and temporary government jobs. William McKinley ended the Gilded Age's angry politics with calls in 1896 for unity—reconciliation of North and South and a welcoming attitude toward immigrants. But he linked that with a prosperity agenda of sound money and protectionism.

With Mr. Biden, unity is based on only one thing: removing Mr. Trump from office. That may well be enough to get the former vice president into the Oval Office—we'll know soon enough—but it's unlikely to make his time there successful. Platitudes and vague incantations have their place in campaigns, but presidents pay the price.

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

Democrats Against Court Packing

By Jill Long Thompson
And Nick Rahall

We are Democrats. We want to see Joe Biden become president and Democratic majorities in the House and Senate. But we oppose expanding the size of the U.S. Supreme Court.

An independent Supreme Court is fundamental to America's system of checks and balances. It's the only institution that can settle difficult, divisive questions about the meaning of the law in a way that both sides can accept. An independent Supreme Court that interprets the law is critical to the rule of law itself. It sets an example for emerging democracies around the world. Expanding the court could

exacerbate the problems we're trying to address. A larger court increases the risk of a highly skewed, unbalanced court. The larger the court, the longer it would take to restore a balance.

A constitutional amendment would protect the judiciary's independence.

Whether members of one party have abused their power, changed their position, or broken their word in the process of filling a Supreme Court vacancy isn't the issue. The history of misbehavior by politicians is long and sordid.

It's also a reason to preserve and strengthen checks and balances, not weaken them.

We applaud the many Democrats and Republicans who've opposed expanding the size of the Supreme Court. We urge them to endorse the Keep Nine constitutional amendment, which would state simply: “The Supreme Court of the United States shall be composed of nine Justices.”

Amending the Constitution isn't easy. Proposing an amendment requires two-thirds votes in both houses of Congress, and it takes 38 state legislatures to ratify it. The Constitution has been amended only 27 times in 233 years. But an active and engaged public helped persuade Congress to propose the Bill

of Rights in 1789, the 19th Amendment (guaranteeing a woman's right to vote) in 1919, and the 22nd Amendment (setting presidential term limits) in 1947. Similar citizen energy could persuade Congress to propose the Keep Nine Amendment. Polling shows that voters favor the amendment by more than 3 to 1.

It is up to engaged citizens and thoughtful elected officials to rise above narrow partisanship and work together to preserve an independent Supreme Court for the future of the nation.

Ms. Long Thompson and Mr. Rahall, both Democrats, are former U.S. representatives from Indiana and West Virginia, respectively.

OPINION

REVIEW & OUTLOOK

Twitter's Censorship Method

What a depressing spectacle. On Wednesday the Senate Commerce Committee held a hearing on online speech, questioning the CEOs of Twitter, Facebook and Google. Twitter's Jack Dorsey was the focus, two weeks after his company launched a crackdown against independent journalists to protect Joe Biden from public scrutiny. Twitter blocked all links to a New York Post story on Hunter Biden's business dealings, and the Post's account remains locked to this day.

The dazed-looking Mr. Dorsey gave the impression he could not care less about his company's abuse. Democratic Senators cheered on politicized social-media censorship and demanded the companies do more of it, giving a preview of the type of internet controls that might be coming if they control the Senate. "There's no both sides when one side has chosen to reject truth," said Illinois Sen. Tammy Duckworth.

Republicans missed opportunities to make a case for why robust political exchange is in the interest of all Americans, regardless of their party. Three asked the CEOs about the political ideologies of their employees. Everyone knows they lean left, so this isn't much of a gotcha, and it sounds like special pleading.

Some Senators did effectively puncture the fiction that Twitter censors in good faith without regard to political ideology. Mississippi Sen. Roger Wicker pointed out that Twitter took two months to add a warning label to Chinese propaganda suggesting the U.S. military brought the coronavirus to China. Colorado Sen. Cory Gardner compared Twitter's tolerance for the Iranian Ayatollah's violent tweets with its lavish regula-

tion of the U.S. President's account.

Mr. Dorsey said that Twitter's Beijing-like blackout of the New York Post story was the result of a "hacked materials policy," but he admitted to Wisconsin Sen. Ron Johnson that he had no evidence of Russian interference or fabrication. He told Texas Sen. Ted Cruz that the policy of blocking links was "incorrect, and we changed it within 24 hours."

Yet a Twitter representative emailed a press memo on Tuesday ahead of the hearing that seemed to boast of Twitter's blackout. It quoted tweets by two officials at the German Marshall Fund—a Washington think-tank that advocates more political suppression on social media—praising the decision to censor the story.

Does Twitter's CEO have control over the policy? Or does the company simply want to blunt the political heat for its suppression, on false pretenses, of newsworthy information about the possible future First Family—even as it signals to the conformity caucus in the mainstream media that it's on their side?

You know American civics education has failed when those paying for political controls on citizens' expression claim to be champions of democracy. Yes, it's important that false statements be identified. Political campaigns have always been a collection of truths and half-truths, and journalists and the American people generally work it out.

As tech companies have retreated from their free-speech support in recent years, Americans have not grown any less polarized. We suspect Mr. Dorsey's philosophy of censorship will lead to more conspiratorial thinking and ultimately corrode the American liberal values that allowed Silicon Valley to thrive.

Dorsey doesn't seem to regret his company's partisan favoritism.

The virus shows that it can't be banished by government edict.

Europe's Covid Lockdowns Return

Global stock markets sold off Wednesday, as they have all week, on news of new government-ordered lockdowns in Europe amid rising Covid infections. As before, the shutdowns are a blunderbuss response that won't eliminate the virus, but they will do considerable economic and public-health damage.

Germany, which was supposed to be Europe's anti-Covid model, ordered a one-month shutdown of restaurants, bars, fitness studios and theaters. Hotels won't be able to host tourists, and public gatherings can't be larger than 10 people from two households.

France will begin another national lockdown on Friday requiring people to remain in their homes. At least factories will be able to continue operating, but restaurants, bars and supposedly nonessential shops will have to close by government edict.

French and German leaders say they have no chance lest the country's hospitals be overrun. Chancellor Angela Merkel said German hospitalizations have doubled in 10 days. "Within weeks, we will reach the limits of our health system," she said. "It is completely clear that we must act, and act now, to prevent a national health crisis."

The Bidens and Tony Bobulinski

Joe Biden is asking voters to elect him on the strength of his character, honesty and judgment. Which is why Mr. Biden owes a response to new allegations about his son Hunter's business deals.

Tony Bobulinski on Tuesday sat with Fox News' Tucker Carlson to provide details of a 2016-17 business venture involving Hunter, Jim Biden (Joe's brother), and CEFC China Energy, a conglomerate tied to the Chinese government. Mr. Bobulinski, a Navy veteran and financier, was recruited by Hunter and associates to serve as CEO, and the interview shed more light on hundreds of emails and documents he recently made public.

Mr. Bobulinski said that in 2017 he twice met with former Vice President Joe Biden, as part of a Biden family effort at "winning and dining" him to "take on the CEO role." He pointed to documents in which Hunter and others refer to Joe's involvement in the deal, including an email from Hunter partner James Gilliar that proposed the "big guy" get 10% of the company equity, held in Hunter's name. Mr. Bobulinski says "the big guy" is Joe.

Mr. Bobulinski sounded credible. He said he wants to clear his name of accusations that he was a tool of foreign election-meddlers, and he repeatedly declined opportunities to speculate or get partisan. He said he felt a duty to American citizens "to go on record and define the facts for them and let them do their own work, let them decide how they view those facts or not."

Joe Biden was a private citizen at the time of these alleged meetings, and there is no evidence we've seen that he personally benefited from the China deal. But he hasn't denied that the meetings took place, and the Bobulinski documents make clear that Mr. Biden hasn't been honest about his knowledge of his son's business affairs.

Here's Mr. Biden in 2019: "I have never discussed with my son or my brother or anyone else anything having to do with their businesses. Period." Yet Mr. Bobulinski says his two

All of this will cause enormous economic damage after historic losses in the spring. Europe's nascent recovery will go into reverse, and growth in the fourth quarter could be negative. The impact will ripple throughout the global economy, which accounts for the rout in equities. Investors have been betting on recovery, and at worst tar-

geted lockdowns amid the inevitable fall and winter Covid spikes. Keep in mind that continental Europe was supposed to have done everything right to prevent another infection surge. The first lockdowns were extensive and prolonged. Governments mandated masks and social distancing. The new surges are due to the insidious nature of the virus, not to policy mistakes. That's a lesson for Democrats who blame every new American infection on Donald Trump.

The reality became clear months ago that the virus can't be banished on government orders, especially as citizens suffer and chafe under the pain of lockdowns. Targeted closures that protect the vulnerable are better policy responses until better treatments and a vaccine arrive or some broader immunity is reached. U.S. policy makers should do their best to avoid following Europe into another tragic shutdown.

meetings with Joe were for the purpose of Hunter's business and that it was "crystal clear" Hunter had briefed his father.

"There was no other reason for me to be in that bar meeting Joe Biden than to discuss what I was doing with his family's name and the Chinese CEFC," Mr. Bobulinski said.

Mr. Bobulinski says he was spurred to come forward to clear his family name after House Intelligence Chair Adam Schiff claimed his emails were "Russian disinformation." He says he privately communicated to a Biden representative his desire that the Biden family set the record straight about the authenticity of the emails and texts—so that he didn't have to go public. Instead, Mr. Biden—who Mr. Bobulinski said sat with him "face-to-face" and knows he "traveled around the world with his son and his brother"—also played the Russia card.

Whether Mr. Biden was an active participant, or simply lent his prestige so Hunter could close the deals, Joe Biden appears to have aided his son's transactions with often shady characters in Ukraine, China, Kazakhstan and beyond. Mr. Biden might be forgiven for wanting to help a troubled son succeed, but to ignore the ethical and security risks attached to Hunter's Chinese Communist partners is bad judgment.

Mr. Biden last year said his son is a "grown man" who makes his own decisions—a line that ignores the nature of Hunter's deals. The Bobulinski material suggests the Chinese engaged Hunter not for his financial prowess, but for his connections and influence.

Nearly all of the press is ignoring this story, and Mr. Biden's strategy is to ignore it as well and run out the election clock. But Mr. Bobulinski's evidence is too detailed and credible to go away. Much of the campaign against Donald Trump as a threat to U.S. security has concerned his personal business interests, especially with foreigners. Mr. Biden should want to contrast himself by explaining his role in assisting Hunter's business, and his rationale for doing so.

LETTERS TO THE EDITOR

Biden's Painful Transition From Oil and Gas

In your editorial "Mr. Biden Will 'Transition' You Now" (Oct. 24), you observe the number of oil and gas jobs in Texas, Alabama and New Mexico which would be threatened by Mr. Biden's proposed ban on "drilling leases and development on federal land."

In my state, Louisiana, economist Loren Scott reports that the oil-and-gas industry supports 260,000 jobs in the state, and each industry job generates 3.4 Louisiana jobs in other sectors, accounting for almost 11% of the state's population—a huge portion of the economy. Regardless of what one thinks of the candidates' personalities, it seems important to consider that if the Democrats have their way, the state's oil industry will be "transitioned" out of existence as was done to coal by Obama administration regulations which greatly increased its cost. Louisiana will lose most of its economy. In 2019 there were 18 operating crude-oil refineries in Louisiana, but also consider the negative impact on everyone employed in any industry supporting or servicing those operations—chemical plants, construction, turnaround, marine, reworking, trucking, supply, drilling, production, pipelines and ancillaries such as farming, food, medical, research and, yes, the press. The only ones left with jobs will be politicians. Many people will have to move out of state to find new jobs. The oil-and-gas industry is the predominant economic force in our state. If it dies, the state will mimic West Virginia and southern Ohio after the coal industry was crushed by federal regulation.

People who have not yet voted need to think objectively about which party's policies will most harm their ability to make a living in their respective states and towns without regard to which candidate is the most likable.

MYRON WALKER
Baton Rouge, La.

Fracking and the oil industry aren't just about energy. The chemical industry needs hydrocarbons as a raw material. Where are the substitutes for ethylene, propylene and the rest

of the unsaturated hydrocarbon building blocks for plastics, synthetic fibers and the additives that make products work better? The oil industry is highly integrated and tries to make economic use of everything coming out of the ground. Destroying the oil industry in 15 years would have a devastating effect on the standard of living of every American—not just those in the energy sector.

JOSEPH STIDHAM
Vero Beach, Fla.

Even if the Biden green team is able to engineer ways of attaching windmills to airplanes and solar panels to locomotives, our need for oil and gas will continue for many years.

If the Democrats are successful in their war on oil and gas through taxation, regulations, etc., then once again we may have to start importing oil from other countries. The price of petroleum products will increase and manufacturers that use petroleum in their processes will also see costs rise which will be passed on to consumers.

The U.S. has been blessed with abundant resources. We need to stop waging war against them.

DOUG HELLAND
Lakewood, Wash.

In addition to raising costs for transportation and electricity and making flying virtually impossible, extreme greenery also has huge international implications. OPEC and Russia need higher oil prices to balance their countries' budgets. CNBC lists prices for national fiscal break-even as ranging from \$49 to \$269 per barrel for OPEC countries. It's about \$43 for Russia.

The U.S. is now exporting both oil and natural gas as a result of fracking. That benefits our balance of payments and gives us more clout in the world economy. It doesn't take a conspiracy theory to realize Russia, OPEC and many other countries, like China, would love to see fracking banned or regulated away here. Phasing out our oil industry would be a plus for them, too.

MIKE ROBERTS
Kansas City, Mo.

Middle-East Opportunity Via Trump's Policy

In "Trump's Middle East Metamorphosis" (Global View, Oct. 20), Walter Russell Mead sees great benefits to the U.S. and the Middle East from the willingness of several Arab states to open economic partnerships with Israel. He notes that U.A.E Ambassador Yousef Al Otaiba believes that bringing Gulf capital together with Israeli technical expertise "can help Arab countries achieve economic results that will satisfy the . . . younger generation." But there are other potential participants that can make the results even more stunning. Egypt and other North African Muslim countries have vast amounts of underemployed labor. Joint ventures involving Gulf capital, Israeli expertise and Egyptian labor can become potent competitors to Asian producers. Up to now, it would make no sense for an Israeli entrepreneur to consider setting up a production facility in Egypt to take advantage of the availability of cheap labor. If success-

ful, he runs the great risk that the venture would be nationalized or taken over by the Egyptian government. That becomes a much smaller risk if the venture is owned by Gulf Arabs. Over the next few years we will see a number of firms arising to substantiate the expectations of Messrs. Mead and Otaiba.

EM. PROF. PAUL HORVITZ
University of Houston

Northwestern Could Copy Hesburgh's Protest Rules

Northwestern University President Morton Schapiro need look no further than to the late Father Theodore Hesburgh for guidance on how to respond to student bad behavior (Notable & Quotable: Northwestern Protests, Oct. 23).

During the Vietnam War in the late 1960s and early '70s, Notre Dame was the scene of protests and demonstrations like those that permeated most college campuses. As Notre Dame's president, Hesburgh maintained order at a time when college presidents throughout the country were unsure of how to handle the situations on their campuses—fearing the repercussions of their actions.

Hesburgh believed that bad behavior demands consequences. His February 1969 letter with its "15-minute rule," spelled out consequences for those who abused the right of dissent and disrupted the school's academic enterprise—stating that peaceful protests were permitted and even encouraged. On the other hand, interference with the civil rights of others wouldn't be permitted, and that those who violated this principle would be given 15 minutes to reflect on their actions. Either cease and desist or face expulsion.

FRANK G. SPLITT
Mount Prospect, Ill.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Actually, I prefer thinly veiled contempt."

It's Not Clear Which Values Americans Want the Most

I disagree with William Galston's premise that "American Values' Portend Trump's Defeat" (Politics & Ideas, Oct. 21). The American Values Survey results Mr. Galston cites to support his argument are based on questions that address issues at a superficial level without dealing with the potential costs or risks. Most people would say they are in favor of reasonable health-care costs, affordable child care, combating climate change and perhaps even free college tuition. However, the survey would produce different results if the respondents were told that the personal cost to achieve these goals would require, for example, 20% tax hikes, loss of employment, higher cost of living, etc. It's easy to favor something without understanding the personal cost involved or naively assuming that someone else is going to pay for it.

GARY FRANKLIN
Pagosa Springs, Colo.

Mr. Galston reports findings from the survey which show solid majorities for various programs and conduct. Many numbers are cited: 52%, 56%, 58%, 6 in 10. He states, "support for these measures could wane as details and costs are debated." Why not discuss (debate) the details and costs now during the election period?

PATRICK A. SCHMEDELER
Ellisville, Mo.

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

OPINION

California Republicans' House Opportunity

By Allysia Finley

Tustin, Calif.

Republicans could pick up House seats next week in one of the most Democratic states. In 2018 California Democrats flipped seven U.S. House districts to take a 46-7 majority in the state delegation. The party also won every statewide office and gained three seats in the state Senate and five in the Assembly.

In a state that gave Hillary Clinton 61.5% of the vote, Democrats hope to keep riding the anti-Trump wave. But the Public Policy Institute of California last week released a survey that polled voters in eight competitive House districts, five of which Democrats carried in 2018.

Democrats took a 46-7 majority of the state's delegation in 2018. The GOP may get a few back.

