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THE WALL STREET JOURNAL.

DOW JONES | News Corp ***** MONDAY, OCTOBER 26, 2020 ~ VOL. CCLXXVI NO. 99 WSJ.com ★★★★★ \$4.00

Last week: DJIA 28335.57 ▼ 270.74 0.9% NASDAQ 11548.28 ▼ 1.1% STOXX600 362.50 ▼ 1.4% 10-YR. TREASURY ▼ 29/32, yield 0.840% OIL \$39.85 ▼ \$1.27 EURO \$1.1862 YEN 104.73

What's News

Business & Finance

Companies in the S&P 500 with at least a quarter-century record of paying out and increasing dividends have trailed the broader stock market this year. **A1**

◆ **Trump's trade war** against China didn't achieve the central objective of reversing a U.S. decline in manufacturing, economic data show. **A1**

◆ **The death** of Lee Kun-hee hands his son the reins at Samsung at a time when the firm is on the defensive and struggling to evolve. **A1**

◆ **Canadian oil-sands** producer Cenovus and Husky agreed to merge in a deal valued at \$2.89 billion, the latest in a string of global energy-industry tie-ups. **B1**

◆ **Blackstone struck** a deal to buy Simply Self Storage from Brookfield, betting on a sector that has remained strong throughout the pandemic. **B1**

◆ **SAP said profit** and sales decreased in the three months through Sept. 30 as the economic impact of the global response to Covid-19 hit core business units. **B6**

◆ **U.S. manufacturers** are falling behind on demand for goods that Americans are buying up as the coronavirus pandemic drags on. **B1**

World-Wide

◆ **Europe's second wave** of the coronavirus pandemic is accelerating, forcing countries to impose ever-more social-distancing rules in a bid to avoid a return to full-blown lockdowns. **A1**

◆ **The Senate cleared** a key procedural hurdle, voting largely along party lines to set up a final confirmation vote Monday for Supreme Court nominee Barrett. **A4**

◆ **Pope Francis said** he would raise 13 men to the rank of cardinal, including Archbishop Wilton Gregory of Washington, D.C., who will become the first Black American to be so honored. **A3**

◆ **Facebook has planned** for the possibility of trying to calm U.S.-election-related conflict by deploying tools designed for what it calls at-risk countries. **A5**

◆ **Armenia and Azerbaijan**, fighting in Nagorno-Karabakh, have agreed to a humanitarian cease-fire. **A9**

◆ **The U.S. and India** are expected to sign a military accord that bolsters cooperation in the Pacific and Indian Oceans. **A8**

◆ **A mentor** to Venezuelan opposition leader Guaidó fled from Caracas to Spain in what aides called a daring escape. **A7**

JOURNAL REPORT

C-Suite Strategies: How consumers use online reviews. **R1-16**

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Long Lines Greet Voters as Early Voting Opens in New York



COUNTDOWN: Voters in the Bronx, like many others across New York, waited in long lines for hours to cast their ballots Sunday, the second day of early voting in the state, A10A. For campaign news, see A4 and WSJ.com.

Second Wave of Covid-19 Batters Europe

Governments fighting resurgence tighten curbs, hoping to avoid full-blown lockdowns

Europe's second wave of the coronavirus pandemic is accelerating, prompting countries to impose ever-more social-dis-

By Marcus Walker in Rome and Noemie Bisserbe in Paris

tancing rules in a bid to avoid a return to full-blown lockdowns.

France announced a daily record for coronavirus infections, with confirmed cases topping 52,000 on Sunday, compared with around 85,000 confirmed cases on Saturday in the U.S., whose population is around five times bigger.

Italy, struggling with an explosive rise in infections and topping 20,000 confirmed cases a day, imposed the toughest restrictions on its population since ending its lockdown last spring, including the closure of all bars and restaurants at 6 p.m. In Spain, the government declared a state of emergency, as it did in March, giving national author-

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◆ **Illinois tightens up and girds** for pain..... A3
◆ **Key Pence aides test positive** for virus..... A4

Dividend-Rich Stocks Trail Market Despite High Yields

By AKANE OTANI AND CAITLIN McCABE

Some big-name stocks are sporting chunky dividend yields. Many yield-starved investors are still saying no thanks.

Companies in the S&P 500 with at least a quarter-century record of paying out and increasing dividends—dubbed “dividend aristocrats” by Wall Street—have trailed the

broader stock market this year. That is even as record-low interest rates have resulted in a scarcity of yield across the world.

The S&P 500 Dividend Aristocrats Index, which measures the performance of 65 companies, has fallen 0.7% this year, while the broader S&P 500 has risen 7.3%. That puts the benchmark index on pace to outperform the dividend aristocrats index by the widest

margin since 2007.

Meanwhile, some of the most iconic dividend aristocrats have fared even worse.

Exxon Mobil Corp., whose dividend yield is sitting at a near-record of more than 10%, has declined 51% in 2020, burned by a collapse in oil prices. AT&T Inc., with a dividend yield of more than 7%, has fallen 29% as the coronavirus pandemic has weighed on the company's foray into show

business. And Walgreens Boots Alliance Inc., offering a nearly 5% dividend yield, has plummeted 35% as fewer customers have trafficked its stores due to Covid-19.

The slide in stock prices shows the extent to which many investors are worried about the prospects for dividend aristocrats. The index recently offered a dividend yield of about 2.7%—humble in nom-

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Samsung Heir Faces Changing Industry

By ELIZABETH KOH

SEOUL—Under Lee Kun-hee's leadership, Samsung Electronics Co. became a ubiquitous name world-wide with its flat-screen TVs and slick smartphones.

That chapter closed for the South Korean tech giant on Sunday with the death of Mr. Lee, who for years was incapacitated in a hospital bed following a 2014 stroke.

Now his son, Lee Jae-yong, who has been Samsung's de facto leader since 2014, formally takes the reins at a very different time for the tech industry, where Samsung is on the defensive and struggling to evolve.

Samsung had dominated in tech hardware under the late Mr. Lee. However, the industry's gravity has shifted from products to the software that controls them, from artificial intelligence to apps to consumer data.

Over the past six years, Samsung, unlike Apple Inc., has failed to create homegrown software or services that would drive loyalty for its array of products. It is still a successful, though vulnerable, maker of nearly every major electronics product on Earth, plus many of the core components required to assemble them, from smartphone displays to a computer's gigabytes of storage.

Instead of a transformation Please turn to page A6

Black American Tapped as Cardinal



Pope Francis said he would raise 13 men to the rank of cardinal, including Archbishop Wilton Gregory of Washington, D.C., the first Black American to receive the honor. **A3**

Brazilians Turn to Botox to Wipe Away That Quarantine Frown

Demand soars as videoconferences and masks highlight wrinkles

By SAMANTHA PEARSON

SÃO PAULO—With face masks obligatory across many Brazilian cities, the wealthy are relying ever more on Botox to get the perfect, wrinkle-free forehead. Beauty clinics say demand for the cosmetic treatment has as much as doubled here since the pandemic began.

“People now look each other in the eye more, in the eyes and the forehead—just where their wrinkles are,” said Aline Medici, who owns a

franchise of 21 beauty clinics across Brazil, Ad Clinic, with her husband. Over the past few months, they struck deals to open another nine clinics, even as the country plunged into recession.

While face masks have brought scrutiny to the forehead and region around the eyes, the traditional areas for Botox injections, dermatologists also attribute the boom to videoconferencing. After months of staring at themselves during Zoom calls, Bra-

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Business Warms A Bit to Biden

Nominee seen as less adversarial than Sanders, more predictable than Trump

By GREG IP AND KEN THOMAS

Former Vice President Joe Biden is running for president on the sort of platform that usually makes business sweat: higher taxes on corporations and investors, aggressive action to phase out fossil fuels, stronger unions and an expanded government role in health care.

Yet many business executives and their allies are greeting the prospect of a Biden presidency with either ambivalence or relief. Credit

that not to who Mr. Biden is, but who he isn't: Elizabeth Warren or Bernie Sanders, senators with a much more adversarial approach to business who lost to Mr. Biden in the Democratic primary, or President Trump, whose administration has been marked by economic-policy unpredictability.

“If Elizabeth Warren or Bernie Sanders were the nominee, we'd be having a very different conversation and thinking through our engagement in a very different

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Tariffs on China Fail To Aid U.S. Factories

By JOSH ZUMBRUN AND BOB DAVIS

WASHINGTON—President Trump's trade war against China didn't achieve the central objective of reversing a U.S. decline in manufacturing, economic data show, despite tariffs on hundreds of billions of dollars of Chinese goods to discourage imports.

The tariffs did succeed in reducing the trade deficit with China in 2019, but the overall U.S. trade imbalance was bigger than ever that year and has con-

tinued climbing, to a record \$84 billion in August as U.S. importers shifted to cheaper sources of goods from Vietnam, Mexico and other countries. The trade deficit with China also has risen amid the pandemic and is back to where it was at the start of the Trump administration.

Another goal—reshoring of U.S. factory production—hasn't happened either. Job growth in manufacturing started to slow in July 2018, and manufacturing production peaked in December 2018.

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U.S. NEWS

THE OUTLOOK | By James Glynn

Consumers Control Pace of Rebound



Sydney
Households around the world responded to the coronavirus

pandemic and its related effects by sharply boosting their savings. What they do with that cash could help shape the global economic recovery.

Saving rates in many countries soared last spring as governments pumped stimulus money into people's pockets and consumers trimmed their spending because of business closures, infection fears or lower expenses while working from home. That left many consumers—particularly the middle-income and affluent—with less debt and more cash to burn as restrictions on activities are eased.

If they open their wallets readily, that could unleash a wave of pent-up demand that spurs strong growth in the short term. If they hold back, they would restrain the economic recovery initially but have fuel for more spending in the longer term.

Data from some countries suggest the rapid rebound is partly happening: In the U.S., the personal saving rate—seasonally adjusted and annualized—rose to a record 33.6% in April when restrictions peaked, but fell to 14.1% in August. That is still well above the 8.3% rate in February, before the pandemic hit, suggesting that while households were spending more by late summer, they hadn't fully resumed their old habits.

A look at some other saving rates around the world illustrates the challenge in prodding consumers to loosen their purse strings.

Japan's government this year handed out the equivalent of \$950 to every resident. In an NLI Research Institute survey, half said they would put it aside for everyday expenses—which could include saving—and a quarter said outright they would save it, according to a report from the institute's Naoko Kuga.

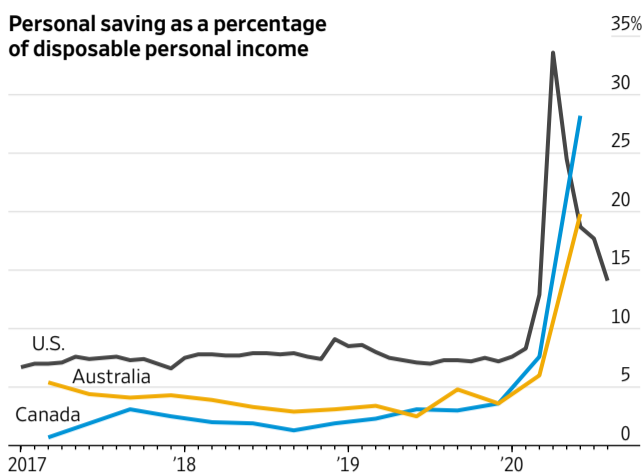
"The fact is that it has been difficult to actually spend a lot of money," said Stephen Halmarick, chief economist at Commonwealth Bank of Australia. "Confidence is also fragile, and nobody knows how long it will be before we get a vaccine and learn to live with the virus, so saving a good amount of the income flow makes a lot of sense."

Household savings as a proportion of income in Australia jumped to 19.8% in the second quarter versus 3.6% in the final three months of last year, while in Canada the saving rate climbed to 28.2% in the second quarter, compared with 3.6% at the end of December.

"Policy makers can try and encourage spending, but you can't force spending," said Tom Porcelli, chief U.S. economist at RBC Capital Markets.

Australia's experience during the financial crisis more than a decade ago and again during the pandemic shows how consumers don't always

Personal saving as a percentage of disposable personal income



Note: U.S. figures are monthly, Canada and Australia are quarterly. Data are seasonally adjusted; U.S. and Canada are annualized. Sources: Federal Reserve Bank of St. Louis; Statistics Canada; Australian Bureau of Statistics

play ball. The federal government's stimulus response at the peak of the crisis in late 2008 and early 2009 included child-care rebates, tax breaks and a one-time cash payment of 900 Australian dollars, or US\$654, to individuals.

Yet, the saving rate remained elevated past the period of time when households got the income boost, together with interest-rate cuts. That suggested a more fundamental change in behavior, Australian Treasury officials said in 2012.

A rise in the saving rate from a low level can be beneficial. Households with more savings have a bigger buffer to draw on if there are more economic shocks. Additional deposits can increase the resilience of the financial system by reducing banks' reliance on short-term wholesale funding.

Still, a high saving rate can

be a headwind for governments trying to engineer a consumption-led recovery. The composition of spending can also be problematic for particular industries if, for example, consumers hold back on big-ticket purchases such as cars in favor of cheaper items.

The Australian Bureau of Statistics estimates that more than 20% of a government wage-subsidy program introduced during the pandemic, and 40% of topped-up unemployment benefits, has been saved. That mirrored behavior in the U.S., where a flood of stimulus money, along with measures such as deferred-mortgage and student-loan payments, led many households to pay down debt.

"It wasn't the design of the programs for the payments to be saved," said David Rumbens, lead partner of macro-

economic policy and forecasting at Deloitte Access Economics in Australia. "The federal government would prefer the money be spent to support the economy."

He said much of the saving is by individuals whose incomes haven't been directly affected by the pandemic. "Improving consumer confidence driven by an improving economy and fewer restrictions will be the key to encourage this cohort to run down their savings and spend more," Mr. Rumbens said.

John Edwards, a former board member of the Reserve Bank of Australia, said much of the savings bump likely dissipated in the three months through September because most states and territories have reopened. "It demonstrates what an unusual sort of downturn this has been—not so much recession as a temporary cessation of important parts of economic activity," Mr. Edwards said.

Saving rates could remain high for a while if governments provide more financial support and business restrictions persist, economists say.

"The good news is that the big increase in savings means that there will be a pool of money available to be spent in coming months or years," said Mr. Halmarick, the CBA economist.

—Megumi Fujikawa contributed to this article.

◆ Retailers brace for drop in holiday spending..... B10

Tariffs Fail To Aid U.S. Factories

Continued from Page One

Mr. Trump's trade advisers said the tariffs succeeded in forcing China to agree to a phase one trade deal in January in which Beijing agreed to buy more U.S. goods, enforce intellectual-property protections, remove regulatory barriers to agricultural trade and financial services and to not manipulate its currency.

They also said the tariffs—which remain on about \$370 billion in Chinese goods annually—will over time force China to end unfair practices and help rebuild the U.S. manufacturing base.

Tariffs "are having the effect of bringing manufacturing jobs back to the U.S.," U.S. Trade Representative Robert Lighthizer said in an interview, citing statistics that show a net gain of 400,000 U.S. manufacturing jobs from November 2016 until March 2020, when the pandemic forced widespread factory closures.

However, about 75% of the increase in manufacturing jobs occurred before the first tranche of tariffs took effect against China in July 2018, when annual growth in manufacturing jobs peaked. By early 2020, even before the pandemic reached the U.S., manufacturing job growth had stalled out, and factories shed workers in four of the six months through March.

An industry-by-industry analysis by the Federal Reserve showed tariffs did help boost employment by 0.3%, in industries exposed to trade with China, by giving protection to some domestic industries to cheaper Chinese imports.

But these gains were more than offset by higher costs of importing Chinese parts, which cut manufacturing employment



A production tower at Hemlock Semiconductor's Michigan facility.

by 1.1%. Retaliatory tariffs imposed by China against U.S. exports, the analysis found, reduced U.S. factory jobs by 0.7%.

Mr. Trump is one of a long line of U.S. presidents to use tariffs to protect favored industries. President Obama put steep tariffs on Chinese tires, President George W. Bush imposed tariffs on steel and President Reagan hit Japanese televisions and computers.

But Mr. Trump's enormous increase in tariffs on Chinese goods represented a sharp departure in post-World War II economic history. Since the war, the U.S. has led round after round of global trade talks aimed at reducing tariffs. No longer.

"This is the biggest use of tariffs since the Smoot-Hawley tariffs" during the Great Depression, said Chad Bown, a trade expert at the Peterson Institute for International Economics. "The economic impact is going to take years to play out."

The tariff strategy played out differently for manufacturers depending on their individual circumstances. That is shown by the experience of two Midwestern manufacturers, Atlas Tool

Global Trade

As trade has rebounded from the pandemic, the deficit with China has returned to where it was at the start of 2017 while the deficit with the rest of the world is the highest ever.



Note: Monthly deficit, 3-month moving average. Source: Commerce Department

Works Inc. and Hemlock Semiconductor Operations.

Illinois-based Atlas said sales of its brackets, gears and conveyor belts used in manufacturing rose 18% in the year after Mr. Trump placed tariffs on similar parts from China. Hemlock, a Michigan company that makes polysilicon used in computer chips and solar cells, is still struggling.

The phase one trade deal

signed in January specified that China would buy more U.S. solar-grade polysilicon, Hemlock's main product. But China never lifted its tariffs on polysilicon—just as the U.S. kept tariffs on most Chinese imports—and Hemlock didn't register any gains.

"We've reached out to Chinese companies, 'Are you interested in buying polysilicon?'" said Phil Dembowski, Hemlock's chief commercial officer. "But they all tell us the same thing—no mechanism to import it without paying duties. They'd like to, but they can't afford that tariff."

Atlas, by comparison, was able to benefit from the tariffs because it shuns Chinese suppliers.

The company said it was forced to close a lucrative business supplying telecom-gear makers in the early 2000s because of Chinese competition. Atlas refocused on fabrication equipment for the defense and health-care industries, but that eventually came under assault from cut-rate Chinese competition too, according to owner Zach Mottl.

When Mr. Trump, a Republican, approved tariffs in 2018, sales boomed. "We saw the uptick right away when the tariffs hit," Mr. Mottl said.

But for companies including Hemlock, the tariffs backfired. Rather than pressuring Beijing to open markets, China responded with retaliatory tariffs that made Hemlock's products more expensive there. And U.S. companies that buy parts from China suddenly faced higher costs.

Democratic presidential nominee Joe Biden's top advisers don't commit to rolling back the Trump tariffs on China. Rather, they said Mr. Biden would consult with allies on what to do about the levies.

U.S. WATCH

GULF COAST

New Storm Forecast For Hard-Hit Region

A new tropical storm formed in the Caribbean Sunday morning, with forecasters predicting it will move north and hit the storm-weary U.S. Gulf Coast in the middle of the week.

Tropical Storm Zeta was located southeast of Mexico's Yucatán Peninsula by Sunday evening and had maximum sustained winds of 50 miles an hour, according to the National Hurricane Center. Forecasters expected the storm to become a hurricane on Monday before striking the Yucatán and then bring heavy rains and strong winds to the northwestern Caribbean.

By Wednesday, forecasters said Zeta would begin approaching states including Louisiana and Mississippi. A storm is classified a hurricane if it reaches maximum sustained winds of at least 74 miles an hour.

Zeta is the 27th named storm of the 2020 Atlantic storm season. Forecasters predict this season could tie or break the record season of 2005, when 28 tropical and subtropical storms formed. Hurricane season officially ends Nov. 30, though any named storms that form in December would also be counted in the tally.

"It is unfortunate we face another tropical threat this late in a very active season," Louisiana Gov. John Bel Edwards wrote on Twitter. "We must roll up our sleeves, like we always do, and prepare for a potential impact to Louisiana."

Louisiana already has been hit by several storms this year. Most recently, Hurricane Delta made landfall on Oct. 9 in Creole, causing widespread flooding.

—Cameron McWhirter

COLORADO

Snow and Cold Help Slow Major Wildfire

Snow and cold weather on Sunday put a damper on a wildfire that has forced thousands of people to evacuate in northern Colorado and burned part of Rocky Mountain National Park, but fire officials warned it wouldn't be enough to put out the blaze.

A day after strong winds helped push the fire in the park, forcing the evacuation of Estes Park, the gateway town at its eastern edge, temperatures dropped and no fire growth was expected, said Noel Livingston, incident commander of the East Troublesome Fire.

On Saturday, the winds that preceded the cold front pushed a portion of that fire that started out ahead of the main fire in

ECONOMIC CALENDAR

Monday: The U.S. housing market has been an economic bright spot in recent months. **New-home sales** in September are likely to continue the trend of solid data across the industry, rising for the fifth consecutive month and reaching levels last seen in 2006.

Tuesday: U.S. manufacturing output has staged a strong if only partial recovery since efforts to contain the coronavirus led to supply-chain disruptions and shutdowns this year. New orders for **durable goods** in September will help gauge the strength of demand for long-lasting factory goods heading into the fall.

Thursday: The Bank of Japan is expected to hold its monetary policy steady at the end of a two-day meeting. The bank is slated to release fresh projections for growth and inflation.

U.S. gross domestic product in the third quarter is expected to shatter previous records for growth, reflecting strong rebounds in consumer spending, business investment and real estate as pandemic-related lockdowns lifted and consumers gained confidence.

U.S. jobless claims so far in October have fallen to their lowest levels since March, a sign the labor market is slowly healing. Figures for the week ended Oct. 24 are expected to remain historically high—but show another weekly decline.

Friday: **U.S. consumer spending** is on track to increase for the fifth straight month in September. Americans have ramped up spending on food, household goods and electronics, but have held back on services such as travel and entertainment, leaving overall outlays below their pre-pandemic peak.

NEW YORK

Bishop Resigns Over Same-Sex Marriages

The Episcopal bishop of Albany agreed to resign after a disciplinary panel found that he violated church rules by ordering clergy in the diocese not to perform same-sex marriages.

The Rt. Rev. William H. "Bill" Love will leave his position on Feb. 1 after starting a sabbatical a month earlier, according to a disciplinary agreement announced by Episcopal Church leadership.

"I believe that to stay any longer would be more of a detriment to the diocese than a help," Rev. Love said Saturday in an address to the diocese's annual convention.

Rev. Love, bishop since 2007, issued a pastoral direction two years ago prohibiting clergy in the diocese from performing marriage rites for same-sex couples, contradicting the Episcopal Church's stance.

The Episcopal Church started allowing such marriages in 2015 and passed a resolution in 2018 expanding same-sex marriage to all dioceses.

In response, the church's presiding bishop, Michael Curry, restricted Rev. Love's ministry and the church filed internal disciplinary charges against him. Rev. Love was accused of violating a church canon that requires ordained persons to "abide by the promises and vows made when ordained."

With his resignation, his pastoral direction barring same-sex marriages will no longer be in effect, the Episcopal Church said.

—Associated Press

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U.S. NEWS

Washington Archbishop Designated A Cardinal

By FRANCIS X. ROCCA

Pope Francis said he would raise 13 men to the rank of cardinal, including Archbishop Wilton Gregory of Washington, D.C., who will become the first Black American to receive the honor.

Cardinal-designate Gregory's promotion reinforces his standing as a major Black American leader at a time when the U.S. is debating the legacy of racism and many across the country have demonstrated for racial justice.

He will be the first American cardinal named since 2016, when the pope elevated Cardinal Blase Cupich of Chicago, Cardinal Joseph Tobin of Newark and Cardinal Kevin Farrell, head of the Vatican office for family issues.

The pope made the announcement Sunday from a window overlooking St. Peter's Square. He said he would make the men cardinals in a ceremony on Nov. 28.

"With a very grateful and humble heart, I thank Pope Francis for this appointment which will allow me to work more closely with him in caring for Christ's Church," Archbishop Gregory said Sunday.

The archbishop became the first Black man to lead Catholics in Washington when Pope Francis appointed him to succeed Cardinal Donald Wuerl in April 2019. His elevation was expected since all archbishops of Washington have been made cardinals since it became an independent diocese in 1947.

Archbishop Gregory has spoken out on racial questions numerous times. Following the killing of George Floyd in police custody in Minneapolis in May, the archbishop said the "incident reveals the virus of racism among us once again even as we continue to cope with the coronavirus pandemic."

The archbishop clashed with



Archbishop Wilton Gregory will be the first Black American to gain the rank of cardinal.

President Trump early the following week, criticizing the president's visit to the Saint John Paul II National Shrine in Washington.

"I find it baffling and reprehensible that any Catholic facility would allow itself to be so egregiously misused and manipulated in a fashion that violates our religious principles, which call us to defend the rights of all people, even those with whom we might disagree," the archbishop said in unusually strong language for a Catholic prelate speaking about the president.

The day before, Mr. Trump had posed with a bible in front of St. John's Episcopal Church on Lafayette Square, near the White House, after demonstrators had been cleared from the area by the National Guard. Archbishop Gregory condemned the incident and the "use of tear gas and other deterrents to silence, scatter or intimidate them for a photo opportunity in front of a place of worship and peace."

That same week, Pope Francis said he was "praying for the repose of the soul of George Floyd and of all those others who have lost their lives as a result of the sin of racism." The pope also called for an end to the violence that had broken out at some demonstrations after Mr. Floyd's death.

Archbishop Gregory is known as a progressive with regard to the church's approach to gay people. Last year, he won praise from LGBT Catholic groups when he told a transgender Catholic at a gathering in Washington: "You belong to the heart of this church."

The archbishop, 72 years old, converted to Catholicism while attending a Catholic grammar school in his native city of Chicago.

According to the U.S. Conference of Catholic Bishops, of about 270 active bishops in the U.S., five are African-American, of whom two are heads of dioceses.

Illinois Tightens Up, Girds for Pain

In one Chicago suburb, small businesses see new losses as Covid uptick triggers curbs

By ERIN AILWORTH

NAPERVILLE, Ill.—As pandemic-related restrictions tightened across parts of Illinois, small-business owners in this Chicago suburb girded themselves for another round of losses.

On Friday, restaurants and bars in four counties closed once more to dine-in service under mitigation measures ordered by Democratic Gov. J.B. Pritzker because of rising Covid-19 cases in every region of Illinois. In Chicago, Mayor Lori Lightfoot, a Democrat, instituted a 10 p.m. nightly curfew for nonessential businesses and prohibited bars without a retail food license from serving indoors.

Many businesses have endured multiple rounds of restrictions around the state, which are instituted whenever a region's average Covid-19 positivity rate goes above 8% for three consecutive days. On Friday, Illinois health officials put half of the state's 102 counties on a warning list because they triggered at least two state-set thresholds on indicators the state uses to determine where increased Covid-19 risk is occurring.

At Allegory, a restaurant in downtown Naperville, chef and owner Christopher Mason said previous shutdowns and dining restrictions have already put him out tens of thousands of dollars. He isn't sure what the latest limitations, which again pause indoor service, will mean for the future of Allegory, which is about two years old.

"I have a few tables outside, but nobody's going to want to eat outside in a week or two," Mr. Mason said. "Going into winter, I have no idea what to expect."

On Friday, Illinois had 29,088 new Covid-19 cases in the previous seven days, according to the Centers for Disease Control and Prevention. It ranked second behind Texas for U.S. states with the highest number of new cases in the past week.

At Little Luxuries, a home décor boutique a few doors down from Allegory on Naperville's Main Street, owner Susan Finck said the tightening restrictions had her canceling orders for Christmas inventory because a drop in foot traffic at nearby restaurants means less business for her shop.

"We're just being really intentional about what we're buying and holding our breath until 2021," Ms. Finck said.

The state-level mitigation measures focus mainly on bars and restaurants because public-health officials say contact tracing of Covid-19 cases in Illinois shows that many interactions with those infected are happening at such establishments.

"When you look at the top three places that come up over and over, region to region



DAVID KASNIC FOR THE WALL STREET JOURNAL



Susan Finck, left, owner of Little Luxuries, a shop in Naperville, Ill., is canceling orders because of new restrictions on businesses. Christopher Mason, in red, chef and owner of nearby restaurant Allegory, top and right, worries what will happen to his business as indoor service is paused again. 'I have a few tables outside, but nobody's going to want to eat outside in a week or two,' he says.

statewide, it comes up as people's workplace, it comes up as school, it comes up as restaurants and bars," said Dr. Ngozi Ezike, director of the Illinois Department of Public Health.

The restrictions have been devastating for the restaurant industry in Illinois, which saw 321,000 employees in the state furloughed or laid off at the height of the pandemic, according to a survey by the National Restaurant Association. More than half of the restaurant operators in the state say it is unlikely their businesses will be in operation six months from now if conditions don't improve.

The restraints come amid a resurgence of the coronavirus pandemic across the Midwest, where five states on Friday were in the top 10 of U.S. states with the highest numbers of new Covid-19 cases in the previous seven days, according to the CDC.

In Illinois, heightened restrictions are currently in place in northwestern and southern parts of the state, as well as in Will, Kankakee, DuPage and Kane counties—which all neighbor Cook County, where Chicago is located. Restraints are scheduled to tighten further in northwestern Illinois, which has

been under increased restrictions since early October. As of Sunday, restaurants and bars in the region are limited to tables with parties of six or fewer, and social gatherings indoors and outdoors are limited to a maximum of 10 guests.

In daily Covid-19 briefings last week, Mr. Pritzker repeatedly warned that Covid-19 metrics in every part of the state were headed in the wrong direction, and said the resurgence was one public health officials had warned could come as the winter approached and flu season began. "If you're getting tired and you've let your guard

down, now is the time to pick it back up," he said.

In Naperville, a city of roughly 147,000 about 30 miles west of Chicago, small-business owners worried about how long this round of restrictions might last. Many said business was down at least 50% from last year.

At Allegory, Mr. Mason said he can only hope people abide by the restrictions and that the number of Covid-19 cases starts to drop quickly.

"I'm really hoping that everyone does their part," he said. "Honestly, everyone just needs to be good neighbors and wear their damn masks."

U.S. Lawyers Defend TikTok Ban

By KATY STECH FERREK

WASHINGTON—The Trump administration defended its attempt to ban Americans from using popular Chinese-owned video-sharing app TikTok over national-security concerns, saying in court papers that the app makes U.S. user data susceptible to influence by Chinese leaders.

Lawyers for the U.S. government urged Judge Carl Nichols of the U.S. District Court in Washington, D.C., to allow them to move forward with restrictions on TikTok designed to make the app unusable on Nov. 12. The move comes as part of its effort to crack down on the national-security threats posed by Chinese-owned apps.

In court papers filed late Friday, the government said the proposed restrictions fall within the president's authority to act on major threats to U.S. national security, including threats that put Americans' personal data at risk. Limiting that power runs contrary to national-security law and past court rulings, its lawyers added.

"The President should not be prevented from regulating na-

tional-security threats simply because a foreign adversary cloaks its activities within a media company," government lawyers said in their 46-page brief.

The proposed restrictions would essentially force a shutdown of TikTok's U.S. operations by barring companies from providing it internet hosting, content delivery and other services.

The Trump administration

TikTok lawyers have said the proposed ban violates free speech rights.

contends that the data collected by TikTok, which has an estimated 50 million daily active users in the U.S., could be shared with China's authoritarian government.

TikTok said it would never hand over such data and sued President Trump and the Commerce Department, which is in charge of implementing the ban, to stop the restrictions.

In their own court filings, TikTok lawyers have said the U.S. government's proposed ban is illegal and violates constitutionally protected free-speech rights.

The U.S. effort to ban the video-sharing app accelerated negotiations between TikTok, its Chinese owner, ByteDance Ltd. and U.S. companies for a deal that could preserve the app's U.S. operations by adding new privacy safeguards. The deal is under review by the Committee on Foreign Investment in the U.S., a panel of national security experts.

While TikTok and Cfius are still in talks on the proposed deal, the outcome of the legal case could determine whether TikTok is forced to sell its U.S. operations as a part of that deal and how a sale would be structured, The Wall Street Journal reported this week.

Judge Nichols, who was nominated by Mr. Trump, agreed to hear arguments from both sides at a Nov. 4 hearing. He has already handed TikTok one courtroom win when he agreed to stop the administration from preventing Americans from downloading the app in late September.

Fire Risk Prompts New Power Shut-Off

By KATE KING

PG&E Corp. said it was planning to pre-emptively cut power to about 361,000 customers in northern and central California in an effort to prevent wildfires, marking the largest such shut-off it has reported this year.

The utility started the shut-offs Sunday morning by de-energizing electrical lines in the Northern Sierra region and said they would continue through Monday night in other regions, ranging from the San Francisco suburbs to wine country to small rural towns. The blackouts will affect customers in portions of 36 counties where a forecast windstorm and dry humidity levels pose a high risk of sparking active power lines to cause catastrophic wildfires.

PG&E said it would check its power lines for damage and begin turning power back on after the storm subsides, with service expected to be restored for most customers within 12 daylight hours after the severe weather ends.

California utilities started using pre-emptive shut-offs in recent years to reduce the risk of wildfires during windstorms. Aging high-voltage power lines can spark deadly wildfires when they fail, particularly in the kind of extreme drought conditions that parts of California have seen in recent years.

Earlier this month, PG&E told state regulators that its power equipment might have helped start the Zogg Fire, which killed four people and has burned more than 56,000 acres. PG&E has said it is trying to limit shut-offs, which affected millions last year and sparked criticism from California Gov. Gavin Newsom and state regulators.

Some residents are losing patience, including Los Gatos resident Arjun Natarajan, who lives in a neighborhood where PG&E plans to cut power. "It's super annoying, especially during Covid," said Mr. Natarajan, 20 years old, who is interning remotely for a technology company. "Without power we can't work."

U.S. NEWS

Senate Advances Barrett's Nomination

By LINDSAY WISE

WASHINGTON—The Senate cleared a key procedural hurdle in a rare Sunday session, voting largely along party lines to set up a final confirmation vote on Monday for Supreme Court nominee Judge Amy Coney Barrett, as Republicans race to confirm President Trump's pick before Election Day.

Mr. Trump selected the 48-year-old appeals court judge to fill a vacancy left by the death of liberal Supreme Court Justice Ruth Bader Ginsburg in September.

The almost certain elevation of Judge Barrett is likely to cement a 6-to-3 conservative majority on the nation's highest court. It will also hand Republicans up and down the ballot a victory days ahead of elections.

In a speech after Sunday's procedural vote to end debate, Senate Majority Leader Mitch McConnell (R., Ky.) addressed his Republican colleagues, many of whom are battling for re-election on the same ticket as a president who is trailing in most national polls.

"This is something to really be proud of and feel good about," Mr. McConnell told his conference. "We've made an important contribution to the future of this country. A lot of what we've done over the last four years will be done, sooner or later, by the next election. But the other side won't be able to do much about this for a long time to come."

Senate Minority Leader Chuck Schumer (D., N.Y.) addressed his floor speech to voters, who already are heading to

the polls in record numbers to cast early and absentee votes.

"I want to be very clear with the American people about what is going on here," Mr. Schumer said. "The Republican Senate majority, America, is breaking faith with you—doing the exact opposite of what it promised just four years ago—to cement a majority on the Supreme Court that threatens your fundamental rights. Don't forget it, America. Don't forget what's happening here."

While Mr. Schumer and other Democratic senators haven't questioned Judge Barrett's qualifications, they have vigorously opposed her confirmation, saying that filling the seat should have been left to the winner of the presidential election.