Republicans lead Democrats in the combined survey by 2 points. The worse news for Democrats is that independents, apart from their views toward the president, agree more with Republicans than with Democrats.

Voters in the competitive districts oppose Proposition 15, a ballot initiative that would raise commercial property taxes, by a 20-point margin. Independents statewide oppose it by 13 points. Democrats statewide favor it by 49.

Voters in competitive districts view the Affordable Care Act unfavorably, by a margin of 54% to 46%.

They also support Justice Amy Coney Barrett's confirmation by a 20-point margin, disapprove of Speaker Nancy Pelosi by 16, and are more likely to view the Democratic Party negatively (60%) than the GOP (46%).

Independents statewide disapprove of Mrs. Pelosi by an even wider margin (63% to 35%), and more than half give the state's Democrat-controlled Legislature bad marks. A majority of independents also think the state is moving in the wrong direction—and no wonder, considering the homelessness, double-digit unemployment, catastrophic wildfires and rolling blackouts caused by the state's headlong rush into green energy.

Republicans are also adapting to the state's increasing ethnic diversity. Orange County was once solidly Republican but is a battleground now that its population is only 40% white. Its two biggest cities, Anaheim and Santa Ana, are 54% and 77% Hispanic, respectively. Americans of Chinese, Indian, Koreans and Vietnamese descent have also settled around the county. Orange County has the nation's largest Vietnamese-American population. They have also traditionally leaned Republican, in part because of bitter memories of Gov. Jerry Brown's opposition in the 1970s to resettlement of refugees from Cambodia and South Vietnam.

GOP Gov. Pete Wilson alienated Hispanics in the 1990s by supporting Proposition 187, a 1994 ballot initiative to deny health care and education to illegal aliens. Though courts overturned Proposition 187 after it passed, restrictive immigration policies became a cornerstone of the state GOP platform.

That's changed in the past few



Orange County Supervisor Michelle Steel is running for Congress.

years. With immigrants now making up 30% of the population in Orange County and 27% statewide, the state GOP and the National Republican Congressional Committee this year have sought to recruit diverse candidates who support a more welcoming immigration policy and conservative economic agenda.

Consider Michelle Steel, a South Korean-born member of the Orange County Board of Supervisors, who is challenging Democratic freshman Rep. Harley Rouda in the 48th Congressional District. Ms. Steel, who immigrated to the U.S. as a young adult with her mother and two sisters, supports legislation to provide legal status for Dreamers, young adults who were brought to the U.S. illegally as children.

She has attacked Mr. Rouda for supporting legislation to raise payroll taxes and voting for the union-backed Pro Act that would impose California's AB5 law nationwide, forcing independent contractors to be reclassified as employees.

Another competitive district is the 25th, which covers most of northern Los Angeles County and part of Simi Valley in Ventura County. In May, GOP Navy veteran Mike Garcia flipped the seat in a special election after freshman Rep. Katie Hill resigned over a sex scandal. The predominantly working-class and heavily Hispanic district was the first Republicans had flipped in the state since 1998, and came despite a 6.6-point Democratic voter-registration advantage.

Mr. Garcia portrayed his opponent—Assemblywoman Christy Smith, who had endorsements from Barack Obama, Gov. Gavin Newsom and Sen. Elizabeth Warren—as an avatar of the state's liberal Legislature. He is reprising this line of attack in his November general-election rematch with her.

Other GOP candidates are also campaigning against progressive misuse. Take Republican farmer David Valadao, who is seeking to recapture the Central Valley's 21st Dis-

trict, a seat he lost by fewer than 1,000 votes in 2018. He has attacked Democratic Rep. TJ Cox for backing a bill that blocks federal funding for critical dam expansions to supply water to drought-stricken farmers—a key issue in agricultural districts.

"Our communities rely on a steady water supply. Democrats talk a lot about clean water, which I support," Mr. Valadao says in an interview. "But to have clean water, you have to have water." He says his opponent has supported the Pro Act, which would hurt independent truckers who haul farm commodities and building contractors in his district.

Republican Young Kim, another South Korean immigrant and former Assemblywoman, is challenging Rep. Gil Cisneros in Orange County's 39th District. Ms. Kim emphasizes reducing the tax burden on businesses to help them recover from coronavirus lockdowns. California has the nation's third-highest unemployment rate in the country at 11%, after Hawaii (15.1%) and Nevada (12.6%).

Many independents and moderate Republicans voted for Democratic House candidates in 2018 to register their opposition to President Trump. Revulsion toward progressive governance and what it has wrought in the Golden State may help Republicans recapture House seats they lost in 2018. The question is whether California's independents and moderates will put aside their negative attitudes toward Mr. Trump when they vote in down-ticket races. Or put another way, whether their disdain for progressive government will override their disdain for the president's abrasive persona.

Ms. Finley is a member of the Journal's editorial board.

Masks Are a Distraction From the Pandemic Reality

By Joseph A. Ladapo

A hallmark of Covid-19 pandemic policy has been the failure of political leaders and health officials to anticipate the unintended consequences of their actions. This tendency has haunted many decisions, from lockdowns that triggered enormous unemployment and increased alcohol and drug abuse, to school closures that are widening educational disparities between rich and poor families. Mask mandates may also have unintended consequences that outweigh the benefits.

First, consider how the debate has evolved and the underlying scientific evidence. Several randomized trials of community or household masking have been completed. Most have shown that wearing a mask has little or no effect on respiratory virus transmission, according to a review published earlier this year in Emerging Infectious Diseases, the Centers for Disease Control and Prevention's journal. In March, when Anthony Fauci said, "wearing a mask might make people feel a little bit better" but "it's not providing the perfect protection that people think it is," his statement reflected scientific consensus, and was consistent with the World Health Organization's guidance.

Almost overnight, the recommendations flipped. The reason? The risk of asymptomatic transmission. Health officials said mask mandates were now not only reasonable but critical. This is a weak rationale, given that presymptomatic spread of respiratory viruses isn't a novel phenomenon in public health. Asymptomatic cases of influenza occur in up to a third of patients, according to a 2016 report in Emerging Infectious Diseases, and even more patients had mild cases that are never diagnosed. Asymptomatic or mild cases appear to contribute more to Covid-19 transmission, but this happens in flu cases, too, though no one has called for mask mandates during flu season.

The public assumes that research performed since the beginning of the pandemic supports mask mandates. Policy makers and the media point to low-quality evidence, such as a study of Covid-19 positive hairstylists in Missouri or a Georgia summer camp with an outbreak. These anecdotes, while valuable, tell us nothing about the experience of other hairdressers or other summer camps that adopted similar or different masking practices. Also low-quality evidence: Videos of droplets spreading through air as people talk, a well-intended line of research that has stoked fears about

regular human interactions.

Rather, the highest-quality evidence so far is studies like the one published in June in Health Affairs, which found that U.S. states instituting mask mandates had a 2% reduction in growth rates of Covid-19 compared with states without these mandates. Because respiratory virus spread is exponential, modest reductions can translate into large differences over time. But these shifts in

Viruses inevitably spread, and authorities have oversold face coverings as a preventive measure.

trajectory are distinct from the notion that mandating masks will bring the pandemic to an end. Based on evidence around the world, it should be clear that mask mandates won't extinguish the virus.

The most reasonable conclusion from the available scientific evidence is that community mask mandates have—at most—a small effect on the course of the pandemic. But you wouldn't know that from watching cable news or sitting next to a mother being forced off an airplane because her small children aren't

able to keep a mask on.

While mask-wearing has often been invoked in explanations for rising or falling Covid-19 case counts, the reality is that these trends reflect a basic human need to interact with one another. Claims that low mask compliance is responsible for rising case counts are also not supported by Gallup data, which show that the percentage of Americans reporting wearing masks has been high and relatively stable since June. Health officials and political leaders have assigned mask mandates a gravity unsupported by empirical research.

On even shakier scientific ground is the promotion of mask use outdoors. One contact-tracing study identified only a single incident of outdoor transmission among 318 outbreaks. Even the Rose Garden nomination ceremony for Justice Amy Coney Barrett, which the media giddily labeled a "super-spreader" event, likely wasn't; transmission more likely occurred during indoor gatherings associated with the ceremony.

By paying outside and scientifically unjustified attention to masking, mask mandates have the unintended consequence of delaying public acceptance of the unavoidable truth. In countries with active community transmission and no herd

immunity, nothing short of inhumane lockdowns can stop the spread of Covid-19, so the most sensible and sustainable path forward is to learn to live with the virus.

Shifting focus away from mask mandates and toward the reality of respiratory viral spread will free up time and resources to protect the most vulnerable Americans. There is strong evidence that treating patients early in outpatient settings can be effective, as outlined in a recent American Journal of Medicine paper, but these treatments are underused. Identifying effective treatments for hospitalized patients with Covid-19 is essential, but preventing severe illness before hospitalization will save more lives.

Until the reality of viral spread in the U.S.—with or without mask mandates—is accepted, political leaders will continue to feel justified in keeping schools and businesses closed, robbing young people of the opportunity to invest in their futures, and restricting activities that make life worthwhile. Policy makers ought to move forward with more wisdom and sensibility to mitigate avoidable costs to human life and well-being.

Dr. Ladapo is an associate professor at UCLA's David Geffen School of Medicine.

If You Play Videogames, China May Be Spying on You

By Dave Aitel
And Jordan Schneider

Forget WeChat and TikTok. China's hold on the global videogaming market is the most pressing security vulnerability when it comes to Chinese consumer tech products.

Over the past 10 years, Chinese tech giant Tencent has invested in or outright acquired many of the world's largest videogame companies, including Activision Blizzard, "League of Legends" maker Riot Games, Epic Games ("Fortnite"), Supercell ("Clash of Clans") and the communications platform Discord.

Americans spend far more time on Chinese-backed videogames than on TikTok and WeChat. While Chinese companies had been content to invest in established Western studios, Chinese developers are now creating enormous hits like "Genshin Impact"—the biggest ever global launch of a Chinese-made title.

Are Chinese videogames really a threat to U.S. national security? Yes—China is already using games to spread its soft power and collect data on U.S. citizens, as the current administration has highlighted. More insidiously, Beijing's access to millions of gamers' computers gives it spies an unrivaled opportunity to

use games to conduct intelligence operations.

China's political priorities are already showing up in the content moderation of games it influences. Last year, Blizzard banned a Hong Kong "Hearthstone" player who expressed support for the city's independence in a postmatch interview. "Genshin Impact" players report that certain political terms have been banned from chat features, including "Hong Kong," "Taiwan" and "Falun Gong." More broadly, Chinese law requires Western publishers to form partnerships with Chinese companies like Tencent and NetEase to gain access to China's large and growing gaming market. The same dynamics pushing Hollywood to hold its tongue on Beijing's abuses will increasingly affect Western firms hoping to earn money from Chinese gamers.

It may not be long before we see the shutdown of a planned Tiananmen vigil or Free Hong Kong rally being organized on a U.S. server. It's one thing for Hollywood studios to turn down provocative scripts, but it might boil Americans' blood to witness China censoring speech in the U.S.

The more direct national-security threat is the access to data China has gained from millions of gaming installs. Data harvested from games could be exploited far more easily than TikTok data. In most cases, gamers playing online must provide their real names, payment information, dates of birth and locations, and they create constant voice samples using in-game chats. In the

hands of a Chinese gaming company, it's reasonable to assume that the data are being stored in China, perhaps in an Alibaba or Tencent cloud service, at the whim of an aggressive Chinese intelligence body.

What might Beijing's Ministry of State Security do with videogame data? Today, it takes only 10 minutes of audio to create a voice deepfake that might fool your friends and

Data harvested from game consoles would be far easier to exploit than what TikTok gathers.

family. This is particularly concerning in light of the likely Chinese hack into the U.S. Office of Personnel Management in 2018, which holds detailed personal information on everyone who has applied for government clearance. The Ministry of State Security could combine those two streams to cross-correlate government officials' locations every time they play a videogame.

Modern games come with mandatory anticheat software that runs on your computer with the same privileges as your antivirus program. This means it can do anything your computer can do, without being detected. Instead of telling spies to perform risky transfers of sensitive data, a creative Chinese intelligence officer could use this access simply to place whatever files they want to exfiltrate in a folder that a compro-

mised game will upload for them. The possibilities are endless.

These threats draw power from the leverage Beijing holds over Chinese investors. Even though Tencent might prefer not to engage in such activities, private Chinese companies have no way to push back against Beijing's demands. Chinese regulators have proved willing to take massive bites out of Tencent's market cap, meaning the company wouldn't likely ignore the government's demands. And in its own right, Tencent is a world-class powerhouse when it comes to software vulnerabilities and exploitation.

What's the solution? It would be overkill for the U.S. to enact an outright ban on any game backed by Chinese investors. A better approach would be to mandate software that would guarantee transparency in videogame data. The U.S. also could require that sensitive data be stored with American cloud providers, or selectively use the Foreign Investment Risk Review Modernization Act to force Tencent and other Chinese gaming companies to divert from games thought to have too broad a reach into sensitive U.S. data. Such measures would help curtail the risk to America in the short term—but they wouldn't work retroactively. Washington should act as soon as possible to safeguard gaming data.

Mr. Aitel is a former National Security Agency employee and author of the CyberSecPolitics blog. Mr. Schneider is an adjunct fellow at CNAS and host of the "ChinaTalk" podcast.

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WORLD NEWS

Illegal Loggers Undercut Brazil Forest Efforts

Timber company pulls out of concession after efforts to responsibly harvest trees falter

By PAULO TREVISANI AND JUAN FORERO

CUJUBIM, Brazil—The Amata SA logging company was supposed to represent an answer to the thorny problem of how countries like Brazil can take advantage of the Amazon rainforest without widespread deforestation.

But after spending tens of millions of dollars since 2010 to run a 178-square-mile concession in the rainforest to produce timber sustainably, Amata pulled out in April. The reason: uncontrolled wildcat loggers who invaded Amata's land, illegally toppling and stealing trees.

The Brazilian government of President Jair Bolsonaro had championed such concessions and plans to expand them, arguing that legal logging discourages destructive illegal logging and provides jobs for some of the millions of poor residents of towns on the jungle's edge. Instead of clear-cutting areas, Amata felled an average of only one tree per acre so the forest could regrow.

Illegal logging, instead, opens the path for permanent deforestation, a major risk for global climate.

The vast rainforest's trees soak up and store much of the carbon emissions released around the globe, making it a critical natural brake on climate change, scientists say.

The company's executives in São Paulo said that instead of promoting and protecting legal businesses, Mr. Bolsonaro's administration did next to nothing to control the illegal loggers in the western state of Rondônia.

"It's a conflict area," Amata Chief Executive Ana Bastos said. "Those lumberjacks steal our lumber to survive. If we try to stop them, they will fight back. It will be an eternal conflict."

Brazil still plans to expand its logging concessions to 34 from 18. "Our goal is to offer a legal alternative to exploit the forest," said Paulo Carneiro, director of concessions at the Brazilian Forest Service.

Amata's pullout here casts doubt on the country's ability or willingness to find sustainable ways to exploit the Amazon without irreparable damage, some industry executives and environmentalists say.

It also shows that the success of concessions depends on the government's ability to crack down on illegal logging. Since they pay no taxes and make no effort to protect certain species or invest in restoration, illegal loggers can charge \$431 per square meter of lumber, compared with \$1,511 for legally logged timber, concession operators said.

"It is like having a regular, taxpaying shop competing with lots of tax-free peddlers right in front of your door," said Jonas Perutti, owner of Lumbering Industrial Madeflona Ltda., which also operates concessions in the Amazon.

Illegal loggers repeatedly breached Amata's 93-mile-long perimeter, removing ipê, cumaru and angelim hardwoods, which are prized as far as in China and the Netherlands for use in construction beams, floors and furniture. And it came as deforestation has been on the rise across the Amazon, according to data released recently by Brazil's space agency.

"The organized crime that funds illegal activity in the Amazon—including deforestation, land grabbing, lumber theft and mining—remains strong



DADO GALDIERI FOR THE WALL STREET JOURNAL (2)



Wildcat loggers, above, repeatedly breached the 93-mile-long perimeter of a site operated by Amata, prompting a pullout that threatened the livelihood of workers like Orleans Pereira Jr., left.

and active," said Carlos Nobre, a Brazilian climate scientist. "It seems [the criminals] aren't frightened by the government's zero-tolerance rhetoric or don't believe it's serious."

The government says it is deploying the military to help

police the vast forest as part of a multiagency, antideforestation task force reporting to Vice President Hamilton Mourão.

Illegal logging is thriving in part because the Bolsonaro administration has cut environmental-protection budgets.

Here in Rondônia, a state the size of Michigan, there is only about one patrol agent from the Ibama environmental agency per 540 square miles.

"What makes these loggers continue in the forest? It's the certainty of impunity," a government official familiar with Ibama's operations said.

At a gathering in October 2019 of illegal loggers in Cujubim, a town lined with sawmills on the eastern flank of Amata's concession, some spoke openly to The Wall Street Journal about their clandestine trade harvesting hardwoods from the area.

"I spent 30 days in the woods," Claytom Vieira Roberto said, describing his hardscrabble life felling trees. "I've removed some 900 cubic meters [of hardwoods]. In the forest, we work every day. There's no weekend."

Wildcat loggers are among the Amazon's poorest residents, and many feel they have an ally in Mr. Bolsonaro. In his 22 months as president, he

has asserted that there is plenty of forest to exploit and publicly expressed affinity for gold miners, wildcat cattle ranchers and others who operate in the forest illegally.

Amata's concession was divided into 24 areas of varying size called Annual Production Units, or UPAs, with only one UPA used by loggers a year.

The concession held 600 species of trees, but Amata's license allowed it to harvest just 24. The total annual take was 3,000 trees.

When the Journal visited the Amata site late last year, workers wearing helmets and thick leather shields to protect them from snakebites used GPS devices and satellite maps to find routes into stands of valuable trees.

For men like Orleans Pereira Jr., who had come from a family of wildcat loggers, Amata meant a steady job, solid pay and benefits. "I'm proud of what we do here," the 34-year-old said. "I believe our work isn't destruction."



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THE WALL STREET JOURNAL.

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Car Sector Roars Back From Nadir

Fiat posts record profit, Ford's margin best in years as sales rebound to pre-Covid levels

By MIKE COLIAS
AND NORA NAUGHTON

The U.S. auto industry, hobbled in the spring by the Covid-19 crisis, has bounced back stronger and faster than many expected with some companies reporting record profits in the third quarter.

Even for an industry accustomed to boom-and-bust cycles, the speed of the auto sector's recovery from the pandemic-related shutdowns last spring has

surprised executives and analysts, who just six months ago were calculating how many months companies could survive.

The pace of new-vehicle sales over the past few months has rebounded to the strong levels seen before the crisis, despite slim pickings on dealer lots because of tight inventory.

Car buyers are paying record prices for new wheels, with dealers citing strong demand for luxury vehicles and high-end pickup trucks.

Fiat Chrysler Automobiles NV on Wednesday reported record operating profits of \$2.7 billion for the third quarter. The results handily beat analysts' expectations and marked a stark improvement from the

second quarter, when the company posted a net loss of \$1.2 billion.

Ford Motor Co. also delivered a strong quarter, reporting net income of about \$2.4 billion and a global pretax profit margin of 9.7%—its highest mark in five years.

GM reports third-quarter results Nov. 5. Analysts expect the company's bottom line to bounce back to pre-pandemic levels.

Still, a rising numbers of coronavirus infections in Europe and concerns about the possibility of factory closures weighed on Fiat Chrysler's shares Wednesday and those of other European auto companies, said Jefferies analyst Phi-

lippe Houchois.

"I think the concern is over a second wave," he said.

Fiat Chrysler's shares fell 2%, less than the broader market's steep drop. **Volkswagen** AG shares fell about 5% and shares of French auto maker **Renault SA** fell 8%.

Covid cases also are rising in Michigan and Ohio, where much of the industry's factory network is concentrated.

The auto sector's earnings rebound underscores the bifurcated impact that the pandemic has had across industries. While travel, energy, commercial real estate and other sectors have seen demand wilt, makers of consumer goods, from cars to washing machines, are scrambling to meet demand.

bling to meet demand.

It is a stark reversal from spring, when car executives took drastic measures to conserve cash, uncertain how long their factories would sit idle.

Ford and GM burned through billions of dollars in cash in the second-quarter as revenue dried up, and each added more than \$20 billion in debt to cushion themselves against further losses.

The third quarter, however, marked a big turnaround for Ford, which breezed past analysts' forecasts by posting a \$3.6 billion pretax profit, excluding one-time items. That amounted to 65 cents per share, better than the average

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Chip Firm Marvell Nears \$10 Billion Merger

By CARA LOMBARDO
AND DANA CIMILLUCA

Marvell Technology Group Ltd. is nearing a deal to buy **Inphi** Corp. for as much as \$10 billion, according to people familiar with the matter, in what would be the second big semiconductor tie-up this week as the industry rapidly consolidates.

The companies could announce a deal as soon as Thursday, assuming the talks don't fall apart, the people said.

Marvell, which has a market value of roughly \$26 billion, primarily makes chips used in data storage and networking. Buying Inphi would help Marvell expand its reach in networking, a fast-growing segment that has helped push Inphi's stock up roughly 50% this year.

The semiconductor industry is in the midst of a full-fledged merger frenzy, all the more surprising in the middle of a pandemic. It has been fueled by surging demand for laptops and videogames, with people stuck at home, as well as growth in the data centers that facilitate companies' shifting business activity online.

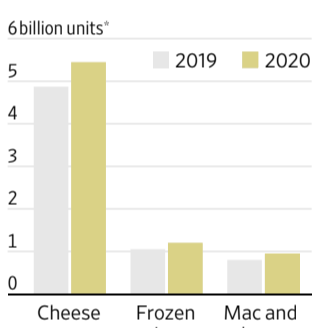
Rising share prices on the

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CME block cheese futures, year-to-date



Retail sales volume of cheese and products using cheese, year-to-date



*Individual packages purchased at a grocery store
Sources: FactSet (futures); Nielsen (volume)



Sartori, a Wisconsin cheese maker, says orders have been unpredictable. Sartori cheese curds being made in calmer, pre-pandemic times.

Cheese Makers Reel Amid Erratic Demand

By JESSE NEWMAN
AND KIRK MALTAIS

The U.S. cheese industry is reeling from seven months of chaos as the coronavirus pandemic causes upheaval in prices and demand.

Prices for cheeses from mozzarella to cheddar hit near-record highs this month, but cheese makers are on edge after sharp swings in de-

mand have thrown their production plans into disarray. Those soaring prices have also scrambled planning for buyers from pizza chains to grocery stores, prompting restaurants to limit purchases to avoid getting stuck with expensive inventories if the pandemic slashes business again.

For Errico Auricchio, president of **BelGioioso Cheese**

Inc., a Wisconsin-based cheese maker, plunging demand last spring forced him to shift from making fresh cheeses that can't be stored, like mozzarella, to hard cheeses like Parmesan, which are aged for up to a year before they are marketed. BelGioioso's plants filled to the brim with so much unsold cheese that he had to rent extra space to store millions of

pounds of Parmesan.

Now, he worries prices will crash. "I wake up at 3 a.m. thinking: 'How am I going to sell all this Parmesan,'" said Mr. Auricchio.

Restaurants nervous about ordering cheese they can't use are buying products just one month in advance versus their typical approach of booking purchases up to a year early, said Mark Ste-

phenson, director of dairy policy analysis with the University of Wisconsin-Madison. Executives at **Domino's Pizza Inc.** and **Little Caesars Pizza** said sharp shifts in cheese prices posed challenges for the chains, in some cases boosting costs.

Tim Barr, vice president of supply chain for Marco's Pizza, a midsize pizza chain

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Dodgers' Complex Structure Pays Off With a World Title

The coronavirus pandemic and its effect on the baseball season are providing the biggest test yet of the unusual structure used by a group of business associates to buy the Los Angeles Dodgers.

The pandemic cut the Major League Baseball season by more than half and slashed revenue its 30 teams collect from ticket sales and concessions. The Dodgers, like so many other professional sports teams this year, are losing money, according to a spokesman for the team.

By Margot
Patrick, Justin Baer
and Leslie Scism

Those losses aren't enough to dent the wealth of **Guggenheim Partners** LLC Chief Executive Mark Walter, basketball legend Earvin "Magic" Johnson, Texas billionaire Bobby Patton and the other wealthy individuals who own the team. But the losses do return the spotlight to an unorthodox strategy the group used eight years ago to

buy the franchise for a then-record \$2.15 billion.

So far, the structure has held firm. And on Tuesday, the Dodgers defeated the Tampa Bay Rays to win the World Series.

The strategy began after the 2008 financial crisis when Kansas insurance regulators urged Guggenheim, which managed money for insurers, to acquire a struggling company there, Security Benefit. That led to purchases of other life insurers, said Mr. Walter and other Guggenheim executives.

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NBA legend 'Magic' Johnson is among the owners who used an unusual strategy to buy the Los Angeles franchise for \$2.15 billion.

Boeing To Chop 11,000 More Jobs

By DOUG CAMERON

Boeing Co. said it would cut more jobs and review jetliner production rates in an effort to stop bleeding cash as the coronavirus pandemic roils global air travel.

Faced with a pileup of undelivered aircraft, the company said it would review its commercial aircraft production levels as airlines are either unable or unwilling to accept its newly produced jets amid a prolonged slump in passenger demand for flights.

Executives said Wednesday Boeing wouldn't likely generate cash in 2021, when the plane maker expects to hand over half of its some 450 undelivered 737 MAX jets that have been grounded for nearly two years.

The company expects to reduce its head count by an additional 11,000, including 7,000 layoffs, on top of almost 20,000 already announced and end next year with around 130,000 employees, about 40% less than when it merged with McDonnell Douglas in 1997.

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COMMODITIES

New concerns about coronavirus drive selloff in raw materials. B11

Ad Firms Fight Apple's New Opt-In Rule

By KEACH HAGEY
AND PATIENCE HAGGIN

Advertising companies and publishers have filed a complaint against **Apple Inc.** with France's competition authority, arguing that privacy changes the smartphone maker plans to roll out are anticompetitive.

Starting in early 2021, Apple's operating software will require apps to get opt-in permission from users to collect their advertising identifier, a key number used to deliver targeted ads and check how ad

campaigns performed.

The companies behind the complaint, brought through a group of trade associations, say few users will agree to be tracked, making it harder for companies ranging from game-makers to news publishers to sell personalized ads and tough for the middlemen in those transactions.

The case is one of the first legal challenges to online-privacy measures on antitrust grounds.

"At the highest level, this is a novel case—a truly important case—because it deals

with the use of privacy as a sort of fig leaf for anticompetitive conduct," said Damien Geradin, the competition lawyer representing the coalition of industry groups, including the Interactive Advertising Bureau France. "We think that this is the sort of thing that will arise increasingly in the future."

Apple's move has drawn criticism from others, including **Facebook Inc.**, which said in August the changes would affect its brokering of ad sales in outside apps.

Apple said "privacy is a

fundamental right," adding, "A user's data belongs to them and they should get to decide whether to share their data and with whom."

Privacy advocates say consumers should have as much control as possible over how their data is collected and used. In recent years, a push toward greater online privacy has resulted in new laws in Europe and California. The complaint centers on Apple's move to introduce its own, more alarming language asking users to opt-in, separate from the prompts al-

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BUSINESS & FINANCE

Lilly, U.S. Government Reach Deal To Supply Covid-19 Antibody Drug

By Peter Loftus

Drugmaker Eli Lilly & Co. agreed to provide 300,000 doses of its experimental Covid-19 antibody drug to the federal government for \$375 million, if the medicine is authorized for emergency use in the U.S., the company said.

The U.S. Department of Health and Human Services said the federal government will allocate the doses to state and territorial health departments, which will, in turn, determine which hospitals and health facilities get the drug.

Under the supply agreement, each vial costs \$1,250, Lilly said. One vial would be enough for an individual patient, who federal health officials said won't face out-of-pocket costs for the drug, though health-care facilities may charge a fee for administering the IV infusion.

HHS partnered with the Defense Department to reach the Lilly supply agreement.

The deal is the latest by the

federal government to lock up supplies of promising coronavirus vaccines and treatments. Earlier this year, Regeneron Pharmaceuticals Inc. said it received \$450 million to manufacture and supply 300,000 doses of its experimental antibody-based drug for Covid-19.

Antibody drugs, which borrow from the immune system's natural defenses against pathogens, promise to fill a big gap in Covid-19 care, treating patients before their cases turn serious and require hospitalization.

They might also briefly protect against infections, providing a bridge to vaccines until they are available. Public attention on the drugs received a boost after President Trump took Regeneron's following his diagnosis and then touted their benefits.

Indianapolis-based Lilly has asked for U.S. Food and Drug Administration authorization of its drug to treat patients with mild to moderate Covid-19 who are at higher risk

of advancing to severe disease. In a clinical trial, the drug kept a higher proportion of these recently diagnosed patients out of the hospital than those who received a placebo.

The antibody, which Lilly originally code-named LY-CoV555 but is now calling bamlanivimab, is essentially a clone of an immune-system agent that can block the coronavirus that causes Covid-19.

Lilly developed it in collaboration with AbCellera Biologics of Vancouver, Canada, which identified the antibody from a blood sample taken from one of the first U.S. patients to recover from Covid-19.

This week, the National Institute of Allergy and Infectious Diseases ended a study of bamlanivimab after concluding that adding it to standard treatment—including Gilead Sciences Inc.'s remdesivir—provided no clinical benefit to hospitalized Covid-19 patients.

Lilly says it believes the an-

tibody is more effective earlier in the course of disease than in severe cases that require hospitalization.

Lilly and federal researchers continue to test the antibody for other uses and in different populations. In addition to treating patients with mild to moderate Covid-19, it is being tested for its potential to prevent disease in people at risk of infection, including nursing-home residents and staff.

Even before receiving authorization, Lilly has been manufacturing doses of bamlanivimab and expects to have 100,000 ready to ship within days of a clearance. The company expects to make up to one million doses by the end of the year.

The new U.S. supply agreement has an option for the U.S. to buy up to an additional 650,000 vials through June 30, 2021, for up to \$812.5 million.

Lilly said it also is discussing with global regulators the potential to make the drug available in other countries.

INDEX TO PEOPLE

Index to People listing individuals like Albanese, Andressen, Arrington, Auricchio, Bailin, Barr, Calhoun, Carnegie-Brown, Chae, Cleveland, Culp, Dorsey, Egli, Fairbank, Gimber, Giroux, Gray, Greene, Holoman, Houchois, Johns, Johnson, Lee, Marinar, Mehra, Miller, Mills, Nagamori, Patton, Pichal, Priestley, Rasgon, Sapir, Silverman, Smith, Su, Tritton, Walter, Webb, Zuckerberg.

Producers Of Cheese On Edge

Continued from page B1

based in Toledo, Ohio, said high prices have led his company to seek new, cheaper cheese suppliers. "Cheese is, by far, our highest food cost item," Mr. Barr said, adding that unprecedented price increases have significantly squeezed margins.

Nationwide restaurant closures at the beginning of the pandemic cratered cheese sales and sent per-pound prices for 40-pound blocks of cheddar, the industry benchmark, to \$1, the lowest since 2003. Lots of cheese makers slowed or halted production, helping lead dairy cooperatives that sell farmers' milk to curb their own output by asking members to dump millions of gallons or cull their herds.

'I wake up at 3 a.m. thinking: 'How am I going to sell all this Parmesan?'

Then the government stepped in. The Trump administration in April announced plans to purchase \$3 billion of dairy, meat and produce to be distributed through food banks. The sudden surge in demand lifted cheese prices, and prompted BelGioioso to ramp up mozzarella production again.

Restaurant cheese purchases also picked up over the summer as eateries pivoted to takeout and delivery and restrictions on in-person dining eased. Pizza sales boomed at large chains and homebound consumers stocked up on vast quantities of cheese at grocery stores. U.S. cheese exports rose too.

Cheddar prices surged to a record \$3 per pound in July, making cheese a leader in a broader agricultural-commodity rally. Multiyear highs in futures prices for corn, soybeans, and wheat are offering a reprieve to farmers who have suffered through a prolonged agricultural recession that has driven some out of business.

Though the high prices have been a boon for some cheese makers, the fast shifts in demand have made dairy executives say.

"It's been chaos," said Jef-

frey Schwager, chief executive of Wisconsin-based Sartori Co., which sells cheese to grocers, pizza chains and food manufacturers.

"Some weeks we're literally working seven days a week, running plants 24 hours per day," he said. "Other days we're looking for work."

Before the pandemic, Sartori sold grocers wheels of cheese to slice for customers at deli counters. With delis closed or offering reduced services, grocers now are asking him to prepackage cheese in wedges for individual sale, Mr. Schwager said.

Paul Scharfman, chief executive of Specialty Cheese Co., which makes cheeses like paneer and cotija in a high-school-turned-cheese-plant in rural Wisconsin, said orders for cotija—used on fajitas and taco salads—stalled for six weeks before bouncing back to near-normal as takeout orders breathed life back into Mexican restaurants.

"The change in demand is happening very quickly," said Heather Anfang, head of Land O'Lakes Inc.'s U.S. dairy foods division. Ms. Anfang said the cooperative's cheese sales to schools have dropped by about 30% as millions of children attend school remotely, or part-time, and schools now want more individual servings, like string cheese, rather than bulk bags of frozen macaroni and cheese.

Dairy economists and executives say they expect another lull when government purchases slow.

"The government can't buy cheese like they have been forever," said Greg Schlafer, chief executive of Foremost Farms USA, a major Wisconsin dairy cooperative and cheese producer.

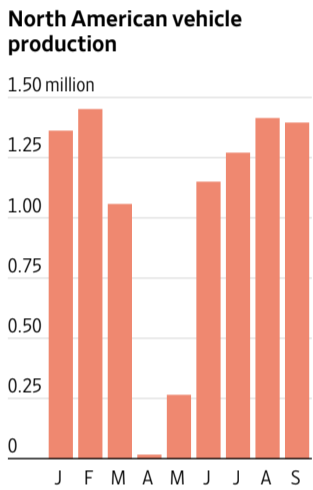
Since July, cheese prices have dropped sharply and risen again, influenced by successive rounds of government purchases over the summer and fall, dairy analysts and cheese executives say. The Trump administration announced another \$1 billion for food purchases in August, and \$500 million more last week. Dairy purchases have totaled roughly \$1 billion, according to a milk producers group.