On Thursday, Democratic

lawmakers boycotted a Senate Judiciary Committee vote on Judge Barrett's nomination, and over the past few days they have deployed a variety of parliamentary procedures to register their frustration, forcing Republicans to stay on the Senate floor for votes, speeches and live quorum calls.

Ultimately, Democrats can't stop Republicans from moving ahead with the process. It takes only 51 votes to advance or confirm a Supreme Court justice, and Republicans now hold 53 seats in the Senate.

Alaska Sen. Lisa Murkowski, one of two Republicans to oppose moving ahead with a Supreme Court nomination before the election, said Saturday she continued to take issue with the process but would vote to confirm Judge Barrett.

"I just regret that we are in this place," Ms. Murkowski said on the floor of the Senate, citing the partisan escalations over Supreme Court justices and changes to Senate rules in recent years.

When she announced her opposition in September, Ms. Murkowski said that she didn't support filling a vacant court seat in 2016, when her party kept then-President Obama's Supreme Court nominee, Merrick Garland, from being considered during an election year.

Ms. Murkowski and Sen. Susan Collins of Maine were the only Republicans to oppose moving forward with Judge Barrett's confirmation before the election. Ms. Collins, who faces a tough re-election fight, also will vote against confirmation on Monday.

Key Pence Aides Test Positive For Covid

WASHINGTON—At least five people close to Vice President Mike Pence, including his chief of staff and a top campaign adviser, have tested positive for

By Michael C. Bender, Sarah Toy and Daniela Hernandez

Covid-19, but with days left until Election Day, President Trump's running mate will maintain a busy schedule.

Mr. Pence, the head of the White House Coronavirus Task Force, has been in close contact with his chief of staff Marc Short, who tested positive Saturday, the vice president's spokesman Devin O'Malley said.

Marty Obst, Mr. Pence's longtime political adviser, also recently tested positive, according to people familiar with the matter, and at least three other staff in the vice president's office also have tested positive, one person familiar with the matter said.

White House chief of staff Mark Meadows said Sunday multiple staff members close to Mr. Pence had tested positive but didn't identify any beyond Mr. Short. He compared the contagion to the flu, and said the administration was aiming to contain the virus.

"We are not going to control the pandemic," Mr. Meadows said on CNN. "We are going to control the fact that we get vaccines, therapeutics and other mitigation areas."

Sen. Kamala Harris, the Democratic vice presidential nominee, said the Trump White House was "admitting defeat" and that Mr. Pence "should be following the guidelines" when it comes to campaign travel.

Earlier this month, Ms. Harris canceled campaign events for several days after one of her top aides tested positive.

"We have modeled the right, and good, behavior, and they should take our lead," she said after arriving in Detroit on Sunday for a day of campaigning.

According to guidelines from the Centers for Disease Control and Prevention, people who come in close contact with a person infected with Covid should quarantine even if they test negative because symptoms may appear two to 14 days after exposure.

The vice president, who tested negative Saturday with his wife, consulted with White House medical staff and has decided not to quarantine, Mr. O'Malley said, and will instead follow guidelines for "essential personnel." Mr. Pence's office declined additional comment.

The CDC says essential workers who must continue to work should wear masks at all times and socially distance as duties permit.

Mr. Pence campaigned in North Carolina on Sunday and was scheduled to campaign in Minnesota on Monday. Mr. Meadows said the vice president would take extra precautions as he maintains his schedule, including wearing a mask and social distancing.

National security adviser Robert O'Brien, noting the Pences have tested negative, said the campaign events were

Campaigns Target Historically Black Colleges

By JOSHUA JAMERSON

In the final stretch of the campaign, both President Trump and Joe Biden are highlighting relationships with historically Black colleges and universities, as the former vice president seeks to shore up support among a key Democratic constituency and Mr. Trump tries to make inroads.

The nation's roughly 100 HBCUs represent about 3% of all U.S. colleges and universities, but they produce roughly 20% of all Black graduates, according to the United Negro College Fund, a Washington-based national group. Both parties see touting connections to the schools as a way to reach a significant slice of the Black electorate through their sprawling alumni networks, hundreds of thousands of current students and family members.

Mr. Biden, the Democratic presidential nominee, has ramped up his outreach to HBCU students in the closing days of the race in hopes of energizing a segment of what is perhaps his party's most important voting bloc. Democrats have raised concerns this year about turnout among young Black men in particular, after polls this year showed their support for Mr. Biden was weaker than Hillary Clinton earned four years ago.

Mr. Trump, meanwhile, has highlighted that HBCUs secured increased federal funding during his presidency. The president, who had the support of about 7% of Black Americans in Wall Street Journal/NBC News polls this year, isn't expected to win this group in November.

But his campaign has made a more concerted effort to court Black Americans than it did in 2016. Mr. Trump has focused on efforts by his administration to help Black families, such as new tax incentives for investments in low-income neighborhoods;



Students this month attended a Founders' Day convocation at Dillard University in New Orleans.

bipartisan criminal-justice legislation he signed into law, under which thousands of federal inmates have qualified for release; and millions of dollars in new funding he has signed into law for HBCUs.

Since 2017, bipartisan majorities in Congress have increased federal appropriations to HBCUs by \$200 million, according to the United Negro College Fund. About \$80 million of that was due to year-over-year increases to a pool of funds reserved for HBCUs, which advocates view as the lifeblood of the institutions.

Democrats said Mr. Trump deserves some credit for that, but not as much as he takes. "I don't give him any more credit than he's due," said Rep. Alma

Adams (D., N.C.), who founded the congressional Bipartisan HBCU Caucus in 2015 and sponsored legislation increasing funding. "He did sign the bill, we appreciate that."

Mr. Biden is calling for a \$70 billion federal investment in HBCUs and other minority-serving institutions, including \$18 billion in grants to four-year schools. He has proposed the cancellation of all tuition-related federal student debt from two- and four-year public colleges and universities, and private HBCUs, for debtholders earning up to \$125,000. Democrats are also calling for public colleges and universities, as well as private HBCUs, to be tuition-free for all families with incomes below \$125,000.

The former vice president's campaign spent the past week hosting about half a dozen virtual events as part of a series of online gatherings meant to mimic on-campus homecoming festivities, culminating with a virtual rally Friday with several Hollywood stars.

Democratic vice-presidential nominee Kamala Harris, an alumna of Howard University and the first Black woman on a major party's White House ticket, has visited HBCUs in North Carolina and Florida. Friday in Atlanta, she urged HBCU students to vote early to thwart any attempts at voter suppression. "They know your power," Ms. Harris said.

Some leaders of HBCUs say they are backing Mr. Biden, and

at least one is campaigning for him and other Democrats. These university officials say gains under the Trump administration don't outweigh what they describe as a pattern of offensive comments on race.

Walter Kimbrough, president of Dillard University, a private institution in New Orleans that held roughly \$160 million in federal loans made after Hurricane Katrina, said the Trump administration forgave the debt after the previous administration didn't act on it.

But Mr. Kimbrough said he can't vote for Mr. Trump. "He's a racist. Full stop. To me, it's not even a question even more," he said.

Mr. Trump has repeatedly denied he is a racist.

Dividend Stocks Trail S&P

Continued from Page One

inal terms, but still greater than the S&P 500's dividend yield of about 1.7% and more than triple the yield of the 10-year U.S. Treasury note.

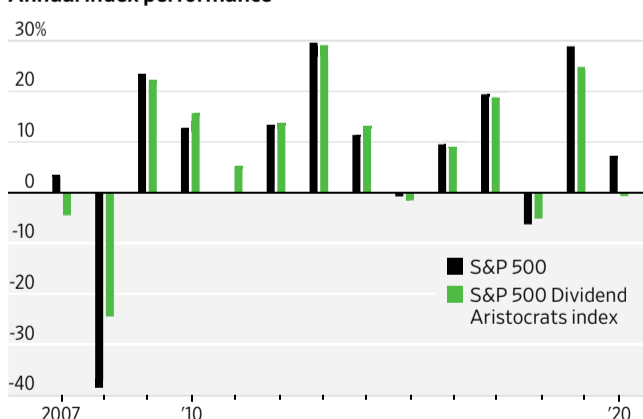
Even so, that hasn't been enough to persuade investors who have yanked more than \$40 billion from global dividend-focused mutual and exchange-traded funds in 2020 through Wednesday, according to data from EPFR. That surpasses the more than \$3 billion that was pulled during the same approximate period in 2019. With the new coronavirus having upturned the economy, many investors have instead sought returns from highflying tech stocks amid worries that many of the long-established dividend payers aren't guaranteed to deliver in the coming year.

"You had more volatility in the dividend space than you normally do, and I think that turned a lot of investors off," said Richard Sherry, a portfolio manager at Kayne Anderson Rudnick.

Only one company, Ross Stores Inc., has been removed from the dividend aristocrats index this year after suspending its dividend payout, accord-

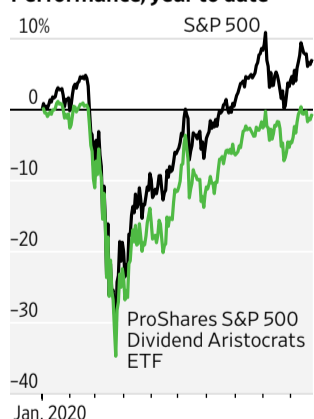
Dividend aristocrats, a group of stocks with at least a 25-year record of paying out and increasing dividends, have trailed the broader market this year. The S&P 500 is now outperforming the S&P 500 Dividend Aristocrats Index by the widest margin since 2007.

Annual index performance



Note: 2020 figure is as of Oct. 23. Source: Dow Jones Market Data

Performance, year to date



ing to S&P Dow Jones Indices. Still, a number of investors said that, even among the dividend aristocrats, there could be cuts on the horizon.

Mr. Sherry, who manages several funds that invest in value stocks and companies with robust dividend yields, sold Exxon shares this year when he noticed the company's cash flow worsening and as the oil-price fight between Saudi Arabia and Russia intensified. Exxon has had to take on debt to cover its payouts, raising questions about the sustainability of its dividend strategy.

An Exxon spokesman said in an email that the company had a history of providing investors with a reliable and growing dividend. "A large portion of our shareholder base has

come to view that dividend as a source of stability in their income, and we take that very seriously," he said.

Some investors said traders already are placing bets on a potential dividend cut. Activity in the options market implies Exxon's dividend will fall more than half by this time next year, said Michael Khoury, chief investment officer of Optimize Advisors. "With companies that have abnormally high dividends, something is usually going to give, and more often than not it's the dividend," he said.

He said Chevron Corp. also looks vulnerable given its debt load and the challenges the energy industry faces. Chevron didn't respond to a request for comment.

Other companies within the energy industry, including Royal Dutch Shell PLC and BP PLC, have cut their dividends this year. Neither is in the dividend aristocrats index.

A dividend cut or suspension could ramp up selling pressure on Exxon, said Bill McMahon, chief investment officer of active equity strategies for Charles Schwab Investment Management.

"The thing that [Exxon] needs to weigh is that the people who are invested in that stock are really there for the dividend," Mr. McMahon said.

Some analysts are advising yield-seeking clients to focus more on companies with stable balance sheets and a trend of dividend increases, rather

than the firms with the biggest overall dividend yields.

Bank stocks, for instance, have historically offered investors relatively good yields. But the Federal Reserve has warned that banks could face as much as \$700 billion in loan losses if the economic recovery takes longer than expected, making the group a potentially risky play.

"The economic recovery is likely to be too slow to just dive in" to even deeply discounted shares because of their dividend yields, said Simeon Hyman, global investment strategist at ProShares.

Several dividend aristocrats have managed to outperform not just the group but also the S&P 500 this year. Target Corp., which has a dividend yield of 1.7%, is up 25% in the year to date. Lowe's Cos., which has a dividend yield of nearly 1.4%, has risen 44%. Stocks trading at higher prices typically offer lower dividend yields, while those trading at lower prices tend to have higher dividend yields.

Because bond yields have fallen so much in the past few years, many companies already offer dividend yields that exceed those of ultrasafe government bonds. At the close of trading Friday, about 70% of S&P 500 companies had dividend yields above the 10-year Treasury yield, compared with nearly 48% at the end of last year, according to Dow Jones Market Data. The yield on the 10-year Treasury settled Friday at 0.840%.

The vice president has tested negative and decided against quarantining.

essential travel.

"Free elections are the foundation of our democracy, so I think campaigning and voting are about the most essential thing we can be doing," Mr. O'Brien said on CBS.

Senate Democrats criticized Mr. Pence's plan to preside over the chamber on Monday evening for the confirmation vote of Mr. Trump's Supreme Court nominee, Judge Amy Coney Barrett, saying he should be quarantining instead.

"Their carelessness with the health and safety of their colleagues and Capitol employees mirrors their carelessness with the health and safety of Americans during this crisis," Senate Minority Leader Chuck Schumer (D., N.Y.), wrote in a letter to Democratic colleagues.

U.S. NEWS

Facebook to Restrict Content in Conflicts Over Vote

By JEFF HORWITZ
AND DEEPA SEETHARAMAN

Facebook Inc. teams have planned for the possibility of trying to calm election-related conflict in the U.S. by deploying internal tools designed for what it calls “at-risk” countries, according to people familiar with the matter.

The emergency measures include slowing the spread of viral content and lowering the bar for suppressing potentially inflammatory posts, the people said. Previously used in countries including Sri Lanka and Myanmar, they are part of a larger tool kit developed by Facebook to prepare for the U.S. election.

Facebook executives have said they would only deploy the tools in dire circumstances, such as election-related violence, but that the company needs to be prepared for all possibilities, said the people familiar with the planning.

The potential moves include an across-the-board slowing of the spread of posts as they start to go viral and tweaking the news feed to change what types of content users see, the people said. The company could also lower the threshold for detecting the types of content its software views as dangerous.

Deployed together, the tools could alter what tens of millions of Americans see when they log onto the platform, di-

minishing their exposure to sensationalism, incitements to violence and misinformation, said the people familiar with the measures. But slowing down the spread of popular content could suppress some good-faith political discussion, a prospect that makes some Facebook employees uneasy, some of the people said.

“We’ve spent years building for safer, more secure elections,” Facebook spokesman Andy Stone said. “We’ve applied lessons from previous elections, hired experts, and built new teams with experience across different areas to prepare for various scenarios.”

Facebook already has critics from both political parties, and

any widespread attempt to regulate content is likely to provoke further scrutiny.

Facebook earlier this month was criticized by many Republi-

The tools could alter what tens of millions see when they log onto the platform.

cans, including President Trump, after it slowed the spread of New York Post articles related to Joe Biden’s son, Hunter Biden. The company said the action was in keeping

with rules it announced last year to prevent election interference. Democrats have said Facebook hasn’t done enough to prevent misinformation from spreading and has been overly deferential to the right.

Facebook regularly makes changes to its algorithms to increase engagement and penalize bad actors; those moves are seldom announced unless the company deems they are in the public interest.

Facebook executives have previously said the company was preparing for a range of possibilities related to the election but haven’t detailed those plans.

“We need to be doing everything that we can to reduce the

chances of violence or civil unrest in the wake of this election,” Facebook CEO Mark Zuckerberg told Axios last month. Facebook’s global head of communications and policy, Nick Clegg, told USA Today that the company created “break-glass tools” in the event of a crisis, though he declined to discuss them.

The company also developed levers it could use to better control content ahead of the 2018 midterm elections, including turning off recommendations for Facebook groups. Most of these potential measures, which people familiar with the matter say were less concrete than those discussed this year, weren’t deployed.

Campaign Apps Rally And Track Supporters

The Trump and Biden campaigns have each developed apps aimed at rallying supporters and swaying votes, but they also collect data on their users and their friends, according to a Wall Street Journal analysis.

By Robert McMillan,
Kevin Poulsen
and Emily Glazer

The two apps collect and gather information about the people who download them, and about the users’ friends and acquaintances, according to a Journal comparison of their features, some of their code and messages sent. Most of the app activities happen with user consent, although both apps have features that give the campaigns ways to acquire data on users’ friends and acquaintances without notifying those people.

The Official Trump 2020 app is in part an organizing tool and a social network. It can be used for fundraising and to collect data on users, such as their location, according to the analysis. The campaign app for Joe Biden, called Vote Joe, engages in some data collection—information about its users’ contacts, for example—but is a tool to mainly organize volunteers, get out the vote and persuade people to support the Biden campaign, the analysis shows.

The apps are a reflection of the digital bets the campaigns have placed and the idiosyncrasies of this year’s election cycle. President Trump didn’t campaign for 10 days after his coronavirus diagnosis became public. Mr. Biden, the Democratic nominee, for months limited in-person campaigning because of virus-related precautions.

In addition, social-media companies are moderating speech around the vote. Facebook Inc., Alphabet Inc.’s Google and Twitter Inc. are limiting or altogether banning most political ads around Nov. 3 and have taken steps to label or remove posts that could incite violence, suppress votes or violate other policies.

“Politicians are basically trying to circumvent any kind of reliance they have on social-media companies,” said Samuel Woolley, an assistant professor at the University of Texas at Austin.

A Journal analysis of the data transmitted by the apps shows the Trump app collects location data on its users through mobile platform provider Phunware Inc. and has the ability to geofence, or identify users who attend a particular event or travel to a particular location with the app installed on their device.

A Trump spokeswoman declined requests to comment on the app.

Roohi Rustum, the Biden campaign’s national relational director, described its app as an organizing hub that helps mobilize efforts for voter registration, especially with friends and family. She said the app could help reach groups, such as recent immigrant communities, with newly registered voters who are often untapped in traditional campaign organizing.

Another Biden aide said the campaign sees no need to actively track where people are through the app.

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U.S. NEWS

Gatherings, Eased Limits Fuel Spread

By SARAH KROUSE

The coronavirus is spreading across the U.S. for a number of reasons, including family and social gatherings ranging from dinner parties to weddings, as well as eased shutdown restrictions nationwide.

For months during the pandemic, Natasha Miller, chief executive of the San Francisco-based event company Entire Productions, has dealt with cancellations of in-person events and clients shifting to virtual gatherings. Recently, however, requests for in-person gatherings have increased.

A Los Angeles client asked her company to plan a 30-person Halloween party complete with large-scale lighting, models wearing body paint and characters that walk around. Attendees will get rapid tests before entering.

"I don't want to be the person who has planned or participated in any kind of super-spreader event," she said.

Public-health officials in the West said they are trying to balance not being too stringent with measures meant to mitigate the virus's spread,

while also stressing the importance of mask wearing, social distancing and getting a seasonal flu shot.

Camarin Zanger, 22, went back to the gym in September after months of closures and is gradually returning to her pre-pandemic powerlifting strength regimen in the hopes of becoming a paid athlete.

Earlier in the pandemic she lived with her husband and mother-in-law as well as an 80-year-old relative, which meant the family was unable to have guests. Now the couple have moved into their own apartment in Lone Tree, Colo., which has given them more freedom to resume some normal activities.

They joke that masks are like underwear—you can't leave home without it.

A recent tweet from the Colorado health department about rising case numbers, however, made her fear that gyms might be forced to shut down again.

"My hope is the gyms don't close, but if it's because people are dying you don't want to be selfish," she said.

The virus is spreading in places that have previously ex-



People prepared to self-administer Covid-19 saliva tests in Moorhead, Minn., as area cases continue to rise.

perienced surges as well as in less densely populated locations that Covid-19 hadn't yet reached.

There are now more cases per 100,000 people in nonmetropolitan counties than there are in metro areas, according to a Wall Street Journal analysis of Johns Hopkins University and Census Bureau data. That is a shift from earlier in the pandemic.

Mayors of the largest towns in South Dakota this month wrote an open letter to the public, asking people to wear masks when social distancing isn't possible and keep social gatherings to small groups.

Weddings are one form of gathering that are slowly resuming with varying degrees of social distancing and mask-wearing.

More than half—52%—of 2,000 couples with wedding dates between April and August rescheduled their receptions, according to a spring survey by The Knot website. By September, in a separate survey of more than 680 couples with weddings scheduled between that month and January, 35% said they were postponing their events.

In Minnesota, the state health department said last week it had identified 77 cases directly linked to a wedding in the state in late August. In Maine, there were 178 cases and eight deaths linked to an Aug. 7 wedding and reception in the northern part of the state as of last week, according to a spokesman for the state's Center for Disease Control and Prevention.

U.S. Daily Cases Again Near 84,000

The U.S. added nearly 84,000 coronavirus cases for the second straight day on Saturday, with new infections coming in barely below the single-day record set the previous day.

Saturday's total of 83,718 new cases marks the second-highest single-day count after the record 83,757 infections logged Friday, according to data compiled by Johns Hopkins University. The U.S. has reported nearly 8.58 million infections in total, with the death toll nearing 225,000.

At least seven states re-

ported record one-day totals of new infections on Saturday. Illinois logged more than 6,100 cases, while Michigan reported nearly 3,500. Ohio recorded more than 2,800 infections, while Colorado and Oklahoma each reported more than 1,820 cases. New Mexico and Alaska also reported record one-day tallies.

Hospitalizations in the U.S. approached 42,000 on Saturday, according to data from the Covid Tracking Project. It was the fourth straight day with more than 40,000 Covid-19 patients in hospitals.

Globally, more than 42.6 million people have been infected, and about 1.15 million have died, according to Johns Hopkins.

—Chun Han Wong

Halted Virus Ad Campaign Leaves Santa in the Cold

A federal health agency halted a public-service coronavirus advertising campaign funded by \$250 million in taxpayer money after it offered a special vaccine deal to an unusual set of essential workers: Santa Claus performers.

By Julie Wernau, James V. Grimaldi and Stephanie Armour

As part of the plan, a top Trump administration official wanted the Santa performers to promote the benefits of a Covid-19 vaccination and, in exchange, offered them early vaccine access ahead of the general public, according to audio recordings. Those who perform as Mrs. Claus and elves also would have been included.

The Department of Health and Human Services said Friday the Santa plan would be scrapped. The deal was the brainchild of the official, Michael Caputo, an HHS assistant secretary, who took a 60-day medical leave last month. The rest of the campaign now is under an HHS review.

The Santa "collaboration will

not be happening," and HHS Secretary Alex Azar had no knowledge of Mr. Caputo's outreach discussions, an HHS spokesman said. Mr. Caputo didn't respond to requests for comment.

Ric Erwin, chairman of the Fraternal Order of Real Bearded Santas, called the news "extremely disappointing," adding: "This was our greatest hope for Christmas 2020, and now it looks like it won't happen."

The decision comes as the Covid-19 spread continues to accelerate in most states, and the vaccines are unlikely to be broadly available to the public before the holiday season.

The ad effort was intended to "defeat despair, inspire hope and achieve national recovery," according to a work statement reviewed by The Wall Street Journal. It was to include television, radio, online and podcast announcements.

The public-relations blitz began to fizzle after some celebrities shied away from participating, a former White House official said, amid concerns that the campaign would be viewed as political.



A top administration official wanted Santa performers to promote a Covid-19 vaccination and, in exchange, offered early vaccine access.

Mr. Azar has "ordered a strategic review of this public health education campaign that will be led by top public health and communications experts to determine whether the campaign serves important public health purposes," HHS officials said in a statement.

In a 12-minute phone call in

late August, Mr. Caputo told Mr. Erwin of the Santa group that vaccines would likely be approved by mid-November and distributed to front-line workers before Thanksgiving.

"If you and your colleagues are not essential workers, I don't know what is," Mr. Caputo said on the call, which

was recorded by Mr. Erwin and provided to the Journal. "I cannot wait to tell the president," Mr. Caputo said at another point about the plan. "He's going to love this."

Mr. Erwin said on the call: "Since you would be doing Santa a serious favor, Santa would definitely reciprocate."

Mr. Caputo said: "I'm in, Santa, if you're in."

Mr. Caputo contacted Mr. Erwin after he had testified at an HHS advisory meeting in late August urging early vaccinations for performers portraying Santa, Mrs. Claus and elves. Mr. Caputo told Mr. Erwin on the call that the administration planned to hold regional events with features including "beautiful educational films" to drum up awareness ahead of a coronavirus vaccination drive.

Mr. Caputo said he wanted Santas to appear at rollout events in as many as 35 cities. In exchange, he said the Santas would get an early crack at inoculation.

In September, after the contract award was disclosed on USA Spending.gov, Mr. Caputo said in an interview with the

Journal that it would focus on a variety of topics including urging minorities to participate in Covid-19 clinical trials. The work statement said "the vast majority of the funds" were expected to be spent between August and January.

Three Democratic leaders in the House of Representatives last month criticized the campaign, questioning its timing just before a national election. The contract was awarded on Sept. 1.

Mark Weber, HHS's deputy assistant secretary, said the campaign has no political component. "There is no room for political spin in the messages and materials designed by HHS to help Americans make informed decisions about the prevention and treatment of COVID-19 and flu," Mr. Weber said in a statement.

Without a vaccine, the Santa group's Mr. Erwin said, he plans to cancel all but one socially distant Christmas booking this year. He said nearly 100 Santas had volunteered for the HHS assignment.

—Suzanne Vranica contributed to this article.

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Samsung Heir Faces Challenges

Continued from Page One

under Lee Jae-yong, Samsung has struggled as Chinese rivals matched it on features and beat it on price. Amazon.com Inc. and Alphabet Inc.'s Google, with greater expertise in services than Samsung, have launched popular home speakers or smartphons.

Lee Kun-hee, who was 78 years old when he died, was known for making massive bets, even imploring executives to "change everything except for your wife and children." In 1974, he was so sure that Samsung should venture into semiconductors that he invested his personal money to buy a 50% stake in the financially troubled Korea Semiconductor.

His father, Lee Byung-chull, the founder of the nascent Samsung conglomerate, eventually was persuaded. It proved to be game changing: in the 1990s, Samsung Electronics leapfrogged Japanese rivals and now memory chips represent the company's biggest cash cow.

A clear management style has yet to emerge for Lee Jae-yong—who goes by Jay Y. in the West—and is 52, trilingual and Harvard-educated.

His father and grandfather oversaw Samsung during the Japanese colonial period and

later in the aftermath of the Korean War, leaving both with a driving hunger to succeed, said Mike Cho, a business professor at Korea University in Seoul, who has long followed Samsung as a South Korean corporate governance expert. It is unclear what drives Samsung's third-generation leader, he said.

"Jay Y. was born into a family which was by nature rich, and already established," Mr. Cho said. "He has a very different kind of education."

Little is expected to change right away at the Samsung conglomerate, which spans dozens of affiliates in which Samsung Electronics is the crown jewel, industry experts said. Mr. Lee, like his father, leaves the day-to-day operations to three Samsung Electronics CEOs, though any major decision must have his blessing.

How Lee Kun-hee's shares eventually transfer to his son or two daughters remains unknown. South Korean officials are expected to assess the inheritance tax—which could be as high as 60% for the Samsung shares—over the next months.

Mr. Lee has previously said he spends about 95% of his time focused on Samsung Electronics, the conglomerate's most valuable arm. Mr. Lee's sisters are unlikely to battle their brother for control of Samsung Electronics as chairman, though they could seek to spin off other parts of the conglomerate for themselves, said Park Sang-in, a professor at Seoul National University, who studies suc-

cession planning at South Korea's dynastic companies.

Samsung boasts the world's fifth most-valuable brand, according to Interbrand, trailing only Apple, Amazon, Microsoft and Google. But the company's branding has long emphasized product flourishes over the personalities of the people actually calling the shots.

Fluent in English, Lee Jae-yong did hobnob more than his predecessors after taking over for his ailing father. He cultivated relationships with Silicon Valley elite, including Apple's Tim Cook, and attended the well-known Sun Valley conference in Idaho.

The conglomerate has failed to keep pace with rivals and is struggling to evolve.

In a sign of his and the company's standing, Mr. Lee was the only non-U.S. executive invited to a White House gathering of industry leaders with then President-elect Trump, just weeks after the November 2016 election.

His father's poor health long dissuaded Mr. Lee from making more public appearances, all the more important given South Korea's culture favoring tradition and hierarchy, Samsung insiders have said. Until his death, Lee Kun-hee held the title of Samsung Electronics chairman. His son was

bestowed with vice chairman.

He also faces ongoing legal issues. He was convicted of bribing South Korea's president in 2017 and spent nearly a year in jail. The case is still being resolved in an appeals court. Last month, prosecutors indicted him again for financial fraud. Mr. Lee has denied wrongdoing.

In recent years, Mr. Lee's business dealings, partly due to his father's health and his legal woes, have also remained low-key. Despite holding close to \$80 billion in cash, Samsung hasn't pulled the trigger on any major acquisitions that could expand the business empire. Samsung last year did announce more than \$110 billion in investments by the end of the decade, though the funds were largely earmarked for existing lines of business.

What Mr. Lee has said publicly often expresses a desire to step out of his family's shadow—and the past. During the bribery scandal, he promised lawmakers during a 2016 legislative hearing to "throw away the old ways."

Earlier this year, Mr. Lee issued a rare apology over the bribery scandal and other issues related to his succession, promising he wouldn't pass down his role to his children. But he didn't specify how he would pass control to professional managers rather than his own children, as his father and grandfather had done.

"The environment that surrounds Samsung now is completely different from what it was before," Mr. Lee said at the time.

WORLD NEWS

Chileans Vote to Change Charter

Constitution drafted during a military dictatorship is defeated in referendum

By RYAN DUBE

Chileans overwhelmingly voted to change their dictatorship-era constitution in a referendum on Sunday, beginning a process that could upend the political landscape in one of Latin America's wealthiest nations amid a social backlash against the status quo.

More than 78% of Chileans voted to draft a new constitution, versus almost 22% who want to keep the same charter, according to the national election agency.

"This is historic," said Roger Figueroa, a 32-year-old in Santiago, where thousands of people sang and waved flags in an emblematic plaza to celebrate the results. "This isn't only a benefit for us, but for our children, grandchildren and the generations to come."

Chile, a country of 18 million people, is set to begin a two-year process to draft a new constitution, a period that political analysts and economists expect will be rife with uncertainty. Voters are expected to elect in April a 155-member assembly to draft the new charter, which will need to be approved in a plebiscite in 2022. Half of the newly elected delegates will be women. The constitution writing will coincide with next year's presidential election.

The new constitution will replace the 1980 charter that was drafted during the military dictatorship of Gen. Augusto Pinochet. He took power in a coup that ousted then-President Salvador Allende, a Marxist whose 1970 election and subsequent nationalizations of industries turned Chile into a Cold War battleground.

Chileans have long been polarized over the current constitution. While other Latin American nations have been racked by financial turmoil in recent years, many Chileans credit their charter for laying the



Chileans have long been polarized over the current constitution. The new constitution will replace the 1980 charter that was drafted during the military dictatorship of Gen. Augusto Pinochet. The constitution writing will coincide with next year's presidential election.

foundation for years of stability and robust growth by providing strong protections for private property and enshrining central-bank autonomy.

But critics say it is illegitimate due to its origin in a brutal dictatorship that tortured and killed thousands of leftist activists. They say it has been a straitjacket on social reforms by preventing changes to the country's market-friendly economic model, which led to large protests last year.

"The constitution has damaged the political system," said Claudia Heiss, a political scientist at the University of Chile. "It created a very rigid political system and disenchantment among people over the capacity for political change."

She said a new constitution will likely expand social rights, while giving future governments more room to implement policies without worrying that the Constitutional Tribunal, the country's top court, will strike them down as unconstitutional. Anger with Chile's status



quo boiled over last October, when a protest by high-school students over a 3-cent increase in subway fares expanded to include hundreds of thousands of people in nationwide demonstrations.

Their demands included abolishing the private pension-fund system, which was also implemented during the Pinochet regime, to increasing state investments in education and strengthening indigenous

rights. Salvador Millaleo, a lawyer at the National Human Rights Institute, said indigenous groups, which represent about 13% of the population, see a chance to expand their legal rights over land ownership and cultural issues. The Mapuche, Chile's biggest indigenous group, has often clashed with the forestry industry in southern Chile over its environmental impact.

Opponent Of Maduro Flees to Madrid

By JUAN FORERO AND KEJAL VYAS

After years of jail and house arrest, Venezuelan opposition leader Leopoldo López, a prominent figure in the movement to overthrow President Nicolás Maduro's authoritarian regime, is in Spain reunited with his family after having fled his homeland in what his aides called a daring escape.

The mentor to U.S.-backed opposition leader Juan Guaidó and a conduit to U.S. officials seeking to remove Mr. Maduro from power had been holed up in the Spanish ambassador's residence in Caracas since fleeing house arrest during a failed military uprising in April 2019.

He pledged to fight on to restore democracy in a country hobbled by a collapsed economy and the migration of five million Venezuelans.

"Venezuelans, this decision has not been a simple one," Mr. López said in a Twitter post late Saturday. "Be assured that this servant can put up the fight from any place."

Mr. López, 49 years old, left the rambling ambassador's residence in a quiet, affluent neighborhood in the eastern end of the city and made his way to Aruba, said one person close to Mr. López and familiar with his departure.

The person said Mr. López stopped in Miami on his journey to Madrid, where his family—including his wife, three children and his parents—resides.

"It's an operation that's been in place for months," he said about how Mr. López abandoned the residence.

A person close to the Maduro government said Mr. López was allowed to escape to facilitate dialogue with the European Union, which has tried to revive free and fair elections in Venezuela.

"Indigenous people aren't simply seeking recognition," said Mr. Millaleo, who is Mapuche. "What they want is more power, and they can get that through more collective rights."

President Sebastián Piñera, a conservative billionaire, has long opposed writing a new constitution but agreed to hold a referendum last year to restore stability.

While demonstrations were mostly peaceful, some protesters torched subway stations, looted supermarkets and destroyed hotels and restaurants, causing billions of dollars in damage. More than 30 people were killed in the protests.

Mr. Piñera's center-right coalition has been split over their support for a new constitution. Joaquín Lavín, a right-wing mayor of an important Santiago district who is considered a top presidential contender in 2021, voted in favor of a new constitution.

—Maolis Castro contributed to this article.

EU Would Apply Lower Threshold to Clear a Vaccine

By DREW HINSHAW

The European Union's chief drug regulator would approve a vaccine against Covid-19 even if trials showed that it was effective in less than half the people who take it, lower than the threshold the U.S. Food and Drug Administration is likely to apply in assessing vaccine candidates for the U.S. population.

According to officials at the European Medicine Agency, the body would be willing to

approve a Covid-19 vaccine even if it showed a so-called efficacy rate below 50%, as long as the shot were safe enough to justify the benefits.

That line of thinking differs from the FDA, which expects a shot to demonstrate at least a 50% efficacy rate. Approval by the EMA is valid in all 27 countries in the EU, as well as some neighboring countries and in the U.K. until it formally leaves the bloc on Dec. 31.

No vaccine is 100% effective.

Seasonal flu shots sometimes fail to protect even half of the people who receive them.

Whether regulators should approve a Covid-19 vaccine that shows lower efficacy results is a pitched debate among some immunologists, who worry a mediocre shot—which will only be available to a small percentage of the population at first—will erode public trust in vaccines without doing much to stop the pandemic.

"This is something that is

being debated a huge amount. People are quite cautious about rushing into approval of a vaccine," said Martin McKee, professor of European public health at the London School of Hygiene and Tropical Medicine. "You need to have both high uptake and high efficacy. You need to have both. And that's the concern at the moment, particularly because there's a high level of distrust in vaccines."