Nate Donnay, a dairy economist with StoneX Group, said some milk buyers have been warning farmers—who have begun rebuilding their herds—that they may be asked to curb production again.

Meanwhile, cheese producers are reluctant to make too much cheese in case prices tumble, said Mr. Donnay, adding: "No one wants to be left doing 'hot potato' with expensive cheese."

—Heather Haddon contributed to this article.

Factory shutdowns upended vehicle output last spring.



Source: Ward's Intelligence

Car Sector Roars Back From Nadir

Continued from page B1

analyst forecast of 20 cents, according to FactSet. Fiat Chrysler also said it doesn't expect any further disruptions from the pandemic this year and reinstated its full-year guidance after suspending it in the spring. It now expects to earn between \$3.5 billion and \$4.1 billion on an operating basis in 2020.

Research firm IHS Markit now forecasts North American production of 13 million vehicles, up from a forecast of 12.2 million it made in April. The firm raised its global projection to 73 million vehicles, from 69.3 million.

Industry executives, dealers and analysts cite several reasons for the faster-than-expected snapback. Interest rates are near record lows, which have allowed car companies to promote zero-interest financing, and government stimulus spending has helped some buy-

Boeing Plans More Job Cuts

Continued from page B1

The collapse in airline traffic and reduced aircraft production have already cost the U.S. aviation industry around 100,000 jobs so far this year and another 220,000 are at risk, according to the Aerospace Industries Association, a trade group.

"The reality is that our industry as a whole will simply build less in the coming years," said Boeing Chief Financial Officer Greg Smith.

Boeing said it still expects to gradually increase MAX production through next year. It will also reduce output of the 787 Dreamliner when it moves all assembly to South Carolina. Deliveries of the aircraft would remain relatively slow in coming months due to inspections following previously disclosed quality-control lapses, Mr. Smith said.

However, Boeing executives said it could reduce production



Fiat Chrysler said it doesn't expect further disruptions from the pandemic this year. A plant in Brazil.

ers afford new rides, dealers say. Dealers also point to pandemic-driven shifts in how consumers are spending their money. Many people are hunkered down and spending less on things like dining out and vacations, are willing to splurge more on their vehicles and fixing up their homes, industry executives say.

"What's happening here is a reorientation and prioritization of the household budget," said Mike Jackson, chief executive for AutoNation Inc., the U.S.'s largest publicly traded dealership chain, on an earnings call last week. In the third quarter, the company said adjusted earnings per share from continuing operations hit a record of \$2.38.

Lithia Motors Inc., an Oregon-based operator of about 200 dealerships selling everything from Mazdas to BMWs, saw the average price paid for a new vehicle in the third quarter jump by \$2,500 on a same-store basis, to \$40,100.

"Their checkbooks are probably fuller," Lithia Chief Executive Bryan DeBoer said last week. "They're not able to fly to travel. They're driving to travel."

Auto makers spent much of a nearly two-month shutdown

further if airlines are unable to take delivery because of a lack of demand or financing. Wide-body planes like the 787 are under particular scrutiny because of the collapse in long-haul international flying.

The International Air Transport Association, a trade group, this week cut its revenue outlook for the global airline industry in 2021 by a quarter from its previous guide in August as rising coronavirus cases and quarantines restricted travel.

"We will monitor as we prudently manage supply and demand," said Boeing Chief Executive David Calhoun.

The existing production cuts and pandemic-driven restrictions are forecast to limit Boeing's jetliner deliveries to airlines and leasing companies to 170 this year compared with about 500 at rival Airbus SE, according to analysts. Boeing handed over 28 planes to customers in the September quarter compared with 62 a year earlier. It has become more reliant on its defense business, where sales were double those of the commercial arm in the latest quarter.

—Andrew Tangel contributed to this article.

period last spring laying out safety protocols, including mask wearing and rigorous testing, that so far has prevented factory outbreaks.

But intermittent supply shortages and higher-than-normal worker-absence rates have served as a persistent reminder of the threat of production disruptions from the virus.

For now, most auto plants are working at full throttle to meet high levels of demand that few pundits expected last spring. Auto makers built 4.1 million vehicles in North America during the third quarter, matching the output level from a year earlier.

At General Motors Co.'s plant in Flint, Mich., where its largest pickup trucks are made, employees have been working around the clock six days a week—and occasionally on Sundays—to restore depleted dealer

stocks. GM even has scheduled voluntary work shifts for extra pay on Tuesday, Election Day, a holiday under its contract with the United Auto Workers.

"The startup was slow with everyone getting accustomed to wearing masks and the new safety protocols, but everybody is kind of used to the new norm," said Chad Fabbro, an official at UAW Local 598, which represents about 5,000 workers in Flint. "We're cranking now."

In the summer, Marybeth Morris gave up trying to find a Kia Telluride because the SUV was in such short supply. Instead, she settled on a Volkswagen Atlas, and even then, the first one she picked out was sold out from under her. A salesperson found a different model at another dealership. "This was more complicated than any previous car buying experience," she said.

Advertisement for X-HMT ergonomic chair by X-CHAIR. The ad features an image of the chair and text: 'Introducing an Ergonomic Heat and Massage Chair for Work and Home', 'As low as \$50 per month*', 'Free Shipping & 30 Day Risk Free Trial', 'Save \$100 Now! And, Use code Ergonomic For Free X-Wheel Casters', '*\$50 per month based on purchase of \$899 for 18-months 0% interest', 'BuyXchair.com | 844-4-XCHAIR | Corporate Discounts Available'.

BUSINESS NEWS

Face-Mask Sales Help Lift Etsy's Results

By Kimberly Chin

Etsy Inc. reported higher sales for the fiscal third quarter as online shoppers flocked to its platform looking for masks and home décor, making the e-commerce company a standout in a struggling retail sector.

The online marketplace for buying and selling handmade and vintage items said revenue more than doubled to \$451.5 million from a year ago, propelled in part by demand for masks. Etsy reported selling 24 million face masks in the September quarter.

Gross merchandise sales, a metric that looks at the total value of items sold on the e-commerce site, more than doubled to \$2.63 billion. Etsy said masks represented 11% of overall gross merchandise sales in the quarter. However, sales excluding masks were up 93% from the previous year.

Etsy's 3.7 million active sellers, which have grown from 3.1 million in the second quarter, have helped the company fill supply-chain gaps where other retail companies like Amazon.com Inc., Overstock.com Inc., Wayfair Inc. and IKEA are still struggling. Retailers have had to tackle challenges related to filling inventory to meet surging demand for e-commerce during the coronavirus pandemic, along with finding ways to narrow lead times.

"Our sellers, our businesses largely have won working from their home, and they're not as constrained in terms of having a supply chain dependent on a few factories or having everything shipped through one or two fulfillment centers," Chief Executive Officer Joshua Silverman said in a call with analysts.

GE Cost Cuts Offset Engine Drag

Quarterly loss shrank to \$1.14 billion; money is set aside to cover accounting penalties

By Thomas Gryta

The troubled aviation industry continued to weigh on General Electric Co., which reported another quarter of shrinking revenue, but the conglomerate posted a smaller loss and was able to generate cash from its industrial operations.

Layoffs and cost cutting have helped GE weather the coronavirus pandemic's damage to the commercial airlines that ultimately buy its jet engines. Belt tightening has also helped reverse losses in GE's long-struggling power turbine unit.

While orders for new equipment fell in several of its key businesses, GE said it generated \$514 million in industrial free-cash flow in the quarter ended Sept. 30. On that basis, the company also predicted it would generate \$2.5 billion in cash in the fourth quarter.

The measure is closely watched as a sign of the health of the company's operations and ability to pay down debt. In the first half of the year, GE's industrial operations burned through \$4.3 billion in cash.

"Clearly aviation is the challenge right now," CEO Larry Culp said in an interview, noting improvement in other segments and continuing cost cuts. "We're making more progress and are encouraged by the positive free cash in the third quarter."

The results were better than expected and GE didn't reveal large losses in long troubled units. GE shares rose 4.5% to \$742 on Wednesday, bucking a broader market sell-off. The stock is down about 33% so far this year.

Mr. Culp said the recent rise in new Covid-19 cases isn't a surprise because of the changing seasons but it shows the difficulty in predicting the



A LEAP jet engine at a GE plant in Lafayette, Ind. GE's aviation revenue fell nearly 40% in the third quarter to \$4.92 billion.

future trajectory of the pandemic. He expects it will take years for the industry and GE's aviation division to recover.

Mr. Culp recently had his second anniversary in the top job, where he has focused on cutting debt and generating more cash to turnaround the conglomerate. The pandemic hit the company hard because of its reliance on the air travel industry. Revenue fell nearly 40% in GE's aviation business in the latest quarter. The unit is cutting a quarter of its 52,000 workers.

GE provided reassuring updates on some areas that have had investors concerned. The Boston company said an annual test of reserves in its legacy insurance business resulted in a "small positive margin" with no impact to earnings. The need to bolster its insurance reserves by \$15 billion was a key reason GE had to slash its quarterly dividend to a token penny per share. The unit is responsible for long-term care policies that

cover nursing-home stays that have proved more expensive than many insurers predicted.

GE's accounting for the insurance business, as well as bookkeeping in its power unit, is under investigation by the federal regulators. The Securities and Exchange Commission

17%

The overall decline in General Electric's quarterly revenue

recently warned the company of a possible civil-enforcement action over its accounting for the insurance business.

GE said Wednesday it has set aside \$100 million to cover potential penalties for all the accounting investigations, and continues to cooperate with the probes. It was the first time GE gave investors such an estimate.

Mr. Culp said the reserve is "appropriate given what we know and given what we can say under the circumstances."

In the latest quarter, the company booked a \$400 million charge for its recent decision to stop building new coal power plants and a \$200 million charge after an annual review of its aircraft leasing portfolio. GE owns hundreds of jets and is one of the world's biggest airplane leasing companies through its GE Capital unit.

"The things that worried me were all better," said David Giroux, T. Rowe Price Group's chief investment officer for equities and multiasset. "The forward guidance was very encouraging."

Mr. Giroux said an uneventful review of insurance operations was good news, the health-care division performed well, and the company's reserve against multiple federal investigations was smaller than he expected.

He has a long-term outlook

on GE's stock, he said, and the pandemic has only delayed GE's turnaround. T. Rowe is GE's top shareholder with about 770 million shares in various funds, an 8.8% stake, according to FactSet.

"It is starting to turn," Mr. Giroux said. "We are starting to see signs that we are heading to the right trajectory here."

Overall, GE reported revenue of \$19.42 billion, down 17% from a year ago. Excluding its stake in the Baker Hughes oil business and other assets it sold, industrial revenue fell 12% to \$17.88 billion.

The company had a net loss of \$1.14 billion, before preferred stock dividends, compared with a loss of \$9.42 billion a year ago when it booked hefty accounting charges on the Baker Hughes investment. Excluding restructuring and other charges, GE reported an adjusted profit of 6 cents a share.

Wall Street was expecting an adjusted loss of 4 cents a share on revenue of \$18.7 billion.



The company's international business posted a 12% rise in shipping volume and a 45% jump in profit.

UPS Package Volume Swells, But Profit in the U.S. Shrinks

By Paul ZioBro

United Parcel Service Inc. is delivering more packages, but it is paying a much bigger price to do so.

The delivery company said revenue rose nearly 16% in the third quarter and profit rose 11.8% amid an influx of packages moving domestically and internationally during the pandemic. Despite the boost, UPS's large domestic business posted a sharp decline in profit due to the need to hire tens of thousands of new workers, lower margins from delivering packages to homes and \$179 million in spending to speed up delivery times.

The decline in U.S. profit and continued higher costs heading into the holiday season weighed on shares, which fell 9% in trading Wednesday amid a broader market selloff. They are still up nearly 40% for the year.

The results put added pressure on new Chief Executive Carol Tomé to operate UPS as "better, not bigger" by solving the problem of how to handle the shift to e-commerce, which was accelerated by the pandemic, more profitably.

"Continued compression in domestic margins means that the debate over whether UPS has 'fixed' e-commerce re-

mains open," Bernstein transportation analyst David Vernon said in a research note.

Ms. Tomé, a former Home Depot Inc. finance chief and longtime UPS board member, is focusing on cutting costs and reining in spending while raising shipping rates and getting more business from higher-margin customers like smaller businesses and the health-care industry.

She is trying to do it at a larger scale than the company had done in the past, including speeding up decisions by cutting the number of committees running the business to six from 21.

"In the past, we did it by increments," she said on Wednesday's earnings call. "We're now doing it in a meaningful way."

The decline in U.S. profit was offset by big gains in UPS's other segments. Its international business posted a 12% increase in shipping volume and a 45% jump in profit, as a reduction in passenger flights that normally handle cargo has given shippers fewer options.

The smaller supply chain and freight division posted a 22% profit increase due to strong shipping demand out of Asia.

Both FedEx and UPS have

benefited from the global shipping environment, which has tightened international freight capacity and provided more packages to deliver as more people shop online. The boom in the number of packages has overwhelmed their delivery networks and stretched delivery times, but the demand has given the carriers leeway to impose fees and negotiate higher rates from shippers.

The shipping volume is expected to remain robust during the holiday season. Both FedEx and UPS have warned their largest customers that there is no extra capacity available during the busy shipping period, while other smaller carriers have stopped taking new customers until next year.

Ms. Tomé said that the shipping industry is facing "capacity constraints" for the holiday season and that UPS is working closely with retailers on the timing of their promotions and using tools like more automated capacity, faster shipping times and weekend services to manage through.

"We are projecting a pretty peaky peak," Ms. Tomé said. "While we expect this holiday season to have its challenges, we are ready to deliver a successful peak."

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TECHNOLOGY

WSJ.com/Tech



Game enthusiasts queued up for the pre-order sales of Sony's PlayStation 5 outside a retailer in Hong Kong on Sept. 18.

Sony Raises Outlook for Year; Gaming Blunts Huawei Effect

By Peter Landers

TOKYO—Sony Corp. raised its forecast for its full-year operating profit by nearly \$800 million, capping a strong run of results by Japanese electronics makers benefiting from China's revived economy and pandemic technology trends.

Sony was hit by U.S. sanctions on Huawei Technologies Co. because it supplies camera parts to the Chinese smartphone maker, but overcame the blow to post operating profit of 318 billion yen, equivalent to about \$3 billion, in the July-September quarter. It raised its operating-profit projection for the full fiscal year ending March 2021 to about \$6.7 billion.

Other Japanese suppliers of electronics for smartphones and cars have similarly revised their projections upward in recent days. Except for some Huawei suppliers, business

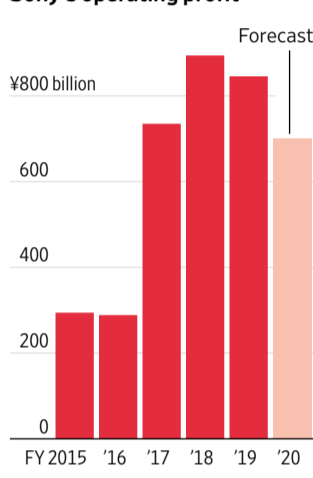
with China is improving.

The Japanese results are another example of the "K-shaped" recovery in which some industries have quickly recovered from coronavirus-related shutdowns while others such as airlines and retailers remain in a deep slump like the bottom arm of the letter K. One of Japan's major airlines, ANA Holdings Inc., said this week that it expected a loss of nearly \$5 billion this fiscal year.

Sony's strong performance was supported again by demand for its videogames as more people shelter at home. The company is introducing its PlayStation 5 in November and said it hopes to exceed the success of the PlayStation 4, which sold 7.6 million units between its introduction in November 2013 and the end of that fiscal year in March 2014.

However, pandemic-related shutdowns in the U.S. are

Sony's operating profit



Note: Fiscal year begins in April.
¥100 billion = \$960 million.
Source: the company

hurting Sony's movie business. It said that it hasn't been able to release most of its completed films in theaters and that production of new movies and television shows is significantly delayed.

U.S.-China tensions remain a risk for Japanese companies that sell parts and materials to China's high-tech industries.

Sony said its unit that makes image-sensing semiconductor devices, a core part for smartphone cameras, lost business with a Chinese customer and wasn't counting on sales from Sept. 15 onward. It expects the unit's revenue in the year to March to fall about 10% compared with the previous year. Profit is also set to fall because of inventory write-downs.

Sony didn't name the customer, but it was a clear reference to Huawei. Sept. 15 is the date from which the U.S. Commerce Department barred companies from selling to Huawei semiconductors made using U.S. technology. Virtually all modern chips are touched in some way by American hardware or software.

Samsung Posts Biggest Profit in Over a Year

By Elizabeth Koh

SEOUL—Samsung Electronics Co., in another sign of technology's strength during the pandemic, reported its largest profit in more than 18 months, fueled by a bounceback in smartphone sales and demand for memory chips.

The South Korean giant, like many other technology companies, has largely sidestepped financial fallout as pandemic-induced shifts to working and studying from home have boosted demand for Samsung's core products.

As the world's largest smartphone and memory-chip

maker, Samsung's results often mirror the broader tides of the industry.

For the quarter ended Sept. 30, Samsung's net profit rose to 9.36 trillion South Korean won, equivalent to \$8.24 billion, a 49% rise from the prior year's 6.29 trillion won. Revenue grew by 8% to 66.96 trillion won from 62 trillion won during the same period a year ago.

Analysts had forecast about 9 trillion won in net profit and 64.8 trillion won in revenue, according to estimates gathered by S&P Global Market Intelligence.

The firm is the latest tech

company to show benefits during the Covid-19 era. This week, Microsoft Corp. said sales rose 12% this quarter on demand for its cloud-computing services, while Sony Corp. raised its full-year operating-profit forecast by nearly \$800 million after posting better-than-expected results for the third quarter.

Samsung faces fresh concerns about its future after the Sunday death of its long-ailing chairman, Lee Kun-hee. His son, Lee Jae-yong, 52 years old, who has led the company by default since his father was incapacitated by a heart attack in 2014, is ex-

pected to retain control, though he remains entangled in two related court cases on charges including bribery and accounting fraud.

Mr. Lee, grandson of Samsung's founder, will need to discover new growth engines for the tech giant. But those existing businesses have been strong of late.

Operating profit for the company's semiconductors business rose to 5.54 trillion won, 81% over last year's 3.05 trillion won third-quarter haul. Its operating profits in its mobile division rose 52% to 4.45 trillion won from 2.92 trillion won a year prior.

AMD and Nvidia Chip Away at Intel's Dominance

By Asa Fitch

A new set of American semiconductor leaders is rising, fueled by pandemic-driven demand for their chips that they are looking to parlay into blockbuster deals to disrupt an industry traditionally dominated by Intel Corp.

The U.S. chip industry has historically been a mix of niche players, midsize companies and Intel. But this year, Advanced Micro Devices Inc., long the underdog in the computer-processor market, and Nvidia Corp., a graphics-processing specialist, are mounting their biggest challenge yet to level the playing field.

AMD said Tuesday it would buy San Jose, Calif.-based chip maker Xilinx Inc. for \$35 billion. AMD, best known for its personal-computer processors, is paying for the acquisition in stock after its shares soared almost 80% this year amid supercharged demand for videogames, PCs and servers that crunch data for companies.

Nvidia, whose shares have more than doubled this year, placed its bet in September by agreeing to buy chip-design specialist Arm Holdings from SoftBank Group Corp. for \$40 billion in cash and stock, in what would be the industry's largest deal to date. The transaction would extend Nvidia's reach into the booming smartphone market where Arm-designed chips dominate.

The AMD and Nvidia transactions—which still need to pass regulatory scrutiny in the U.S. and abroad—would put those companies on a more even footing with Intel, America's chip-making icon. AMD Chief Executive Lisa Su said being bigger is an advantage in a semiconductor landscape where development costs are rising.

America has other big chip competitors, notably Qualcomm Inc. and Texas Instru-

ments Inc., both of which have a market value well above AMD's roughly \$93 billion. But those companies largely compete in different markets: Qualcomm in mobile devices and TI in analog chips that rely on real-world signals.

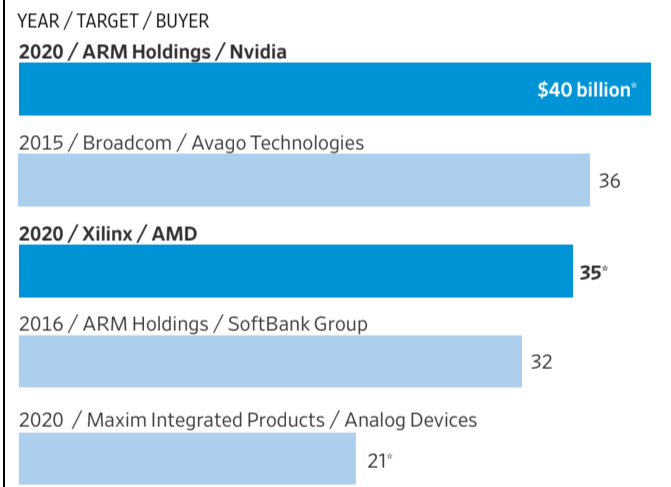
The chip industry has been consolidating for years through a string of mostly smaller deals. Deal activity this year is shaping up to be unprecedented because stock valuations of some acquiring companies have soared, giving them financial leverage, said Stacy Rasgon, an analyst at Bernstein Research. "Valuations are high and interesting rates are low, and if you're going to do it, now is probably the time," Mr. Rasgon said.

Investors have rewarded companies catering to the digital transformation that businesses are undergoing, and that the coronavirus pandemic has accelerated. Nvidia this year surpassed Intel as the most valued U.S. chip maker, with a market capitalization of more than \$330 billion, in part reflecting its edge in chips powering artificial-intelligence processes and a growing data-center business.

Intel has long been the dominant U.S. chip company. A series of manufacturing missteps and more forceful competition could upend that status, according to analysts and industry officials. Intel said this year that development of its next generation of chips had fallen behind. That set it on course to be technologically behind the world's top-tier semiconductor manufacturers.

Rivals are making inroads as the industry moves away from Intel's core strength—powerful processing engines that can do all types of calculations—toward chips made for narrower applications, such as artificial intelligence or telecommunications, said Alan Priestley, an analyst at research firm Gartner.

Top global semiconductor M&A deals on record



*Deal is pending
Sources: Dealogic; the companies

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Ad Firms Fight New Apple Rule

Continued from page B1
ready required by European privacy law.

Apple's new software will require apps to ask users whether they want their behavior to be tracked for the purposes of showing personalized ads. The complaint alleges that Apple's language will repel most users and render the advertising identifier useless for the vast online-ad ecosystem. In a survey by Tap Research Inc., 85% of respondents said if given the choice they would ask apps not to

track them.

The trade associations also asked French authorities for interim measures—similar to an injunction—to block Apple from making its changes while it investigates the larger complaint.

Apple initially planned to introduce the changes in September 2020. Following high-profile criticism from Facebook and others this summer, Apple delayed the change to early next year.

Some publishers have expressed concern that they won't be able to charge as much to show ads to iPhone users who don't agree to tracking. Companies that run ads to encourage users to download an app—a \$57.8 billion global market in 2019, according to digital-ad analytics firm AppsFlyer—rely on Apple's identifier to track how effective

their campaigns were.

DMG Media, operator of the Daily Mail and MailOnline, raised concerns with the Justice Department in August that the ad-tracking prompt would be anticompetitive, said a person familiar with the matter.

Apple said its own data collection doesn't count as tracking.

The prompts asking for users' permission won't apply to Apple's own digital-ad business, which Arete Research estimated will generate between \$3 billion and \$4 billion in 2020 revenue. Apple personalizes ads shown in the App Store and on Apple News based on where users go and what users do in Apple's apps. To opt out of that tracking, users must find an option in the iPhone's settings.

Apple said its own data collection doesn't count as tracking because it doesn't share the data with other companies. "These rules apply equally to all developers—including Apple," Apple said.

Nicolas Rieul, the chairman of IAB France, said Apple's proposed changes would hurt the industry in France. "Particularly at the moment of a global pandemic crisis, it's not a good time to have another hit," he said.



Apple's Fifth Avenue store in New York City earlier this month.

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THE WALL STREET JOURNAL.

BUSINESS & FINANCE

Consumers Spend More, Borrow Less

Credit-card firms say loan balances remain below amounts from a year earlier

By Peter Rudegeair

Consumers are spending money as if the coronavirus recession is over. But they are also paying down old debts and avoiding new ones in case the pandemic lasts a while.

That is the discordant picture of the U.S. economy that emerged from third-quarter earnings reports from some of the country's largest credit-card issuers.

Capital One Financial Corp., Discover Financial Services and Synchrony Financial reported last week that, starting in September, the volume of purchases made by their customers increased from the relevant period a year earlier, a first since the coronavirus forced swaths of businesses to close their doors in March and a severe recession took hold. The buying continued well after laid-off workers stopped receiving \$600 a week in extra unemployment benefits at the end of July.

Although retail spending accelerated at the end of the third quarter, consumers still shied away from borrowing to finance everyday expenses and shopping binges. End-of-September credit-card balances at Capital One, Discover, Synchrony and American Express Co. were below their 2019 lev-

els. Late-payment and default rates also decreased at those banks from prior quarters, even after programs that gave borrowers a reprieve on repayments ended, suggesting that consumers are willing and able to get out from under existing debt.

The dissonant behavior on display in those banks' earnings adds to a set of mixed signals that consumers and businesses are sending about the state of the economy, making its underlying strength or weakness hard to discern. Millions of Americans lost jobs in the past seven months, yet average credit scores are at an all-time high. Stock markets

32%

Increase in online retail spending at American Express

remain buoyant even as a number of industries, from air travel to live entertainment, have watched revenue plummet.

"This is the biggest disconnect that I certainly have experienced in my three decades of building Capital One between what we see in the economy itself and the actual performance of the consumer," said Richard Fairbank, Capital One's chief executive, in a conference call with stock analysts last week.



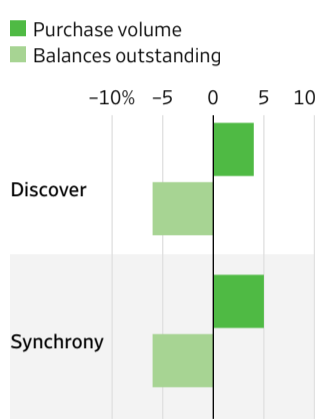
Millions of Americans have lost jobs, but average credit scores are at record highs.

Even though purchase volumes are rising, what consumers are spending their money on is still shaped by pandemic realities. Among customers of Discover, purchases at grocery stores and retailers in the first half of October increased 16% and 26%, respectively, while spending on gasoline and travel decreased 19% and 49%, respectively. At American Express, online retail spending rose 32%, while offline retail spending fell 10%.

Additional borrowing hasn't followed the additional spending. Outstanding U.S. credit-card balances fell 6% at Discover and Synchrony, 9% at Capital One and 28% at American Express. The decline at Discover was due to "a higher payment rate as customers continue to be mindful of their debt obligations," along with a decline in promotional offers, finance chief John Greene told analysts last week.

Higher payment rates also mean that the banks are losing less money to defaults. Net charge-off rates on Capital

Key credit-card company metrics, September, change from a year ago



Source: the companies

One's U.S. credit-card balances fell to 3.64% at the end of the third quarter, down from a year ago when the economy was still growing. That improvement occurred even as the number of Capital One customers enrolled in forbearance programs declined.

Loan performance was better than many had been ex-

pecting. Analysts at Janney Montgomery Scott said in a report on Monday that the amount that the typical bank set aside in the third quarter to cover potential defaults in the future was about half as much as Wall Street had estimated.

"The credit cycle is not over, but actual losses are better than anticipated which should reduce investors' fears," wrote Christopher Marinac, a director of research at Janney Montgomery Scott.

Executives cautioned payment trends could change in the autumn and winter as cities and states deal with the economic impact of rising numbers of coronavirus cases. Job losses that were temporary could become permanent, and the absence of more relief money from the federal government could worsen the economic outlook.

"I think it's just a matter of time before this thing could reverse itself in a significant way," Capital One's Mr. Fairbank said.

Mastercard And Visa Report Declines

By Allison Prang

Credit-card companies Mastercard Inc. and Visa Inc. reported double-digit percentage declines in revenue Wednesday, as the pandemic continued to weigh on results.

Mastercard's revenue fell 14% from a year earlier to \$3.84 billion, hurt by a dive in cross-border volume, meaning payments cardholders make outside of the country where the card was issued. Cross-border volume on a local-currency basis tumbled 36%.

Mastercard Chief Financial Officer Sachin Mehra said the drop in those volumes was "due to the effects of border restrictions and social distancing measures."

Mastercard's revenue missed the estimate of \$3.95 billion from analysts polled by FactSet.

Mastercard logged \$1.51 billion in profit and said earnings were \$1.51 a share. That compares with net income of \$2.11 billion, or \$2.07 a share, a year earlier. Adjusted earnings were \$1.60 a share. According to FactSet, analysts were expecting \$1.65 a share.

Visa's revenue tumbled 17% to \$5.1 billion but was still above the analyst consensus from FactSet of \$5 billion. Cross-border volume fell 29% on a constant-dollar basis.

Visa said earnings were \$2.14 billion, down 29% from a year earlier.

Earnings were 97 cents a share and adjusted earnings were \$1.12 a share. According to FactSet, analysts were expecting adjusted earnings of \$1.09 a share.

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The Sale will take place on **December 9, 2020 at 10:00 a.m. Eastern Prevailing Time** in compliance with New York Uniform Commercial Code Section 9-610. In recognition of the COVID-19 pandemic and related limitations on public assemblies, the Sale will be conducted virtually via online video conference. The URL address and password will be provided to all registered participants. The Collateral will be sold as a single unit and is offered AS IS, WHERE IS, WITH ALL FAULTS. Secured Party makes no guarantee, representation or warranty, express or implied, as to any matter pertaining to the Collateral, and the sale of the Collateral will be made without recourse to, and without representation or warranty by, Secured Party. The Collateral includes unregistered securities under the Securities Act of 1933, as amended (the "Securities Act"), and Secured Party reserves the right to restrict participation in the Sale to prospective bidders that represent that the Collateral will not be sold, assigned, pledged, disposed of, hypothecated or otherwise transferred without the prior registration in accordance with the Securities Act and the securities laws of all other applicable jurisdictions, unless an exemption from such registration is available.

PLEASE TAKE NOTICE that there are specific requirements for any potential bidder in connection with obtaining information, bidding on the Collateral and purchasing the Collateral (collectively, the "Requirements"), including without limitation: (1) complying with the requirements applicable to the sale of the Collateral set forth in the Mezzanine Loan and the Mortgage Loan documents including, but not limited to, the terms of the "Datacenter" is available at www.gsaportfolioexecutors.com which will include certain relevant information that Secured Party possesses concerning the HPI/GSA Borrowers, the Mezzanine Loan, the Mortgage Loan, the Mortgage Borrowers and the Properties (collectively, the "Disclosed Materials") as well as the Terms of Sale. Access to such information will be conditioned upon execution of a confidentiality agreement which can be found on the Datacenter. To participate in the auction, prospective bidders must confirm their ability to satisfy the requirements in the manner described in the Terms of Sale, and following such confirmation, such qualified participants will be provided a URL and password enabling access to the video conference for the Sale. No information provided, whether in the Datacenter or otherwise, shall constitute a representation or warranty of any kind with respect to such information, or the Collateral or the Properties, and the bidder is encouraged to review all Disclosed Materials and perform such due diligence as they deem necessary in advance of the Sale.

Secured Party reserves the right to credit bid, set a minimum reserve price, reject all bids and terminate or adjourn the sale to another time, without further notice other than notice posted in the Datacenter. All bids (other than credit bids) of the Secured Party are subject to the requirements of the successful bidder must deliver immediately available good funds (1) for the Required Deposit (as defined in the Terms of Sale) at least two (2) New York business days prior to the date of the Sale, and (2) for the balance of the purchase price for the Collateral on the closing date prescribed by the Terms of Sale. The winning bidder must pay all transfer taxes, stamp duties and similar taxes incurred in connection with the purchase of the Collateral.

Questions may be directed to Brett Rosenberg at +1 212-812-5926 or brett.rosenberg@am.llj.com.

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Bid Deadline: November 5th, 2020 at 9:30 AM (Eastern Time)

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3	32599AAB3	FIRST NATL GP 10.18 080631 REST DFLT	\$10,000,000	6/8/2031	Default
4	52199AAA7	LIBERTY FINL GROUP CA 10.18 08JUN31	\$5,000,000	11/7/2032	Default
5	5708109A5	MATRIX BANCORP CAP TR 10.18 08JUN31	\$12,000,000	6/8/2031	Default
6	7408989A4	PRESIDENTIAL CAPITAL TRUST RESTR	\$7,500,000	6/8/2031	No Default

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(the "Company")

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Dated: October 29, 2020 at Hamilton, Bermuda.

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Complexity Pays Off For Dodgers

Continued from page B1
heim executives spotted what they considered bargains in the postcrisis world.

Security Benefit and three others—Delaware Life, EquiTrust and Guggenheim Life—largely specialize in fixed annuities, an interest-paying product for conservative savers. A fifth, Heritage Life, was launched by Mr. Patton in 2012 as a reinsurer, taking on risk of certain annuity portfolios of EquiTrust and Security Benefit.

Insurers typically invest customers' premiums in high-quality bonds until the money is needed to pay claims.

These companies did something more complex. They sought to improve their returns by helping to finance the Dodgers, and by investing in other deals and assets that went through holding companies and investment entities established by Mr. Walter and some of his associates.

In the Dodgers deal, the insurers provided \$100 million in equity and hundreds of millions of dollars in loans.

All told, the five insurers provided more than \$10 billion in such funding, according to an analysis by The Wall Street Journal. The five insurers had about \$85 billion in invested assets as of June 30, according to figures compiled by A.M. Best Co. A person familiar with the matter said the assets rose to \$100 billion as of Sept. 30.