The contrasting assessments on either side of the At-

lantic underscore the divergent approaches European and American agencies are taking, even when given the same data, as several vaccine candidates near the finish line.

With four Western candidates in late-stage clinical trials, the race for the first approved vaccine is entering its final stretch.

EMA officials said they are cautiously optimistic that at least one vaccine will become broadly available sometime in

the first quarter of next year.

"Authorization will be granted when the evidence shows that the benefits of vaccination are greater than any risks of the vaccine," the EMA said. "They will have to show that vaccines also have an acceptable safety profile."

The EMA is looking to approve a Covid-19 vaccine for what it calls conditional marketing authorization akin to the FDA's emergency use authorization.

New Wave Of Virus Hits Europe

Continued from Page One

ities greater powers to impose social-distancing and emergency health-care policies.

Daily confirmed infections in Europe, which overtook the U.S.'s daily detected infections during October, are threatening to overwhelm European countries' capacity to test, trace and isolate virus carriers, leading authorities and health experts to warn that the pandemic could intensify. Governments are hoping last-ditch measures such as curbs on socializing and nightlife can reduce contagion again without strangling Europe's economic recovery.

A dramatic reversal of fortunes in recent weeks has undermined Europe's apparent achievement in curbing contagion through economically painful lockdowns this spring. Covid-19 infections were significantly lower than in the U.S. this summer, but have rebounded because of factors including shortcomings in testing and contact-tracing systems, fatigue with social-distancing precautions and a particular relaxation of behavior among younger people.

If Europe's escalating restrictions, from curfews to local travel bans, fail to slow

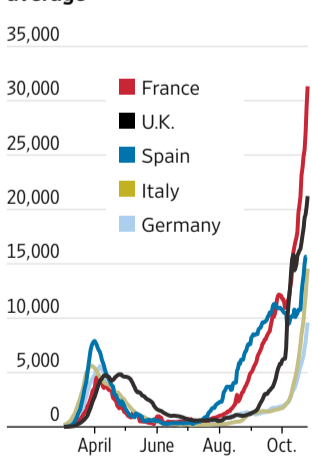
contagion, the continent will be left with a choice between a return to lockdowns or letting the pandemic take its course, with potentially disastrous effects for overstretched health-care systems.

So far, however, deaths from Covid-19's second wave are a fraction of Europe's heavy death toll in March and April. Many recently infected people have no or only light symptoms. Earlier detection and treatment, as well as improved public awareness and medical knowledge, are helping contain the number of severely ill cases.

But doctors and public-health experts warn that uncontrolled contagion eventually will revive the pressure on hospitals that led to a shortage of intensive-care beds in some of Europe's hardest-hit cities this spring. Some hospitals in Madrid, Paris and other hot spots are warning of an unsustainable rise in patients.

The second wave of infections, combined with the piecemeal return of social-distancing restrictions, is slowing Europe's economic recovery. So far, most of Europe has avoided the two most draconian features of the continent's lockdowns this spring: compulsory stay-at-home orders, and the closure of all nonessential businesses. Although those measures helped suppress the pandemic's first wave, they also pitched Europe into its deepest economic contraction of the post-World War II era. In many countries, public frustration and fatigue have made renewed lockdowns

Daily confirmed Covid-19 cases, seven-day rolling average



Source: European Centre for Disease Prevention and Control

hard to stomach politically, too.

Italy, the epicenter of Europe's first wave, managed to reduce infections to fewer than 200 a day this summer, but is now struggling with an explosive rebound. Confirmed infections surpassed 20,000 on Sunday, as the government imposed its toughest restrictions on daily life since the country ended its lockdown in May. The latest measures, due to run from Monday until Nov. 24, include the closure of all bars and restaurants at 6 p.m., the suspension of many sporting and leisure activities, and a return to online lessons for high-school students. Prime Minister Giuseppe Conte acknowledged rising popular frustration but said the measures were the only way to

avoid another lockdown.

France has become the worst-hit country in Europe's second wave, with average daily infections rising by nearly 50% in the past week. Although the recent death toll is much lower than this spring, nearly half of the country's intensive-care beds are now occupied by Covid-19 patients, according to French health authorities.

"The epidemic is reaccelerating very strongly," President Emmanuel Macron of France said while visiting a hospital in a Paris suburb on Friday.

In Spain, another focal point of Europe's second wave, the government imposed a nationwide curfew between the hours of 11 p.m. and 6 a.m. and limited social gatherings to six people. Socializing and nightlife have been among the main causes of Spain's rebound in virus cases. "The situation we are living in is extreme," Prime Minister Pedro Sánchez of Spain said.

European governments have increasingly lost hope of crushing the contagion curve and are instead aiming to keep infections at a tolerable level that avoids overwhelming the health-care system until an effective vaccine comes along.

"The objective is not to bring the contagion curve down to zero, but to bring it under control," Italy's Mr. Conte said on Sunday.

Detected cases have also risen strongly in the U.K., Poland and Germany, which had until recently kept the virus under better control than other major European countries.

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WORLD WATCH

WORLD NEWS



BANGKOK RALLY: Thousands of pro-democracy protesters gathered in Thailand's capital again on Sunday, seeking to keep up pressure on the government of Prime Minister Prayuth Chan-ocha a day before a special session of Parliament that was called to try to ease political tensions.

UNITED KINGDOM

Stowaways Detained Aboard Oil Vessel

British authorities detained seven stowaways on an oil tanker a few miles from the English coast, after crew members called for help and locked themselves in the vessel's safe room, the ship's operator said. The Liberian-registered ship, called the Nave Andromeda and operated by Greek shipping company Navios Tankers Management, was en route from Nigeria to the Fawley oil refinery near Southampton, England. U.K. special forces were involved in the operation, a person familiar with the matter said. The stowaways boarded in Lagos, a spokesman for the vessel's operator said. As the ship approached Southampton, the captain notified the U.K. coast guard, and the stowaways issued threats against the crew when they realized the authorities had been informed. The captain ordered the crew to the ship's safe room, the spokesman said.

—Benoit Faucon

AFGHANISTAN

Kabul Claims Killing Of Al-Qaeda Official

Afghanistan said it killed a top al-Qaeda propagandist on an FBI most-wanted list during an operation in the country's east, showing the militant group's continued presence there as U.S. forces work to withdraw. The reported death of Husam Abd al-Rauf, also known as Abu Muhsin al-Masri, follows weeks of violence, including a suicide bombing by Islamic State on Saturday at an education center near Kabul that killed 24 people. Meanwhile, the Afghan government continues to fight Taliban militants even as peace talks in Qatar between the two sides take place for the first time. The violence and Mr. al-Rauf's reported killing threaten the peace talks. Al-Qaeda didn't immediately acknowledge Mr. al-Rauf's reported death. The U.S. military's Central Command and NATO didn't respond to requests to comment.

—Associated Press

POLAND

Protests Held Over Abortion Restriction

Women's rights activists angry over a tightening of Poland's already restrictive abortion law held protests outside and inside churches on Sunday, disrupting Masses. The actions followed a ruling on Thursday by Poland's constitutional court that declared aborting fetuses with congenital defects is unconstitutional. Poland already had one of Europe's most restrictive abortion laws, and the ruling will result in a near-complete ban on abortion. At the Holy Cross Church in Warsaw on Sunday, a group of far-right nationalists blocked stairs leading to the entrance. A video posted from the northern Polish city of Szczecinek showed young women surrounding a priest and yelling at him. Poland's Catholic Church is often viewed by liberal Poles as a reactionary force standing on the side of the country's right-wing government.

—Associated Press

POLAND

Prime Minister Says He Has Coronavirus

Polish President Andrzej Duda says he feels well despite testing positive for the coronavirus, and he apologized to everyone who must quarantine because they had contact with him. Mr. Duda, 48 years old, said in a recording published on Twitter that he was experiencing no Covid-19 symptoms "but unfortunately, the test result is absolutely unambiguous." "I would like to apologize to all those who are exposed to quarantine procedures because of meeting me in recent days," the president said. "If I had had any symptoms, please believe me, all meetings would have been canceled." Mr. Duda's diagnosis comes amid a huge surge in confirmed new cases of Covid-19 and virus-related deaths in Poland, a nation of 38 million that had very low infection rates in the spring.

—Associated Press

U.S., India Seek To Counter China With Military Pact

The U.S. and India are expected to sign a key military agreement this week, bolstering cooperation in the Pacific and Indian oceans to counter an increasingly assertive

and satellite imagery, enhancing the accuracy of automated weapons, drones and missiles, the Indian officials said.

Besides India, Mr. Pompeo is visiting Sri Lanka, the Maldives and Indonesia.

The enhanced cooperation with New Delhi comes at a time of heightened tensions between India and China along their Himalayan border, where the nuclear-armed neighbors have deployed tens of thousands of troops with artillery since a deadly hand-to-hand clash in mid-June.

"In the current scenario of the border standoff with China, geospatial intelligence and real-time images will be crucial for us," one of the Indian officials said.

Mr. Modi's efforts to strengthen ties with partner countries—especially the others in what is called the Quad group, Australia, Japan and the U.S.—are aligning with the Trump administration's much more assertive approach to China, said Harsh V. Pant, head of strategic affairs at Delhi-based Observer Research Foundation, which describes itself as a nonpartisan, independent research organization that promotes a "strong and prosperous India in a fair and equitable world."

By Rajesh Roy in New Delhi and William Mauldin in Washington

China, Indian officials said. The satellite-intelligence pact will be completed during a visit by Secretary of State Mike Pompeo and Defense Secretary Mark Esper to New Delhi, Indian officials said, part of an annual gathering with their Indian counterparts on Tuesday.

A senior U.S. defense official didn't confirm the planned signing, but cited significant progress. He also said the pact, known as the Basic Exchange and Cooperation Agreement, or Beca, would "allow for expanded geospatial-information sharing between our armed forces."

India's cabinet, which met under Prime Minister Narendra Modi early last week, approved the draft pact, setting the stage for a formal signing, two Indian government officials privy to the development said.

The pact would give India access to advanced American map



Secretary of State Mike Pompeo and Defense Secretary Mark Esper will complete the pact in New Delhi this week, Indian officials said.

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WORLD NEWS

Belarus Protests Draw Broad Swath of Society

By ANN M. SIMMONS

For almost three months, thousands of Belarusians from across the social spectrum have joined weekly protests demanding President Alexander Lukashenko step down after 26 years in power, following an election in August critics say was neither free nor fair.

The rallies often attract more than 100,000 people, who contend that the victory should have gone to opposition candidate Svetlana Tikhanovskaya. They include a disparate assortment of civil servants, manual laborers, tech professionals, students and pensioners.

What unites them is growing anger with a leader who they say governs through fear, cynicism and a ruthless determination to stay in power. They say they are willing to take the risk of standing against Mr. Lukashenko, despite thousands of arrests, reports of torture and acts of retribution over the past few months.

Officials didn't respond to requests to comment on claims that the government mistreats its citizens or takes revenge against those who oppose it.

Yuri Korzun had a job for life at Belaruskali, one of the world's largest miners of potash fertilizer. He risked it by chaining himself to mining equipment 1,000 feet below ground in a one-man protest against what he said was Mr. Lukashenko's cavalier response to the coronavirus pandemic.

Mr. Lukashenko has largely dismissed the virus, despite



Maksim Stashulionak with his son Kostya, 3, at a forest near his apartment in Minsk. Mr. Stashulionak lost his job as a firefighter and was evicted from state housing after he warned his neighbors the government was planning to remove the protest flags from their apartments.

contracting it himself. He has suggested vodka and dry saunas as suitable remedies and refused to limit border crossings or introduce social-distancing measures.

Mr. Korzun, however, spent 21 days quarantining at home when he was infected in August. A colleague died after contracting the disease, enraging him further.

"It was incomprehensible to me," Mr. Korzun said. "I realized that...I must do everything to protest the fact that he was president."

Mr. Korzun bought the handcuffs he used to attach himself

to the mining machinery on-line. It took law enforcement hours to free him, after which he lost his job and the \$1,500 a month that came with it—a sizable sum in a country where average monthly take home pay is \$458. He was subsequently sentenced to 30 days in prison for participating in two unauthorized demonstrations.

"I have no regrets," he said.

Tatyana Martinovich used to work as a criminal investigator with Belarus's interior ministry. For years, she didn't question Mr. Lukashenko's rule. But the country's depleted economy began to weigh on her when

she left work to look after one of her two adult children, who suffers from cerebral palsy and uses a wheelchair. She says it is tough for the family financially. Their joint monthly allowance from the government amounts to around \$220.

When she heard Mr. Lukashenko had claimed victory in the Aug. 9 election with more than 80% of the vote, her anger boiled over, she said.

"It was nonsense," she said. Since then she has attended almost all the Sunday protests with her disabled son, who is 21 and has gained a new sense of purpose from attending the

events, she said.

"This year, our nation woke up and there was an evolution of our country and of Belarusians in general, in their self-consciousness, judgment and reassessment of values," Ms. Martinovich said.

As a high-school student, Vladislav Shakhnovich won a prestigious presidential award for his academic achievements. But now he says he can't stand the sight of the certificate, carefully mounted in a red binder, and is ashamed of Mr. Lukashenko.

Now an English teacher living in the town of Smorgon,

around 60 miles northwest of the capital city of Minsk, Mr. Shakhnovich says he was appalled by the way riot police treated protesters.

He blames Mr. Lukashenko for the flood of young people who have left the country in recent years to seek better opportunities, including some of his friends. Government data show annual emigration more than doubled between 2014 and 2019 to almost 21,000 people from about 9,200.

Mr. Shakhnovich feels strongly about building a new Belarus and says it is his duty to stay and make the case for Mr. Lukashenko to stand down.

"One of the most respected acts a man could undertake is to accept defeat," he said.

When firefighter Maksim Stashulionak warned his neighbors the government was planning to remove the protest flags from their apartments, the authorities retaliated by firing him from his post and giving him three days to vacate the rent-free government apartment he shares with his pregnant wife and child.

The red-and-white banners that have become a symbol of protest were used as the national flag before Belarus was absorbed into the Soviet Union.

Mr. Stashulionak said he sympathizes with the demonstrators and had grown disillusioned with the government.

"I don't think I'm guilty. I don't think I broke the law," he said.

—Valentina Ochirova contributed to this article.

Armenia, Azerbaijan Agree to Cease-Fire After Talks in Washington

By COURTNEY MCBRIDE

WASHINGTON—Armenia and Azerbaijan, which have spent nearly a month engaged in a violent conflict in the Nagorno-Karabakh region, have agreed to a humanitarian cease-fire, the U.S. and the two Caucasus neighbors said.

The cease-fire, based on

commitments made in Moscow earlier this month, will take effect at 8 a.m. local time on Monday, according to a joint statement.

Ambassador Elin Suleymanov, Azerbaijan's envoy to the U.S., said Sunday that his government is cautiously optimistic that the cease-fire will hold, but emphasized the need

for a long-term settlement.

"It's not just about an immediate cease-fire," Mr. Suleymanov said. "Cease-fire lasted for 26 years, between 1994 and 2020. It didn't produce the lasting solution."

The Embassy of Armenia didn't immediately respond to a request for comment.

The U.S., France and Russia

have assisted negotiations in their capacity as co-chairs of the Minsk Group, established by the Organization for Security and Cooperation in Europe in 1992 to facilitate a peaceful resolution to the longstanding dispute.

Sunday's announcement follows a series of meetings in Washington aimed at preventing the long-simmering conflict between

the two former Soviet republics from expanding to the wider region. U.S. officials have expressed concern over possible interference by outside parties such as Russia and Turkey, which have close links to Armenia and Azerbaijan, respectively.

Deputy Secretary of State Stephen Biegun met Saturday with Armenian Foreign Minister

Zohrab Mnatsakanyan and Azerbaijani Foreign Minister Jeyhun Bayramov, who "reaffirmed their countries' commitment to implement and abide by the humanitarian cease-fire," the nations said in a joint statement.

The foreign ministers and the co-chairs agreed to meet again on Oct. 29 in Geneva to discuss a long-term peace settlement.

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Member Voices | Four of our members respond to the below question:

Are you satisfied with the progress big digital platforms have made toward being more accountable in terms of brand safety and measurement?



Linda Duncombe

Executive Vice President and Chief Marketing, Product and Digital Officer, City National Bank

"We can't paint every digital platform with the same brush—some organizations are doing a lot of good in this area, while others need to be more accountable when it comes to safety and measurement. Brands and consumers alike are faced with the current world we live in where digital platforms are more important than ever. The pandemic has everyone looking for digital platform solutions like never before – we all need and want to stay connected. Clearly, keeping it as part of the conversation and holding companies accountable is really important."



Julian Jacobs

Co-Head, UTA Marketing, United Talent Agency

"We have a long way to go. The pandemic has not only accelerated consumption and audience growth on these platforms, but simultaneously opened up new opportunities for advertisers. Unfortunately, there remains a gap in the development and innovation behind brand safety tools and capabilities. Advertisers, agencies and creatives must come together—we have the responsibility to develop educational to shed light on this very issue in order to get to where we need to be."



Kevin Iaquinto

Executive Vice President and Chief Marketing Officer, Blue Yonder

"In my view there is still much work to do here. The large digital platforms bear much responsibility for ensuring consumer privacy, along with brand safety and measurement. The unintended consequences of what has been built are clear and more control is warranted. In order to stem the tide of future regulations, more proactive commitment in this area is going to be needed to ensure that brand advertising is as fraud-free, safe and viewable as possible."



Luis Vazquez

Senior Vice President, Worldwide Sales & Marketing, Tupperware Brands

"The pandemic has been a test to see how digital platforms approach brand safety. There is credit to be given to the industry for trying to prune away false information, mobilize support for essential causes, and educate advertisers and publishers on navigating through the crisis. But a gap needs to be filled to ensure digital platforms have the right measures to protect brand integrity. With data privacy at the forefront, there remains a challenge for our discipline to find the right platforms that enable brands to quantify the correlation among marketing efforts, reputation and the bottom line."

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FROM PAGE ONE

Brazilians Resort To Botox

Continued from Page One
 zilians—many only in their early 30s—have emerged from lockdown convinced they need cosmetic help.

“I couldn’t bear looking at my face any longer,” said Deliza Costa, a 32-year-old sales executive, who had Botox injected in June. “It seemed like I was frowning the whole time. I ended up paying more attention to my face than the call.”

Brazil was a world leader in cosmetic treatments even before the pandemic. With a fraction of the per capita income of rich nations, Brazil performed more plastic surgeries than any other country in the world in 2019, according to the International Society of Aesthetic Plastic Surgery. For nonsurgical procedures such as Botox, it ranked third, behind the U.S. and Japan.



Deliza Costa, 32, says seeing herself on videoconferences led her to Botox: ‘It seemed like I was frowning the whole time.’

While data on Botox injections this year in Brazil isn’t yet available, dermatologists and beauty clinics in major cities such as São Paulo and Rio de Janeiro say they are carrying out around 20% to 100% more treatments a month than they did before the pandemic. It is partly due to pent up demand, they say, after many establishments closed down in March and April. However, they are also seeing an influx of Botox first timers. Many of them are men.

“I’ve never done so much Botox as I have during the pandemic, and I’ve never seen so many men coming in,” said Eliandre Palermo, head of the São Paulo branch of Brazil’s Society of Dermatology, who has her own clinic in the city. The number of new clients increased by 60% during the pandemic, she said.

Many men were cajoled into getting Botox by their wives after spending months cooped up together during lockdowns, dermatologists said.

“I was worried my friends would make fun of me,” said Luis Ferreira, a 32-year-old pharmaceutical representative, who got a Botox treatment in July. He said he had never spent so much time with his girlfriend before the pandemic and had learned a lot about cosmetic treatments during their lockdown. He now recommends it to his male friends. “I tell them: ‘Do it, dude! It’s important to look good!’”

Men now account for about 20% of Ad Clinic’s Botox patients, compared with 5% before the pandemic, said Ms. Medici.

“When you take a photo, you pose to look your best,” said Ligia Kogos, a dermatologist in São Paulo who has been injecting Botox into Brazilians’ faces since the 1990s. But in videoconferencing, “you see your face there at the bottom of the screen, you see yourself speaking, working, your facial muscles contracting.”

With many beauty clinics closed during the height of the pandemic, Brazilians turned to dentists. In Brazil, dentists are authorized to administer Botox as the substance can be

used to treat conditions such as jaw clenching. In reality, many use it to treat their patients’ wrinkles—the subject of a long-running judicial dispute with dermatologists who say the dentists are unqualified.

“I closed for three months and my patients would hassle me every day, asking me to find a way to inject them or go to their house,” said Márcia Rosita Garcia, who has a beauty clinic in São Paulo. “A lot of them ended up going to orthodontists.” She said many of her patients had gone through breakups during lockdown and saw Botox as a way to feel good about themselves again.

The stress of the pandemic itself has also worsened patients’ wrinkles as high amounts of the stress hormone cortisol can affect the skin’s collagen, said Kaliandra Cainelli, who has seen demand for Botox rise 20% at her two clinics in Rio de Janeiro.

Dermatologists elsewhere in cities such as Los Angeles and London have also reported rising interest in Botox, but the trend has been particularly pronounced in Brazil. Demand

for beauty treatments and products has grown even as the economy shrunk by a record near-10% in the second quarter and the country became a global hot spot for the disease, registering more than 150,000 deaths from Covid-19.

Producers of eye creams, used to reduce wrinkles and dark circles, sold 30% more in the first six months of this year compared with 2019, according to data compiled for the Journal by the Brazilian Association of the Cosmetic, Toiletry and Perfumery Industry.

For some image-obsessed Brazilians, face masks and videoconferencing have also provided the perfect way to hide bruising and bandages from more serious treatments. Google searches for rhinoplasty, or nose jobs, have skyrocketed in Brazil since March.

“I did lipo on my stomach and legs and got breast implants,” said Zoe Gardini, a 45-year-old architect, adding that the lockdown meant that she didn’t have to take time off work to recover. “I’ve wanted to get implants for a while but when else can I go three weeks without driving?”

Business Warms To Biden

Continued from Page One
 way,” said Tim Adams, president of the Institute of International Finance, which represents global banks. “With Biden, what you have is someone who in many ways is a throwback to a different era, who thinks about, ‘How do you get things done?’”

Asked how Mr. Biden would deal with business, his allies describe him as pragmatic. “Joe Biden is driven less by the politics of the moment and more by which policies he believes will be most effective in lifting up the middle class,” said Jared Bernstein, an economist who served under Mr. Biden when he was Barack Obama’s vice president, and still advises him.

What some call pragmatism looks to others like an absence of any ideological anchor, making it hard for outsiders to predict what side he will take on any given issue.

“Biden has impulses, not ideas,” said Michael Strain, head of economic policy studies at the right-of-center American Enterprise Institute. For many business leaders, the worry is less Mr. Biden himself than that he may be pulled left by his party. “I’m not sure exactly what he believes in,” said one former Fortune 500 chief executive.

Stocks buoyant

For Mr. Biden to raise taxes, implement his most ambitious climate policies or add a public health-insurance option to Obamacare, Democrats must both retain control of the House of Representatives and win control of the Senate.

That prospect doesn’t seem to have bothered the markets so far. Stocks have remained buoyant, in part on expectations that a unified Democratic government means more fiscal stimulus. Several private forecasters, including Moody’s Analytics and Goldman Sachs, estimate a Democratic White House and Congress would lead to faster economic growth than otherwise, though some see him adding more debt, as well. Some conservative economists disagree, predicting Mr. Biden’s planned tax increases on corporations, big banks, high-income households and assets would reduce the incentive to work, save and invest, curtailing future output.

In a survey of about 100 CEOs who attended a Yale School of Management conference in September, 77% said they planned to vote for Mr. Biden. Many also are voting with their wallets. Roger Altman, founder of investment bank Evercore Inc. and a top Democratic fundraiser on Wall Street said, “Raising money is never easy. But raising money for Biden by historical standards has been very easy.” The Biden campaign raised nearly \$750 million in August and September, a record for any presidential candidate.

Financial industries have contributed more than \$50 million to Mr. Biden’s cam-

paign and outside groups supporting him, more than any other business sector, according to the Center for Responsive Politics. His top donors include Hollywood producer Jeffrey Katzenberg, LinkedIn co-founder Reid Hoffman, and venture capitalist Chris Sacca.

Business isn’t monolithic, and political attitudes vary considerably by industry and type of business. Of the political donations flowing to Mr. Biden, Mr. Trump or to outside groups supporting them, 81% of those from the securities and investment industry went to Mr. Biden, while 81% from energy and natural resources went to Mr. Trump. The data, compiled by the Center for Responsive Politics, covers reported donations through mid-October. Small-business owners have tended to be much more supportive of Mr. Trump than the CEOs of multinationals, such as those who answered the Yale survey.

‘Wishful thinking’

Andy Laperriere, a policy analyst at Cornerstone Macro, a brokerage firm, suggested in a note to clients that expectations a Biden presidency will be good for stocks are “wishful thinking.” In another report, he wrote: “Democrats have made clear they want to take from the 1% and make the economy fairer to average workers. It’s unlikely the 1% (which includes corporations, by their way of thinking) are going to be left better off under those circumstances.”

Mr. Biden’s plans would cost \$7 trillion to \$12 trillion over a decade, according to the Committee for a Responsible Federal Budget, a nonpartisan watchdog group.

Mr. Biden has tried to assuage business leaders even while promising to transform the nation with one of the most progressive administrations since Franklin D. Roosevelt. At a fundraising event at New York’s Carlyle Hotel in June 2019, he made soothing overtures to the Wall Street financiers in attendance.

“Remember I got in trouble with some of the people on my team, on the Democratic side, because I said, ‘You know what I’ve found is rich people are just as patriotic as poor people,’” Mr. Biden said. “You all know in your gut what has to be done. We can disagree in the margins, but the truth of the matter is it’s all within our wheelhouse and nobody has to be punished. No one’s standard of living will change. Nothing would fundamentally change.”

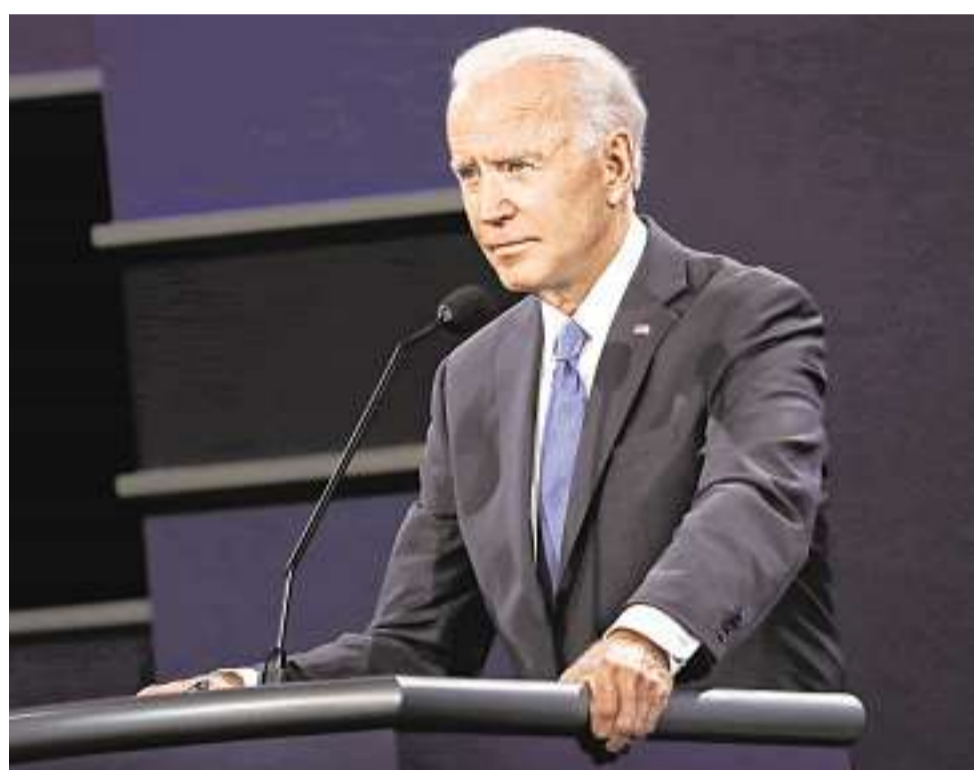
The remarks drew criticism from the party’s progressive base. Still, Mr. Biden has continued to say similar things.

An edit to a speech to supporters in Phoenix earlier this month, was telling. The prepared text read: “You’re the ones who actually built this country, not the Wall Street robber barons or CEOs.” When he delivered the remarks, he replaced “robber barons” with the more anodyne “bankers.”

Jake Sullivan, senior policy adviser for his campaign, said: “Joe Biden is a capitalist through and through.”

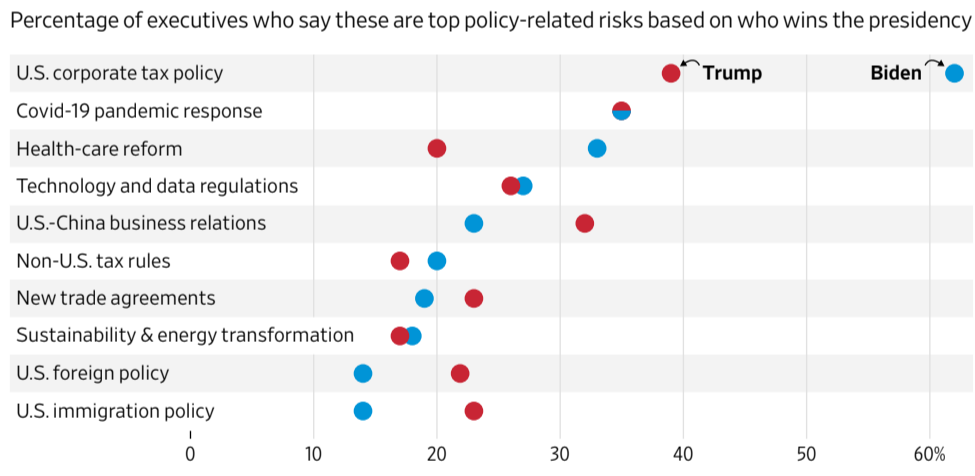
Through a spokesman, Mr. Biden declined to comment for this article.

Mr. Biden has been close to unions since his first Senate campaign in 1972, and they



Joe Biden’s campaign raised nearly \$750 million in August and September, a record.

What Business Worries About



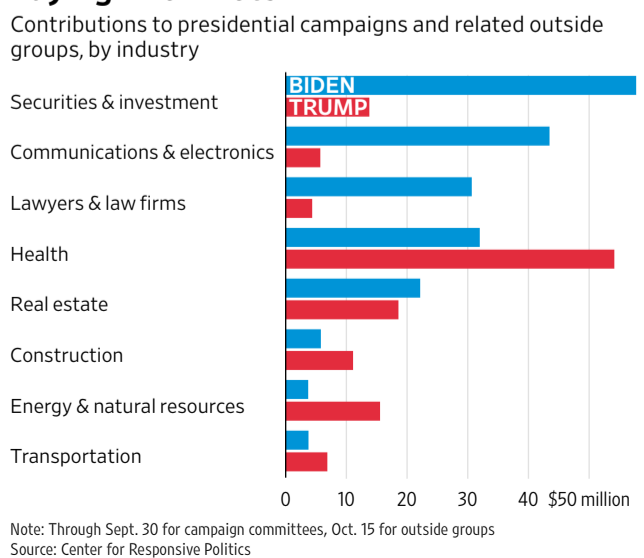
have contributed \$14 million to his campaign and supporting groups. Strengthening their hand with employers is one plank in his platform. Marc Perrone, international president of the United Food and Commercial Workers International Union, said labor hopes for more worker-friendly policies and a tougher Occupational Safety and Health Administration in a Biden administration. But, he added: “I think he’ll have an administration that listens to both sides.”

Mr. Biden is regularly briefed by a team that includes progressive economists such as Mr. Bernstein and Heather Boushey, head of the Washington Center for Equitable Growth, a left-of-center think tank, and more moderate figures such as Ben Harris, an economist at Northwestern University’s Kellogg School of

Management and an adviser to Mr. Biden when he was vice president. The economic-briefing process is overseen by Mr. Sullivan, a former national security adviser to Mr. Biden and foreign-policy hand to Hillary Clinton, and campaign policy director Stef Feldman, who was an aide to Mr. Biden as vice president.

Ms. Warren and Mr. Sanders had proposed the wealthy pay a percentage of their wealth each year in tax. People familiar with Mr. Biden’s campaign said he ultimately rejected a wealth tax, not out of ideology but practicality. Rather than create a completely new tax, he figured he could raise revenue by raising the tax rate the rich pay on capital gains to that of ordinary income, and eliminating a provision that shields large asset bequests by the wealthy from capital-gains tax.

Laying Their Bets



During the primary, Mr. Biden set a goal of net-zero carbon emissions for the economy by 2050, much less ambitious than Mr. Sanders, who targeted net zero for power and transportation by 2030. After Mr. Biden defeated Mr. Sanders, representatives of the two sides hammered out a single “unity” platform that retained Mr. Biden’s 2050 overall goal and added an interim goal of net-zero emissions in electricity by 2035.

Goodwill erosion

On paper, Mr. Trump’s policies are more business-friendly than Mr. Biden’s: He has cut their taxes, weakened regulations, particularly climate-related rules, and put light-touch regulators in charge of agencies overseeing consumer protection, banking and the workplace.

Some of the goodwill generated with business by those policies and appointments, though, has been eroded by his trade actions against China and U.S. allies and the atmosphere of division and chaos that accompanies his economic decisions.

Lloyd Blankfein, former head of Goldman Sachs Group Inc. and a Democrat who was critical of both Mr. Sanders and Ms. Warren, tweeted last month: “So far the stock market doesn’t seem too upset at the prospect of Biden winning, despite Trump’s more market-friendly policies. Perhaps folks think their stocks and 401(k)s will do better with higher taxes and increased regulation than with nastiness and scorched earth.”

Given their uncertainty over Mr. Biden’s core ideology, business leaders are eager to know whom he will appoint to key positions should he win. Mr. Biden has said he doesn’t intend to name any potential cabinet nominees until after the election.

Liberals in the party would like to see Ms. Warren receive a plum role in a Biden administration, along with progressive stalwarts in Congress such as Pramila Jayapal (D., Wash.), and Katie Porter (D., Calif.). Liberal groups have also promoted Columbia University economist Joseph Stiglitz to head the National Economic Council.

Wade Randlett, a Biden fundraiser who is an executive at General Biofuels, a California-based alternative-energy company, said progressives probably overstate their leverage with Mr. Biden given that they didn’t support him during the primary and “repudiated him and his ideas all the way.”

CEOs, who were prominent in Mr. Trump’s first cabinet, are largely absent from Mr. Biden’s inner circle, although many close aides have worked in the private sector, often as lobbyists.

Warren’s future

Business leaders say Ms. Warren as Treasury secretary is the sort of appointment that would alarm them. People close to the campaign say that is unlikely, not least because it could cost Democrats a seat in a closely divided Senate, at least temporarily, because the state has a Republican governor who would choose an interim replacement.

Among the potential picks for Treasury are three current or former Federal Reserve officials, say people familiar with the campaign. Lael Brainard, currently a Fed governor who served under both Mr. Obama and President Clinton, and Roger Ferguson, chief executive of fund manager Teachers Insurance and Annuity Association of America and a former Fed vice chairman, would both be reassuring figures, business leaders say. Sarah Bloom Raskin, a favorite of liberals and a former Fed governor who served in Mr. Obama’s Treasury, is more of an unknown to business.

Energy companies are resigned to more climate regulation in a Biden administration, said Kevin Book, head of research at ClearView Energy Partners, an energy analysis firm. In Thursday’s final debate, Mr. Biden said he would “transition away from the oil industry.” Yet much will depend on who fills key positions such as Environmental Protection Agency administrator. Mr. Book pointed to Gina McCarthy, who headed the EPA under Mr. Obama and has advised the Biden campaign, as someone the industry felt listened even if they didn’t like her decisions. People close to the campaign said Mary Nichols, chairwoman of the California Air Resources Board, is sometimes floated by Democratic operatives as EPA administrator.

Mr. Book said she would worry industry because she has “unflinchingly supported” the state’s “interventionist, heavy handed agenda.” A spokesman for Ms. Nichols declined to comment.

GREATER NEW YORK

Early Voters Met With Long Lines

City sees a rush of citizens anxious to cast ballots in person; 'I was determined to come'

By EMMA TUCKER

Hours-long lines snaked around sidewalks in New York City as many citizens took advantage of their first-ever opportunity to vote for president before Election Day.

Mirroring a rush across the country by voters who want to make sure their ballot is counted, voters turned out in the early morning hours Saturday at many of the 88 early-voting locations across New York City's five boroughs.

At Robert F. Wagner Middle School on Manhattan's Upper East Side, the wait was as long as four hours, some people said.

"The camaraderie in line, regardless of who you're voting for, was so enthralling," said Edwin Forman, who said he was willing to wait to vote in person because he worried whether his mail-in ballot would be delivered and counted. "We didn't talk about who we were going to vote for, but we talked about how important voting is."

Voters also faced long waits at some polling sites on Sunday.

In 2019, New York Gov. Andrew Cuomo signed into law a series of voting changes that allowed for early in-person voting across the state for the first time.

Early voting in New York state ends on Nov. 1, the Sunday before Election Day.

Poll workers at locations in the Bronx and Manhattan helped people follow social-distancing guidelines once they entered the buildings, and they also wiped down voting stations. Hand sanitizer was readily available; large stickers were placed 6 feet apart on the floor; and masks were available for those not wearing their own. But poll workers couldn't do anything about crowds overflowing on sidewalks that they shared with passing pedestrians.

"I was determined to come out here, even though I knew that probably in October and November, we would see a second wave" of Covid-19, said Limore Ricciardi, a New Yorker who showed up to vote at a Hunter College dorm on Manhattan's East 26th Street wearing a full-body protective suit.

Experienced poll workers said early voting turnout was higher than it has been on Election Day itself in prior years. More than 50 million Americans have cast their general-election ballots across the



People waited Sunday outside an early polling place in the Bronx. Voters were socially distanced inside the buildings.

nation, according to the United States Elections Project, nearing the total number of those who voted early in the 2016 election.

In addition to casting their ballots early on voting machines, many New Yorkers opted to show up in person to drop off their absentee ballots. Echoing President Trump, who has said mail-in ballots could be a source of widespread fraud in this year's election, New York Republican party Chairman Nicholas A. Langworthy released a video on Thursday encouraging "all New Yorkers who physically can do so vote in person." Researchers have said there is no evidence of widespread mail voting fraud.



Businesses Are Warned to Brace for Election Protests

By BEN CHAPMAN AND EMMA TUCKER

The New York Police Department has advised businesses located in Midtown Manhattan to take additional security measures in preparation for the possibility of large-scale demonstrations around the coming presidential election, business leaders and police officials said.

NYPD officials sent a letter to business leaders in Manhattan informing them that the department is enacting preparations for Election Day "similar to those utilized during major planned events such as New Year's Eve, Macy's July 4 Fireworks and [the] Thanksgiving Day Parade."

Polling sites, including one at Madison Square Garden, are near some of the businesses, according to the letter, which was sent Thursday night.

The letter, which was reviewed by The Wall Street Journal, said businesses should move or secure items such as street furniture, trash cans and small planters that are located at sidewalks and plazas adjacent to storefronts before the Nov. 3 election.

The measures are to ensure the safety of pedestrians around polling locations and allow more sidewalk space to prevent pedestrians from being pushed into the street, ac-

ording to the letter.

"Due to the highly contested nature of this year's Presidential Election it is anticipated that demonstrations, rallies and/or protests may arise," the letter says.

Police officials also discussed preparations in a conference call Wednesday with leaders of Manhattan business groups, according to people who participated in the call.

The nation's largest police department has for weeks been preparing for the prospect of widespread unrest after the presidential election and the U.S. Senate vote on

the nomination of a new Supreme Court Justice.

Large-scale demonstrations protesting police brutality and racism took place in New York City and other cities over the summer. While the protests, which drew tens of thousands of people, were mostly peaceful, some were accompanied by violence and the destruction of property.

Hundreds of businesses, including many Manhattan storefronts in commercial areas of Times Square, Fifth Avenue and SoHo, were damaged or looted after some protests. More than 300 people were

arrested for crimes connected to the demonstrations, according to NYPD officials.

The size and frequency of protests have lessened since July, according to police officials, but smaller demonstrations in New York City are ongoing. At least three people were arrested at a protest against President Trump in Manhattan on Thursday, the officials said.

NYPD officials said on the Wednesday call with Manhattan business leaders that the department didn't anticipate that the protests over the summer would escalate to looting,

property damage and vandalism. They gave assurances that the NYPD is more prepared now, participants said.

The NYPD in July began training its 35,000 uniformed officers on responding to protests to prepare for the likelihood of significant demonstrations this fall, joining other departments around the country that are also reviewing strategies for policing demonstrations.

NYPD officials are also preparing additional security measures at voting sites ahead of Election Day, although the officials have said that police are aware of no specific, credible threats to voting processes in the city.

Robert Benfatto, the president of Hudson Yards Hell's Kitchen Alliance, a nonprofit representing businesses in the two Manhattan neighborhoods, said he participated in the call about election preparations with NYPD officials on Wednesday. He said he felt confident that the department is better prepared for any looting or property damage that may occur.

Some businesses in Midtown Manhattan have also indicated that they plan to have plywood available, hire additional security and modify closing times in preparation for the election, said Kevin Ward, vice president of secu-

rity and operations for 34th Street Partnership, a group that represents businesses in that area.

"We are advising businesses that, although there could be large-scale demonstrations with the potential for property damage, such as broken windows, we do not believe there will be looting in Midtown Manhattan, nor do we recommend pre-emptively boarding up storefronts," Mr. Ward said.

Some business owners in lower Manhattan said they are preparing for the possibility of unrest following the election as well.

Enzo Triolo, the owner of Sal's pizza restaurant in Manhattan's Little Italy, said he would protect his establishment from damage at any cost after two front windows were shattered during the looting that followed some of the protests this summer.

Mr. Triolo said his restaurant has lost 75% in revenue since the pandemic hit the city and he is struggling to stay in business. If looting and property damage occur around the election, Mr. Triolo said he would board up the restaurant's front windows and close the shop early.

"We're trying to survive, but if it happens again, we're going to be shut down in a couple of months," he said.



Traffic officers in Manhattan last week. The NYPD has been preparing for weeks for potential unrest.

STATE STREET | BY Jimmy Vielkind

Republican Candidates Seek to Stand Apart From President



Republican candidates hoping to roll back gains made by New York Democrats in 2018 are trying to differentiate themselves from President Trump, who trails in polls in many districts.

The question of whether voters will cross party lines in down-ballot races for the state Senate and Assembly is key for several contests in the Hudson Valley and on Long Island. Experts say it will be difficult for the GOP in most areas, but Republicans hope campaigns based on state issues—including a series of recent laws changing the criminal-justice system—will help them break through.

One example is Rob Astorino, a former Westchester County executive who unsuccessfully ran for governor in

2014 and lost his bid for a third term in 2017. Mr. Astorino said his 2017 loss was largely due to anti-Trump sentiment, but in his current bid for a state Senate seat, he is arguing to bring balance to a state government that is now completely controlled by Democrats.

"I don't think it really matters how people vote for president. They're going to take a look locally at the issues and vote for somebody who has been there for them and worked across party lines," Mr. Astorino said, adding that several supporters of former Vice President Joe Biden have volunteered to help his campaign. Mr. Astorino said he would vote for Mr. Trump.

Mr. Astorino faulted incumbent Democratic Sen. Pete Harkham for supporting a law that eliminated cash bail for most nonviolent

misdeed and felony charges. Mr. Astorino and law-enforcement officials said the law has prompted the release of dangerous people and contributed to rising crime rates.

Mr. Harkham said in an interview that Mr. Astorino

GOP contenders hope their stances on state issues will help them break through.

was engaged in fearmongering, and that the law made the criminal-justice system fairer. The incumbent predicted Mr. Biden would carry the district, which includes northern Westchester County, as well as parts of Putnam and Dutchess counties. It

contains about 20,000 more Democratic than Republican voters, but more than 50,000 nonpartisan voters.

Democrats have attacked Mr. Astorino's associations with Mr. Trump. "Donald Trump is not going to win this district, and why would voters send somebody to Albany who spent the last 3½ years on television defending Donald Trump's divisive policies?" Mr. Harkham asked, referring to Mr. Astorino's work as a television commentator since he left office.

If anyone is in a position to shake off this kind of attack, it is someone who is familiar to voters like Mr. Astorino, according to Larry Levy, director of the National Center for Suburban Studies at Hofstra University. Mr. Levy said Republicans will fare better in exurban areas like Suffolk County that are farther from city centers.

Jeanne Zaino, a professor of political science at Iona College in Westchester County, said the resonance of a local issue would be key for candidates like Mr. Astorino. She was uncertain if the controversial bail law would be enough to break through because the coronavirus pandemic and questions over the government's response have superseded most campaign issues.

Bruce Gyory, a political consultant at Manatt, Phelps & Phillips LLP, said Republicans like Mr. Astorino would have found a more favorable climate at a different time.

"Are voters coming with a predisposition to vote against all Republicans, or is it just Trump?" Mr. Gyory asked. "That's the \$64,000 question, and that's the gamble they took running this year."

BUYING THE BOOK: New York Gov. Andrew Cuomo's memoir about the coronavirus crisis sold three times as many copies in its first week on the shelves than his first book has since it was published in 2014.

According to NPJ BookScan, people bought 11,800 copies of "American Crisis: Leadership Lessons From the COVID-19 Pandemic" in the week that ended Oct. 17. The Democratic governor's 2014 autobiography had sold fewer than 4,000 copies as of this summer.

"American Crisis" last week landed on a New York Times bestseller list, and Mr. Cuomo has been on a media tour to promote the 308-page tome, including a Thursday appearance on "The Late Show with Stephen Colbert."

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GREATER NEW YORK

Parents Say Key Questions Remain

By LESLIE BRODY

More than a month into the academic year, Mayor Bill de Blasio is citing New York City's success so far in reopening schools as a prime example of how the city can serve as a national model on how to handle the coronavirus crisis.

Nearly all school buildings are open, and the district's random virus tests so far have found a low infection rate among students and staff: 42 positive cases among more than 33,000 tests this month, by city data.

But many parents say the real measures of success—better remote instruction and deeper learning—have yet to materialize consistently. Some offer praise for principals and teachers trying hard to make classes work, but also express frustration that reopening logistics have gotten far more of the department's attention, in their view, than basics like improving remote learning and attendance.

Quality online teaching is “undefined, unsupported and unsung,” said Tom Liam Lynch, a public school parent and education policy director at the Center for New York City Affairs at The New School. He said some schools offer strong instruction, “but from a systems perspective there has been no clear vision or guidance for what constitutes high-quality online or blended teaching.”

Parents also point to key questions that remain unanswered. What is the district's grading policy? How will students apply for selective schools for next fall when they don't have the typical grading or state test scores due to the pandemic? How many students have left the system? How many are actually showing up?

Questions on grading and admissions “could have and should have been addressed” before the school year started, said Kaliris Salas-Ramirez, a parent on the Community Education Council for District 4 in



The city hasn't released attendance data. Parents also have concerns about grading and how to apply for selective schools next fall.

East Harlem. “The Department of Education is behind the eight ball.”

A department spokeswoman, Miranda Barbot, said the city had to reimagine what public education looks like during the pandemic, and the agency is sharing updates with families as soon as possible. Teaching and learning are “at the core of what we do, and we've provided thousands of trainings and resources for both blended and fully remote settings,” she said in an email.

About 54% of the roughly one million children in New York City's school district have chosen to learn fully remotely, up from 30% in mid-August. Those in hybrid programs typically rotate into schools one to three days a week. City Department of Education officials say some children still lack devices such as tablets and more have been ordered.

The department has declined to release preliminary

enrollment data. Parent leaders offer anecdotal examples of drops in elementary school enrollment, which they presume reflects families leaving the city or switching to schools offering more in-person learning.

In Manhattan's District 2, for example, some elementary schools have seen enrollment decline significantly, said Maud Maron, a member of the Community Education Council for District 2.

The city must submit each school's head count this month to the State Education Department, which says it will release the data in early 2021 after verifying it.

The city hasn't said how many students are currently showing up. The department says it had to create a new system to track students in hybrid and remote models.

Mr. de Blasio on Thursday said attendance data would be released soon, and some par-

ents who chose the hybrid option aren't sending children to in-person class as much as expected. “That's something that we want to resolve,” he said.

Officials announced a looser grading policy last spring to cover the difficult shift to remote learning due to the coronavirus, upsetting parents who argued the new system was either too harsh or not strict enough.

Children in public elementary schools, for example, would be marked “meets standards” or “needs improvement.” City officials said they sought to balance flexibility with high expectations.

Those relaxed standards, and the lack of precision, worried many high-achieving students who wanted to use spring report cards to compete for slots in selective schools.

Chancellor Richard Carranza told parents at a virtual town hall in Queens on Thursday that guidance on grading will

come shortly. He said the policy aims to give students incentives to stay engaged and take pride in their work, but also show understanding that many have suffered trauma during the Covid-19 crisis. Grading should balance “recognizing what our community and our students are going through, but also keeping some standards in place so there is accountability,” he said.

The city has yet to release application timelines and requirements for September 2021. Normally by this time in the fall, families are using such criteria to judge where to apply. In another delay, officials haven't yet scheduled the Specialized High School Admissions Test for exam schools like Stuyvesant High School. In the past, the test for specialized schools, which determines admission, was in early November, with applications for other high schools due in December.

GREATER NEW YORK WATCH

NEW YORK CITY

Officer Suspended For Promoting Trump

The New York Police Department said Sunday it has suspended an officer without pay a day after he was seen on video saying “Trump 2020” over a patrol vehicle's loudspeaker, a violation of department rules.

Commissioner Dermot Shea tweeted that the behavior of the officer, whose name wasn't made public, was “One hundred percent unacceptable. Period.” Officers must remain apolitical, he said. Mayor Bill de Blasio tweeted: “ANY NYPD Officer pushing ANY political agenda while on duty will face consequences.”

A message seeking comment was left with the union representing patrol officers.

Videos posted on social media captured the officer bellowing his support of President Trump from a marked police department SUV just before 10 p.m. Saturday. The vehicle was parked in a crosswalk with lights flashing in Brooklyn's Flatbush neighborhood.

—Associated Press

NEW JERSEY

Stolen Police Cruiser Crashes in Brooklyn

A man who stole a police cruiser in northern New Jersey led authorities on a pursuit into New York City that ended when the driver crashed into a parked car, officials said.

Frank Suarez, 31, of Bayonne, was charged Sunday with reckless endangerment, possession of stolen property and grand larceny. It wasn't known if he has retained an attorney.

The incident began late Saturday in Bayonne, when police responded to an accident. One officer parked his cruiser, then later discovered it had been stolen. Officers soon tried to stop the vehicle at the Goethals Bridge, but authorities said Mr. Suarez refused to stop. Port Authority police later reported they were pursuing the cruiser in Staten Island, and Mr. Suarez eventually crashed in Brooklyn.

—Associated Press

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FROM LEFT: ADRIA MALCOLM FOR THE WALL STREET JOURNAL (2); MICHAEL PERRY



Matt Bohnhoff, left and below, with his daughter, Matilda. Michael Perry, above, says the transition to being a stay-at-home dad felt freeing.

The Dads Who Run Child Care During Covid

Women have handled an outsize share during the outbreak, but fathers have stepped up, too



WORK & LIFE
RACHEL FEINTZEIG

For two decades, Thom Hofman was a zookeeper, working with penguins and flamingos. Then he was an aspiring veterinary assistant, attending classes and hunting for jobs following a layoff. Now he's a full-time dad.

When the pandemic dried up work opportunities and kept his sons, one of whom has Down syndrome, home from school, the 43-year-old San Diego resident decided it was time to give up the job search and focus fully on his family. "Someone had to be home," he says. He misses working with animals all day, but is also loving his new role. "With the pandemic I think that I found a purpose outside of looking for a job."

The current health, economic and child-care crisis has families weighing new variables—a looming year of distance learning, day care that could shutter at a moment's notice—as they think through par-

ents' roles and choices. While far more women than men are pulling back from their careers as a result of the pressure, some families are starting to ask: Why not dad?

Overall, 13% of fathers with children under the age of 10 have considered stepping out of the workforce since the start of the Covid-19 crisis, compared with 23% of mothers of young children, according to data from McKinsey & Co. and Lean In. The rate at which men with school-age children have left the pool of actively working Americans grew by 50% from September 2019 to September 2020, compared with 19% for women, according to census data analyzed by economist Misty Heggeness.

"Even though women are being hit more, husbands are stepping up in a way that they have not historically," says Titan Alon, an assistant professor of economics at University of California, San Diego.

Some men say the pandemic has finally given them permission to dial back their career ambitions in a way they hadn't allowed themselves to before. Others chose to stay home to prioritize a partner's essential job, embraced full-time



parenting after a job loss or worried about exposure to the virus.

Michael Perry, a 30-year-old dad in Mooresville, N.C., was planning to send his now 6-month-old daughter, Eleanor, to day care after his wife's maternity leave this spring. Leaving his job as a high school history teacher never seemed like a real option.

"I just didn't know how we would make it work," he says. "I didn't know if I would be willing to make such a drastic change."

But as the pandemic ramped up, he worried about the safety risks of heading back to the classroom. He and his wife, a psychiatric nurse practitioner, took a closer look at their budget and realized day care was only a few hundred dollars cheaper a month than Mr. Perry's take home pay. In July, he resigned from his job. "At first it was a forcing mechanism," he says of Covid. But "making this jump has kind of been freeing in a way."

He's now thinking about shifting his career down the line, maybe

taking more graduate classes and pivoting into higher education or museum work in the years to come.

"Even when I go back to my career, I want to make sure it's not detrimental to the raising of my daughter," he says.

Economists believe decisions made now by people like Mr. Perry could have long-term implications—and not just for men. Changes to the way couples split work and child care tend to stick and snowball, they note. If more men step up at home, more women might be able to dig deeper into their careers, reducing inequality at work.

Lis Martin, the 39-year-old principal and managing director of branding and marketing firm Statement Communications, found herself having the same conversation over and over with her husband, a trader, this summer. Their springtime juggle—with him up at 4 a.m., her working until 11 p.m., trading off daytime shifts assisting their daughters—felt unsustainable.

Working From Home? Five Strategies to Make It Better

BY KATHRYN DILL

For millions of Americans, November will mark the eighth month of remote work.

Some have adapted: A recent survey of more than 4,000 people working full time remotely during the pandemic found that 65% would like to make the arrangement permanent, according to FlexJobs, a remote job listings site.

But a survey of more than 12,000 employees, managers, human-resources leaders and executives in 11 countries released this month by Oracle and the advisory firm Workplace Intelligence found that seven in 10 people called this the most stressful year of their working lives; 41% said there no longer was a distinction between their personal and professional lives.

"For so many people, Round One of this whole scenario was fueled with adrenaline," said Karen Mangia, vice president of customer and market insights at Salesforce. "What I'm hearing so many people ask is, 'How long is this going to last?'"

Whatever the answer, workplace authorities agree that there are a few simple steps anyone—no matter their industry, seniority or number of roommates—can take to

improve the work-from-home experience.

Vet your setup

The best way to a better workday is to put your home setup under a microscope, experts said, and fix what isn't satisfactory. "What I usually recommend people do is focus on where they feel the most friction," said Brie Reynolds, career development manager and coach at FlexJobs. "Where are the biggest pain points during the day? Where do [workers] feel the most stressed or the least comfortable?"

Make space

A dedicated workplace helps productivity, consultants agreed. Improving your home office, whether it is a whole room or a corner of a table, can be as simple as taking a moment to consider

whether your chair is comfortable, Ms. Reynolds said. If private space at home isn't possible, try equipment such as noise-canceling headphones.

Eliminating clutter also is crucial, especially in tight quarters, according to Wendy Ellin, a workplace-productivity consultant.

"Not everybody has an office with a door," she said. "If you're looking around and you see a bunch of piles—junk, laundry—is it serving you well?"

Find your focus

Working from home lets many



people organize meetings, emails, conference calls, workouts and personal errands however they choose during the day. While this works for some, others find themselves struggling to focus on individual tasks.

"At home, it's not just that we're trying to battle work distractions, it's also that we're getting distracted by all the other things we feel like we should be doing there," said Ms. Mangia, who recently published "Working From Home: Making the New Normal Work for You."

She recommends setting a timer for 30, 60 or 90 minutes of focused work, free of distractions such as email, app alerts and beeps from devices. After a sprint

of work, go outside, stretch, have lunch or just take a break. "It's amazing what you can accomplish in a small amount of focused time," she said.

Heed your stressors

In September, the number of people in the U.S. reporting signs of anxiety and depression through an online screening tool from non-profit advocacy group Mental Health America since the pandemic began hit a high.

Rebecca Haskell, founder and chief executive of Just Design Consulting, a workplace-advisory firm in Oakland Calif., recommended that people identify what makes them feel most stressed and how they can mitigate stress and feel

better. "It's less about having a best practice and more about knowing yourself and what you need," she said.

Some of her clients say they can't stop scrolling through headlines on social media, which makes them feel anxious and guilty about wasting time. "I don't think it's helpful to not read the news and pretend that things aren't happening around us," Ms. Haskell said.

Instead, she recommends setting aside time for reading the news and checking social media, especially if it plays a role in one's job. Afterward, take a short break and prepare to return to work.

Understand expectations

Now—almost a year into remote work—is a great time to ask your manager how things are going, Ms. Reynolds said. Inquire about short- and long-term goals and your manager's expectations about when you are starting and ending the workday.

It is equally important to be upfront about your own needs, whether it is a few hours to finish a project when you won't be answering calls or emails or a warning at the beginning of a video meeting about a potential interruption.

"Transparency helps everything," Ms. Ellin said. "Give me the heads-up and let me know going in that you have a kid that's napping and they're going to wake up."

Now, How To Get Your Fourth Wind

After months of stress, here are new ways to recharge as the pandemic drags on

By ELLEN BYRON

Looking yet again for an energy boost as the pandemic wears on? You're not alone. For many, a deep sense of weariness is setting in, caused by months of pent-up stress and the dread that winter and rising cases of COVID-19 will bring more disruption. Frustration and anxiety come from many sources, including economic hardship, conflicting attitudes toward social distancing and mask-wearing, difficulty balancing work and online schooling, breaks in rituals and traditions, and uncertainty over when a sense of normalcy will return. All contribute to mounting fatigue that makes recovery particularly difficult.

"You can't count on surging all the time, you're going to be depleted," says Ann Masten, a psychologist and regents professor of child development at the University of Minnesota who studies resilience. "Surge capacity" refers to the mental and physical resources that humans draw on to survive acutely stressful situations, like natural

disasters, Dr. Masten says. This surge capacity works well in short-term emergencies, but to manage the drawn-out, indefinite span of a pandemic, renewing these protective systems is critical for well-being. "We all have to be aware of how depleted we are and what the signs of depletion are—it may be tiredness, trouble sleeping or a low mood—and then you need to focus on whatever you need to do to replenish," she says.



Now months into managing so many stressors, new approaches are needed for taking care of ourselves. Here is advice from people who specialize in resilience on the best way to find your second (or fourth) wind:

First, it's OK to not be OK

Even though we are all months into our pandemic lifestyles, it can still feel suddenly difficult. Missing a long stretch of rituals like birthdays, vacations, concerts, school events, prayer services and sporting events has a cumulative, tiring effect, Dr. Masten says. "People have underestimated how draining this is, but it's starting to sink in and that's part of the weariness," she says, noting that in addition to

the pandemic, many Americans have been dealing with wildfires, hurricanes and droughts. "Why are we expecting everybody to be managing everything so well? This is an unprecedented, complicated disaster." Needs may be evolving, too. At the beginning of the pandemic, meditation app Calm rolled out additional resources to handle stress and manage panic and anxiety, says Tamara Levitt, the company's head of mindfulness. Months later, the app is expanding its selection of meditations and other resources that emphasize support. "Now we're focusing on how to develop resilience and how to soothe ourselves as we move through uncertainty," she says.

Create a challenge

To break out of a slump, Cami Ostman, a marriage and family therapist based in Seattle, challenged herself to run 10 miles every day for 10 days. For accountability, she posted her plan on her social-media accounts and shared updates of her progress. "It got me out of my house

for two hours a day, 10 days in a row, and it completely reset me," says Ms. Ostman, an avid runner and author of "Second Wind: One Woman's Midlife Quest to Run Seven Marathons on Seven Continents."

The project was so uplifting that she asked her clients to craft their own 10-day challenges. One client cooked a new recipe every day for 10 days, another wrote 1,000 words each day. "It's not to start something that you 'should' be doing, it's taking something that you love to do and pushing it just a little bit," Ms. Ostman says.

Running 100 miles over the course of ten days gave Ms. Ostman a needed sense of accomplishment. She also got a significant boost from simply spending time outdoors on trails around other people, interaction that she realized she missed after spending so much time alone at home. The 10-day structure of the challenge also offered a daily dose of control, which is helpful amid so much uncertainty, she says. "We don't know where the finish line of this pandemic is, which is why we have to create some finish lines for ourselves."



Think two years ahead

To feel better right now, Rob Clark, an author and consultant who specializes in resiliency, suggests imagining your life in two years. "If you're looking to refill that reservoir, don't focus on now," he says. "This pandemic isn't a lifelong pandemic, it's a moment in time."

Instead, imagine yourself in the future, after the pandemic is over. "What will you be doing?" Mr. Clark says. "What have you taken for granted that you will be so excited to get back to? Focus on that—it's the littlest things and it brings you hope."

For Mr. Clark, sitting at a bar with a Guinness and listening to live music is his two-years-from-now vision. "Before, that was just a Saturday night," he says. "Now, it would be so treasured."

Confront winter

Ms. Levitt of Calm suggests a multi-part strategy to confront a dread of the upcoming winter months further limiting activities. She plans to buy "really good" winter boots. "Being outside in nature has so many nurturing, redeeming qualities, and I don't want anything to impede me from going out and being in sunlight," she says.

The next part of Ms. Levitt's strategy involves making a self-care plan in advance of feeling isolated. She advises writing a list of simple actions to help feel better right away, like going for a walk, calling a best friend, or turning on Netflix, she says. "We need to plan for the moment where we're facing difficulty," Ms. Levitt says. "In those moments, when we're already caught up in panic or anxiety, we're not going to have the mental resources and strength to

navigate that."

The third step of Ms. Levitt's winter self-care plan involves re-visiting hobbies that she loves but doesn't usually have time for, including personal writing and composing music. "I'm going to be indoors mostly by myself until April," says Ms. Levitt, who lives alone. "If at the end of that time I could come out of that feeling like I've become more skilled in guitar, written some music and gotten ahead on my book, it makes it so much easier to contemplate moving through that time, like there's something at the end of it."

Don't diss Zoom

Even though the initial novelty of virtual happy hours has worn off, the benefits of regularly interacting with other people offers an energizing boost and far outweighs the annoyance of speaking to a screen, says Mr. Clark. "Zoom has become a four-letter word—we say 'I want to get my life back, enough with this virtual stuff,'" he says. "But it's never been truer that you get through things together and build resilience together—you can't do it alone."

Dr. Masten urges more interaction with friends, family and colleagues as the crisis wears on, both when we need a lift and when we suspect someone else might need a boost. "Human beings are recharged by positive connections with other people and I think we have to learn more about how to reach out when we need a lift," she says. "Because we surge and get depleted at different times, you might feel better when other people in your family, friends or colleagues feel worse, and you can help each other."



ASK PERSONAL JOURNAL

POLITICS AND WORK

Do employees have the right to free political speech at work?

The bottom line

Employers have wide latitude to limit employees' speech, political or otherwise, that might offend other workers, and they can take steps to restrict those who do make political statements. There are, however, some exceptions.

The details

Limitations on political speech in the workplace can be confusing, and they vary depending on where you work. "The First Amendment only prohibits the government from restricting free speech—not your employer," says Jim Hendricks, counsel at Leech Tishman's employment and labor practice group. "The company sets the rules on what is acceptable."

Public employees are protected by state and federal constitutional provisions, while workers at private companies are subject to their employers' rules on political speech.

One exception is if the private employer receives federal financial assistance. In those cases, the First Amendment applies, but with conditions, says attorney Mark Carey of Carey & Associates. What the employee speaks about must be regarding a matter of public concern and be outside the scope of their job duties.

Some states have political speech protections. California's labor code, for example, prohibits employers from preventing workers from engaging in political activities or directing such activities or affiliations in or outside the office. Colorado, Louisiana, Minnesota, Missouri, Nebraska, Nevada, South Carolina, Utah and West Virginia also prohibit employers from retaliating against employees who participate in political activity. But even where political speech is protected, an employer can discipline or dismiss an employee if the politi-



Employers can limit political speech.

cal expression interferes with the business or disrupts fellow workers.

"The line of protection can be crossed because what one person sees as political expression could be interpreted as harassment or insults by a colleague," says Mr. Hendricks. "It's a line that's nebulous."

Consistency is key, he says. For example, if employees are able to wear a "Make America Great Again" hat, they should be able to wear a "Black Lives Matter" pin, he says. And while the same rules should apply to the virtual workplace—such as meetings via video from home—Mr. Hendricks says it might be harder for an employer to prove that a political expression in that scenario was intimidating or offensive.

Nearly three-quarters of human resource professionals say their organizations have prohibited political attire or accessories in the workplace, according to a recent survey by the Society for Human Resource Management. But 80% say their organizations haven't set guidelines on talking about politics at work.

"That's a problem," says SHRM chief executive Johnny C. Taylor Jr. "With 17% of workers reporting being uncomfortable working with colleagues who hold different political views, their leaders can help reduce tension and discomfort to create a better workplace."

Employment lawyers suggest checking your company handbook for the specific policy regarding political speech, and reading up on state law where you work.

—Anne Steele

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ARTS IN REVIEW



THE PEABODY ESSEX MUSEUM

'Trial of George Jacobs, Sr. for Witchcraft' (1855), by Tompkins Harrison Matteson

EXHIBITION REVIEW

Hysteria That Made History

By EDWARD ROTHSTEIN

Every day brings new accusations. Eminent figures are brought low. Confessions proliferate. But the specifics of each case hardly matter. Guilt is presumed. The taint is systemic. Waves of righteous indignation reshape the landscape.

The Salem Witch Trials of 1692 are both thoroughly bizarre yet eerily familiar. They are invoked whenever hysteria seems to run wild or evil is supposedly being purged. In 1741, they were recalled when rumors of a slave revolt led to white riots in New York. Before the Revolutionary War, Bostonian loyalists compared rebels to witch-hunters. Arthur Miller, in "The Crucible," used the trials as an analogy for McCarthyite anti-Communism. And regardless of the causes pursued, doesn't the pattern of passions seem uncannily contemporary?

We are generally left to con-

struct our own analogies at the Peabody Essex Museum's "The Salem Witch Trials 1692" because the show's main purpose is to illuminate the events themselves, which began when two young girls, suffering from fits and visions, accused three women of witchcraft. Within months there were more than 70 cases of affliction attributed to supernatural causes, at least 169 accused witches (male and female) and 25 deaths in prison or at the gallows.

For the museum this is a local affair, which is why most artifacts, including documents, handwritten testimony and possessions of participants, come from its collection and the holdings of its Phillips Library. The organizers—curators Dean Lahikainen and Paula Richter, and librarians Dan Lipcan and Hilary Streifer—provide an overview, with close looks at about a dozen participants.

Here, for example, is a handwritten transcript of the examinations of the first three accused, on March 1, 1692. Such interrogations were

initially carried out in a local tavern and later, as crowds grew, in the Salem Village meeting house (thus turning the trials into spectacles). A carved wooden cabinet is also on display bearing the initials of an affluent married couple, Joseph and Bathsheba Pope, who accused three neighbors of witchcraft.

Two beams of the original Salem jail are shown, suggesting the "brutal conditions" within the 1684 structure, but more revealing is an invoice written by William Dounton, the jailkeeper, outlining his costs for providing board for the purported witches along with his service fee. The names listed include an accused mother and her newborn daughter, who both died in the jail, along with Giles Cory, a local man who offered testimony suggesting his wife was a witch, but was later himself indicted and pressed to death by stones because of his refusal to respond; "More weight," he is supposed to have taunted the executioners near the end. Another document, a petition by the condemned Mary Esty, is moving: "I petition to your hon-

ours not for my own life for I know I must die and my appointed time is set but...if it be possible no more Innocent blood may be shed." (Transcriptions of all handwritten documents would have made reading them much easier for visitors.)

Through these particulars we piece together the strange mix of class and character among the accusers and accused; the "witches" ranged from classic caricature—elderly women living alone—to figures of great property and prominence like the Salem merchant Philip English (who escaped to New York, but never succeeded in having his estate fully restored). But by the autumn of 1692, it was already clear to many that something had gone awry. In 1697, we learn, one of the court's nine judges, Samuel Sewall—seen here in a 1733 portrait by John Smibert—publicly confessed his guilt over the trials; for the rest of his life he observed an annual fast day in repentance.

But the exhibition doesn't really

make sense of these events. Instead, a memorial wall naming the 25 dead asks us to pay tribute to "the innocent people lost as a result of the witch trials" while "reflecting on injustices—perpetrated then and now—as a result of ignorance, intolerance, and fear."

The more we know, though, the less satisfying it is to allude to explanations like intolerance "then and now." The Salem phenomenon differed dramatically from earlier episodes of American witchcraft prosecutions in the number of accusations, the centrality of young women, the reliance on unseen "spectral" events, the invariant sweep of guilty verdicts, and the sparing of the lives of all who confessed.

Fault lines and allegiances also need exploration, as Emerson W. Baker suggests in "A Storm of Witchcraft." Nearly a third of those named as witches were either ministers or members of ministers' families and relations. Six of the nine Salem judges were related to each other by marriage. On religious matters, the local communities were so riven that in the years leading through the trial and its aftermath, four ministers left Salem amid controversy and contention.

In addition, though the exhibition barely mentions Indian warfare, its effects were significant, as historian Mary Beth Norton has argued in "In the Devil's Snare: The Salem Witchcraft Crisis of 1692." One accused teenager, Abigail Hobbs, said that the devil had recruited her in Maine, where the wars with the Wabanaki and their French supporters had raged. The region's battles included horrific atrocities, massacres and kidnappings. Another accuser, Mercy Lewis, lost parents and many relations in an attack. Some testimony about the devil's tortures also resembled accounts from the wars.