Mr. Walter and a lawyer for Guggenheim, Dan K. Webb, said the investments have made the insurers stronger, thanks to an unusual capital pledge by the principal investors. This pledge, called Safe Harbor, gives four of the insurers a legal claim on more than \$40 billion in assets if things go wrong, in effect



Team co-owner Mark Walter also leads Guggenheim Partners, which bought insurance companies that helped finance the Dodgers.

making the investors personally responsible for the well-being of the insurers, Mr. Webb said.

"Ten billion dollars is an inflated estimate of the aggregate amount of conflicted loans made in total by the five insurers referred to by the reporters," Mr. Webb said. "Conflicted loans are legal and proper when they are properly disclosed and within regulatory parameters."

"Every conflicted loan, whenever made, by any of the five insurers referred to by the reporters was legal, properly disclosed and within regulatory parameters."

Assets pledged back to the insurers through Safe Harbor include those that have received financing from the insurance companies, Guggenheim executives said. They said Safe Harbor aligns the interests of the insurers and policyholders.

Guggenheim executives and Mr. Webb said all of the transactions are significantly over-collateralized and safe. The insurers are in good standing with state insurance departments, they said. A group of state regulators hired an outside law firm in 2014 to scrutinize the Dodgers transactions and concluded nothing was amiss.

Mr. Walter has said the in-

vesting strategy sprang from concern that the insurers wouldn't build up enough capital to withstand future market shocks if they relied too heavily on corporate bonds alone.

He wanted to plug the insurers into the pipeline of deals that are regularly presented to him and his associates, he has said, with potentially much higher returns. Investments have included fast-food restaurants and commercial real estate.

The insurers' officers approve, structure and, in many cases, choose the underlying investments, Guggenheim executives said.

The insurance companies have different ownership arrangements that have changed over time. For instance, Mr. Johnson took control of EquiTrust from Guggenheim in 2015. Guggenheim Life is owned by Guggenheim itself.

Eric Holoman, chief executive of EquiTrust, has told the Journal the insurer's board and investment committee act in EquiTrust's best interests.

Safe Harbor didn't need to be triggered during this year's market turmoil, Mr. Webb said. Guggenheim executives have estimated the Dodgers, a key part of Safe Harbor, to be worth more than \$7 billion, far exceeding the purchase price.

Marvell Nears Deal For Inphi

Continued from page B1
back of that demand have given chip companies a tool to make splashy acquisitions.

Advanced Micro Devices Inc. agreed Tuesday to buy chip maker Xilinx Inc. for \$35 billion, in the biggest U.S. acquisition of 2020. That followed closely Nvidia Corp.'s agreement to pay \$40 billion for Arm Holdings, the British mobile-chip-design giant. Just last week, Intel Corp. agreed to sell its flash-memory manufacturing business to South Korea's SK Hynix Inc. for around \$9 billion, in a move

that will reorient the struggling industry giant away from an area of historical importance.

In July, Analog Devices Inc. agreed to pay more than \$20 billion for Maxim Integrated Products Inc.

Marvell's last major deal was in 2018, when it bought Cavium Inc. in a roughly \$6.4 billion deal. Marvell is based in Bermuda but run from Santa Clara, Calif., where Inphi has headquarters.

MARKETS DIGEST

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26519.95 ▼943.24, or 3.43%
Trailing P/E ratio 25.10 19.99
P/E estimate * 24.01 17.99
High, low, open and close for each trading day of the past three months.



Current divisor 0.15198707565833
Bars measure the point change from session's open
Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. *Based on Nasdaq-100 Index

S&P 500 Index

3271.03 ▼119.65, or 3.53%
Trailing P/E ratio * 38.25 23.68
P/E estimate * 25.55 18.25
High, low, open and close for each trading day of the past three months.



Current divisor 0.15198707565833
Bars measure the point change from session's open
Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. *Based on Nasdaq-100 Index

Nasdaq Composite Index

11004.87 ▼426.48, or 3.73%
Trailing P/E ratio ** 37.62 24.75
P/E estimate ** 31.31 21.87
High, low, open and close for each trading day of the past three months.



Current divisor 0.15198707565833
Bars measure the point change from session's open
Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. *Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

Table with columns: Index Name, High, Low, Latest Close, Net chg, % chg, 52-Week High, 52-Week Low, % chg, YTD % chg, 3-yr. ann. % chg. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

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, securities dealers and regional exchanges.

Most-active issues in late trading

Table of most-active issues in late trading with columns: Company, Symbol, Volume (000), Last, Net chg, After Hours % chg, High, Low.

Percentage gainers...

Table of percentage gainers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Trading Diary

Volume, Advancers, Decliners

Table of trading diary statistics including Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, Unchanged, New highs, New lows, Closing Arms, and Block trades.

International Stock Indexes

Table of international stock indexes with columns: Region/Country, Index, Close, Net chg, Latest % chg, YTD % chg.

Percentage Gainers...

Table of percentage gainers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Percentage Losers

Table of percentage losers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Most Active Stocks

Table of most active stocks with columns: Company, Symbol, Volume (000), % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

Volume Movers

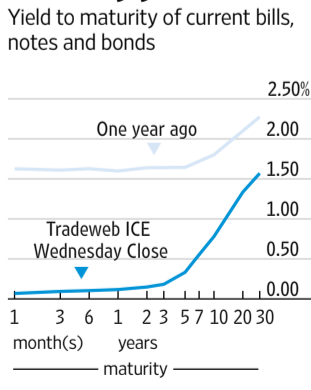
Table of volume movers with columns: Company, Symbol, Volume (000), % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Table of consumer rates and returns to investor including U.S. consumer rates, Selected rates, and Interest rate trends.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields with columns: Bond total return index, U.S. Treasury, U.S. Treasury Long, Aggregate, Fixed-Rate MBS, High Yield 100, Muni Master, EMBI Global.

CURRENCIES & COMMODITIES

Currencies

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

Commodities

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

COMMODITIES

Futures Contracts

Metal & Petroleum Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Copper-High, Gold, Palladium, Crude Oil, and Natural Gas.

Agriculture Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Corn, Soybeans, Soybean Meal, Soybean Oil, and Wheat.

Energy Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Hogs-Lean, Lumber, and various oil products.

Interest Rate Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Ultra Treasury Bonds, Treasury Bonds, and Treasury Notes.

Currency Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Japanese Yen, Canadian Dollar, British Pound, and Mexican Peso.

Index Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Mini DJ Industrial Average, S&P 500 Index, and Mini S&P Midcap 400.

Cash Prices | wsj.com/market-data/commodities

Wednesday, October 28, 2020

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.

Cash Prices table with columns for Wednesday and various commodity prices including Energy, Metals, Fibers and Textiles, Grains and Feeds, and Fats and Oils.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra, Tordella & Brooks; H=American Commodities Brokerage Co; M=monthly; N=nominal; n.a.=not quoted or not available; R=SMI, Energy; S=Platts-TSI; T=Cutlook Limited; U=USDA; W=weekly; Z=not quoted. *Data as of 10/27 Source: Dow Jones Market Data

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

Money Rates

October 28, 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.

Money Rates table with sections for Inflation, U.S. consumer price index, International rates, Policy Rates, Overnight repurchase, U.S. government rates, and Discount.

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended October 23. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import Natural-gas import and demand data are available monthly only.

Watching the Gauges table with sections for Inventories, Imports, Natural gas, Weekly Demand, and Natural gas supply and demand charts.

Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions. Sources: FactSet, Dow Jones Market Data; U.S. Energy Information Administration; Dow Jones Newswires

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Bond Tracking table with columns for Total return, YTD total return, Index, Yield, and various bond benchmarks like Broad Market, U.S. Corporate, and Mortgage-Backed.

Global Government Bonds: Mapping Yields table with columns for Country, Maturity, Yield, and various international government bonds.

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. †In local currency. ‡Euro-zone bonds. **EMBI Global Index. Sources: ICE Data Services; Bloomberg Barclays; J.P. Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Global Government Bonds table with columns for Country, Maturity, Yield, and various international government bonds.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Investment-grade spreads table with columns for Issuer, Symbol, Coupon, Yield, Maturity, and spread changes.

...And spreads that widened the most

Widened spreads table with columns for Issuer, Symbol, Coupon, Yield, Maturity, and spread changes.

High-yield issues with the biggest price increases...

High-yield issues table with columns for Issuer, Symbol, Coupon, Yield, Maturity, and price changes.

...And with the biggest price decreases

Price decreases table with columns for Issuer, Symbol, Coupon, Yield, Maturity, and price changes.

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread. †Note: Data are for the most active issue of bonds with maturities of two years or more. Source: MarketAxess

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq IEX.

Footnotes:
* New 52-week high.
* New 52-week low.
♦ Indicates loss in the most recent four quarters.
FD First-day of trading.
H Does not meet continued listing standards.
IF Late after trading.
Q Temporary exemption from Nasdaq requirements.
T NYSE bankruptcy.
V Trading halts on primary market.
W In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$5 or higher.

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

Table with columns: Stock, Sym, Close, Chg, Net. Lists various stocks like ABB, AECOM, AED, AEF, AFI, etc.

Table with columns: Stock, Sym, Close, Chg, Net. Lists various stocks like Ceridian, Charter, CharterCom, CheckPoint, etc.

Table with columns: Stock, Sym, Close, Chg, Net. Lists various stocks like GFL, GSX, GSK, GAT, Gallagher, etc.

Table with columns: Stock, Sym, Close, Chg, Net. Lists various stocks like Kellogg, Kaup, KPR, KeyBank, etc.

Table with columns: Stock, Sym, Close, Chg, Net. Lists various stocks like Renaissance, Regeneron, ResMed, etc.

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Largest 100 exchange-traded funds, latest session

Wednesday, October 28, 2020

Table with columns: Symbol, Price, Chg, YTD. Lists various ETFs like iShares, Fidelity, etc.

ETF

Table with columns: Symbol, Price, Chg, YTD. Lists various ETFs like iShares, Fidelity, etc.

J K L

Table with columns: Symbol, Price, Chg, YTD. Lists various ETFs like JPMorgan, etc.

M N O

Table with columns: Symbol, Price, Chg, YTD. Lists various ETFs like M&B, etc.

P Q R

Table with columns: Symbol, Price, Chg, YTD. Lists various ETFs like Pacer, etc.

IPO Scorecard

Performance of IPOs, most-recent listed first

Table with columns: Company, Symbol, Offer Price, Offer Size, etc.

Dividend Changes

Dividend announcements for October 28.

Table with columns: Company, Symbol, Yld, Amount, Payable/Record.

Increased

Table with columns: Company, Symbol, Yld, Amount, Payable/Record.

Reduced

Table with columns: Company, Symbol, Yld, Amount, Payable/Record.

STOCK SPLIT AND RATIO

Table with columns: Company, Symbol, Yld, Amount, Payable/Record.

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.

Table with columns: Stock, Sym, Hi/Low, Chg. Lists various stocks like AHS, AIC, etc.

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Table with columns: Stock, Sym, Hi/Low, Chg. Lists various stocks like AHS, AIC, etc.

Table with columns: Stock, Sym, Hi/Low, Chg. Lists various stocks like AHS, AIC, etc.

Mutual Funds

Data provided by LIPPER

Top 250 mutual funds listings for Nasdaq-published share classes by net assets.

e-E-X-Recalculated by Lipper, using updated data. p-Distribution costs e and s apply. f-Footnotes e and s apply. f-Footnotes e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper, data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Table with columns: Fund, NAV, Chg, YTD. Lists various mutual funds like iShares, Fidelity, etc.

Table with columns: Fund, NAV, Chg, YTD. Lists various mutual funds like iShares, Fidelity, etc.

Table with columns: Fund, NAV, Chg, YTD. Lists various mutual funds like iShares, Fidelity, etc.

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Table with columns: Fund, NAV, Chg, YTD. Lists various mutual funds like iShares, Fidelity, etc.

BANKING & FINANCE

Deutsche Bank Reports Strong Quarter

Lender swings to a profit, beating expectations, despite economic turmoil

By PATRICIA KOWSMANN

Deutsche Bank AG said it returned to a third-quarter profit, beating expectations, as it benefited from a strong performance in investment banking and a faster-than-anticipated recovery in its home market.

The bank, long one of the most troubled global lenders with problems ranging from money-laundering scandals to an inability to make money and control costs, is the latest to report strong results de-

spite deep economic turmoil. Since last year, the German lender has been overhauling its business, including making sharp cost cuts.

Deutsche Bank stock fell nearly 2% Wednesday.

While the pandemic has hit economies severely, Deutsche Bank, like its European peers, reported lower bad-debt charges in the quarter as borrowers were supported by emergency measures such as state-guaranteed loans and loan-repayment holidays.

Deutsche Bank has also made money from helping companies issue debt and assisting investors in resetting their portfolios amid volatile markets. Revenue at its investment-banking unit rose 43% in the three months

ended Sept. 30. At its fixed-income trading business, revenue rose 47%.

"We are seeing underlying market share gain" in investment banking and "we do see a real improvement in the franchise," said James von Moltke, the bank's financial chief.

The German lender posted a net profit of €309 million, equivalent to \$365 million, in the quarter, compared with a €832 million loss a year earlier, when it took a big restructuring charge. Revenue for the quarter rose 13% to €5.94 billion. Expenses fell 10%.

Analysts had expected a €12 million profit and €5.62 billion in revenue.

The bank said it set aside €273 million to cover for loans

turning sour—the lowest quarterly charge since the pandemic began earlier this year—signaling that overall borrowers are continuing to repay credit. That trend is shared among other European peers that have reported third-quarter earnings so far, including Banco Santander SA, which has operations in Europe and the Americas, and London-based but Asia-focused HSBC Holdings PLC.

Deutsche Bank has the added comfort of being based in Germany, where the economy is performing better than many peers in part because of heavy government spending that kept workers employed and companies functioning. Some 50% of the bank's loan portfolio is in Germany.

"Our more focused business model is paying off and we see a substantial part of our revenue growth as sustainable," Chief Executive Christian Sewing said in a statement.

But Deutsche Bank's outlook remains challenging. Investment-banking activity is expected to normalize. Earlier this month, Moody's warned despite Germany's strengths, slower growth and rising unemployment will dent consumer and business confidence, hurting investments and demand for loans. As a result, profits for German banks will be even more vulnerable to low interest rates, which are expected to stay around for longer.

While Deutsche Bank's investment-banking results were

solid, revenue from its corporate and private banking businesses were down and flat, respectively.

Banks also aren't taking into account the economic effects of further lockdowns. Amid the gloomy outlook, European banking officials have become increasingly vocal about the need for sector consolidation.

In a recent virtual conference, Mr. Sewing reaffirmed his belief that banks will have to merge, but said he is focused on finishing Deutsche Bank's overhaul first.

"If we do this right, we are in a far better position to then participate, in whatever way, in consolidation which personally I think must happen in Europe," he said.



The company is reviewing its history insuring slave ships, in part to see if it is on the hook for reparations. A protest outside its London offices.

Tech Holdings Bolster Blackstone's Earnings

By MIRIAM GOTTFRIED

Blackstone Group Inc. posted slightly higher net earnings for the third quarter as its focus on technology-related investments helped its private-equity portfolio rise above already buoyant broader markets.

Blackstone posted net income of \$794.7 million, or \$1.13 a share, for the third quarter. That compares with a profit of \$779.4 million, or \$1.15 a share, a year earlier.

The value of the New York firm's private-equity portfolio climbed by 12.2%, compared with an 8.5% rise in the S&P 500 during the period. That marked Blackstone's second straight quarter of greater-than-12% appreciation for the portfolio, a reversal from the first quarter, when coronavirus-related market turmoil pushed valuations down by 21.6%.

Blackstone's recent emphasis on putting money to work in fast-growing companies—a key aspect of President Jonathan Gray's strategy for navigating expensive markets—has fueled the gain.

"The big drivers for us were the technology-oriented investments that we own," including dating app Bumble, data provider Refinitiv and warehouses used for e-commerce, Mr. Gray said in an interview. "It's these on-theme investments that drove the performance in the quarter."

Blackstone's distributable earnings, or the amount of cash that could be returned to shareholders, came in at \$772.1 million, or 63 cents a share, in the third quarter. That compares with \$709.9 million, or 58 cents per share, a year earlier.

The firm's fee-related earnings climbed 39% year-over-year to \$610.9 million as the real-estate and private-equity funds it finished raising last year began to generate fees. So-called perpetual capital, which generates a steady stream of

locked-in fees because it doesn't need to be immediately returned to investors, reached \$115.2 billion, up 19% over the third quarter of 2019.

Shares of Blackstone fell 2.9% in afternoon trading as a rise in coronavirus cases caused the broader market to sell off. Also weighing on the shares of private-equity firms has been a concern that a Democratic sweep of the election will lead to higher corporate tax rates and harmful regulations.

On a call with analysts to discuss Blackstone's results, Mr. Gray acknowledged such possible headwinds, but said a "blue wave" also could have some benefits for the firm's infrastructure and renewables businesses. More federal funding for fiscally challenged urban centers such as New York and San Francisco also could benefit Blackstone's portfolio, he said.

"This firm has been around for 35 years. We've been in environments that have been all red, all blue and mixed," Mr. Gray said. "We've been in an environment of rising taxes and regulatory focus and declining taxes and regulatory focus. And the thing that's been consistent is we've delivered great results for our clients and the firm's grown."

Blackstone, along with a number of peers last year, opted to abandon its partnership structure and become a corporation. That became a realistic option after the tax law passed in late 2017 lowered the highest corporate rate to 21% from 35%.