One more theme, hinted at here, might also be expanded upon: that the sheer awfulness of the trials led to a profound counter-reaction, paving the way for the American Enlightenment. One example: Bathsheba Pope, aside from being an accuser of witches, had a sister, Abiah, who became the mother of Benjamin Franklin. Within a single generation we pass from darkness into light.

The Salem Witch Trials 1692
Peabody Essex Museum, through April 4, 2021

Mr. Rothstein is the *Journal's* Critic at Large.

FILM REVIEW | JOE MORGENSTERN

'Rebecca': Off the Road to Manderley

When a studio announces plans to remake a beloved Hollywood classic, it's tempting to guess what they're going to do with it. In the case of "Rebecca," a 1940 Alfred Hitchcock drama starring Joan Fontaine and Laurence Olivier, the remake wasn't produced by a conventional studio but by Netflix, the streaming giant that sometimes threatens to replace Hollywood. Still, anyone who knows the Hitchcock film might have made the same guesses that I did when I first heard the news. And we would have been right in the obvious ways, but hard put to imagine how unlovable the Netflix version would be, and how it would handle, or, rather, mishandle the essential element of feminism that was implicit in the original.

The earlier film, which won an Oscar for best picture, was an adaptation—or "picturization," as the opening credits quaintly put it—of a bestselling Daphne du Maurier novel. The production attained classic status because the director was already a master of his medium, the performances were exceptional and the story was appealing, even though Hitchcock wasn't a great fan of his own creation. He had butted heads with the producer, David O. Selznick; found Olivier troublesome to work with; felt the screenplay lacked humor; and, as he confided to François Truffaut, didn't consider the end result a Hitchcock picture. All the same, audiences loved it for its gothic romance in which an unnamed young woman is swept off her feet by an older and extremely wealthy widower, then grows obsessed with his late wife, the Rebecca of the title, whose memory haunts her husband and blights their new marriage.

In the remake, directed by Ben Wheatley, the action begins, as before, in Monte Carlo, where the heroine (Lily James) meets her



husband-to-be, Maxim de Winter (Armie Hammer), in a luxurious hotel. Ardent and naïve, she's the paid companion of an unpleasant American dowager. Dashing but moody, he's enchanted by her beauty and bright spirit, and proposes to her on the spot. Predictably, the opulence quotient has been redoubled, at the very least. Monte Carlo glitters as it didn't before, and in color, of course, as photographed by Laurie Rose, rather than the black and white of the old production, which looked to be lower-budget than it was. Maxim's modest MG roadster has accordingly been upgraded to a gleaming 3.5-liter Bentley convertible that is better at holding the camera, if not the road, as it zips along the Grande Corniche.

Just as predictably, Maxim's estate in England, Manderley, has become superlatively, though

what's lost amid the vast rooms and long halls swarming with a huge staff is the fog-bound mystery of the place as it was visualized in the Hitchcock version. And what was once, in the days of the restrictive Motion Picture Production Code, a delicately implied lesbian relationship between Rebecca and the menacing housekeeper, Mrs. Danvers, is now clearly stated and yearningly recalled. That's a gain, and all the more so since Mrs. Danvers, the pivotal character originally played by an almost impassive Judith Anderson, is now played by the excellent Kristin Scott Thomas. With help from the screenplay by Jane Goldman, Joe Shrapnel and Anna Waterhouse, Ms. Scott Thomas makes Danvers as sympathetic as the housekeeper's implacable hostility to the new Mrs. De Winter



Armie Hammer and Lily James, far left; Kristin Scott Thomas, left; and a scene from 'Rebecca,' above

will allow. The Netflix film's notable losses, however, flow from parallel power failures, neither of them impacting

Manderley's lights or overstuffed refrigerators. The first one involves an almost total absence of electricity between Maxim and his young wife. However difficult Laurence Olivier may have been in the eyes of his director, he was brilliant onscreen; Maxim's torment and charm were intense in equal measure. Joan Fontaine's hallmark was haunted vulnerability, but she brought stirring strength to the role as her character gained confidence and maturity. Both Ms. James and Mr. Hammer are skilled performers, as well as attractive ones, and they go through the motions of a passionate love affair, but any passion between them is indicated rather than felt.

The second failure turns on a

power relationship at the center of the plot. The housekeeper, Mrs. Danvers, is jealous because, in her isolation and jealousy, she makes Maxim's new wife so miserable that there's no possibility of the latter saving herself, let alone her marriage—until she finds the courage to assert her place in the household and in Maxim's life. Her turning point in the Hitchcock film comes when Danvers has been rattling on about what Mrs. De Winter—meaning Rebecca—would or wouldn't have done. "I'm Mrs. De Winter now!" the heroine declares, and a new chapter in her life begins.

It's a classic line that bespeaks a feminist position long before feminism found its full voice, but there's no trace of it in the remake. Instead of growing from a sweet young thing into a strong woman who is Maxim's equal, this bride stays scared and vulnerable until close to the end, when the script turns her implausibly into a sort of Nancy Drew doing detective work for the husband she adores.

Who could have guessed that the film with a modern perspective on gender politics was the one made 80 years ago?

SPORTS

Unlikely Hero Emerges For Rays

By JARED DIAMOND

Arlington, Texas

A couple of hours after he delivered the hit in Game 4 that made him one of the most improbable World Series heroes ever, Tampa Bay Rays outfielder Brett Phillips told reporters how excited he was that his wife, Bri, was there to see it.

"I'm glad I didn't have a walk-off hit in the last couple days before she got here," he joked.

A short while later, he finally spoke to her on the phone.

"Hey, were you there?" he asked her, still gasping to catch his breath.

She figured he would ask that question. She worried that he wouldn't like the answer.

So she braced for the worst and made her confession: "I saw it," she told him. "But we weren't there."

Yes, Bri and her mother left Globe Life Field in the middle of the seventh inning Saturday night, before Brett looped the single into center field that will appear on highlight reels forever.

So instead, Bri saw the last play from her hotel room, missing the chance to see the most insane moment of Brett's career with her own eyes.

Bri blamed the unseasonably cold temperatures in North Texas for their decision to leave, though she also admitted another reason: "I really didn't think they were going to put him in" with the score so close, given Brett's place as the last man on the Rays' bench.

She made it back to her television in time to see the Rays send Phillips onto the field as a pinch runner in the bottom of the eighth. When he stepped to the plate in the ninth with the winning runs on base, she turned to her mom and said, "I think I'm going to be sick."

"And then he did it. Everything unfolded and I was screaming," Bri said. "I was so excited, I think we woke up everyone around us."



Brett Phillips was the Game 4 hero.



Lionel Messi wanted to leave. Barcelona forced him to stay. Results haven't improved as the club has already lost two of its first five league games this season.

A Messy End for Barcelona, Messi

After nearly breaking up this summer, the misery only deepened in a loss to rival Real Madrid

By JOSHUA ROBINSON

The clock was ticking down in the season's first Clásico and Lionel Messi was suddenly back in his element: the ball at his feet, room to run, and charging at Real Madrid's defense. If the past 15 years have taught us anything, it's that these are the moments when Messi makes magic.

Or at least he used to. Reality has developed a nasty habit of getting in Messi's way lately. On Saturday, during Barcelona's 3-1 home defeat, it took the form of a bulky Real Madrid defender, who stole the ball and knocked Messi to the turf. Yet that was still less humiliating than the reality he collided with over the summer: despite his stated intention to leave, a clause in Messi's contract meant he was stuck at Barcelona for at least one more year.

It might just be the worst Barcelona that Messi has ever played for.

The club has already lost twice through five games, including Saturday's disaster in front of 98,000 empty seats. By Saturday night, it sat 12th in the standings, already six points adrift of Real, and looking rudderless. First-year manager Ronald Koeman is trying to build a team of ill-fitting pieces around an ill-tempered Messi, but is no closer to identifying his strongest

lineup. When he had to throw the dice late in Saturday's game, he just substituted all three Barcelona forwards.

"We've suffered two defeats in La Liga, but we have to continue working in this direction," Koeman said.

Messi has made it clear he isn't convinced. For nearly a year, he saw the writing on the wall. He'd clashed with the Barça brass about the club's general direction. As he watched a gilded generation of teammates age, leave, and be replaced with inferior models, Messi could sense the decline. He knew last season his 20-year ride at Barcelona might need to end.

"I believed that the club needed more young players, new players and I thought my time in Barcelona was over," Messi explained to Goal.com last month.

Saturday was another painful reminder. After Barcelona conceded the third goal, Messi stood in the center circle in a pose that has become all too familiar to the club's supporters: hands on hips, speaking to no one, and the same thousand-yard stare that was on display in all of Barça's recent humiliations—the 4-0 defeat at Anfield two springs ago in the Champions League, the 8-2 thumping by Bayern Munich this summer.

It was the Bayern defeat, in particular, that set up what has come

to be known simply as The Burofax, the official notarized letter stating Messi's desire to separate himself from Barcelona. In the weirdest year soccer has ever known, this was by far the most surprising turn. Barcelona was the only team Messi had ever known as a professional. Barcelona had molded him from a shrimpy 13-year-old prodigy into a shrimpy world-beater. Barcelona had given him his stage.

This is where the club's investment in Messi was saved by an unlikely source: the global pandemic.

Messi's contract in Spain had long included a clause that allowed him to break it unilaterally at the normal end of a season in June. Because the European soccer season was interrupted in the spring and resumed in the summer, it wound up stretching into July. The problem for Messi was that the contract stated a specific date, not "the end of the season, whenever it happens to be." If he wanted to leave, he'd have to find a club to pay his release clause, just like in any other summer.

The price was set at €700 million (\$830 million). There were no takers. Messi had pinpointed all of the problems Barcelona was facing and now he would have to live them again for another season.

"As club president I would have acted differently," Barcelona veteran Gerard Pique told Spanish

daily La Vanguardia earlier this week. "I asked Leo to hold on. The Camp Nou must bear his name."

The frostiness that has settled over Catalonia since then has made the situation permanently awkward. When Barça terminated the contract of forward Luis Suárez a month ago, Messi took it personally. Suárez was his best friend on the team and, in his eyes, a loyal servant to the club.

"You deserved a send off to match you: one of the most important players in the club's history," Messi wrote in a rare Instagram statement. "Not to be kicked out like they did. But the truth is that at this point, I'm not surprised."

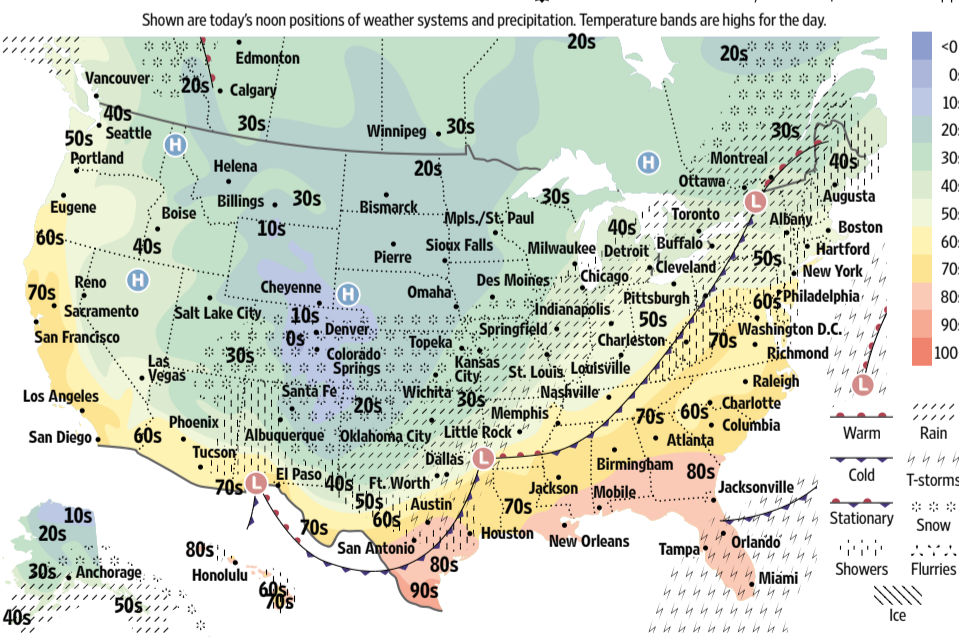
Still Messi played on. What choice did he have? He has taken some pleasure in mentoring Barcelona's precocious young striker, Ansu Fati, a freewheeling 17-year-old from Guinea-Bissau. His own game, however, remains short of the turbocharged frenzy the world is accustomed to. After five La Liga games, Messi has one goal and no assists. Though it's early in the season, there is already a chance that Barcelona could finish outside of La Liga's top two for the first time since 2008.

"Winning matches shows that you are on the right path," Koeman had said before Saturday.

Losing them only proves Messi right.

Weather

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U.S. Forecasts

s., sunny; pc., partly cloudy; c., cloudy; sh., showers; t., storms; r., rain; sf., snow flurries; sn., snow; i., ice

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	43	28	r	34	24	s
Atlanta	73	62	c	79	65	pc
Austin	80	51	c	58	45	r
Baltimore	65	54	c	64	51	c
Boise	44	27	pc	53	29	s
Boston	55	49	r	53	41	c
Burlington	48	37	r	44	34	c
Charlotte	70	57	c	76	59	pc
Chicago	43	33	c	44	32	pc
Cleveland	50	42	r	49	39	r
Dallas	57	43	r	48	43	r
Denver	13	3	c	39	18	s
Detroit	50	37	c	49	34	r
Honolulu	86	75	t	83	74	sh
Houston	80	65	sh	79	64	sh
Indianapolis	52	40	r	51	38	c
Kansas City	32	24	sn	37	30	pc
Las Vegas	59	41	s	69	46	r
Little Rock	55	47	c	57	49	r
Los Angeles	72	53	s	77	55	s
Miami	86	79	t	88	78	c
Milwaukee	42	29	c	43	32	pc
Minneapolis	31	17	pc	35	25	c
Nashville	63	52	c	68	54	c
New Orleans	81	71	pc	83	75	t
New York City	59	53	c	54	47	c
Oklahoma City	36	28	sh	35	30	i

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	54	47	pc	55	48	c
Athens	76	61	s	74	61	pc
Baghdad	93	59	pc	93	59	pc
Bangkok	90	77	pc	88	77	pc
Beijing	75	44	pc	63	37	c
Berlin	57	46	sh	53	45	pc
Brussels	54	46	pc	53	47	c
Buenos Aires	70	58	s	68	57	s
Dubai	93	70	pc	92	72	pc
Dublin	53	42	sh	53	43	r
Edinburgh	53	42	sh	50	44	r

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	53	44	sh	52	46	pc
Geneva	50	43	r	51	44	sh
Havana	85	74	t	87	72	t
Hong Kong	83	74	pc	83	75	s
Istanbul	69	57	pc	72	60	s
Jakarta	91	76	t	90	76	t
Jerusalem	80	59	s	81	61	s
Johannesburg	81	62	pc	83	61	pc
London	55	44	sh	56	47	r
Madrid	57	38	s	58	44	pc
Manila	85	79	r	86	79	t
Melbourne	63	47	pc	62	52	c
Mexico City	78	49	pc	78	51	pc
Milan	61	50	r	59	44	c
Moscow	49	41	pc	50	39	c
Mumbai	91	80	t	92	79	pc
Paris	57	45	pc	55	49	sh
Rio de Janeiro	76	70	r	81	73	pc
Riyadh	90	62	s	90	60	s
Rome	70	56	c	66	48	sh
San Juan	88	78	t	87	78	t
Seoul	67	44	pc	69	45	c
Shanghai	73	58	pc	73	60	pc
Singapore	87	79	t	88	79	t
Sydney	60	56	r	65	54	pc
Taipei City	83	73	s	83	74	s
Tokyo	68	58	pc	68	59	pc
Toronto	47	36	r	44	34	c
Vancouver	46	38	pc	48	45	r
Warsaw	61	51	pc	63	46	pc
Zurich	48	42	r	51	41	sh

The WSJ Daily Crossword | Edited by Mike Shenk

Across

- Become spoiled
- Mildly risqué
- Alamos
- Cheering loudly
- Like ghost stories
- FBI worker: Abbr.
- He played a ghost in "The Ghost and Mrs. Muir"
- Sis's sibling
- In short supply
- Witch's concoction
- Cry of discovery
- He played a ghost in "Harry Potter and the Sorcerer's Stone"
- Caltech's observatory
- Sports settings
- "Fear of Flying" author Jong
- Grueling work
- He played a ghost in "Ghost"
- Fix, as a feline
- Abounds
- Mountain top?
- What many budding businessmen must learn how to do
- She played a ghost in "Beetlejuice"
- Gobbled up
- Gaunt
- Halloween costume choice
- Nonspecific amount
- He played a ghost in "The Sixth Sense"
- 1986 GE buy
- Lubricated
- Student of Socrates
- "They dug his grave where he lay": Sir Walter Scott
- Autonomous software programs
- Pitchfork toter
- Down
- Long-nosed fish
- Mine yield
- Pandora opened one
- Sounds heard during a massage
- Vampire count, familiarly
- Clinton labor secretary Robert
- Collections of weapons

- AFL's partner
- Longing
- California's Tar Pits
- Female monster
- "Uncle Tom's Cabin" author
- Goof
- Prince of India
- Title rat in a 1972 horror film
- King Kong, for one
- Angel's instrument
- Inter
- Black bird
- Papal representative
- Halloween mo.
- Tennessee senator Blackburn
- Full moon setting
- Apple tablet
- Boulder-hurling weapon
- Supporter's vote
- Letter after epsilon
- Give off
- Bishop's domain
- Spirit-summoning gathering
- Nairobi native
- Printer need
- Dead on one's feet
- 1965 horror film "What You Did"
- Menacing look
- Nasty habits
- Pointers
- Jazz legend Fitzgerald
- Try for apples, in a way
- Carnival city, casually
- Back muscle, for short
- Call day
- Rosemary's baby, for one

Previous Puzzle's Solution

The contest answer is SMELL. Each theme answer hides a word that's a member of a set enumerated by the number in parentheses: CHEERLEST (5 Great Lakes); INDOHINE (7 Dwarfs); SORRYTOHEARTHAT (8 planets); APENNINES (8 Ivy League schools); FLUSTERED (7 deadly sins). Find another member of each set anagrammed with one letter added: HURON+S=ONRUSH; SNEEZY+M=ENZYMES; MARS+E=REAMS; YALE+L=ALLEY; GREED+L=LEDGER. Those added letters spell the contest answer, further verified by another of the 5 senses, TASTE, hiding in the puzzle's title and SMELL+I=MILLES in the pattern of the theme.

► Solve this puzzle online and discuss it at WSJ.com/Puzzles.

OPINION

How Free Speech Dies



AMERICAS
By Mary
Anastasia
O'Grady

Facebook, Twitter and Google chief executives go before a Senate committee this week to face questions about alleged censorship. The tech titans are in hot water with conservatives due to increasing evidence that screeners, assigned to block offensive content, use their power to advance a political agenda.

The hearings may heighten the public's awareness of the issue. But a cultural sore is festering in America and it cannot be healed with regulation from Washington.

The problem, which is familiar in Latin America and now seems to be coming to a theater near you, is a new "hyper-intolerance" on the part of the upper classes, academics and the media. This is scary because where efforts by elites to silence dissent have succeeded, things haven't ended well, even for those who instigate them. What starts with canceling an opponent for some heresy almost inevitably leads to gagging civil society.

Full-blown censorship is associated with totalitarian regimes using military enforcement. But dive into the tragedy of tyranny in the Americas and you often find, long before the consolidation of power, insidious support from public intellectuals for controlling thought and speech. Over and

over again their role in the "revolution" has been to define virtue and justice, and unleash the mob to denounce and condemn the unrepentant.

Fidel Castro didn't become dictator for life in Cuba without help from island artists, writers and reporters, many of whom were later jailed or exiled. The cautionary tale of the "postscripts" forcibly inserted into Cuban opinion writing and news in the earliest days of the Cuban revolution, with support from journalists, is worth revisiting.

Like America today, Cuba in 1959 had no shortage of intellectuals whose absolutist passions were rivaled only by their self-righteousness. Dictator Fulgencio Batista had been corrupt and authoritarian. But the once-vibrant Cuban press avoided complete annihilation during his seven-year rule. When he was gone, newspapers expected that government censorship would end.

Castro understood that free speech wouldn't fly in the police state he envisioned, but in his first months in power he continued to pay lip service to democracy and knew better than to march into newsrooms with bayonets and jackboots. He didn't need to. At his disposal were useful journalists ready to do his dirty work by attacking their own colleagues.

Carlos Ripoll's 1985 book "Harnessing the Intellectuals" documents the story: On Dec. 26, 1959, the Provincial Association of Journalists of Havana "agreed to impose on all periodicals the obligation to in-

clude, in the form of clarifications or footnotes, criticisms of editorials or news items that were not in accord with the official government line."

Replace "government" in that dictat with the word "party" and you have what looks eerily similar to demands by some American journalists to silence colleagues with whom they don't agree.

Hyper-intolerance is a familiar path to tyranny throughout Latin America.

According to Mr. Ripoll, when the Cuban newspaper Avance declined to print one of these so-called clarifications on press-freedom grounds, "it was taken over violently by a group of employees who were sympathizers of the regime." Two of the paper's editors fled the country.

In 1974, during Peru's military dictatorship, something similar happened when leftist journalists helped take over the newspaper La Prensa.

Decades later Venezuela's Hugo Chávez also strangled free speech with help from public intellectuals. He controlled state television on Day One of his presidency. But the independent media presented a challenge. Here he was blessed by a pro-Cuba intelligentsia convinced of his messianic mission. It wrote in newspapers and appeared on televi-

sion, applauding his rewrite of the constitution and his sweeping power grab. Its support for Chávez—even while he verbally abused and intimidated dissident voices in his regular, all-channels television appearances—made it complicit in the regime's assassination of freedom of conscience.

A combination of broad and arbitrary economic and regulatory powers beyond the scope of government in a true democracy were used to force compliance with the regime's agenda. Those who did not get in line were ruined through the cancellation of broadcast licenses, the denial of newspaper, the collapse of private-economy advertising and the blocking of access to government press briefings.

The last refuge for free thinkers is electronic and social media. In Cuba and Venezuela it is also censored. In dictator Daniel Ortega's Nicaragua, where the media is now mostly controlled by the state or the businesses of the Ortega family and friends, the regime is set to approve new cyber legislation that will criminalize whatever the state decides is fake news on the internet. Journalists working for the regime are defending the gag law.

One is left to contemplate what might have been in any of these countries had open minds been ready to defend open society. And to further contemplate what is to become of open societies where minds close.

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BOOKSHELF | By David A. Shaywitz

When Machines Miss the Point

The Alignment Problem

By Brian Christian
(Norton, 476 pages, \$27.95)

In the mid-1990s, a group of software developers applied the latest computer learning to tackle a problem that emergency-room doctors were routinely facing: which of the patients who showed up with pneumonia should be admitted and which could be sent home to recover there? An algorithm analyzed more than 15,000 patients and came up with a series of predictions intended to optimize patient survival. There was, however, an oddity—the computer concluded that asthmatics with pneumonia were low-risk and could be treated as outpatients. The programmers were skeptical.

Their doubts proved correct. As clinicians later explained, when asthmatics show up to an emergency room with pneumonia, they are considered so high-risk that they tend to be triaged immediately to more intensive care. It was this policy that accounted for their lower-than-expected mortality, the outcome that the computer was trying to optimize. The algorithm, in other words, provided the wrong recommendation, but it was doing exactly what it had been programmed to do.

The disconnect between intention and results—between what mathematician Norbert Wiener described as "the purpose put into the machine" and "the purpose we really desire"—defines the essence of "the alignment problem." Brian Christian, an accomplished technology writer, offers a nuanced and captivating exploration of this white-hot topic, giving us along the way a survey of the state of machine learning and of the challenges it faces.

The alignment problem, Mr. Christian notes, is as old as the earliest attempts to persuade machines to reason, but recent advances in data-capture and computational power have given it a new prominence. To show the limits of even the most sophisticated algorithms, he describes what happened when a vast database of human language was harvested from published books and the internet. It enabled the mathematical analysis of language—facilitating dramatically improved word translations and creating opportunities to express linguistic relationships as simple arithmetical expressions. Type in "King-Man+Woman" and you got "Queen." But if you tried "Doctor-Man+Woman," out popped "Nurse." "Shopkeeper-Man+Woman" produced "Housewife." Here the math reflected, and risked perpetuating, historical sexism in language use. Another misalignment example: When an algorithm was trained on a data set of millions of labeled images, it was able to sort photos into categories as fine-grained as "Graduation"—yet classified people of color as "Gorillas." This problem was rooted in deficiencies in the data set on which the model was trained. In both cases, the programmers had failed to recognize, much less seriously consider, the shortcomings of their models.

We are attracted, Mr. Christian observes, to the idea "that society can be made more consistent, more accurate, and more fair by replacing idiosyncratic human judgment with numerical models." But we may be expecting too much of our software. A computer program intended to guide parole decisions, for example, delivered guidance that distilled and arguably propagated underlying racial inequalities. Is this the algorithm's fault, or ours?

Sophisticated algorithms can do everything they are supposed to do, performing wonders, and still make bad recommendations and dodgy claims.

To answer this question and others, Mr. Christian devotes much of "The Alignment Problem" to the challenges of teaching computers to do what we want them to do. A computer seeking to maximize its score through trial and error, for example, can quickly figure out shoot-'em-up videogames like "Space Invaders" but struggles with Indiana Jones-style adventure games like "Montezuma's Revenge," where rewards are sparse and you need to swing across a pit and climb a ladder before you start to score. Human gamers are instinctively driven to explore and figure out what's behind the next door, but the computer wasn't—until a "curiosity" incentive was provided.

Imitation is another learning device: A computer may teach itself by observing, say, the video of a highly skilled car driver. Yet even this method can prove tricky, since an expert may never make the mistakes of a beginner. What's more, an expert may have an intrinsic ability that the learner is unlikely ever to acquire. A skilled driver might easily navigate a cliff-side road, Mr. Christian explains, but a prudent computer-driver might be better off selecting an inland alternative—humility unlikely to be learned by imitation alone.

Mr. Christian notes that computers may one day be able not only to learn our behaviors but also intuit our values—figure out from our actions what it is we're trying to optimize. This possibility offers the hope of robust cooperative human-machine learning—an area of especially promising research at the moment—but it raises a number of thorny concerns: What if an algorithm intuits the "wrong" values, based on its best read of who we currently are but perhaps not who we aspire to be? Do we, Mr. Christian asks, really want our computers inferring our values from our browser histories?

For all the progress of technology, computers won't—can't—solve our most vexing problems. "Machine learning," Mr. Christian observes, "is an ostensibly technical field crashing increasingly on human questions." Rather than offering a magic solution, computers provide us with "an unflinching, revelatory mirror." The image it offers can be discomfiting, but it can also help us by making biases "real" and "measurable" rather than "gossamer, ethereal, ineffable." At the same time, Mr. Christian reminds us, we must attend to "the things that are not easily quantified or do not easily admit themselves into our models." He adds that the "ineffable need not cede entirely to the explicit"—a timely reminder that even in our age of big data and deep learning, there will always be more things in heaven and earth than are dreamt of in our algorithms.

Dr. Shaywitz, a physician-scientist, is the founder of Astounding HealthTech, a lecturer in the Department of Biomedical Informatics at Harvard Medical School, and an adjunct scholar at the American Enterprise Institute.

A Biden Economy Means 'Litter Jobs'



INSIDE
VIEW
By Andy
Kessler

I hate admitting youthful indiscretions. Way too long ago, I was with friends in a desolate Colorado parking lot drinking rare-outside-the-state Coors beers. One guy would occasionally open his window and toss empty cans out. I shyly mentioned that he probably shouldn't litter. After all, I grew up watching "The Three Stooges" on channel 11 WPIX with constant public service announcements featuring an American Indian standing next to a highway crying as litter is thrown at his feet.

The can-tosser launched into a long diatribe ending with, "Listen, someone will have to be paid to clean up all these beer cans. Who am I to deny someone a well-paying job to feed his family and pay rent?" I stupidly laughed. I think that guy is now a politician, but obviously dead wrong.

During the first debate, I had a Coors flashback when moderator Chris Wallace asked Joe Biden about his \$2 trillion climate change spend-fest: "I actually have studied your plan, and it includes upgrading four million buildings, weatherizing two million homes over four years."

Mr. Biden responded: "The fact is, it's going to create millions of good-paying jobs, and these tax incentives for people

to weatherize" are "going to make the economy much safer." Maybe he cribbed this from Al Gore in Wired magazine last year. "Now, think about the Green New Deal," Mr. Gore wrote. "What it encompasses are two things we have to solve: the climate crisis and the opportunity to create tens of millions of new jobs." That includes "retrofitting residential, commercial, and industrial buildings."

This is what passes for progressive policy these days? It sounds impressive but it's dead wrong. These are litter jobs—unproductive work that subtracts from societal wealth rather than adding to it. A waste of resources.

We saw similar thinking this summer. Vicky Osterweil, who wrote the book "In Defense of Looting," told NPR that looting is "basically non-violent" as "most stores are insured; it's just hurting insurance companies on some level. It's just money. It's just property." As my Coors friend might say, "Who am I to deny someone a job cleaning this up?" A new spin on the broken-windows fallacy.

Driving back from Golden State Warriors games, before they were any good, I remember hearing coach Don Nelson analyze a typical loss. He'd say something along the lines of, "I felt everyone contributed tonight," then pause and add, "though not everyone positively." Yes—you can have negative productivity, wealth destruction per worker-hour.

Most green jobs are not

productive jobs. They're public-works projects—litter jobs—that raise the price of energy. I know: In California, energy is 52% costlier than in the average for states. That's negative productivity. How bad could it get? Gina McCarthy, CEO of the Natural Resources Defense Council, told Bloomberg, "Well if you asked me how much I would spend on clean energy in the future for our kids, I'd say all of it. That's my price tag." Yikes.

Green projects like weatherizing are often work for its own sake, reducing productivity.

Jobs for jobs' sake never works. If we put aside productivity we might as well have an economy of hand-washing each other's laundry. Or digging canals with spoons. But washing machines and backhoes are more productive, with fewer people. Adding insulation is not productive. It only vaporizes resources created by those who are productive.

Don't be fooled. You can't fabricate productive jobs by government edict. Sustainable jobs, to borrow from climate phraseology, are created by solving problems, applying both financial and human capital to improve current ways of doing things. The tip-off that it's working? The solution gets cheaper over time.

The huge opportunity to

lower the cost of more complex services by getting pesky humans out of the way. Wait—put humans out of work? The horror. But better jobs always, always emerge. Decades of technology-driven job destruction led to a 50-year-low 3.5% unemployment rate, before Covid.

Amazon is now hiring 100,000 warehouse workers and another 33,000 corporate employees, many at close to \$150,000. That's because Amazon is a platform for millions of merchants to do commerce away from stores, with fewer humans: positive productivity. Facebook is a productive way for small businesses to reach new customers. iPhones mean never having to ask for directions.

We're not even close to being done. There is huge upside in harnessing data and using artificial intelligence and machine learning to scour for patterns that help services scale to the masses. Especially education. The Photomath app, downloaded 100 million times, lets students take a photo of an equation and walks them through how to solve it step by step. Duolingo and Babbel teach hundreds of millions a dozen different languages.

Do enough of these things and, voilà, money gets freed up to allow even more capital to solve even bigger problems—yes, creatively destroying jobs to hire even more people. As Coach Nelson would insist, be a positive contributor. And please, don't litter.

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Democrats Want Medicaid for the Wealthy

By Chris Jacobs

While the coronavirus pandemic has predictably increased Medicaid enrollment, this development is being used to hide how the wealthy can take advantage of the system under Democratic expansion of health care. Many people are losing income or employer-based health coverage due to Covid-related closures, but a recent report by the Congressional Budget Office shows how enrollment will also rise because ineligible individuals remain on Medicaid—a trend Democrats want to perpetuate.

A coronavirus relief bill signed by President Trump on March 18 included a 6.2% increase in states' Medicaid matching rates for the duration of the pandemic. But the additional dollars came with a big catch: States can terminate Medicaid enrollment during the public health emergency only if "the individual

requests a voluntary termination of eligibility" or moves out of state. No increase in income or assets, no matter how great, permits a state to disenroll someone from Medicaid.

The CBO report quantified the effects of these policies. The budget office believes the pandemic will increase Medicaid enrollment by about nine

The Covid relief law prevents states from disenrolling those earning six figures.

million in 2021, and spending by \$86 billion, next year compared to its March pre-Covid projections. The CBO estimates that "about half of the projected increase in enrollment . . . results from the new requirement that states allow people to remain enrolled in Medicaid longer," meaning ap-

proximately 4.5 million otherwise ineligible people will remain on the rolls.

To see how these policies are having an impact, consider Louisiana's Medicaid expansion. Early last year, following an audit that showed people earning over \$145,000 a year remained on Medicaid, the state began checking income eligibility on a quarterly basis. The audits led to the removal of 30,000 from Medicaid—including at least 1,672 with income of over \$100,000—saving taxpayers some \$400 million.

But since Congress imposed the maintenance-of-effort provisions this spring, enrollment in Louisiana's Medicaid expansion has exploded. From March through September, enrollment surged 16.5%, or more than 78,000, to reach all-time highs. The CBO's assumption that the maintenance-of-effort requirements explain half of the enrollment increase suggests approximately 40,000

Louisianans have remained on expanded Medicaid after becoming ineligible—more than the state removed from the rolls last year.

While some might argue this explosion in Medicaid enrollment is a pandemic-driven anomaly, Democrats want to make it permanent. In June Speaker Nancy Pelosi pushed through an ObamaCare "enhancement" bill that would require states to keep individuals continuously enrolled in Medicaid for 12 months before checking eligibility, at a cost to taxpayers of nearly \$205 billion over 10 years.

With federal debt soaring, neither states nor Washington can afford to keep ineligible individuals on the Medicaid rolls. Democrats are showing the fiscally irresponsible nature of their drive to expand the welfare state.

Mr. Jacobs is founder and CEO of Juniper Research Group and author of "The Case Against Single Payer."

OPINION

REVIEW & OUTLOOK

California's Racial Scare Campaign

Scarcely more than a week from Election Day, the champions of California's Proposition 16—a ballot initiative that would repeal the ban on racial preferences in the state constitution—are desperate to push the measure over the top. So they are falling back on a scare tactic: accusations of white supremacy.

One recent ad urging a vote for Prop. 16 says the Yes on 16 campaign is supported by leaders like Sen. Kamala Harris. By contrast, it says, the measure is “opposed by those who have always opposed equality.” In case you miss the point, the ad features men carrying tiki torches at the infamous white nationalist rally in Charlottesville in 2017.

Some are building on this theme by tying Prop. 209, the original ballot initiative that put the non-discrimination language in the constitution in 1996, to David Duke, a one-time leader in the Ku Klux Klan. It's true that in September 1996, two months before the vote, Cal State Northridge's student senate invited Mr. Duke to debate civil-rights activist Joe Hicks on the proposition.

But the College Republicans opposed the invitation as an attempt to smear supporters. As the Los Angeles Times put it, Ward Connerly and others pushing Prop. 209 “characterized the move to bring Duke to campus as a thinly veiled dirty trick.” Not reported is that Hicks, now deceased, later reversed himself and became a staunch critic of preferences.

It was ridiculous to paint Mr. Connerly as in league with the Klan then, and it's as absurd to think that the Asian-Americans who feature prominently in the fight against Prop. 16 are also agents of white supremacy. They oppose Prop. 16 because they know their children will be its chief victims, especially in education. Look at the lawsuits against Harvard and Yale for the opaque process they use to penalize qualified Asian-American applicants.

Prop. 16's supporters also claim that racial minorities have been devastated since the state was prohibited from using race as a factor in decisions, especially at California's public universi-

ties. In fact, the number of blacks admitted to the University of California has more than doubled since the year before Prop. 209 went into effect.

The number of Chicano/Latino students admitted has increased nearly five times. Contrary to what Prop. 16 supporters would have you believe, 41% of the 2020 class of admitted freshmen students are black or Chicano/Latino across the University of California system. Chicanos and Latinos represent a plurality at 36%, which is more than the 35% who are Asian-American and the only 21% who are white.

The non-discrimination language in the California constitution has ensured greater academic success for these minority students. As a result of a better match between underrepresented minority students and the UC campus they attend, minority performance has increased.

UCLA economist and law professor Richard Sander writes that the four-year graduation rates for blacks and Latinos more than doubled. And 10 years after the first post-209 cohort was admitted, the number of blacks graduating with science, technology, engineering or math degrees had nearly doubled; for Latinos it was up more than 125%.

In September, a Public Policy Institute of California poll reported only 31% of likely voters saying they would vote for Prop. 16, with 47% opposed and 22% undecided. A new PPIC poll released last week shows 50% of voters now saying they will vote no with 37% in support—and 12% undecided. Thus the campaign to scare voters in the final days.

Gail Heriot, a University of San Diego law professor who sits on the U.S. Commission on Civil Rights and co-chairs the No on 16 campaign, notes that even in deep blue California voters aren't buying coerced racial preferences. “The Yes on Prop 16 campaign manager told potential donors that, according to the campaign's internal polling, accusations of white supremacy would be effective,” Ms. Heriot says. “But Californians aren't that gullible.” Let's hope she's right.

Preference supporters roll out the KKK and David Duke.

The Most Expensive Election

The 2020 elections are “obliterating previous spending records,” says OpenSecrets.org, which projects a total cost of around \$11 billion. Yet the campaign has so far been remarkably free of complaints about money in politics.

Funny, that. Perhaps it's because this year Democrats are crushing Republicans in fundraising, from the presidential race, to Senate challengers, to House incumbents, to even state legislative elections.

ActBlue, the online Democratic money platform, said this month it handled \$1.5 billion in donations in the third quarter, including \$71 million in one day after Justice Ruth Bader Ginsburg died. Nearly seven million people used ActBlue for 31 million donations, averaging \$47.

The rich are also chipping in big. Billionaire Michael Bloomberg, all by his lonesome, has promised to drop \$100 million in Florida to defeat Mr. Trump. Secretary of Treasury Bloomberg? Vox reports that Reid Hoffman, the LinkedIn founder, is spending \$100 million as well. Wall Street and corporate PACs are financing Democrats in hopes of buying protection if the party sweeps Congress and the White House.

The financial data for specific campaigns isn't pretty for the GOP. Joe Biden has outraised Donald Trump by nearly \$350 million, OpenSecrets

says. The Democratic nominee will outspend Mr. Trump in nearly every battleground state in the final week.

But do you hear many progressives complain, as they trounce the GOP?

The cash flowing to Senate candidates is so great that Democrats have been able to put races in deeply Republican states like Kansas and Alaska in play. Maine Senator Susan Collins is \$42 million behind her challenger. Arizona's Martha McSally is down by \$33 million. North Carolina's Thom Tillis trails by \$25 million. Iowa's Joni Ernst is down by \$23 million, which goes a long way in Dubuque.

Donation patterns tend to ebb and flow across political cycles depending on the national mood and party prospects. But so does outrage over campaign finance, as Democrats seem to object only in years when Republicans get a fundraising edge.

It's another reminder that complaints about money in politics are always marbled with hypocrisy and phony posturing. Campaign-finance reform of the scope that progressives imagine is impossible to square with the First Amendment. But Democrats love it as a talking point, at least when they're losing. And when they're winning? Yeah, they'll get around to addressing money in politics, right after they take power with the help of those oversize checks.

The Press of Conformity

Some institutions are responding better than others to the stress of political polarization, and one of the worst performers has been the press. Its broad and intense progressive partisanship is escalating into attempts to stifle information and stigmatize opposing points of view.

A case in point is the media distortion of a pair of recent reports in The Wall Street Journal. Our Kimberley Strassel wrote a detailed analysis in her Friday column about the emails and text messages of former Hunter Biden business associate Tony Bobulinski. Journal reporters wrote later that day about Mr. Bobulinski's claims, and media partisans jumped to assert that the news story contradicted Ms. Strassel's.

No, it didn't, as more careful analysts like Mark Hemingway have noted. The Journal news story added the fact that their examination of business records found no evidence of Joe Biden having an ownership stake in the Hunter Biden-Bobulinski company.

But Ms. Strassel never said Joe Biden did. She reported that Mr. Bobulinski provided documents supporting his claim that a stake was envisioned for Joe Biden, but that Mr. Biden ought to respond to clear the record if this wasn't true. The news story treated the emails and texts as real, and thus tacitly confirmed that they weren't “Russian disinformation” as Joe Biden and others have claimed.

The news and opinion sections of the Journal operate separately, and we can't speak for our news colleagues. But our view is that Mr. Bobulinski's documents and statements are news

that the public deserves to see. This is why Ms. Strassel reported the story in meticulous fashion, and we published it. By pretending that the two stories conflict, the progressive media are attempting to say that the emails and texts should never have been reported.

This is laughable coming from the crowd that spent four years pushing the Russia-Trump collusion narrative from 2016 that was ginned up and promoted by the Hillary Clinton campaign. They spun the claims of the Steele dossier, despite no supporting evidence and no on-the-record witnesses. Yet now they claim that on-the-record statements from a former Hunter Biden associate, along with emails and texts that the Biden campaign hasn't disputed, should be kept from the public.

All of this is relevant beyond next week's election. If Democrats win up and down the ballot, progressives will control the commanding heights of nearly every American elite institution: Congress, the administrative state, Hollywood and the arts, the universities, nonprofits, Silicon Valley and nearly all of the media.

Yet instead of playing watchdog for the public, today's progressive press partisans devote themselves to attacking anyone who breaks from their orthodoxy. They denounce independent voices like Ms. Strassel with their Twitter brigades, then they unleash reporters who are ideological enforcers masquerading as media critics. They can't tolerate any opposing political view. This is why Americans in record numbers don't trust the media, and it's why we will keep reporting the news others won't.

LETTERS TO THE EDITOR

Perils and Opportunities of a Public Option

Regarding Lanhee J. Chen and Daniel L. Heil's “Biden's Public Option Would Mean Massive Tax Hikes,” op-ed, Oct. 20): Any vast expansion of government health insurance for “all” is at a minimum evidence that ObamaCare has failed to deliver as advertised. Massive expansion of spending would disable health care and government generally. The obvious fact that ObamaCare hasn't delivered hardly provides evidence that much more government will rescue the system. It is past time to try much less government, more freedom and many more choices for the large number of us not liberated by ObamaCare. If it has done the job, what is the debate about?

RICHARD E. RALSTON
Executive Director, Americans for Free Choice in Medicine
Newport Beach, Calif.

Employer-paid health insurance finances a health-insurance industry which adds little or no net value to the economy. Way too high a proportion of health-care costs goes to administration. Let the dead 1940s idea of employer-paid health insurance gracefully pass away with the single-payer public option.

STEVEN WILLIAMS
Pittsburgh

It's ironic politicians define a public option to health care as one determined and rationed by the government. A true “public” option would allow individuals to decide what is best for them and where to spend their health-care dollars. All that would require is a transparent price and a system more aligned with patient needs.

PAULA MUTO, M.D., FACS
Andover, Mass.

Questioning Diversity-Training Effectiveness

Starbucks Corp. has a fabled history of making grand gestures to signal to the market. In 2008 it shut down stores for several hours to retrain baristas, sending the message that the company was improving the quality of its drinks. Ten years later it signaled that it was committed to diversity by closing stores for anti-bias training—something it is now mandating for executives (“Starbucks Ties Pay to Targets for Diversity,” Business & Finance, Oct. 15).

There is a big difference, however. Making coffee is a straightforward and trainable process. There is no ambiguity. But diversity, equity and inclusion aren't “trainable.” These are a matter of attitudes and behav-

iors that are learned socially. This is why research shows corporations have wasted billions of dollars on such training, which not only fails but can backfire and create more bias.

So while Starbucks no doubt will get more good publicity from continuing this training, it's unlikely to create substantive change. Weeding out any biased assumptions people make in hiring, promotions, interactions with customers and suppliers requires a deeper cultural shift over time, with managers setting examples on a daily basis that reflect central corporate values.

JASON KORMAN
Miami Beach, Fla.

Don't Let Covid-19 Delay Your Own Cancer Screening

Cancer doesn't take a pause, and screenings can save lives (“Drop in Cancer Screenings Fuels Worry,” U.S. News, Oct. 16). Health-care providers are taking Covid-19 seriously and have implemented numerous safeguards to safely provide critical screenings and cancer treatments. Eight months into this pandemic, your health-care providers have learned a lot about how to protect their patients and themselves during screening appointments. For more information on how to reschedule your medical screenings and appointments, the easiest thing you can do is to call and talk with your doctor's office. It is so important to get those screenings back on the books.

CAROLYN ALDIGÉ
CEO, Prevent Cancer Foundation
Alexandria, Va.

People don't have to sit back and wait until they feel safe going to see a doctor to get screened for colon cancer. They can use Cologuard at-home colon cancer screening kits. The earlier colon cancer is caught, the better the outcome can be for the patient. It's important to screen on time and stay up to date.

KEVIN CONROY
CEO, Exact Sciences
Madison, Wis.

Stimulus for Prisoners May Do a Much-Needed Good

Regarding Chandra Bozelko's “Prisoners Don't Need Covid Stimulus Checks” (op-ed, Oct. 21): As a long time volunteer of the Texas Department of Criminal Justice, there are wider considerations regarding stimulus checks to offenders. With all deference to Ms. Bozelko's firsthand experience, she argues that \$1,200 won't last long. Next to housing, on release offenders need transportation to seek and maintain jobs and attend parole and recovery meetings. A driver's license is essential for this and identification. Holding them back are jurisdictions which don't recognize time served for clearing fines; \$1,200 may go a long way to satisfying these and the ever-present parole fees.

Contraband trafficking is real, but she condemns the many for the few. Applying an “end use test” of the funds is misguided. My experience is that those in the free world have every tendency to be profligate. With a greater number of spending opportunities, the outside finds an impressive number of ways to disburse sub-optimally. That \$1,200 won't last long.

WILLIAM B. LARSON, CPA
Dallas

Silly me, I thought prisoners were people. Perhaps they can use stimulus checks to pay off fines in Florida so they can vote.

MARTY MOTIA
La Canada, Calif.

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.

Government Payment Rules Are the Culprit on Infusion

Regarding Drs. Scott Gottlieb and Mark McClellan's “Where Do I Go to Get My Covid Antibody Cocktail?” (op-ed, Oct. 19): They are right regarding the need for the government to prime the pump to stimulate the development of private infusion clinics for Covid patients. However, they overstate the associated problems.

Infusion clinics are quite simple, requiring only a room, one registered nurse, four patients and IV poles. Infusion pumps are generally not necessary. The big issue is the Centers for Medicare & Medicaid Services' payment scheme for professional services, which is in the range of \$60-\$70 per infusion, regardless of how long it takes (many exceed four hours for allergy and neurology services). Hence, the profit in such centers hinges on the split between the cost of the drug and the amount a payor gets reimbursed for it. In such circumstances, volume is the key to financial stability.

If CMS will change its reimbursement methodology to reimburse professional services by the hour infused, and reimburse for drugs with modest profit for the provider, there will be no shortage of clinics.

ROBERT CHIFFELLE
Phoenix

Presidential Debates, the FEC and Freedom of Speech

Regarding Commission on Presidential Debates (CPD) member Newton Minow's “Presidential Debates Must Follow FEC Law” (Letters, Oct. 21): The idea that the presidential candidates couldn't negotiate the terms of their own debate is clearly risible. A fortiori, those same candidates could work with any agreeable administrator or sponsor to help implement those negotiations.

Any purported FEC regulation to the contrary is prima facie unconstitutional. That the FEC would be cited by the CPD to stifle better (and more fruitful) presidential debates tells you plenty about the CPD. What would Lincoln and Douglas do?

JAMES LOVELY
Lakeland, Fla.

Pepper ... And Salt

THE WALL STREET JOURNAL



“That stabbing pain in your abs—that's your body telling you it'd rather be on the beach.”

OPINION

Keep an Eye on Michigan Senate Race

By Allysia Finley

Michigan hasn't elected a Republican U.S. senator since 1994, and Republicans this year are working to save more than half a dozen seats in the upper chamber. But the Senate race in Michigan presents an unexpected pickup opportunity. Recent polls show Republican John James, a 39-year-old African-American Iraq war veteran, within striking distance of first-term Sen. Gary Peters and outperforming President Trump, who narrowly carried the state in 2016. The Real Clear Politics average has Mr. Peters leading 48.6% to 43.4%.

Mr. Peters, 61, was the only non-incumbent Democrat elected to the Senate in 2014. But his GOP opponent answered questions clumsily and repeatedly stumbled on the trail. Mr. James looks more formidable.

Republican John James is the best Republican hope for a surprise pickup on Election Night.

A Detroit native, he served eight years in the military before joining his family's company, James Group International. He is now CEO of Renaissance Global Logistics, a subsidiary. Although he lost a 2018 challenge to Sen. Debbie Stabenow by 6.5 points, he was fighting a strong undertow: Democrats swept Michigan's statewide offices, flipped two congressional seats and picked up five seats each in the state House and Senate.

Running on the same ticket as Mr. Trump may be both a blessing and a curse. While the president may motivate Republican-leaning voters who didn't turn out in 2018, he may do the same for Democrats. To flip the Senate seat, Mr. James will need to persuade moderates who dislike Mr. Trump but are leery of progressive policies.

Republican incumbents in other states are attempting a similar high-



Sen. Gary Peters (D, Mich.) and his Republican challenger, John James.

wire act, but Mr. James is able to use his personal background to defuse questions about race. In a phone interview, he recalls reading about George Floyd's death the morning after it happened.

"I thought George Floyd was my reflection," he says. "I had mixed feelings of anger and sadness and fear. When I take my suit off, I could be George Floyd. I've had guns drawn on me in a parked car in a parking lot because somebody perceived me as a threat." He elaborates on the latter encounter with police: "My heart was racing, my palms were sweaty, and I thought, 'Why am I responding like I am in Baghdad when I am Bloomfield?'"

Then he pivots: "I also know what it's like to be an officer, to put your life on the line. I understand what it's like to make a life-and-death decision. Both a black man and police officer could lose their life one night."

He can be combative as well as conciliatory. Joe Biden recently called him a "disaster" during a Detroit campaign speech, and Mr. James tweeted in response: "I am a disaster for national Democrats' narrative. A black man who thinks for himself." He then posted a video addressing Mr. Biden: "Don't forget your place in black America. You're only where you are because you were Barack Obama's vice president. That's it."

He recited some of the Democratic nominee's verbal offenses against African-Americans, including his remark in May that "you ain't black" if you don't vote for Mr. Biden. Mr. James's response: "The people you rely on so desperately for the position you're in, and the position you want, are African-Americans. Yet you continue to insult us."

Democrats have tried to taint Mr. James by his association with Mr. Trump. In 2017 he said he supported the president's agenda "2,000%," and Democrats are running ads that claim he supports a health-care plan "that would take away protections for 4.1 million Michiganders with pre-existing conditions" and "would leave 23 million Americans without health insurance."

He rebuts the charge. First off, Mr. James disagrees with the lawsuit by Republican attorneys general to overturn the Affordable Care Act, which the administration supports. He wants to repeal and replace ObamaCare with legislation that makes health-insurance markets more competitive and increase choice for patients while maintaining protections for people with pre-existing conditions. Small businesses, for instance, would be allowed to offer association health plans across state lines that would increase risk pools. "Increasing competition and transparency will de-

crease costs," he says. "Where monopolies exist, people suffer."

He also distances himself from the Trump administration's hard-line immigration policies. "I believe immigration is an economic and moral imperative," he says. "We are losing opportunities in agriculture and hospitality; there are certain jobs that frankly American workers have said they don't want. We need legal immigration that helps the economy grow and does not displace Americans who don't want to do certain jobs" or endanger national security.

Both campaigns, along with outside groups, have been bombarding the airwaves in the final weeks. Whereas Democratic ads are largely negative, Mr. James's seek to appeal to undecided moderate voters with a more uplifting and less overtly political message. In one, he describes America as "the only country where you can go from slave to senator in four generations, and from poverty to prosperity in one."

Another shows Mr. James training in the Army. "In combat, the lives of American soldiers were in my hands, but none of us could have survived without lifting each other up," he says. "We didn't pick who to sacrifice or save. Unity is everything. That's currently missing in Washington."

Mr. Biden is also trying to appeal to voters' desire for political comity. But Mr. James makes an explicit argument for the benefits of divided government. "If the pendulum swings too far to the left or right, it won't benefit our state or nation," he says. "A purple state with a Republican Legislature and Democratic governor now has a chance to have a Republican and Democratic senator—black and white, male and female. Michigan is better off having a friend on both sides of the aisle."

Michigan voters have split tickets before. Mr. Peters won election by 13 points the same year that GOP Gov. Rick Snyder was re-elected by 4. Mr. James may have a better chance than other Republicans of weathering a backlash against Mr. Trump.

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

Islamism Converges With Cancel Culture

By Laurent Dubreuil

Samuel Paty wanted to teach his students a lesson about free speech. He ended up paying with his life. Paty, 47, a middle-school teacher in a Paris suburb, announced to his civics class in early October that he would show some of the caricatures of the prophet Muhammad that the satirical magazine Charlie Hebdo published in 2015 and that students were free to opt out of viewing the images.

The teacher was immediately denounced on social media. In a viral video, the Muslim father of one of Paty's students related a series of fabrications. He falsely claimed that his daughter attended the class on free speech, that the teacher banned all Muslim students from the room and later showed the class a "photograph of a naked man" as if it were a portrait of "the Prophet of Islam," and that his daughter had been excluded from the school in retaliation for her objections.

Samuel Paty's jihadist murderer targeted the victim based on social media outrage and lies.

On social media the father posted Paty's name and the school's address and encouraged all Muslims who shared his concerns to assist him in having the "rogue" instructor fired. The father and his entourage repeatedly described the affair as an act of racism and Islamophobia.

An 18-year-old Chechen refugee, Abdoullakh Anzorov, learned of the uproar from social media. He came to the middle school and bribed students to find out which teacher was Samuel Paty. Anzorov followed Paty as he left the school, then beat and stabbed him to death, decapitated him, and posted an image of the teacher's severed head on Twitter. Later that day Anzorov was confronted by police; he attacked them with a knife and was shot and killed.

This was no ordinary act of terrorism. Other atrocities committed by Islamists in France were either coordinated attacks carried out by terrorist groups (as in the 2015 Charlie Hebdo and Hypercashier supermarket massacres) or murders of random citizens by Islamic extremists who didn't rely heavily on external help (as in the 2018 Paris knife attacks by Khamzat Azimov).

Paty's murderer appears to have been linked to Syrian jihadists, but the victim was chosen by a Twitter mob. Supposedly "shocked" and "offended" people asserted that Paty made them feel threatened because of their identity. They connected their personal experience—evenually bordering on paranoia by comparing the present situation of French Muslims with the victims of the 1995 massacre of Muslims in Srebrenica, Bosnia. They encouraged bearers of the victimized identity to believe themselves personally affronted by the alleged offender.

In essence, they demanded that Samuel Paty be canceled.

Anzorov's crime is often described by French commentators as "barbaric," "backward" and "medieval." But in fact it was astonishingly up to date. It sprang from the identity-obsessed politics of the early 21st century, and its perpetrator was inspired by social-media platforms. The whole affair is a brutal reminder that the redefinition of politics as combat among identities portends ill for democratic societies in which diverse people agree to co-exist and take on a collective identity as "the people."

Three decades ago, Samuel Paty and I were students together in Lyon. There were around 40 in our *classe prépa*. I wasn't close to Samuel, but, when I saw his name in the news on Oct. 17, I remembered him instantly, along with his passion for history, his shy demeanor and his sense of duty.

In France, Samuel Paty is now officially celebrated as a hero. And rightly so, although his was a low-key, benevolent kind of heroism. It consisted in talking to unknown others and allowing space for conflicting dialogues. The world in which he thrived was far removed from the newer, alternative model of society based on group identities, censorship, ignorance and destruction.

Mr. Dubreuil is professor of literature at Cornell.

Winter Is Coming: Time for a Mask Mandate

By Scott Gottlieb

France set a record for Covid-19 infections this weekend, and Italy has announced new restrictions, such as closing bars and restaurants at 6 p.m. The feared fall coronavirus surge has arrived in Europe and also in the U.S., where cases continue to rise. It's time to consider a limited and temporary national mask mandate.

A requirement to cover your face in public could be more of a cultural norm than a political statement.

Consider hospitalizations, which reached 42,000 on Saturday, up from 30,000 a month ago. This increase comes even as hospital admission criteria have become more stringent, with more patients managed at home. It's true that more testing reveals more cases. But most tests are done because people have Covid symptoms or come into contact with someone who is sick. Total hospitalizations, which are on pace to eclipse totals from the spring, are an objective measure of a rampant epidemic.

As deaths rise this winter, policy makers will have to take new steps to slow the rate of spread. There is no support for reprising this spring's stay-at-home orders. It will be essential to use standard interventions, including limits on crowded settings such as bars and continuing to test and trace contacts. But on the current trajectory these measures won't be enough to keep hospitals

from being overwhelmed in some areas.

Masks would help. As a practical matter, it's easier to wear a mask in the winter than the summer. A mandate can be expressly limited to the next two months. The inconvenience would allow the country to preserve health-care capacity and keep more schools and businesses open. Studies show widespread use of masks can reduce spread. But even if masks are only incrementally helpful, they are among the least economically costly and burdensome options for reducing spread.

It's long been known that masks can reduce the spread of flu, and the same logic applies to the coronavirus. People are most contagious before showing symptoms, and many never develop symptoms at all. Data show that masks can trap many droplets that carry infectious particles. Everyone wearing a mask in public would help reduce asymptomatic spread.

Not all masks are created equal. The quality matters, especially if you are looking for a mask that protects you from others, not just others from you. A cotton mask offers far less protection than a level 2 or level 3 surgical mask. For cotton masks, generally thicker is better, and cotton-and-polyester blends tend to provide more protection. An N95 or equivalent mask offers the best protection from inhaling someone else's infectious droplets or aerosols. Look up instructions for fit testing if you go this route. A fleece mask is unlikely to do much.

There's a presumption that a mask mandate would have to be backed up with fines and set off scuffles with law enforcement. Not necessarily. States should be able to

choose how to enforce a mandate, but the goal should be to make masks a social and cultural norm, not a political statement. There are lots of things we do because there is a community expectation of civil behaviors: No shoes, no service. Clean up after your dog. Many of these are even codified in city ordinances.

Mandating masks has become divisive only because it was framed that way by some politicians and commentators. Some states such as Wisconsin and Utah are setting up field hospitals. Deaths are starting to

rise again, and vaccines won't be widely available until next year even in the best-case scenario. Everyone banding together to wear masks, for a limited time, will be the least costly way for society to weather a difficult winter.

Dr. Gottlieb is a resident fellow at the American Enterprise Institute and was commissioner of the Food and Drug Administration, 2017-19. He serves on the boards of Pfizer and Illumina, which are involved in aspects of the Covid response.

The Trump Boom Is Real

By Lawrence B. Lindsey

There's often more to the macroeconomy than what meets the eye. My friend Alan Blinder published an op-ed recently declaring that the employment surge during Donald Trump's presidency is a "convenient myth." He noted that unemployment had declined steadily since 2010 and that there was no acceleration in job growth after the 2017 tax reform. But there's little reason to think the expansion held for a record-long 10 years merely on its own steam; Mr. Trump's policies gave it new life.

After any recession, employment grows quickly because there is a surplus of job seekers. Late in a recovery, when the unemployment rate has already fallen sharply, growth becomes much harder to come by. Common sense suggests that further progress is more difficult at a 4% unemployment rate than at 8%.

It's easy to look at steadily declining unemployment and conclude that no later variables had much effect. But a better question is how much unemployment declined relative to what experts predicted. Take the Federal Reserve, the body on which Mr. Blinder and I served together.

In December 2016, the Fed predicted that 2017 would close at a 4.5% unemployment rate. In fact, it ended at 4.1%. The Fed in 2016 also projected that 2018 would end with 4.5% unemployment, believing further improvement was virtually impossible. But unemployment reached 3.9% in 2018. Ditto for 2019: The Fed predicted 4.5%, but unemployment fell to 3.5% that year, a multidecade low. Under Mr. Trump, the unemployment rate fell to a level the Fed hadn't even considered. The Fed's 2016 predictions for GDP were 0.7 percentage points too low for 2017, 0.5 points too low for 2018 and 0.4 points too low for 2019.

How do those results compare with the economy's performance after President Obama's stimulus package was enacted in 2009? In December 2010 the Fed had to revise up the unemployment estimates it made in 2009 by 0.6% for 2011 and 0.8% for 2012. Growth was even more disappointing. The 2009 forecast overestimated 2011 GDP by 2.6 percentage points. The 2010 prediction for 2011 overshot by 1.7 points, and the prediction for 2012 was 2.5 points too high.

The post-2009 recovery may look continuous, but Trump beat expectations while Obama fell short.

In sum, the Obama recovery, which was subpar in virtually all respects, ultimately underperformed the Fed's expectations in terms of GDP growth and the unemployment rate, while the Trump portion of the recovery consistently outperformed expectations. The Fed's models overestimated the potency of fiscal and monetary stimulus, but largely ignored the supply-side benefits from Mr. Trump's reduction of the cost of capital, as well as deregulation.

Mr. Blinder also is mistaken in calling the 2017 tax cut "highly regressive." Congress's Joint Committee on Taxation scored it as proportional to after-tax income, which makes it progressive in terms of total income. That is true even when one imputes the corporate tax cuts to individuals, meaning that the income-tax changes were progressive by any measure.

Mr. Lindsey is president and CEO of the Lindsey Group. He served as a Fed governor (1991-97) and assistant to the president for economic policy (2001-02).

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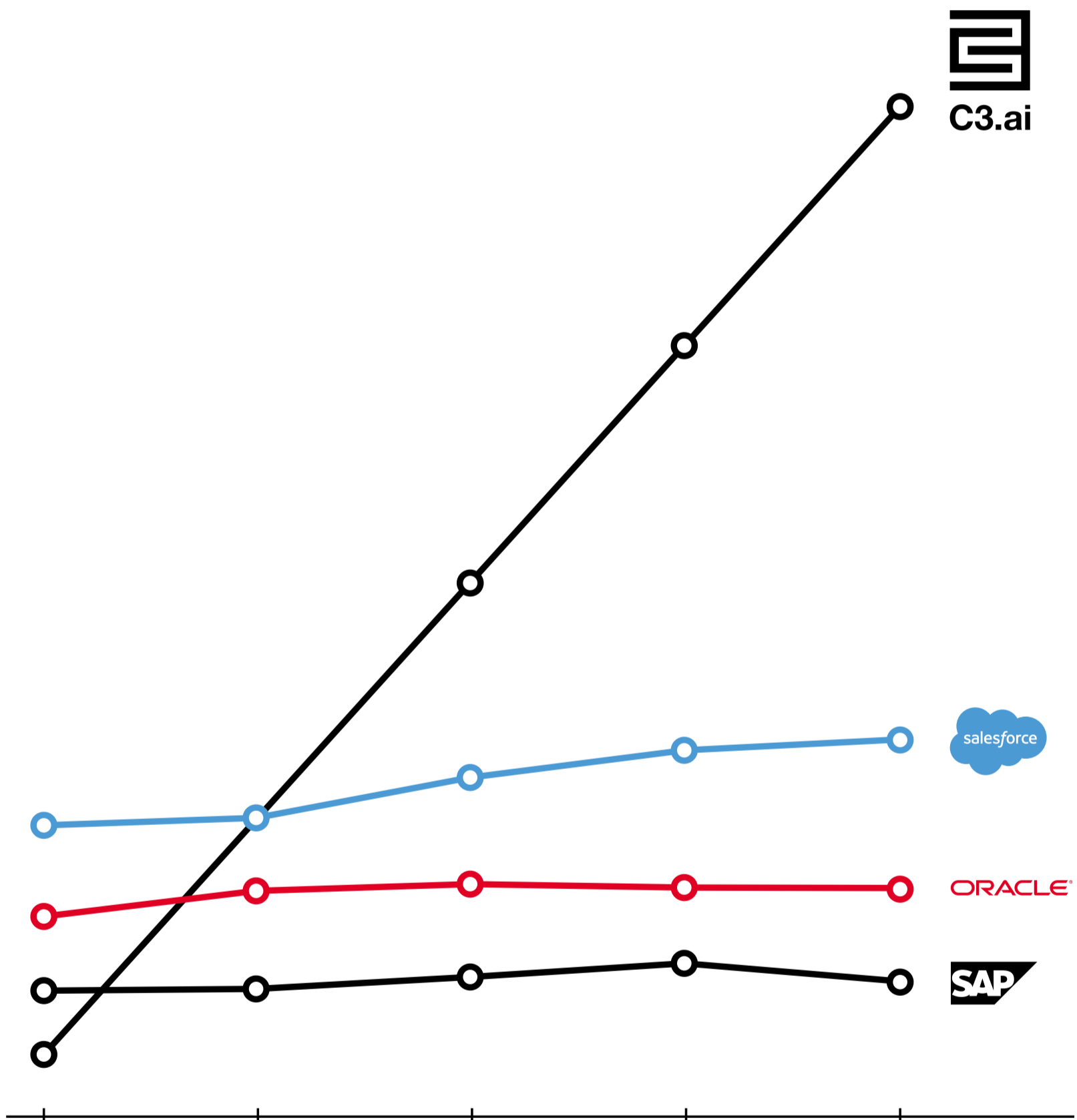
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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Monday, October 26, 2020 | B1

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Cenovus, Husky Energy to Merge

All-stock deal valued at \$2.89 billion would create second-largest oil refiner in Canada

By VIPAL MONGA

Canadian oil-sands producer Cenovus Energy Inc. and Husky Energy Inc., controlled by Hong Kong billionaire Li Ka Shing, agreed to merge in an all-stock deal valued at 3.8 billion Canadian dollars, equivalent to US\$2.89 billion.

The deal, unveiled early Sunday, would create the third-largest oil and natural-gas producer in Canada and the second-largest Canadian refiner. Husky shareholders would receive a roughly 21% premium to their shares, the companies said.

The transaction marks the latest in a wave of energy deals, as companies merge after a drop in energy prices this year. This deal follows others by ConocoPhillips,

which agreed to buy Concho Resources Inc.; Pioneer Natural Resources Co., which agreed to acquire Parsley Energy Inc.; and Devon Energy Corp. and WPX Energy Inc., which agreed to merge.

The companies began talks about a tie-up in the spring, as oil prices crashed because of the economic slowdown caused by the Covid-19 pandemic and after major oil producers Saudi Arabia and Russia split over a plan to cut global supplies.

Though prices since have recovered from their lows, the weak economic conditions have weighed on crude, which has hurt oil-company stock prices. Cenovus's stock has dropped roughly 63% this year, while Husky's shares have fallen almost 70%.

"With just how quickly the oil price collapsed...we really felt the pain of that," said Alex Pourbaix, Cenovus's chief executive, who will remain in that role after the merger. He said the combination will al-

low the company to lower its production costs and pay down debt more quickly.

Husky CEO Robert Peabody said the deal will give the combined company more access to capital, as investors are increasingly looking to invest in the larger companies. "Scale is becoming more and more important in order to be relevant to the investor," he said.

The transaction is expected to close in the first quarter of 2021. *Please turn to page B2*

Blackstone Set to Buy Simply Self Storage

By MIRIAM GOTTFRIED

Blackstone Group Inc. has struck a deal to buy Simply Self Storage from Brookfield Asset Management Inc., making a bet on a sector that has remained strong throughout the coronavirus pandemic.

The private-equity firm's nontraded real-estate investment trust, known as BREIT, is buying the eight-million-square-foot portfolio of self-storage facilities for about \$1.2 billion, the two firms said. The deal is expected to be announced on Monday.

In an industry dominated by publicly traded giants such as Public Storage, Simply's more than 120 locations across 23 states make it one of the largest private players.

BREIT, which already owns 2.6 million square feet of self-storage facilities, plans to continue to acquire smaller assets in the fragmented industry and run them under the Simply brand, according to Tyler Henritze, head of acquisitions in the Americas for Blackstone's real-estate group.

"The opportunity to acquire a \$1 billion-plus storage portfolio, including a brand and a team, is incredibly rare," Mr. Henritze said.

He said Blackstone decided to do the deal based in part on the performance of its own self-storage assets. Such facilities are attractive businesses because they require little in the way of capital expenditures, have relatively low turnover and offer the ability to raise rents since they typically don't represent a major portion of their tenants' monthly expenditures.

Like industrial warehouses used for e-commerce, another sector Blackstone's \$167 billion real-estate business has favored, self storage has remained resilient through economic cycles. That has proven even more true during the pandemic as Americans who might no longer be tied to their office locations have moved out of cities or gone to stay with relatives, Mr. Henritze said. *Please turn to page B2*

Wall Street-Funded Housing Plan Stumbles

By CEZARY PODKUL AND WILL PARKER

Isaac Kassirer was at the forefront of one of the hottest trends in commercial real estate. He borrowed from global investors by promising to gentrify apartment buildings in New York's low-income neighborhoods and raise the rents.

Mr. Kassirer fell behind on some loans before the coronavirus pandemic and now some tenants are in open rebellion. Longtime residents, joined by some new, high-paying renters, are on strike. When the pandemic ends, recently passed pro-renter laws are likely to make it harder for him to carry out his plan.

"Gentrification came back to bite them in the tushy," said Cathy Stephens, a 31-year resident. She joined the rent strike after fighting for months with Mr. Kassirer over mold that spread across the walls of her apartment. In February, a judge ordered the landlord to remove the mold. Mr. Kassirer's company painted her apartment peach but a recent inspection by Olmsted Environmental Services showed the mold was still there, according to Ms. Stephens's attorney.

Mr. Kassirer's company, Emerald Equity Group, said that "these issues we are experiencing [are] in fact what many building owners in this great city are finding themselves grappling with as a whole" and that it is addressing tenants' complaints.