A theoretical 25%-to-28% future corporate tax rate would result in additional average earnings dilution in the low single digits for the firm over the next several years, and modestly higher beyond that, Chief Financial Officer Michael Chae said on Wednesday.

Assets under management were roughly \$584 billion, up from about \$564 billion at the end of the second quarter and \$554 billion a year earlier.

Lloyd's Probes Its Role in Slavery

By SIMON CLARK

Lloyd's of London has launched an internal investigation into its role in the trans-Atlantic slave trade in part to determine whether it is on the hook to pay reparations.

The 332-year-old insurance market is responding to pressure from Black employees and racial-equality campaigners to open up about the slave trade in the 18th and 19th centuries. Lloyd's Chairman Bruce Carnegie-Brown said he is talking to academic and cultural institutions that can help to investigate its archive.

"We insured cargo vessels and slaves that were the cargoes of those vessels going across the Atlantic to the Caribbean and the East Coast of the United States," Mr. Carnegie-Brown said. "It's almost certain that we have a very high share of whatever insurance was bought. We don't know today how much insurance was bought."

Amid a global reckoning on

race sparked by the May killing of George Floyd by a police officer in Minneapolis, pressure increased on Lloyd's and other British companies to acknowledge their historic links to slavery and face the possibility of reparations.

Mr. Carnegie-Brown said Lloyd's risk of reparations was unclear because the company is comparable to a stock market "that just convenes the buying and selling of insurance by other entities." In the days of slavery, Lloyd's didn't underwrite insurance or have a central fund like today, he said. Lloyd's was unsuccessfully sued by descendants of slaves in the U.S. more than a decade ago.

Describing reparations as a "loaded word," Mr. Carnegie-Brown said there would be "legal issues to probe to try to get a better understanding about whether any kind of concept of Lloyd's existed in a way that would command some kind of challenge around reparations."

Mr. Carnegie-Brown said he was hesitant to get involved in

conversations about reparations without being better educated on the legal parameters.

"Dialogue with mutual respect and understanding is what we ask," Hilary Beckles, the chairman of a reparations commission representing Jamaica, Barbados and other Caribbean nations, said. "We need closure and to move on. We can



Chairman Bruce Carnegie-Brown is seeking outside help to go over company archives.

put this terrible history behind us and get on with our business and our lives with the context of justice."

JPMorgan Chase & Co. this month committed \$30 billion—mainly in the form of new lending—to improve racial equality in the U.S. Lloyd's has pledged £1 million, equivalent to \$1.3

million, to charities that assist Black people. Mr. Carnegie-Brown said the sum "almost certainly" wasn't enough but was a start.

"We certainly don't have \$30 billion so it's never going to get to that number," he said.

Lloyd's depicts events from its history on the walls of its London office. It doesn't mention slavery. "We tell the stories we are proud of and I think we are learning that we ought to tell the stories we are not so proud of as well," Mr. Carnegie-Brown said.

Some employees have been pushing the company to be more open about its past.

"There have been Black people working in the market who have said 'Well, where's mention of Lloyd's role in the slave trade there?'" Mr. Carnegie-Brown said, adding those issues had been accentuated and accelerated after Mr. Floyd died.

The Lloyd's chairman said he wants to digitize the insurance market's archive to make it more accessible.

Fund Managers Place More Bets Tied to Retailers Surviving

By JOE WALLACE
AND JULIE STEINBERG

Pain at the shopping mall is throwing up a moneymaking opportunity for fund managers. For the bet to pay off, retailers on the edge of going bust must actually survive.

The bet rests on a form of protection known as a vendor put option that thrives in times of economic stress. Such deals, which often involve big players like JPMorgan Chase & Co., are on the rise. They can be lucrative for fund managers, who get paid to act as a backstop in case a supplier's customers go bankrupt.

Interest in vendor puts has bloomed recently. In good times, trade-credit insurance, which protects against defaults, is available. But insurers during the pandemic slashed coverage and companies including Neiman Marcus Group Inc. and J.Crew Group Inc. tipped into bankruptcy.

The puts work like this: A supplier grows concerned its client might not stump up for goods and services after it buys them. To protect its accounts receivable, the supplier enters into a contract of up to a year with an investor, which collects a fee upfront and agrees to purchase the receivables claims if the company collapses.

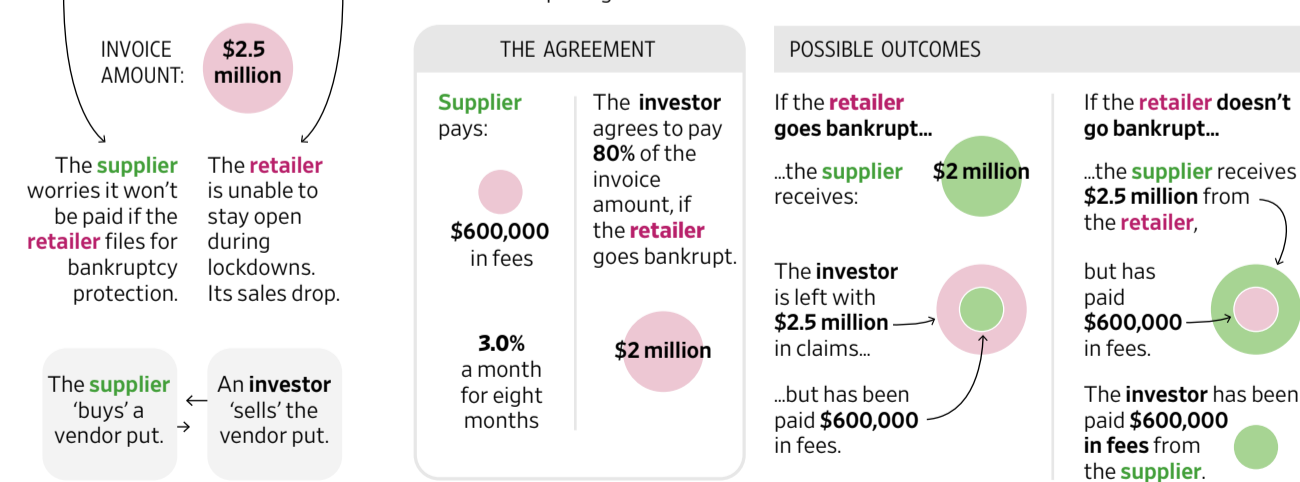
Since May, suppliers have

Why a supplier might buy a 'vendor put' and how one might work

Economic stress has driven some retailers to seek bankruptcy protection. Some of their suppliers are looking to make sure they get paid for their goods, even if the cash isn't from the retailer. Some buy vendor puts.

A supplier sells some jeans to a retailer.

The vendor put is tied to a 'credit event,' such as a bankruptcy, within a set time period. In this example: eight months.



entered into put options on companies including J.C. Penney Co., Macy's Inc. and Bed Bath & Beyond Inc., according to Cherokee Acquisition, which runs an online platform for the instruments. Transportation and technology companies are also popular, industry participants say.

JPMorgan often sits in the middle, striking vendor-put deals with suppliers before passing its position onto investors. The bank says requests for prices on vendor puts are up

between 30% and 50% over the past year.

Credit Suisse Group AG and Goldman Sachs Group Inc. have been involved in the vendor put market in the past, but currently JPMorgan is the only big bank with a significant presence, according to people familiar with the business.

For funds, puts can be more lucrative than credit-default swaps, another protective financial instrument. Many investors look for annualized returns of 15-18%, according to a

person familiar with the trades.

On Oct. 21, it cost vendors \$10,000 a month to protect a notional \$1 million in receivables with a Macy's put on Cherokee's exchange. If the contract lasted a year, the equivalent credit-default swap would cost just under two-thirds as much. The flip side to this premium: Puts are hard to trade and can be costly to manage if there is a bankruptcy, said Cherokee director Bradley Max.

Distressed-investment firm Avenue Capital Group notched

a profitable trade in 2018 and early 2019 when Tesla Inc.'s bonds were under pressure. Avenue sold puts to a company supplying body panels to the electric-vehicle maker, a person familiar with the matter said. Avenue co-founder Marc Lasry lauded the trade at the time, saying there was no reason to fear for Tesla's prospects.

Puts are generally much more expensive than credit insurance, but they can't be canceled for the duration of the contract, said Shereen Furio, principal at

insurance brokerage Furio Agency. She says requests are up 50% since before the crisis.

The wager typically pays off because most companies covered by the deals don't collapse. Losses are steep when puts are triggered, so many investors hedge by buying credit-default swaps, said Thomas Janover, a lawyer at Kramer Levin Naftalis & Frankel LLP, who drafts up put agreements.

Vendor puts were created in the 1990s and dwell in a niche corner of the credit market. Popular through the 2008-09 financial crisis, they wane during periods of economic growth when suppliers are confident their customers will pay. The deals are private, but participants estimate that puts protect receivables tied to payments for hundreds of millions of dollars.

René Canezin, managing partner of Evolution Credit Partners, which is backed by Harvard University's endowment, said selling puts is attractive because the firm gets to contribute to the real economy, as the supplier is "worried about his business profile; he needs to ship next month."

Mr. Canezin said the size of returns is linked to puts' bespoke nature, requiring time spent on research and customer service.

—Pat Minczeski
contributed to this article.

MARKETS

New Coronavirus Concerns Drive Selloff in Materials

By AMRITH RAMKUMAR

The threat of new coronavirus lockdown measures around the world dragged down raw-materials prices Wednesday, heightening concerns among traders that investments tied to the global economy are set for another painful selloff.

Commodities including oil and silver plummeted early in the year as lockdowns spread from China to Europe and the U.S., then staged a monthslong rebound this summer with the world economy reopening for business. That rally is starting to show cracks, though, with commodities among the market's worst performers during this week's bout of selling.

U.S. crude-oil futures tumbled 5.5% to \$37.39 a barrel on Wednesday, falling back toward the low end of their recent trading range and closing at their lowest level since Oct. 2. Prices started the year above \$60, then briefly fell below \$0 in April for the first time ever due to a glut. Brent crude, the global gauge of oil prices, slid 5% to \$39.12 a barrel Wednesday.

Other commodities also fell, pushing most actively traded silver futures down 4.9%, gold down 1.7% and copper down 1%. Gold and silver are often perceived to be haven metals that hold their value during times of market turmoil, but a rising dollar was hurting them and other commodities by making them more expensive for overseas buyers.

Other metals such as palladium also dropped. Some pre-

cious metals have industrial uses, making them at times sensitive to shifts in the outlook for industrial-metals demand.

The dollar's rally and commodity selloff came as investors grappled with rising coronavirus cases across Europe and the prospect of new lockdown measures in the region. Many expect fresh restrictions in France and Germany, two of Europe's largest economies and key parts of the global manufacturing industry that drives demand for commodities.

Rising cases in the U.S. are amplifying those worries, triggering anxiety that the coronavirus surges in France and Germany suggest the start of a global trend.

"That has an exclamation point because they're the two most developed economies in Europe," said Robert Yawger, director of the futures division at Mizuho Securities USA. "It's just one negative element after another."

Government data released Wednesday showed that U.S. crude-oil inventories rose much more than expected last week and signaled that gasoline demand remained tepid and well below a recent peak hit in August. That is a concern for analysts who fear that travel activity will slow during the colder months, particularly if coronavirus cases keep rising.

Global consumers tend to spend more money and engage with businesses more when they are moving around.

—Orla McCaffrey contributed to this article.



The U.S. cotton harvest is expected to be near 17 million bales, down from a 20 million bale forecast in the spring.

Poor Weather Lifts Cotton

By ORLA McCAFFREY

Cotton prices have reached their highest levels since before the pandemic started, lifted by poor weather in the U.S. and steady demand from heavyweight importers including China.

Cotton futures closed at 70.17 cents a pound Wednesday after settling at an 18-month high of 72.11 cents on Monday, according to FactSet data.

Prices have gained about 6.5% over the past month, the largest monthly increase since April. They shed 2.6% Wednesday amid a selloff in commodities from oil to palladium.

"We have a short crop, which is causing the market to shoot higher as we move into harvest season," said O.A. Cleveland, a marketing specialist with Mississippi State

University.

Cotton supply is typically at its highest during harvest season, between July and November, pressuring prices. But unfavorable weather in cotton-producing regions of the U.S., one of the world's largest raw cotton producers, has weighed on production.

Snow coated cotton plants in parts of Texas in recent days and Hurricane Zeta could curtail supply when it makes its way through the Southeast later this week, analysts said.

The U.S. harvest is expected to be near 17 million bales of cotton, down from about 20 million bales forecast in the spring. That would be the weakest year since 2015.

At the same time, the swift reopening of many factories in China, including those that produce textiles, has increased demand for the soft, fluffy fiber.

China's economy grew by

4.9% in the third quarter from the previous year.

China last month increased its purchasing pace of farm products including cotton that it agreed to buy under the phase-one trade deal signed with the U.S. in January.

Cotton prices traded at their lowest levels in 10 years when markets plunged this spring, in part because of their close ties to activity in China. U.S. prices have recovered steadily since their April nadir, first hitting prepandemic levels earlier this month.

Much of the rise has been driven by speculators, who jumped into the cotton market when prices fell to about 50 cents a pound in the spring, said Peter Egli, director of risk management at Plexus Cotton Ltd.

Rough weather conditions also have degraded the quality of cotton available in key states, according to Agriculture De-

partment data, pushing prices for the best cotton higher.

Some spinning mills, which turn cotton into textiles, require high-quality cotton, which has longer, brighter fibers.

"It's not just a shortage of cotton, but of high-quality cotton," said Ashley Arrington, a Georgia-based agricultural consultant who focuses on cotton.

Prices for other agricultural commodities in harvest also have climbed. Soybean prices last month hit their highest level in more than two years and corn futures topped \$4 a bushel this month for the first time this year.

The threat of new coronavirus lockdowns around the world dragged down other commodities Wednesday. U.S. crude-oil futures dropped 5.5%

to \$37.39 a barrel, closing at their lowest level since early October. Silver and gold futures fell 4.9% and 1.7%, respectively.



Prices of most actively traded silver futures fell 4.9% Wednesday.

Top NYSE Regulator Leaves for Crypto Job

By ALEXANDER OSIPOVICH

The New York Stock Exchange's top markets cop is leaving the Big Board for a job advising venture-capital firm Andreessen Horowitz on cryptocurrency regulation.

Anthony Albanese, who has led the NYSE's in-house regulatory unit since 2016, will join the Silicon Valley firm as its chief regulatory officer in mid-November, a spokeswoman for Andreessen Horowitz said.

The move makes Mr. Albanese the latest regulator to join a firm active in digital-currency markets, where regulations are still emerging and many businesses operate in a legal gray area. His work will involve outreach to regulators and helping to shape strategy for Andreessen Horowitz's cryptocurrency projects, according to a blog post that the firm released Wednesday after news of the hire was first reported by The Wall Street Journal.

This year, Andreessen Horowitz raised \$515 million for its second fund focused on crypto and blockchain, the technology behind bitcoin. The firm's investments include a stake in Coinbase, one of the biggest U.S. bitcoin exchanges.

Before becoming the NYSE's chief regulatory officer, Mr. Albanese led the New York State Department of Financial Services. He was the department's acting superintendent in 2015 when it issued its first "BitLicense," a regulatory framework devised by the state for digital-currency businesses.

An NYSE spokesman confirmed Mr. Albanese's plans to leave the exchange, which is owned by Intercontinental Exchange Inc., known as ICE. Mr. Albanese said the team he would join at Andreessen Horowitz is "working to harness the incredible potential of dig-

ital currencies."

The Menlo Park, Calif.-based firm is best known for making early, lucrative investments in technology companies like Facebook Inc. In recent years it has bet big on crypto and blockchain. Its co-founder Marc Andreessen has said bitcoin could be a transformative technology, comparing it with the internet in the 1990s.

In 2018, Andreessen Horowitz hired Katie Haun, who as a federal prosecutor had handled some of the government's early cases involving bitcoin. Ms. Haun coleads Andreessen Horowitz's crypto funds, and she helped the firm develop close ties to regulators after the Securities and Exchange Commission cracked down on digital-currency companies it accused of violating securities laws.

Mr. Albanese joined the NYSE after ICE brought its market-regulation functions back in-house, replacing the Financial Industry Regulatory Authority, which ran surveillance and enforcement for the NYSE's exchanges under an outsourcing agreement from 2010 to 2015.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FIVE-YEAR NOTES	
Applications	\$136,630,163,600
Accepted bids	\$60,835,176,100
" noncompetitively	\$20,157,600
" foreign noncompetitively	\$5,000,000
Auction price (rate)	99.604038 (0.330%)
Interest rate	0.250%
Bids at clearing yield accepted	39,159
Cusip number	91282CAT8
The notes, dated Nov. 2, 2020, mature on Oct. 31, 2025.	

TWO-YEAR FRNS	
Applications	\$86,454,323,200
Accepted bids	\$28,758,513,200
" noncompetitively	\$41,558,100
Bids at clearing yield accepted	0.055%
Cusip number	91282CAF8
The floating-rate notes, dated Nov. 2, 2020, mature on Oct. 31, 2022.	

Market Is Given More Say on Yuan

By CHONG KOH PING

China is giving investors more power in setting the value of the yuan, a move analysts said was likely intended to boost the currency's international appeal rather than to drive it lower.