Wall Street embraced landlords like Mr. Kassirer over the past decade. Bankers packaged up their loans and sold them



Mold in Cathy Stephens's apartment in New York was found to still be there after a paint job.

to bond investors with the promise that the buildings would generate much higher income. The market for those bonds grew from about \$400 million of issuance in 2012 to \$22.4 billion last year, according to commercial mortgage tracker Trepp LLC. Rental housing was the most common property type financed by such bonds.

Today, the combination of

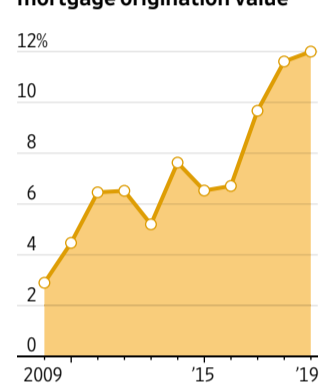
new laws meant to preserve low-income housing and the pandemic has left many of the borrowers struggling to pay off their debt. Forbearance programs tied to the pandemic are delaying a possible reckoning.

Mr. Kassirer borrowed \$90 million from global investors in late 2018 to upgrade nine buildings he owns in New York's East Harlem neighbor-

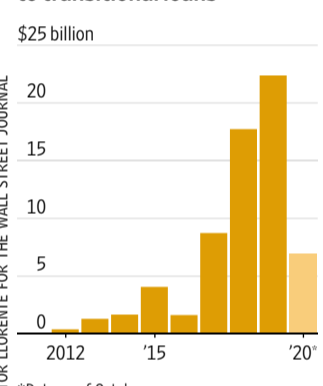
hood. Emerald promised to realize a "strategic vision to replicate the high-class Manhattan amenities," according to its website. He had fallen behind on some mortgage payments before the pandemic hit and about 40 of his mortgages in the area went into forbearance in the spring, according to Freddie Mac data.

The \$90 million mortgage he got was called a transi-

Nonbank lenders' estimated share of commercial mortgage origination value



Issuance of bonds linked to transitional loans



Data as of October. Sources: Mortgage Bankers Association (lenders); Trepp (issuance)

tional loan. Transitional loans are riskier than typical commercial mortgages advanced by banks. The space is dominated by nonbank lenders such as credit funds and real-estate investment trusts that have grown to become a major force in commercial real-estate finance in recent years. They originated an estimated 12% of commercial mortgage loans by *Please turn to page B2*

Quibi Is Just Latest Short-Form Failure

By JOE FLINT AND R.T. WATSON

The demise of the mobile-streaming platform Quibi a mere six months after it went live is the latest example of Hollywood's struggles in making a business out of short-form content.

Quibi may be the best-known and best-funded attempt to crack the short-form riddle, but it is far from the only one. The media industry is littered with the carcasses of short-form streaming platforms.

Some of the highest-profile busts include Verizon Communications Inc.'s Go-90, which was terminated in 2018 after less than three years;

Fullscreen, a venture between AT&T Inc. and the Chernin Group that ceased to exist last year; and Vessel, which was co-founded by former Hulu and current WarnerMedia Chief Executive Jason Kilar and was shut down in 2016 after less than two years.

Quibi's pitch was short episodes, or "chapters," of long-form content for people on the go to watch on their phone during, say, their commute to work or standing in line at a food truck. It spent heavily on original shows and lured many big-name stars including Anna Kendrick and Kiefer Sutherland. The subscription fee was \$4.99 a month for the ad-supported *Please turn to page B4*

Manufacturers Struggle With Demand

From makers of cars to appliances to paint cans, U.S. manufacturers are falling behind on demand for goods

By Nora Naughton in Detroit and Austen Hufford in Chicago

that Americans are buying up as the Covid-19 pandemic drags on.

Factory production of consumer products has largely recovered after shutdowns this spring related to the virus crippled manufacturing across the country.

But as companies rush to restock, buyers are snapping up items at an even faster pace, leading to inventory shortages on goods that have recently surged in popularity with people spending more time at home and nervous about travel, executives, retailers and analysts say.

Five months after vehicle production restarted, car dealers are still seeing their stockpiles dwindle as public transit-averse buyers flock to the new-car lot and more people relocate to the suburbs and countryside.

A surge in home-improvement projects has left paint producers with not enough cans and appliance makers short on parts to produce refrigerators, kitchen mixers and washing machines.

Supply-chain disruptions, worker absences and other challenges related to virus-proofing the workplace are further complicating manufac-

turers' efforts to catch up. Some executives say it won't be until early next year that stock levels return to normal.

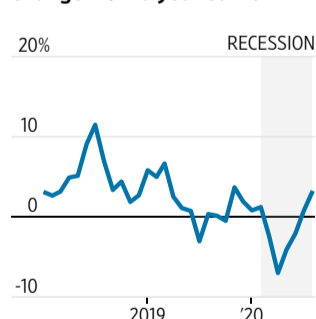
"We do not have the inventory on the new side or the pre-owned side to meet the demand that's out there," said Mike Jackson, chief executive for AutoNation Inc., the U.S.'s largest publicly traded dealership chain. He said he expects availability to improve next year.

Some manufacturers with big consumer businesses, including 3M Co., Harley-Davidson Inc. and Ford Motor Co., are expected to report earnings for their latest quarters this coming week, likely offering more insight into the state of U.S. supply chains.

Production of long-lasting consumer goods, like appliances, trucks and furniture, was down nearly 50% in April

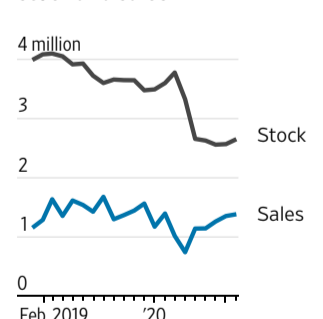
U.S. manufacturers saw new orders snap back after lockdowns loosened. Meanwhile, car dealer stockpiles are still dwindling as vehicle sales come back.

Manufacturers' new orders*, change from a year earlier



*Nondefense capital goods excluding aircraft, seasonally adjusted. Sources: Motor Intelligence (Sales); U.S. Census Bureau via St. Louis Fed (orders)

U.S. new-vehicle stock and sales



robust into next year, some executives say.

"It's good that we have an exceptionally strong order book, but we are, of course, trying to minimize any customer frustration," Marc Bitzer, chief executive of appliance maker Whirlpool Corp., said on a call last week with analysts.

After widespread plant closures this spring, manufacturers began bringing workers back in late May under new safety protocols, many scheduling overtime to make up for lost production.

But the restart efforts were slow going at first, with suppliers also struggling to reopen and factories confronting high rates of worker absences.

It wasn't until August that many U.S. factories were back to a normal level of production, but by then, demand had also bounced back faster than many had expected, depleting inventories and creating a bigger supply gap, executives and retailers say.

Auto makers, in particular, have been straining to keep up with demand for new vehicles as low interest rates, extra cash from stimulus checks and growing interest in owning a car have stoked sales.

Part of the problem is that auto makers continue to grapple with supply-chain shortages, particularly on items from Mexico, and aren't always able to get parts needed for the features and configurations buyers want, analysts *Please turn to page B2*

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Harley goes back to making big, expensive bikes for its most devoted customers. B3



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Housing Program Stumbles

Continued from page B1
value in 2019, up from 2.9% in 2009, Mortgage Bankers Association data shows.

Mr. Kassirer got his transitional loan from LoanCore Capital, a lender owned by two of the world's biggest investors, Singapore's GIC, a sovereign-wealth fund, and the Canada Pension Plan Investment Board. The two investors together manage more than \$700 billion.

The Singaporean and Canadian funds deferred comment to LoanCore. A spokesman for LoanCore said the company is a responsible lender that takes strong actions to remedy issues faced by tenants in buildings it financed. The company didn't provide examples of any actions it has taken and the spokesman declined to comment further.

East Harlem has long been home to low-income, Spanish-speaking residents. It is where Magdaly Marrero, 60, raised her two children on paychecks from McDonald's, KFC and Popeyes restaurants.

Mr. Kassirer bought her building in August 2017, shortly after he purchased several dozen similar buildings nearby, totaling nearly 1,200 units. It was the biggest deal yet for the then-34-year-old real-estate investor who had previously bought buildings in the Bronx.

LoanCore packaged Mr. Kassirer's loan with dozens of similar mortgages into two bond deals totaling \$1.5 billion.

Bond documents highlighted Mr. Kassirer's record of moving out longtime tenants and raising rents. Among them was Ms. Marrero. She paid \$1,095 a month for their two-bedroom unit, but chronic lack of repairs led her to take a \$6,500 buyout from Emerald in spring 2018, Ms. Marrero's children said.

LoanCore hired JPMorgan Chase & Co. and five other banks to sell the bonds to investors. On page 364 of a nearly 500-page prospectus of one of the deals was a table that summarized Mr. Kassirer's success buying out tenants. Ms. Marrero's \$6,500 buyout was listed there, along with a new rent of \$2,175 for her old apartment. J.P. Morgan declined to comment.

The loan was the last hurrah for the market. States such



Alonzo Johnson says a building strike he launched has more than half of the units participating.

as New York and California, alarmed at the decline in affordable housing, instituted tough restrictions on landlords' ability to evict tenants and raise rents. The states were reacting to a loss of affordable rental housing in the U.S. that coincided with the wave of new investor cash going to landlords.

According to Harvard University's Joint Center on Housing, between 2012 and 2017, the U.S. lost 450,000 rental homes priced between \$600 and \$999 a month and lost 3.1 million homes renting for less than \$600 a month. At the same time, the number of apartments renting for more than \$1,000 rose by five million.

There were several causes for the loss of low-cost housing, including the strong economy, the popularity of city living, high construction costs and zoning restrictions that prevented new development.

The flow of cash from big investors into transitional lending exacerbated the problem.

Transitional loans, which were popular in hot real-estate markets such as California, Florida, New York and Texas, did create affordable housing in some instances. Elan Gordon used transitional loans to convert two struggling hotels into 240 affordable apartments in Greenville and Bluffton, S.C. "It's delivering new supply to an area that needs it," said Mr. Gordon, who runs SHIR Capital, an investment firm in Austin, Texas. He is converting four more hotels in Austin into below-market rent apartments.

In other situations, the

Transitional loan delinquency rate



Note: Represents share of loans 30 or more days behind payment, past maturity, in foreclosure or REO. Only covers loans packaged into commercial real estate collateralized loan obligation bonds.
Source: Trepp

commercial real-estate lending at Signature Bank, a New York lender. The bank backed off from such lending under pressure from affordable housing groups.

The bond market that financed transitional loans sputtered this spring when the pandemic hit. The share of delinquent loans increased from 0.22% in March to 2.2% in September, Trepp data show. New deals also slumped, with about \$7 billion of new issuance so far in 2020, versus \$22.4 billion for all of 2019. Half of the 2020 volume was before the pandemic, according to Trepp.

Hit by New York's new rent laws, pushback from tenants and the impact of the pandemic, Mr. Kassirer's situation is worse than for most landlords. Tenants say he let his buildings fall into disrepair. Rat and cockroach infestations, mold, broken radiators and appliances, gas shut-offs and other issues have forced some tenants to move. Others stayed put and joined the rent strike in East Harlem and three other Manhattan properties where tenants are collectively withholding more than \$600,000 of rent checks, according to those tenants' attorney.

Emerald said that the issues inside the buildings "were not caused by us but rather [were] the result of aging structures built at the turn of the last century that are in need of restorations and upgrades."

It added that it is making "strenuous efforts to address any outstanding issues at our buildings and are confident of resolving these soon."

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Blackstone Set to Buy Simply

Continued from page B1

"People in motion is a positive for the storage business," he said.

Brookfield acquired Simply in 2016 for \$830 million when it had 90 locations and grew it to more than 200 locations over the next two years through a combination of acquisitions and new development. Much of its expansion has happened in markets that have experienced strong economic growth, including Seat-

le, Dallas, the New York metropolitan area and Southern California.

In 2018, Brookfield sold 112 self-storage facilities to a joint venture of National Storage Affiliates Trust and an affiliate of Heitman Capital Management LLC for \$1.3 billion. The deal allowed it to recoup the entirety of its investment up until that point, according to people familiar with the matter.

Simply fits the mold for BREIT, which focuses on stable, income-generating properties in growing markets, including warehouses, multi-family housing and assets like the real estate of the MGM Grand, Mandalay Bay and Bellagio Las Vegas casinos, which offer a guaranteed rent stream.

Cenovus And Husky To Merge

Continued from page B1

2021 and would leave Cenovus shareholders with 61% of the combined business. Husky shareholders, including Mr. Li's Hutchison Whampoa conglomerate, would own the remainder.

Hutchison's investment in Husky has shed a lot of value in the past decade.

At its peak in 2008, Husky's market value was just over \$38 billion on the Toronto Stock Exchange.

As part of the transaction, Mr. Li's company agreed to a five-year standstill agreement, meaning it won't sell shares until the agreement expires. That should signal to investors the conglomerate won't unload its shares and put pressure on the stock price, Mr. Pourbaix said.

The companies, with oil projects in Canada's oil sands, also have been struggling to find ways to get that crude out of the landlocked Western province of Alberta to refiners in the U.S. The deal will now boost the merged company's access to refining capacity in the Midwest and the Gulf Coast.

Husky has about 410,000 barrels a day of refining capacity, compared with Cenovus's 250,000. The companies together will roughly double the number of barrels they can export from Alberta on pipelines to 265,000 barrels a day.

The companies also expect to cut \$457 million in costs after closing the deal, by shedding jobs and cutting overhead.



Whirlpool installed plexiglass barriers at a plant as part of coronavirus-related safety features. The company now has about a two-month backlog of orders, significantly longer than it had before.

Factories Struggle to Fill Orders

Continued from page B1

and executives say. Some car companies were also lean on inventories heading into the pandemic, particularly on trucks and SUVs. The industry typically uses the summer to take down plants to retool for new models, further adding to the complications of ramping back up.

"We were down seven to eight weeks, and that's just a long time for the pipeline to be empty," said Chris Reynolds, Toyota Motor Corp.'s head of manufacturing for North America.

The company's factories have made a near-full recovery and are rushing to fill dealer orders, but that effort must be balanced with new safety pro-

ocols that can at times slow work down, Mr. Reynolds said.

PPG Industries Inc., a major paint manufacturer, has experienced a surge in orders for one-gallon paint cans as consumers look to repaint chipping walls or change colors, Chief Executive Michael McGarry said.

Many homeowners are wary of letting painters into their homes, leading them to do it themselves. That's meant PPG has had to switch lines to make smaller quantities.

The company and other paint manufacturers have struggled to find enough paint cans to make the shift.

"DIY demand is the strongest it's ever been in the history of the U.S. right now," said Mr. McGarry. "We are trying to make sure that shelves have paint on them."

Many of Whirlpool's U.S. factories rely on parts from Mexico and other countries where restart efforts have been moving slower and factory staffing is still a challenge, said Jim Peters, the company's financial chief.

In response, Whirlpool has

been signing contracts with new suppliers and expediting shipping—flying parts to factories that would have otherwise been delivered by truck, he said.

The company said it now has about a two-month backlog of orders, significantly longer than it had before.

Homeowners Renae and Brian Bellew are among those still waiting for their new appliances. The Bellews bought a new home this past summer in Denver, and eager for a kitchen upgrade, sold their existing refrigerator, stove and dishwasher, planning to replace them immediately.

The couple's excitement for more modern appliances quickly turned to surprise when their retailer told them they wouldn't get the new ones for months. They say they now are cooking on a hot plate and using a loaner washing machine.

"That was a shock. I just had no idea," Ms. Bellew said. "Now, we don't have appliances and won't for a while."

—Ben Foldy contributed to this article.

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COMMERCIAL REAL ESTATE

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PLEASE TAKE NOTICE THAT Jones Lang LaSalle, on behalf of DELPHI CRE FUNDING LLC, a Delaware limited liability company ("Secured Party") will offer for sale (the "Sale") at public auction 100% of the limited liability company membership and limited partnership interests (the "Membership Interests") held by the eighteen (18) HPI/GSA Borrowers (namely, HPI/GSA - 1A Mezz Borrower, LLC; HPI/GSA - 1B Mezz Borrower, LLC; HPI/GSA - 1D Owner LLC; HPI/GSA - 1E Mezz Borrower, LLC; HPI/GSA - 1F Mezz Borrower, LLC; HPI/GSA - 1G Mezz Borrower, LLC; HPI/GSA - 1H GP Mezz Borrower, LLC; HPI/GSA - 1H LP Mezz Borrower, LLC; HPI/GSA - 2B Owner LLC; HPI/GSA - 2C Owner LLC; HPI/GSA - 2D Owner LLC; HPI/GSA - 3A Mezz Borrower, LLC; HPI/GSA - 3B Mezz Borrower, LLC; HPI/GSA - 3C Mezz Borrower, LLC; HPI/GSA - 3D Mezz Borrower, LLC; HPI/GSA - 4A Mezz Borrower, LLC; HPI/GSA - 4B Mezz Borrower, LLC; and HPI Partners Ten, L.P.) in their respective Mortgage Borrowers (collectively, the "Pledged Entities"), together with certain rights and property representing, relating to, or arising from the Membership Interests (collectively, the "Collateral").

Based upon information provided by the HPI/GSA Borrowers and their affiliates, it is the understanding of Secured Party (but without any recourse to, or representation or warranty of any kind by, Secured Party as to the accuracy or completeness) that (i) the Membership Interests constitute the principal asset of the HPI/GSA Borrowers, (ii) each HPI/GSA Borrower owns the limited liability company membership or limited partnership interests in its respective Mortgage Borrower, (iii) Mortgage Borrowers hold interests in a portfolio of office properties located in Arizona, California, Colorado, Idaho, Missouri, New Mexico, Pennsylvania and Texas (the "Properties"); (iv) HPI/GSA Borrowers are debtors under a mezzanine loan in the principal amount of \$27,550,000.00 (the "Mezzanine Loan"), which Mezzanine Loan is in default and has matured by its terms, and (v) the Mortgage Borrowers, jointly and severally, are debtors under a mortgage loan in the original principal amount of \$147,200,000.00 (the "Mortgage Loan"), which Mortgage Loan is in default and has matured by its terms.

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 winning bidder delivering to the Mortgage Lender at closing a substantive consolidation opinion and replacement guaranty and environmental indemnity agreements; (2) complying with the Securities Act; and (3) complying with the other qualifications and requirements (including but not limited to the Terms of Sale relating to the sale of the Collateral (the "Terms of Sale")). An online dataverse for the Sale (the "Dataverse") is available at www.gsaportfolioouccforeclosure.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 Dataverse. 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 Dataverse or otherwise, shall constitute a representation or warranty of any kind with respect to such information, the Collateral or the Sale. Participants are 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 Dataverse. All bids (other than credit bids of Secured Party) must be for cash with no financing conditions and 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@amjll.com.

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BUSINESS NEWS

Harley Cycles Back to Its Core Customers

By AUSTEN HUFFORD
AND BOB TITA

Harley-Davidson Inc. is going back to the basics of making big, expensive motorcycles for its most devoted customers, abandoning a decade-long quest to reach new types of riders.

New Chief Executive Jochen Zeitz, a German-born former head of Puma SE, is scaling back overseas expansions, shrinking Harley supplies in the U.S. and delaying or abandoning new models that were intended to appeal to younger riders.

It is a hairpin turn from the strategy pursued by his predecessor, Matt Levatich, who tried to expand into new markets with smaller motorcycles.

Mr. Zeitz has said Harley must cut expenses and make its motorcycles more desirable. He is cutting about 30% of the models in the lineup and encouraging dealers to

close some stores.

Harley's workforce is getting smaller, too. The Milwaukee-based company has laid off 500 workers globally, or around 10% of its workforce, and, according to people familiar with the matter, that group included some on product teams developing new motorcycle models. Mr. Zeitz also has brought in outsiders to run the finance, digital, marketing and merchandise departments.

The company is expected to post a year-over-year sales decline for its third quarter Tuesday, analysts said, even with a coronavirus-related increase in demand for motorcycles.

Harley says the changes aren't a response to the pandemic. The health crisis has actually boosted demand for larger motorcycles from people seeking socially distanced recreation outdoors, just as Harley is putting fewer bikes out



A customer browses at a Harley dealership in Oakland, Calif.

of its 37 models on the market.

Some dealers say they are getting about a third fewer bikes shipped to them than last year, both because of Mr. Zeitz's strategy shift and supply-chain constraints. Mr. Zeitz has said he wants customers to pay full price—\$40,000 or more for feature-laden mod-

els—for motorcycles that have been discounted in recent years in response to falling sales and competition from a glut of used Harleys on the market. He has said he believes core customers can be counted on to buy more Harleys.

"I've heard now so often that our consumer is aging

out. Well, I'm aging, as they say, and I feel like riding right now," Mr. Zeitz, 57 years old, told analysts earlier this year.

Mr. Zeitz has a film crew documenting his work as CEO, according to people familiar with the project. Harley said it regularly films its leader for internal and external communications as well as for its newly launched video platform, Harley-Davidson TV.

Harley declined to make Mr. Zeitz available for an interview, saying he is still developing the new strategy.

Adam Smith, the Texas-based owner of one of Harley's largest dealer groups, said Mr. Zeitz's strategy has allowed the dealership to concentrate on selling the most expensive and profitable bikes.

"The brand is getting back to what we have always been," Mr. Smith said. "We don't make cheap, inexpensive, small-dis-

placement motorcycles."

Mr. Smith, who said he discussed the strategy in a phone call with Mr. Zeitz this year, said Harley is cutting its dealership footprint after concluding it had far more locations per sale than luxury auto makers.

Mr. Zeitz aims to reduce the number of Harley dealership locations by at least 100 in the U.S., out of about 700 currently, said dealers and a Harley investor familiar with those plans. They said the company is paying dealers hundreds of thousands of dollars to close underperforming stores.

Mr. Zeitz is also dismantling some international operations, including in India, where Harley's factory opened in 2010. Harley's sales efforts outside North America will now mostly focus on more-established markets like Japan and Europe, people familiar with Harley's plans said.

Many Employees Exhausted Leave During Pandemic

By LAUREN WEBER

Millions of workers have taken job leave this year because of Covid-19.

With many schools still remote and case counts on the rise, many say they still need time off, but they have exhausted available leave or can't afford to take it without full pay. And understanding what leave employees are entitled to remains a puzzle for many, employee-benefits experts say.

Dreama James, who works at a fast-food restaurant in Cobb County, Ga., used 12 weeks of leave she was allowed under an emergency plan passed by Congress in March. She took eight weeks

around 900,000 Covid-19-related leave requests since March. Eighty percent of those were unpaid leaves, which includes federal programs like Family and Medical Leave as well as personal leaves of absence.

In many cases, companies allowed workers who had used up their paid time off to take unpaid leave to handle medical or family needs, said Bryon Bass, who runs Sedgwick's Workforce Absence practice.

Roughly half of U.S. private-sector workers are eligible for the leave Ms. James took, though few workers appear to have taken that type of leave since it was made available in April, benefits companies say.

The law requires employers to provide mostly paid time off for people who test positive for the virus or are ordered to quarantine, or who care for a family member ill with the virus. Parents who need time off to care for a child whose school or day care closed are entitled to up to 12 weeks of leave, most of those at partial pay.

"People want to know, what leave am I entitled to? That question is always complicated, even pre-Covid," said Alex Berke, an employment attorney in New York.

Don Buchanan, 47, was a groundskeeper at a resort in Gatlinburg, Tenn., when he contracted Covid-19 and took two weeks off for recovery and quarantine. He said he was unsure whether he was eligible for paid leave. His employer, Tree Tops Resort, required that he use vacation days for the first week and gave him paid sick days for the second. He then had another month off, paid, after health authorities shut down the resort because of Covid-19 concerns.

Around the time he had to return, Mr. Buchanan said he began suffering complications.



Dreama James used 12 weeks.

in the spring when her son's elementary school closed and another four weeks in late summer when remote school began.

As Ms. James got close to exhausting her time off, she asked her supervisor if she could bring her fifth-grader to work, suggesting that he could sign on to virtual classes in the restaurant's closed play area during her shifts.

Her supervisor liked the idea, but higher-up managers nixed it, saying the restaurant was "not a day care," Ms. James said.

She asked about unpaid leave and was told the restaurant couldn't guarantee her job. Her federally guaranteed time off under the Families First Coronavirus Response Act, also known as FFCRA, which paid two-thirds of her \$8.50-an-hour wage, had already been hard on her finances.

"I didn't know how we'd maintain the household bills and get my son what he needed as far as school or someone watching him who we could trust," said Ms. James, 41 years old.

Her husband works an essential job and couldn't take time off either. She found a last-minute solution when a friend agreed to watch Ms. James's son until his school opened for in-person instruction.

Workers have used time-off policies during the pandemic at two to three times the rate they did previously, estimates Terri Rhodes, chief executive of the Disability Management Employer Coalition, a trade group representing employers and insurers.

Sedgwick, the largest administrator of claims for self-insured employers, has pro-



Don Buchanan had the virus.

Coughing fits led him to pass out occasionally. He was placed on light duty, but the physical demands of his job were still too much. He resigned a few weeks later.

Taking more leave was out of the question, Mr. Buchanan said.

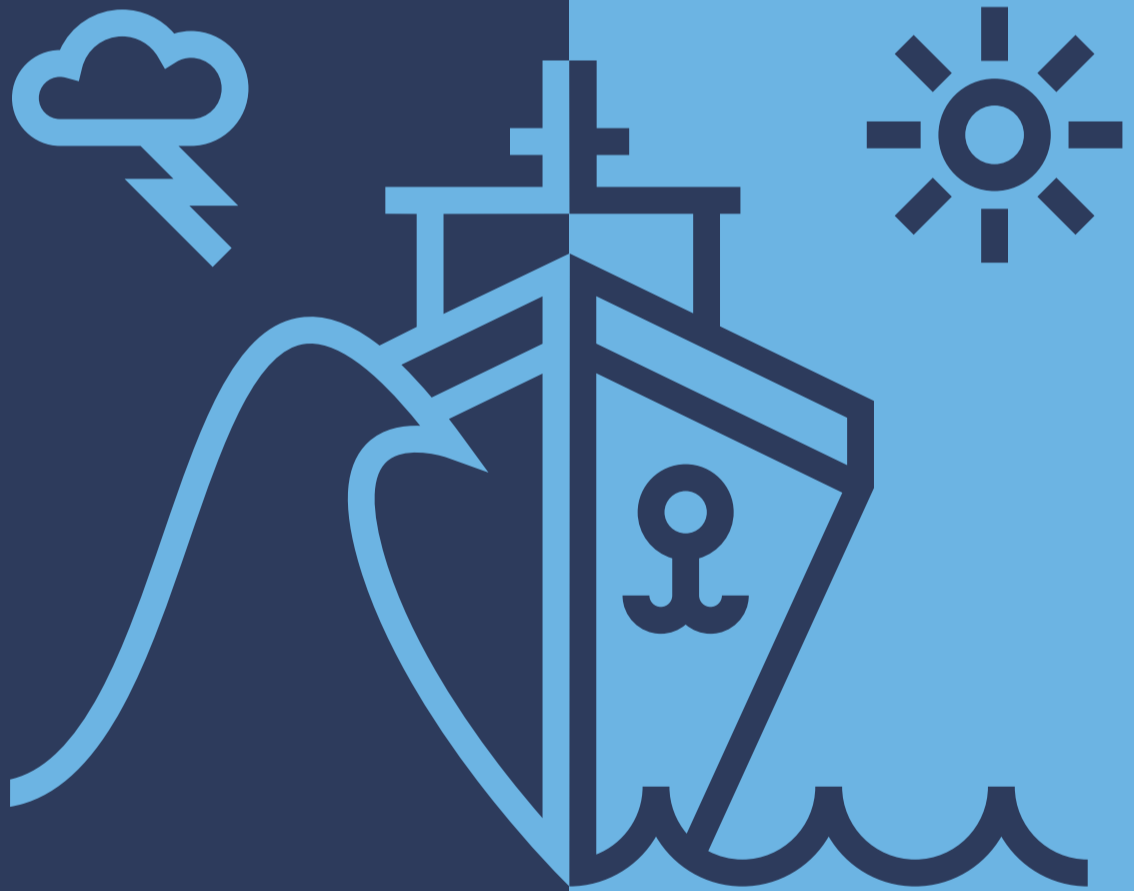
"There was a Catch-22 there. We just looked at our bills and it was like, we can't really afford an unpaid leave," he said.

Tree Tops didn't respond to requests for comment.

Mr. Buchanan has since found a new job as a facilities technician in the local school system. "It's a lot easier on me," he said.

HOW DO YOU MANAGE RISK THROUGH BOTH CHAOS AND CALM?

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PERSONAL TECHNOLOGY | By Nicole Nguyen

A \$700 Smartphone Can Offer Best Value



This year's most noteworthy phones weren't the best, most technologically advanced ones. They were cheaper phones with better value.

Three years ago, we wondered if a \$1,000 smartphone was crazy. Today, that price is the running standard for flagship devices. (And Apple and Samsung's high-end models cost \$1,400.)

But "expensive" isn't the only price in town. Historically, midtier phones got hand-me-downs from previous years. The newest, however, are in many ways just as good as this year's four-figure models. Three phones stand out, models that are 5G compatible, wireless-charging-capable and water-resistant, and carry great cameras and big batteries. And they all start at \$699.

Apple's standard iPhone 12 comes in two sizes, the smaller of which doesn't miss out on any of the features of the larger option. Samsung's Galaxy S20 FE (for "Fan Edition") has the same megabattery as the company's top S20+ model and three rear cameras. And Google's Pixel 5 is the company's flagship phone.

It is true, \$700 isn't exactly chump change—but neither is the \$300 you save not buying a fancier phone. You could put it toward related costs, such as accessories and cloud storage.

Maybe you need the best of the best, or maybe even \$700 is too high. The analytics firm IDC forecasts that due to pandemic-related belt tightening, smartphone spending will be reduced, with the \$400 to \$600 range as this year's fastest-growing category. Apple's iPhone SE, Samsung's Galaxy A51 and Google's Pixel 4a are all \$400 or less.

Still, the latest crop of souped-up midtier phones means being economical without sacrificing features. And being ready for 5G—if and when it's ever as widely avail-



Google's Pixel 5, Samsung's Galaxy S20 FE and Apple's iPhone 12 and 12 Mini, from left—have premium features without premium price tags.

able as promised. If you are strongly considering the Goldilocks models, here's what you gain, and what you give up:

Apple iPhone 12 Mini

My colleague Joanna just reviewed the iPhone 12 alongside the iPhone 12 Pro. While the standard iPhone 12 has a 6.1-inch screen and starts at \$799, the iPhone 12 Mini, which has a smaller 5.4-inch display, costs \$100 less.

"Apple" and "cost-saving" are practically antonyms. However, an iPhone could (operative word: could) be more cost-effective in the long run, because you could technically squeeze more life out of it: Apple's official policy supports repair service and software updates for five years from the device's release date. Samsung and Google guarantee just three years of updates.

Upgrades: The new Mini is a big win for the small-handed. (Even the bigger 12 is lighter, thinner and smaller than its predecessor, the

iPhone 11, without decreasing the display size.) The main, wide camera lets in more light, and you can now shoot in night mode on all of the phone's cameras. A tougher glass makes the display less susceptible to damage. You can record in 4K HDR video with Dolby Vision. Integrated magnets are designed to work with a variety of Mag-Safe accessories, including a charger that unlocks faster wireless charging speeds.

Downgrades: No telephoto lens means lower-resolution photos when you zoom in. The base model only has 64 gigabytes. You get matte aluminum edges versus the Pro's glossy steel. (Joanna does note that the aluminum is lighter and less fingerprint-prone.)

There's no depth-sensing lidar scanner, which enables lowlight portraits. And the \$1,100-and-up option, the Pro Max, has the biggest battery and a new, more powerful telephoto lens.

Google Pixel 5

Google's Pixel phones aren't very popular—the Android maker trails behind the likes of Samsung, Huawei and Xiaomi world-wide. But it's a fantastic Android phone, especially if you're all-in on Google's apps, like Gmail, Google Photos and Google Drive, and want a clean-looking version of the operating system.

One of the main draws of Pixel phones is getting new versions of Android more quickly than other Android devices—typically within two weeks of release. A Samsung spokesman said that Android 11, released on Sept. 8, will come later this year, first to the flagship S20 phones and then other devices, including the midtier S20 Fan Edition.

Compared with the Pixel 4, the Pixel 5 was in some regards a step back. Google said the move was purposeful, in the hopes that a lower price would attract a wider audience. Pixel 4 users hoping for

a premium replacement are going to have to wait another year—or look elsewhere.

Upgrades: A new ultra-wide replaces the telephoto as the phone's second camera. The most significant improvement is a boring but crucial one: a big battery, the largest ever in a Pixel. My Pixel 5 review unit lasted a day and a half on average. Software-enabled Night Sight for portrait photography can even improve older photos. There's more memory (8GB of RAM), and you can feel the difference on-screen: Swiping from the home screen to the App Library feels smoother.

A standout feature is Hold for Me, which allows Google Assistant to wait on hold for you during customer-support calls, then alert you when a human gets on the line. It's yet another super useful, Pixel-exclusive AI-powered feature that joins call screening, car-crash detection and live audio transcription.

Downgrades: As with the

iPhone 12, that lack of a telephoto lens is a real bummer. There's no more squeeze activation for Google Assistant. There's a fingerprint sensor instead of face recognition unlock—it's great for mask-wearing but feels slower. There's only one screen-size option (6 inches). The Pixel 4a models with smaller and larger screens have inferior features.

Samsung Galaxy S20 FE

Samsung didn't initially plan on releasing the "Fan Edition." Historically, Samsung's midtier offering was the previous year's phone. But when it became clear that a global health crisis and economic uncertainty were incoming, the company scrambled to design and produce a more affordable version of its S20 line, released in February.

Samsung's advantage is that it owns the supply chain: It makes premium parts, which allows the company to pack in hardware that would make tech-spec nerds drool.

I take issue with how Samsung phones get Android updates late and how the cameras tend to oversaturate photos. But the S20 FE is absolutely the best choice for someone who wants the top gadgetry in this price range: a 120-hertz, monstrous 6.5-inch edge-to-edge display, a giant battery and three cameras.

Upgrades: In addition to having the same gigantic battery as the S20+, its storage capacity potential is also extreme—up to 1TB—because of a MicroSD slot. Three cameras means no sacrificing that telephoto: With this setup, you get 3X zoom. There's a superpowered 32-megapixel selfie camera. It has the same processor as the more expensive phones.

Downgrades: It only has half the memory (6GB of RAM) as the flagship. The S20 is more compact and better for one-handed use. The display has larger bezels and less pixel density. The back of the phone is plastic, not glass. There's no 8K video recording—but who honestly needs that?

Short-Form Platforms Struggle

Continued from page B1

version and \$7.99 without ads. "Their mistake was in thinking the cellphone was a television," said David Craig, a producer and professor at the University of Southern California's Annenberg School of Communications.

Hollywood was eager to embrace the concept, even if privately many were doubtful of its potential for success. Quibi had deep pockets and was led by two heavy hitters in Jeffrey Katzenberg, a former Walt Disney Co. executive and DreamWorks co-founder, and Meg Whitman, a former eBay Inc. and Hewlett Packard Enterprise Co. chief executive. That was enough for producers to take a risk.

"These things pop in Hollywood all the time and agents see it as a huge payday," said one producer who sold a show to the nascent platform.