In onshore markets, the yuan is allowed to trade only in a narrow range around a daily midpoint set by the central bank. That level is set using previous traded prices from Chinese banks, but until now banks have sometimes adjusted their inputs using what is known as a countercyclical factor.

The result has been to make the currency less volatile and to slow any selloff when the yuan was under pressure.

Chinese banks have recently stopped using the factor, the China Foreign Exchange Trade System said late Tuesday, adding that the suspension could help make the daily fixing mechanism more transparent and efficient. The CFETS is an arm of the People's Bank of China.

The yuan has surged in recent months, as China's economy has rebounded and foreign investors have poured money into local bonds and stocks. On Wednesday afternoon Hong Kong time, it traded flat at 6.713 per dollar in both the onshore market and in freer offshore markets in Hong Kong and elsewhere.

"This is not designed to weaken the currency. It is a neutral move," said Tommy Xie, an economist with OCBC Bank. He said it showed there was "a higher tolerance right now for the market to go through to trial and error to find an equilibrium level" for the currency.

The yuan's strength or weakness will ultimately still depend on movements in the dollar, as well as China's current-account and capital-account positions, Mr. Xie said.

Making the system less opaque, and more reflective of market prices, could boost the yuan's appeal to investors. China's leaders are eager to attract more foreign capital to their markets and to bolster broader international use of the yuan for trade and finance, rather than having to rely too much on transacting in dollars. At the same time, too

weak of a currency could invite fresh U.S. accusations that Beijing is deliberately keeping the yuan undervalued to suppress exports.

The suspension "has more to do with the gradual liberalization of the currency and capital account regimes than an attempt to restrain the currency's appreciation," wrote Alvin Tan, head of Asia foreign-exchange

strategy at RBC Capital Markets, in a note to clients.

The tool was introduced in 2017 and later suspended, before being reintroduced in 2018.

While the result of the change might not be a steep selloff in the yuan, some say it could at least stem further gains and make future currency moves more unpredictable.

This month the central bank made it easier for traders to bet the yuan will fall in value, suggesting it wanted to slow any further rally.

Alicia Garcia-Herrero, chief economist for Asia-Pacific at French bank Natixis, said the most recent shift showed the central bank was more uncomfortable with an ever-stronger yuan, which had been bolstered by the comparatively high yields available on Chinese bonds and a string of large initial public offerings. "The set of blockbuster IPOs is clearly not helpful," she said.

She said authorities wanted to warn investors that the currency could move either way and that China wasn't guaranteeing a nice carry trade. In carry trades, investors borrow in a low-yielding currency to invest in a higher-yielding one.

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SEC Tables Measure to Protect ETF Traders

By PAUL KIERNAN

WASHINGTON—The Securities and Exchange Commission on Wednesday shelved a measure intended to protect investors who trade the shares of a class of exchange-traded funds it considers risky, saying it would review the issue later.

The SEC in November had proposed requiring broker-dealers and investment advisers to vet individual investors before approving them to trade the products, known as leveraged and inverse exchange-traded funds. Such funds use debt to double or triple the gains and losses of an underlying index and are often poorly understood by investors.

Leveraged and inverse ETFs are a small part of the fund universe, with \$33.4 billion in assets, compared with \$19.53 trillion held by mutual funds, excluding money-market funds. But the two companies

that offer them, Direxion Investments and ProShares, considered the sales-practice provision a threat to their business model.

"ProShares strongly opposes the unprecedented, unnecessary and harmful restrictions on investor choice that

would result from the Commission's proposed 'sales practice' rules for transactions in leveraged and inverse exchange-traded funds," the firm's chief executive and co-founder, Michael Sapir, wrote in a March 24 letter to the SEC.

Mr. Sapir's letter included a

nearly 300-page legal memo arguing against the proposal. Representatives and lobbyists for ProShares and Direxion met or had teleconferences with SEC officials or commissioners nine times between March and July, according to SEC records.

In explaining the decision to shelve the provision, the commission cited an unusual volume of comment letters—numbering some 6,000—from people identifying themselves as investors concerned about losing access to the funds.

The provision was to have been included in a rule that consolidates and updates a patchwork of regulations governing the use of derivatives by mutual funds, ETFs and other investment companies. The rule was approved by a 3-2 vote, with the SEC's two Democratic commissioners dissenting.

Shortly before Wednesday's vote, SEC Chairman Jay Clay-

ton and three other officials published a statement highlighting investor-protection concerns. They said these concerns applied not only to the ETFs but also to other complex instruments such as exchange-traded notes and commodity pools that wouldn't have been subject to Wednesday's rule.

"We are concerned that retail investors are independently selecting complex products for which they may not fully appreciate the unique characteristics and risks," the officials said, explaining that the issue needed further study.

One of the two dissenting commissioners, Allison Herren Lee, said she was disappointed by the decision.

"The fact that other products present similar dangers should not deter us from addressing the harm to retirees, middle-class savers, and other retail investors that is presently and squarely before us," she said in a statement.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Pandemic Is Ray of Light for Solar

Heftier home electricity bills, outages and low interest rates are all helping companies sell their products to homeowners.

Between Covid-19 and natural disasters, Mother Nature threw Americans a curveball in 2020. Solar companies are hitting it out of the park.

Solar panels and battery systems have renewed appeal for people spending far more time in their homes and less certain about the lights staying on. Meanwhile, interest rates have never been lower, making it cheaper for capital-intensive businesses such as **Sunrun** and **Sunnova Energy International** to raise funds.

The pandemic was initially disruptive as door-to-door marketing became much more difficult. Residential installations were down 23% sequentially in the second quarter according to a quarterly report from the Solar Energy Industries Association and Wood Mackenzie.

But the temporary setback was probably what the industry needed to speed up some much-needed changes. Both Sunrun and Sunnova noted in their most recent earnings calls that they had shifted sales to a digital model. That is probably positive in the long term because digital marketing is more cost efficient than door-to-door. Overhead costs, including those involved in customer acquisition, had been rising as a share of residential solar pricing over the years.

Selling rooftop solar is also easier when potential customers are more aware of their rising electricity bills. Since the pandemic began earlier this year, Americans have had to shift work electricity usage to their homes. In August, residential retail sales of electricity rose 5.8% from a year earlier while the commercial

and industrial sectors saw declines of 6.7% and 9.3%, respectively, according to data from the U.S. Energy Information Administration.

The sticker shock seems to have

Companies are seeing a chance to sell battery storage as an add-on in places such as California.

boosted web traffic to residential solar providers: Average monthly traffic surged 111% for Sunrun so far this year compared with 2019; Sunnova and **Vivint Solar** saw increases of 48% and 20%, respectively, according to data from SimilarWeb.

And, while rising unemployment sparked delinquency concerns across the board, residential solar is somewhat shielded because homeowners tend to give priority to solar payments because the product saves them money, a recent report from BloombergNEF noted.

Solar companies see opportunities to sell battery storage as an add-on to rooftop solar in places such as California, which is still seeing outages due to wildfires. In some cases, they are able to pitch their services to utilities as a grid-service provider—coordinating vast pools of rooftop solar and storage systems to help balance the grid.

Despite the steep drop seen in the second quarter, BloombergNEF forecasts that residential solar installations will grow this year. “The low installation numbers [earlier in

the pandemic] didn’t reflect the demand for solar; it was more a reflection of how permitting has slowed down,” said Tara Narayanan, U.S. solar analyst at BNEF. “There’s actually a pretty strong backlog of projects that are awaiting permits, and we’re expecting to see a surge in 2021.”

The stock market seems to be pricing in those tailwinds. Year to date, Sunrun and Sunnova have gained 304% and 138%, respectively. Sunrun’s value soared after it acquired Vivint Solar, creating the top U.S. company by market share.

Solar stocks’ heady gains have been attributed to the odds of a Biden presidency. Instead, factors like consolidation and the pandemic have improved their fundamentals well before Election Day.

—Jinjo Lee



LINSEY WASSON/REUTERS

Boeing’s 2021 Looks Troubling

Even after 737 MAX is cleared, plane maker will have hard time delivering it

It seemed difficult to imagine a worse year for **Boeing** than 2019—until 2020 came along. What should worry investors now is that the long-awaited 2021 return to grace is slipping away.

On Wednesday, the Chicago-based plane maker reported a \$466 million loss for the third quarter. Revenues came in 29% lower due to the Covid-19 crisis, even though the prior-year period was itself badly hit by the grounding of Boeing’s 737 MAX jet in March 2019. However atrocious, the results were better than analysts were expecting: Boeing stock fell about 4.6% Wednesday, in line with the broader equity market’s poor performance.

Like other companies in the aerospace industry, Boeing is taking steps to cut costs to face years of depressed travel demand. It is closing the original 787 Dreamliner assembly line in the Seattle area; the model will only be made in the lower-cost South Carolina plant from mid-2021. And Chief Executive David Calhoun wrote to employees Wednesday that a further 11,000 jobs will be cut by the end of 2021. He also plans to get rid of 30% of office space, echoing what peers such as **Raytheon** have said.

Many investors rightly see long-term value in Boeing if it manages to resize efficiently, which will likely require further consolidation of factories. Also, the shares are likely to get a bump if, as widely expected, the MAX is finally recertified this year.

Once that happens, though, the question remains how quickly Boeing can deliver the 450 MAX jets it has in storage. Previously, the plane maker thought it would be able to ship a majority of them within a year. On Wednesday, however, Mr. Calhoun said that only half would be given to new owners by the end of 2021, even if recertification happens as expected. The rest of the deliveries are planned for the following year.

This is key, because all of the unsold jets that Boeing has been manufacturing since 2019 have transformed vast amounts of cash into inventories. In the third quarter, inventories rose to almost \$87 billion, accounting for the MAX in storage and a recent accumulation of undelivered Dreamliners. Investors had penciled in 2021 as the year in which the funds would finally be released. This is no longer expected to happen in full; the firm says it

likely won’t turn cash-flow positive until 2022.

Boeing didn’t change its production-rate targets. It still expects to ramp up manufacturing of the MAX gradually to 31 a month by the beginning of 2022. This figure seems at risk, given that production will have to remain very low as long as the company is delivering parked aircraft. The continued paralysis in international travel also bodes ill for current 787 production rates.

The harsh reality is that very few airlines and lessors want to take possession of aircraft over the next couple of years. Many of the MAX planes in storage no longer have prospective owners and would need to be reconfigured, which takes time and money. Mr. Calhoun said Wednesday that more than half of them are planned for customers that have already changed their fleet plans in some form.

Getting the MAX cleared for takeoff again could help pare the damage done to Boeing’s order book over the past 18 months and even give investors a renewed sense of optimism. Actually delivering it to customers, though, will be a painful business.

—Jon Sindreu

Windows Fogs Microsoft’s Outlook

Microsoft has come a very long way from depending on Windows. But the ubiquitous operating system can still brighten—or darken—the company’s results.

Both effects were actually apparent in the company’s fiscal first-quarter results posted late Tuesday. The cloud business remains the star, and performance there was strong with commercial cloud revenue growing 31% year over year to \$15.2 billion, even showing a bit of acceleration from the prior quarter that ended in June. The Windows side of the business was more complicated. Revenue driven by consumer PC purchases saw sharp growth, as did the portion driven by volume licensing of the software. But slumping corporate demand for PCs took a toll. Windows OEM Pro revenue slid 22% year over year—the worst drop since Microsoft began reporting under its new segments in 2015.

Microsoft doesn’t break out specifics, but analysts estimate that Windows OEM revenue—reflecting the sale of both consumer and corporate PCs bundled with the operating system—totaled \$13.8 billion in Microsoft’s fiscal year that ended in June, according to Visible Alpha. That’s about 10% of total

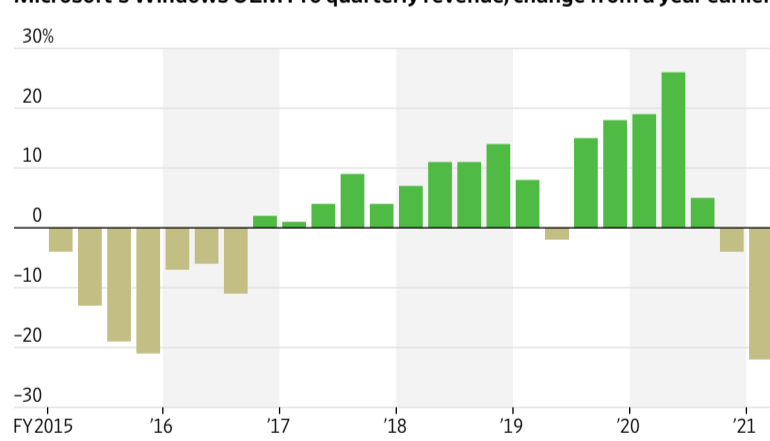
revenue, though Mark Moerder of Bernstein estimates that the profit contribution is higher given the high-margin nature of that business.

Windows also played a big role in Microsoft’s disappointing projection for the December quarter, which helped send the stock down more than 3% on Wednesday. The company said it expects 2% on-year growth for its More Personal Computing segment that includes the Windows OEM business, below the 6% growth Wall Street was targeting. Chief Financial Officer Amy Hood said on the company’s conference call that lower corporate PC demand would continue to be a factor, along with difficult comparisons to the prior year, when stragglers gave sales a boost by finally updating from Windows 7, which had reached Microsoft’s end-of-life stage.

As Microsoft continues to shift into a cloud-computing giant, the impact of Windows will continue to lessen. But the operating system still powers more than three-quarters of the world’s computers, according to Statcounter. That makes it still a lucrative business for Microsoft—and at times a high-quality problem.

—Dan Gallagher

Microsoft’s Windows OEM Pro quarterly revenue, change from a year earlier



Note: Fiscal year ends in June
Source: the company

Bed Bath & Beyond Picks Low Fruit

Bed Bath & Beyond’s new bosses inherited a house with many cracks. Fortunately, they were highly visible.

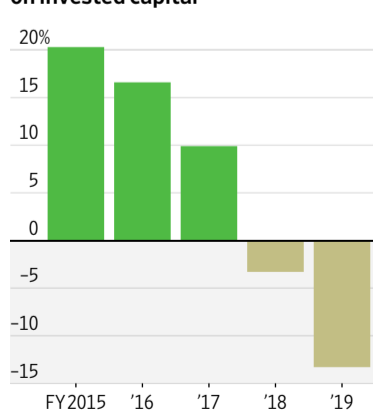
Inventory was stacked from floor to ceiling, leading to markdowns; coupons were disseminated without much thought; prices weren’t competitive; the online checkout process involved too many steps; and pricing signage was confusing.

The new executives were refreshingly transparent about the problems during Wednesday’s investor day presentation—perhaps overly so. The stock gave back some of its impressive recent gains.

Fresh blood in the C-suite means not having to justify previous strategy. The company shared that 36% of store customers left without finding what they were looking for and that 41% of online customers left the website because the products were perceived as too expensive. Plus, more than a third of its customers bought only one item.

The Bed Bath & Beyond and Buy-Buy Baby brands remain well-known. For example, Bed Bath & Be-

Bed Bath & Beyond return on invested capital



Note: Fiscal year 2019 ended February 2020
Source: the company

yond is the company that the largest number of people associate bed, bath and kitchen products with, according to the company and NPD Group research. But, as Chief Executive Officer Mark Tritton noted, they stopped coming after disappointing experiences. The company’s merchandising officer said the company

would pare its offerings while adding value options to better compete with mass merchants.

Plans to get inventory turnover to at least 3.5 times by fiscal year 2023 from the current 2.5 times. Some merchandising improvement was already visible last quarter: Despite a challenging back-to-college environment, the retailer managed to increase sales in that category 21% from a year earlier.

Another big part of the new strategy is pruning its footprint and remodeling stores. Its forecast is also ambitious: For example, the company plans to boost return on invested capital to at least 12%. Its five-year average was 6%, with the last two fiscal years being negative.

Bed Bath & Beyond’s shares remain 40% higher than where they were a year ago but are down by nearly two-thirds over the past five years. Investors are intrigued. To keep them around, the company will have to prove it can bring the disappointed customers back, too. The new executive team has plenty of work ahead of it.

—Jinjo Lee

OVERHEARD

It’s a Barbie world again, with some updates.

Shares of toy maker Mattel are up over 60% the last six months, including 10% since it unveiled third-quarter results last week that revealed impressive sales growth for the more than six-decade old franchise. Chief Executive

Ynon Kreiz called the iconic doll “more relevant than ever” as the pandemic has parents seeking screen-free toys.



Certainly the brand has evolved from the original scantily clad, preternaturally-thin white Barbie that it was founded upon. A 1980s-era commercial for the Barbie Glamour Home, for example, shows a blonde Barbie dressed in a ballgown sauntering up a palatial staircase, but the voice-over at least declares: “We girls can do anything!” Today’s Barbies come in various body sizes and skin tones, and they hold an array of day jobs such as a doctor and an astro-physicist.

But it’s still Barbie. Mattel’s so-called “Career dolls” now include a polar marine biologist who appears to have just had her hair blown out, a dentist wearing stiletto heels and a chicken farmer sporting daisy duke shorts.

It is 2020, not 1959—girls can indeed do anything. Most don’t have a hair and makeup team on set, though.