There is universal agreement that an appetite exists for short-form content, as evidenced by the success of social-media platforms such as ByteDance Ltd.'s TikTok, Facebook Inc.'s Instagram and Alphabet Inc.'s YouTube, which thrive on such fare. But it remains to be seen as to whether that holds true for big-budget entertainment, especially the sort that people have to pay for.

Furthermore, people can stream big-budget content from services such as Netflix Inc. or AT&T's HBO Max on their phone and hit pause when they need to take a break.

Quibi "was not built around a type of content reaching an underserved community," said Jordan Levin, general manager of Rooster Teeth, a fan-driven video platform that like HBO Max is part of AT&T's WarnerMedia.

Quibi also didn't have any content that was able to break through to popular culture, although it did receive 10 Emmy



An image from Quibi shows Christoph Waltz, left, in a scene from 'Most Dangerous Game.'

nominations and took home two trophies.

"A subscription platform has to have hits to be successful," Chris Silbermann, chief executive of the talent agency ICM Partners, said in an email. "Hulu took off after 'The Handmaid's Tale,' Netflix to new levels after 'House of Cards' and 'The Mandalorian' for Disney+." Quibi didn't have enough time to develop a cultural touchstone that made it a must-have.

One of Quibi's missteps was aiming high-end programming at an audience—millennials and Gen Z—that has grown up embracing user-generated content, particularly on mobile devices, observers said.

"I know Quibi spent all this money producing high-quality content but...that doesn't necessarily matter to Gen Z," said Jayne Charneski, founder of consumer-insights firm Front Row Insights & Strategy.

Big names also don't hold as much sway with the under-35 crowd, said 26-year-old Olivia Moore of early-stage venture firm CRV.

"The mainstream celebrities that Quibi recruited, like Liam Hemsworth, Reese Witherspoon, and Jennifer Lopez, aren't as big of a draw," she said. "Gen Z-ers would rather watch Charli D'Amelio pass out while getting her blood drawn than pay to access a scripted show starring millennial actors they don't

relate to."

There is short-form content on platforms such as Netflix and HBO Max, including "Love, Death & Robots" and "The Not Too Late Show with Elmo," which both typically last 15 minutes or less. But they are a complement to the main draw: long-form shows.

Launching a service aimed to be used by people on the go just as a pandemic caused a lockdown of the country was particularly ill-timed. But the fact that Quibi wasn't initially available to be watched on TV at a time when much of the nation was at home didn't help.

In a letter to employees and investors announcing the shutdown, Mr. Katzenberg and Ms. Whitman said they felt the service was both a victim of the pandemic and perhaps not strong enough of a concept.

A Quibi spokeswoman didn't respond to a request for comment.

Some of Quibi's shows are likely to find new homes elsewhere.

"Some of the projects Quibi bought are well done and will have an opportunity to be re-developed and find a home on other platforms," said Chris Jacquemin, a partner and co-head of digital for the WME talent agency.

Getting the rights back for programming created for Quibi may be tricky. Quibi's typical licensing agreement is

for seven years, with a caveat that after two years, a creator can sell their show elsewhere as long as it is no longer in short-form. In other words: make the six 10-minute episodes into an hourlong program.

Although Quibi said it closed down in part to return whatever money it could to investors, programmers who want to get their shows back will likely have to negotiate deals.

"They'll do what gets them the most money back in their investors' pockets," said one studio chief.

The action thriller "Most Dangerous Game," which was produced by ViacomCBS Inc.'s CBS and was one of the platform's most popular shows, already has drawn interest from other streamers, people familiar with the matter said.

"Most Dangerous Game" creator Nick Santora said the plan is to make the show into a series of high-end movies akin to the "John Wick" franchise. Although Quibi was short-lived, Mr. Santora has no regrets, and thinks there is a future for the genre.

"I found it incredibly stimulating to tell a story in smaller bites. It honed my skills as a writer and a showrunner," he said. "I think there is an appetite for great storytelling no matter what the length. Some of the most famous stories of all time are short stories."

Google Antitrust Fight Pressures Apple Unit

By TIM HIGGINS

The Justice Department's attempt to punish Google for its competitive practices in internet search could end up taking a major toll on a different tech giant: Apple Inc.

A multibillion-dollar deal in which Google pays to be the default search engine on Apple's iPhones and other devices is at the heart of the case the U.S. government filed last week against Google. That deal is also at the heart of Apple's services unit, the biggest contributor to its growth over the past several years.

The government has pointed to the deal as an example of how Google, a unit of Alphabet Inc., uses its giant profits to block out competition—a contention Google denies. For Apple, it has been a lucrative illustration of the value of access to the more than 1 billion global users of its devices. And while the outcome of the Justice Department's suit—which could take years to play out—is far from clear, analysts and investors say losing that deal could be a sizable blow to Apple, given estimates that Google's payments account for up to a fifth of the iPhone maker's overall profit.

"There's a risk, if you play it out, that there actually could be more financial impact to Apple than there is for Google," said Toni Sacconaghi, an analyst for Bernstein. He estimates Apple's stock could fall as much as 20% if the deal with Google were eliminated entirely. At the same time, he and others say, damage could be far less if Apple is able to offset it through other deals involving Google and its competitors.

Investors seemed to shrug off the threat last week when the Justice Department's lawsuit against Google was revealed. Apple's shares rose that day. Mark Stoecle, chief executive of Adams Funds, which counts Apple among its largest

holdings, says it could be a long time before the legal case is decided, and questions whether what Google is doing with Apple is any different than a consumer-goods company paying a grocery store for better placement on their shelves.

"There is no question that if this arrangement were to end it would be a negative for" Apple, he said in an email, but at this point he thinks the risk for Apple is manageable.

Apple didn't respond to a request to comment on the Justice Department's lawsuit, which doesn't accuse it of wrongdoing. Google has disputed the lawsuit's claims, saying users turn to its search engine because it is the best and not because they can't find alternatives.

Last week, Kent Walker, Google's chief legal officer,

Losing the search deal with Google could be a sizable blow to Apple.

said in a blog post that the Apple relationship is "no different from the agreements that many other companies have traditionally used to distribute software."

The two companies first struck a deal in 2005, when Steve Jobs was Apple's CEO, to make Google the default in Apple's Safari web browser on Mac computers. The deal expanded with the arrival of the iPhone two years later, according to the government's lawsuit.

The companies have never made public the exact terms of the deal.

The government's lawsuit points to public estimates that Google pays between \$8 billion and \$12 billion annually for the arrangement, and said it represents 15% to 20% of Apple's profit.

BUSINESS NEWS

Workers at Home Face Caps on Data Use

BY LILLIAN RIZZO

The coronavirus pandemic led millions of Americans to turn their homes into offices and classrooms. It also forced many to change their habits to keep their internet bills in check.

Shea Dunn, a data-process analyst for Target Corp. who has been working from his Minneapolis home since March, said he never had to think about his household's internet consumption. That changed in early July, when he got a notice from his broadband provider, Comcast Corp., informing him he was using too much data

and was liable for a \$50 fee if he kept exceeding his cap.

Mr. Dunn said he has been watching his internet usage very closely ever since to avoid being hit with an overage fee, especially at the end of each month. "Even without downloading Xbox games anymore, I still receive messages that I'm close to hitting the cap," Mr. Dunn said.

The amount of time consumers spend streaming TV, games and using Zoom or other videoconference platforms substantially increased since the start of the pandemic, activities that often eat up large amounts of data.

The practice of limiting the internet usage of customers and charging heavy users more is common among many of the

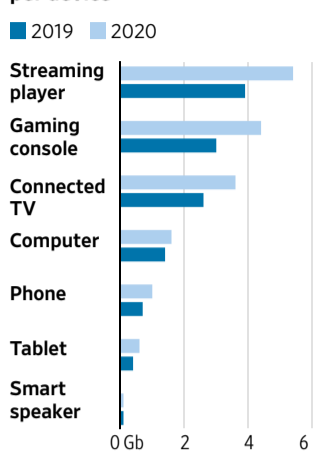
nation's internet providers. Doing so partly helps offset the revenue lost from subscribers abandoning their traditional pay-TV plans in favor of internet-based options—a phenomenon known as cord-cutting. Users who consistently need more data are encouraged to upgrade to a pricier plan.

Data caps also help keep the prices of internet packages stable by shifting the extra cost to heavy users, according to Mark Trudeau, chief executive of broadband-data firm OpenVault, which tracks more than a million U.S. subscribers. "It protects the majority of subscribers from having rates raised every year," he said.

As the pandemic forced Americans to shelter at home in March, several providers like Comcast and AT&T Inc. temporarily suspended overage fees for some customers. Many, including Comcast and Cox Communications Inc., later reinstated data limits. AT&T's millions of DSL subscribers—the technology that sends internet signals over copper telephone wires—also now face monthly limits, while AT&T fiber customers' data caps are waived through the end of the year.

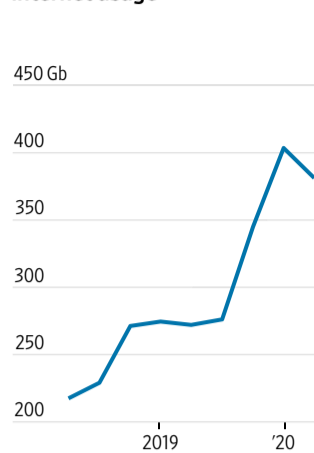
Charter Communications Inc. is currently prohibited from capping the internet usage of its customers as part of a deal with the Federal Communications Commission when it acquired Time Warner Cable. Charter this summer asked the FCC for these restrictions to be

Average daily data usage per device*



*From January to May
Sources: VerizonSpecials (daily); OpenVault (monthly)

U.S. average monthly internet usage



lifted early, which would give it the ability to institute data limits starting in May 2021.

A Charter spokeswoman said the company would weigh its options when the FCC conditions expire, "but is currently not considering implementing data caps and has no plan to do so."

Gareth Cales in Jacksonville, Fla., recently switched from Comcast to AT&T, since AT&T doesn't have a data cap in his area and a promotion makes it the less-expensive option. AT&T's most-expensive 1-gigabit-speed plans offer unlimited data.

Before the pandemic, Mr. Cales, a 34-year-old who works in software development and traveled often for

work, never before thought about his at-home internet usage. Rather than increasing his Comcast bill by \$30 for unlimited use, he chose AT&T.

"I don't think I'm the most prolific internet user," Mr. Cales said.

On top of helping internet providers generate more revenue, data limits are a way to alleviate congestion and strain on the network. The internet's backbone held up pretty well during the early days of the pandemic, despite significant pressure.

"We've lived through this scenario and did well without caps on bandwidth usage, which makes you question why they are needed at all," said David Choffnes, an associ-

ate professor at the Khoury College of Computer Sciences at Northeastern University.

Providers have attributed strong internet performance to round-the-clock work being done on the network, which was possible because of billions of dollars of further investment. The size of the cost is another reason why providers say heavy users are often asked to pay more.

In September, U.S. households used an average of 383.8 gigabytes of data, according to OpenVault. So far this month, consumption has increased to 413.3 gigabytes. This is up from 361 gigabytes in January, which had been the latest monthly record of usage prior to the pandemic.

Comcast said even with pandemic usage, 95% of its customers don't reach its limit, which it recently raised to 1.2 terabytes from 1 terabyte. For some Comcast subscribers, the price of unlimited packages has also been lowered, a spokeswoman said.

Similarly, Cox raised its data allowance by 25% to 1.25 terabytes a month, and it waives the overage fee the first time a customer exceeds their data allowance, according to a spokesman.

Verizon Communications Inc. consumer unit chief Ronan Dunne said the average subscriber of its Fios service uses more than 500 gigabytes a month without taxing the fiber-optic system's infrastructure,

so the company doesn't charge fees to reduce consumption.

Longtime Cox customer Daniel Waltz in Oklahoma, an inactive commercial pilot who recently started business school, said during the pandemic he upgraded to an unlimited plan after reaching the limit a few times.

As he spent more time at home, his internet usage shot up, mostly due to virtual classes and games.

Mr. Waltz's bill increased by about \$50 a month to roughly \$161 as a result of the upgrade, but he said he no longer has to worry about facing an overage fee. He also said he feels his internet quality improved.

When Comcast's data cap was reinstated in July, Shane Bailey, a web developer in Jacksonville, Fla., said he and his family came close or exceeded the limit a few times before he chose to upgrade to an unlimited plan for an additional \$30 a month.

Both he and his wife are working from home, while his children are learning from home and often streaming TV shows or playing educational games.

Mr. Bailey said the \$30 upgrade gave him the peace of mind of no longer having to worry about overage fees. "Right now it's cheaper than the gas I would normally be using to drive to work," he said.

—Drew FitzGerald contributed to this article.

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Garrett Cleared to Tap KPS as Lead Bidder

BY SOMA BISWAS

A bankruptcy judge authorized to designate auto supplier **Garrett Motion Inc.** to designate a planned sale to private-equity firm KPS Capital Partners LP as the company's best offer to date, giving it a leg up over others ahead of a competitive process.

Judge Michael Wiles of the U.S. Bankruptcy Court in New York said Garrett could tap KPS as the lead bidder, or stalking horse, to set a minimum price for the company and approved \$84 million in breakup fees and expenses for the proposed deal.

Winning the stalking-horse designation was key for KPS in its push to buy Garrett despite opposition from a majority of Garrett's shareholders as well as former parent Honeywell International Inc., the creditor with most to lose if the bankruptcy sale goes through. KPS initially offered \$2.1 billion for Garrett and has since raised its bid to \$2.6 billion.

Garrett filed for bankruptcy last month amid a pandemic-driven sales decline and a legal dispute with Honeywell over an arrangement covering legal claims for asbestos injuries related to Honeywell products. A competition has since broken out for Garrett, which makes turbochargers, devices to improve vehicles' engine efficiency and performance.

Marketers Try New Ways Around Pandemic

BY SAHIL PATEL

Marketers are looking at more data, more often as they try to navigate the unpredictable developments of 2020.

Spirits maker **Bacardi Ltd.** and **Daimler AG's** Mercedes-Benz have turned in part to a dashboard of analytics, for example, that was introduced in May by their media agency, **Omnicom Group Inc.'s** OMD Worldwide. It pulls in 35 data sources across 30 markets on subjects like media consumption habits, ad rates, consumer sentiment, foot traffic, shopping behaviors, government restrictions put in place to fight the coronavirus pandemic and fluctuations in local Covid-19 cases and mortality rates.

Bacardi used what it found in the dashboard to shift marketing dollars toward its ready-to-drink Bacardi Rum cocktails last summer as stay-at-home restrictions eased and people became more willing to venture outside, according to the company. Bacardi, which spent 65% of its planned media budget in the U.S. to support the product's launch in May, increased its planned spend to the same percentage in June and July—from as low as 10% of its budget in June and 0% in July.

"Covid is not changing the substance of your business, but changing the way your business reacts to the changed context," said John Burke, global chief marketing officer at the spirits maker, which sells brands such as Grey



Bacardi is using pandemic-related data from an analytics dashboard developed by its media agency, OMD Worldwide.

Goose and Bombay Sapphire. Others have developed data-based tools or services to inform decisions related to the coronavirus.

Mercedes-Benz is seeking data to answer questions on

customer behavior and economic activity in different regions, said Natanael Sijanta, director of global marketing communications at the German auto maker.

"Is consumer mobility in-

creasing at the same time as interest in the category in a given market? How does that align to what survey data is telling us about pent-up demand there? What types of content are people consuming more of, and how are prices fluctuating?" Mr. Sijanta said.

Other marketers and agencies are making their own inquiries, tailored to their sectors. Insurance giant **Progressive Corp.** drew its road map for advertising during the pandemic partly using information from a weekly poll of 1,000 consumers conducted by its ad agency, Arnold Worldwide.

Hershey Co. is using a platform built by Universal McCann, part of **Interpublic Group of Cos.**, to parse what's happening across the U.S. as the candy giant ramps up its advertising for the holiday season, according to Charlie Chappell, the company's head of media.

UM said the platform uses machine learning to predict rising and falling consumer demand across various marketer categories spanning 32 countries, drawing on online search data and other data sets to track factors such as the rate of new, confirmed and recovered Covid-19 cases, local government restrictions, and unemployment and other economic data. In the U.S., UM provides data broken down by state.

"Hersheys is a national advertiser, but there are state-specific implications which will impact the holiday pe-

riod," said Huw Griffiths, global chief product officer for Universal McCann.

The data within the pandemic-centric tools in many cases are already available from a variety of sources, but the goal is to pull it together into a more useful picture for marketers.

"It's about making better decisions, faster," said Florian Adamski, chief executive of OMD.

Mr. Burke said the pandemic has forced Bacardi to act more quickly in terms of

Mercedes-Benz is seeking data to answer questions on customer behavior.

where, how and how quickly it makes its media deployments. Decisions that the brand would typically make annually are now being made on a quarterly or monthly basis.

"There's an overall dynamism in the business right now because everything is in flux," he said. "You can't assume anything. You have to be led by the data, in real time, to develop an agile response in how you show up to customers."

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BUSINESS & FINANCE

Student-Loan Borrowers Need To Plan How to Resume Payments

By JULIA CARPENTER

Millions of student borrowers have been able to pause their loan payments since March, but some may feel unprepared to resume payments when the relief ends.

For those who need it, the break has allowed many more room to make ends meet. Others who have frozen their payment plans say it has given them a chance to replenish their savings and extra cash to spend.

PERSONAL FINANCE More than 22 million borrowers with direct federal student loans paused their payments in this period, according to data analyzed by Mark Kantrowitz, publisher and vice president of research at savingforcollege.com. Come Jan. 1, the relief period is set to end unless Congress acts.

Now, many borrowers are looking to adjust their budgets or change behaviors to again handle the monthly payments.

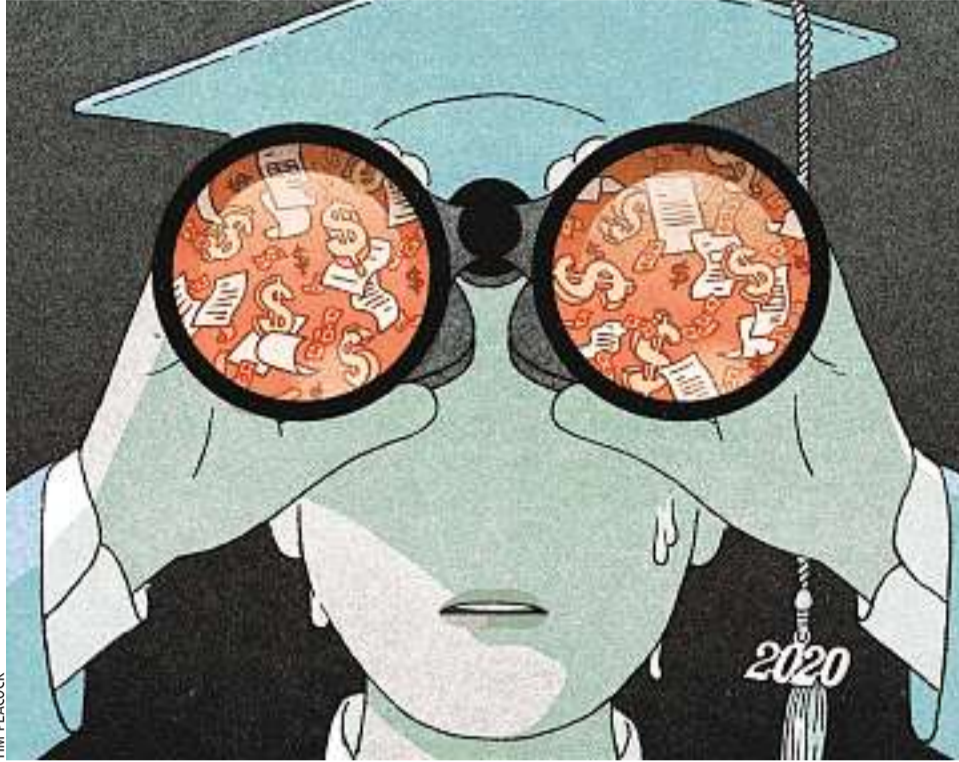
"As an adviser, I'm worried," said Luis Strohmeier at Octavia Wealth Advisors. "We don't think about the impact this has on people who will have to start again with payments next year."

Here's how to prepare.

In addition to pausing payments, the Cares Act also suspended interest accrual on \$1.5 trillion in student debt. This period allows borrowers to make progress on other goals such as paying down higher-interest debt or banking money for an emergency.

Now, with loan payments resuming, the opportunity to use that money to replenish emergency funds will end. Some have already prepared for this.

Chris Strong, a 26-year-old transportation engineer in Atlanta, said he felt fortunate to keep his job during the pandemic, but he took the opportunity to pause his student



William Comstock stopped payments on his student loans when he was between jobs.



Chris Strong was prepared to resume payments on his financing.

loan payments. He wanted to channel the \$300 he paid every month toward his fledgling emergency fund.

"I got my emergency fund where I wanted it to be," he said. "My industry is pretty safe, but if for some reason I lost my job or was unable to work, I wanted to have enough saved up to be able to get my

bearings."

Others who haven't been able to prepare like Mr. Strong may need to do so. The coming months provide a window of time to top up savings.

While some were able to save the money they had otherwise earmarked for student loan payments, others saw pandemic-related expenses eat

up the money they hoped to save.

Lauryn Williams, financial planner and founder of Worth Winning, recommends borrowers take the coming months to carefully examine their monthly cash flow.

With a new budget analysis, you can more accurately assess where that money got ab-

sorbed—and reverse that behavior before December.

William Comstock stopped payments on his student loans when he was between jobs this spring. When he got a new job in August, he didn't resume payments and planned to put the money into savings. Instead, the money went to his usual monthly expenses.

"Things keep coming up," he said. "And that \$130 is less noticeable."

The next two months provide time for these types of borrowers to get back on track.

"Evaluate why you're not ready," said Ms. Williams. "Set up the most strict and accurate budget you've ever set up in your life. You have to look at every expense. Even when you go to the vending machine, track it."

Once you determine how much money your current budget allows for student loan payments, you may still find yourself coming up short.

Ms. Williams recommends investigating other options that could lower your payments, like income-based repayment plans.

Be aware of the trade-offs for options such as loan refinancing, consolidation, payment deferral and extended forbearance.

Ms. Williams recommends approaching these with caution: Such options often come with other requirements, like a minimum credit score, or bring their own disadvantages, like a longer period of interest accrual.

For consolidation and refinancing, be aware that doing so could potentially pull you out of the forbearance period.

Schedule a call with your loan servicer to ask about available paths forward. Doing so well ahead of December will give you ample time to determine what choice is best for your situation.

SAP Posts Declines In Sales, Earnings

By WILLIAM BOSTON

BERLIN—SAP SE, the business-software maker, on Sunday said profit and sales declined in the three months through Sept. 30, as the economic fallout of the global response to the coronavirus pandemic hit core business units.

The Walldorf, Germany, software maker said total revenue fell 4% to €6.54 billion, equivalent to \$7.76 billion, in the third quarter, and operating profit slipped 1% to €2.07 billion. Cloud revenue rose 10% to €1.98 billion, and revenue from software and cloud services combined fell 2% to €5.5 billion.

As the pandemic continues to weigh on the economy and the threat of new lockdowns arises during a resurgence of Covid-19 infections, business customers are becoming more cautious about spending and investment, affecting core business units, SAP said.

"Lockdowns have been reintroduced in some regions, recovery is uneven and companies are facing more business uncertainty," SAP said. "Consequently, there is greater scrutiny of larger projects. Transactional revenue continues to be impacted, especially in SAP Concur where business travel-related revenues have yet to see a meaningful recovery."

As a result of the weaker business in the third quarter and uncertainty from the pandemic, SAP cut its outlook on earnings and revenue for the full year.

SAP said it now expects adjusted operating profit of up to €8.5 billion, down from a previous estimate of up to €8.7 billion.

The company cut its revenue forecast to up to €27.8 billion from a previous forecast of up to €28.5 billion.

We began our journey at the end of the world¹⁹⁹⁹—but Y2K was A-OK. We became mates at the Sydney Olympics²⁰⁰⁰ and healed together after a day we'll never forget.²⁰⁰¹ Europe got the Euro,²⁰⁰² scientists mapped our DNA²⁰⁰³ and we continued to chart our course. We friended each other on Facebook and landed safely on Mars.²⁰⁰⁴ We watched YouTube views climb and Merkel ascend.²⁰⁰⁵ Thoughts became tweets, Pluto was dwarfed²⁰⁰⁶ and the iPhone took us on Safari.²⁰⁰⁷ The market downturn spurred disbelief; Obama was elected the next commander in chief.²⁰⁰⁸ We witnessed a miracle on the Hudson²⁰⁰⁹ and circumnavigated volcanic ash.²⁰¹⁰ Buffett booted Sokol and Wall Street got occupied.²⁰¹¹ Curiosity didn't kill the cat—Google just used it to advance AI.²⁰¹² We welcomed a new president in China and mourned Mandela.²⁰¹³ Snowden and Alibaba went public.²⁰¹⁴ Kraft and Heinz got together like mac and cheese and the EU agreed to bail out Greece.²⁰¹⁵ Trump was elected and Britain voted to exit.²⁰¹⁶ The world marched for gender equality and said time's up to dishonesty.²⁰¹⁷ Snap lost a billion, Musk and Holmes stepped down.²⁰¹⁸ Disney+ hit the screen and Baby Yoda became a meme.²⁰¹⁹ Then, for the health of the world, we all went inside—but no matter the distance, we will be by your side.²⁰²⁰



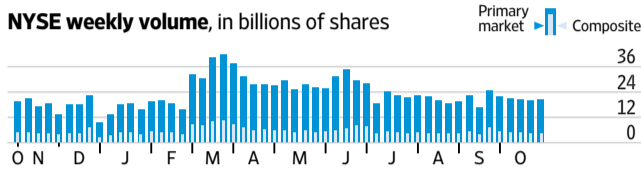
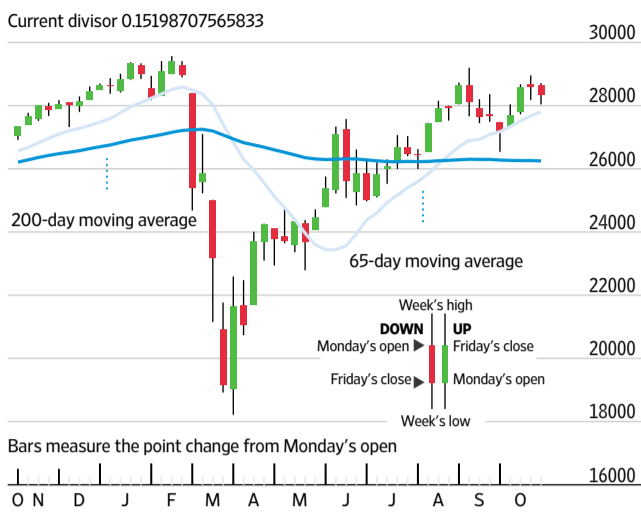
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MARKETS DIGEST

Dow Jones Industrial Average

28335.57 ▼270.74, or 0.95% last week
 Last Year ago: 26.91 19.75
 P/E estimate: 24.01 17.99
 High, low, open and close for each of the past 52 weeks
 Dividend yield: 2.15 2.29
 All-time high: 29551.42, 02/12/20

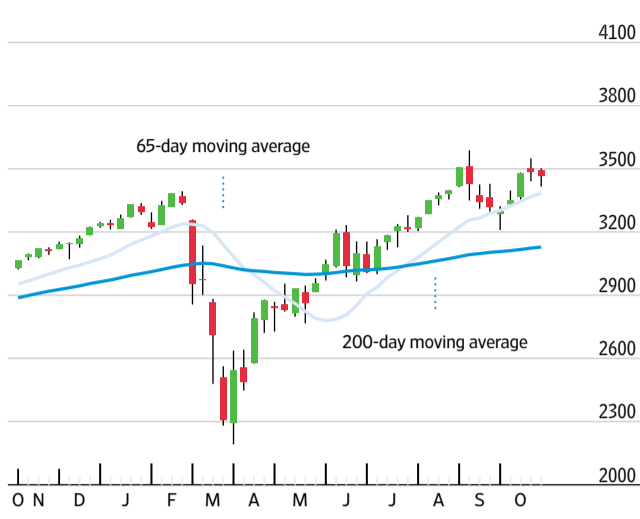


Major U.S. Stock-Market Indexes

	High	Low	Latest Week Close	Net chg	% chg	Low	52-Week Close	High	% chg	YTD	3-yr. ann.
Dow Jones											
Industrial Average	28711.93	28040.18	28335.57	-270.74	-0.95	18591.93	29551.42	5.1	-0.7	6.8	
Transportation Avg	12013.69	11644.43	11880.13	43.70	0.37	6703.63	11988.83	9.4	9.0	6.1	
Utility Average	896.51	874.99	893.68	9.16	1.04	610.89	960.89	3.1	1.7	6.0	
Total Stock Market	35964.34	35036.93	35587.90	-171.68	-0.48	22462.76	36434.12	15.1	7.7	10.2	
Barron's 400	762.18	750.18	761.75	-0.52	-0.07	455.11	767.01	10.5	4.0	3.5	
Nasdaq Stock Market											
Nasdaq Composite	11778.11	11369.29	11548.28	-123.27	-1.06	6860.67	12056.44	40.1	28.7	20.6	
Nasdaq 100	11962.47	11529.73	11692.57	-159.60	-1.35	6994.29	12420.54	45.6	33.9	24.4	
S&P											
500 Index	3502.42	3415.34	3465.39	-18.42	-0.53	2237.40	3580.84	14.7	7.3	10.5	
MidCap 400	2021.24	1970.13	2015.65	18.31	0.92	1218.55	2106.12	2.9	-2.3	3.4	
SmallCap 600	935.76	912.02	933.72	10.01	1.08	595.67	1041.03	-3.6	-8.6	0.9	
Other Indexes											
Russell 2000	1647.05	1603.77	1640.50	6.69	0.41	991.16	1705.22	5.2	-1.7	3.1	
NYSE Composite	13247.75	12999.41	13199.86	30.54	0.23	8777.38	14183.2	0.4	-5.1	2.1	
Value Line	492.80	482.09	492.25	4.47	0.92	305.71	562.05	-6.4	-10.9	-3.2	
NYSE Arca Biotech	5513.06	5298.17	5375.13	-105.84	-1.93	3855.67	6142.96	22.4	6.1	8.5	
NYSE Arca Pharma	662.51	641.02	648.30	-9.14	-1.39	494.36	675.64	9.4	-0.8	5.1	
KBW Bank	81.79	76.92	80.97	2.91	3.73	56.19	114.12	-22.7	-28.6	-7.0	
PHLX Gold/Silver	150.51	143.69	145.46	-1.63	-1.11	70.12	161.14	55.5	36.0	20.0	
PHLX Oil Service	30.01	28.11	29.53	1.336	4.74	21.47	80.99	-56.1	-62.3	-38.9	
PHLX Semiconductor	2432.89	2338.25	2360.23	-39.53	-1.65	1286.84	2433.48	43.2	27.6	24.0	
COE Volatility	30.55	27.04	27.55	0.14	0.51	11.54	82.69	117.8	99.9	35.5	

S&P 500 Index

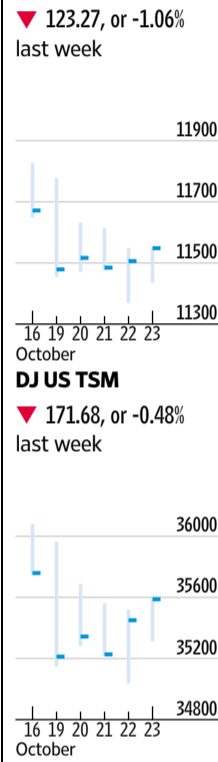
3465.39 ▼18.42, or 0.53% last week
 Last Year ago: 38.25 23.68
 P/E estimate: 25.55 18.25
 High, low, open and close for each of the past 52 weeks
 Dividend yield: 1.73 1.91
 All-time high: 3580.84, 09/02/20



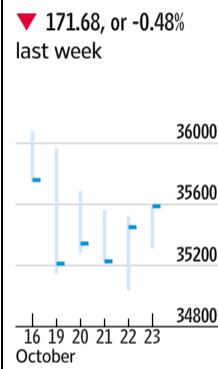
Financial Flashback

The Wall Street Journal, October 26, 1999
 Microsoft may invest billions of dollars over four years to develop and promote a home game console code-named X-Box in a bid to steal the spotlight from Sony's PlayStation 2.

Nasdaq Composite



DJ US TSM

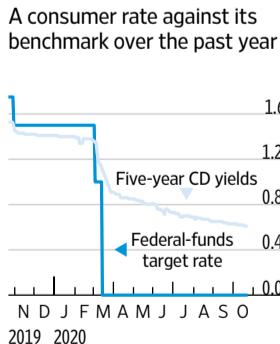


International Stock Indexes

Region/Country	Index	Close	Latest Week % chg	Low	52-Week Range	High	YTD % chg
World	The Global Dow	3071.74	0.89	2138.97	2138.97 - 3300.22	3300.22	-5.5
	DJ Global Index	444.63	-0.06	292.30	292.30 - 451.87	451.87	2.4
	DJ Global ex U.S.	253.41	0.53	174.38	174.38 - 267.54	267.54	-3.9
Americas	DJ Americas	809.11	-0.46	512.68	512.68 - 830.76	830.76	6.3
Brazil	Sao Paulo Bovespa	101259.75	3.00	63569.62	63569.62 - 119527.63	119527.63	-12.4
Canada	S&P/TSX Comp	16304.08	-0.82	11228.49	11228.49 - 17944.06	17944.06	-4.5
Mexico	S&P/BMV IPC	38707.72	2.19	32964.22	32964.22 - 45902.68	45902.68	-11.10
Chile	Santiago IPSA	2623.81	4.60	2045.49	2045.49 - 3567.90	3567.90	-21.3
EMEA	Stoxx Europe 600	362.50	-1.36	279.66	279.66 - 433.90	433.90	-12.8
	Stoxx Europe 50	2867.39	-1.86	2383.14	2383.14 - 3539.12	3539.12	-15.7
Eurozone	Euro Stoxx	357.23	-1.30	261.53	261.53 - 421.34	421.34	-11.6
	Euro Stoxx 50	3198.86	-1.44	2385.82	2385.82 - 3865.18	3865.18	-14.6
Austria	ATX	2193.74	-0.07	1630.84	1630.84 - 3250.61	3250.61	-31.2
Belgium	Bel-20	3246.45	-0.56	2528.77	2528.77 - 4198.31	4198.31	-17.9
France	CAC 40	4909.64	-0.53	3754.84	3754.84 - 6111.24	6111.24	-17.9
Germany	DAX	12645.75	-2.04	8441.71	8441.71 - 13789.00	13789.00	-4.6
Greece	Athex Composite	612.32	-1.27	484.40	484.40 - 948.64	948.64	-33.2
Israel	Tel Aviv	1354.21	-0.30	1171.21	1171.21 - 1751.79	1751.79	-19.5
Italy	FTSE MIB	19285.41	-0.54	14894	14894 - 25478	25478	-18.0
Netherlands	AEX	554.34	-2.44	404.10	404.10 - 629.23	629.23	-8.3
Portugal	PSI 20	4139.40	-2.10	3596.08	3596.08 - 5435.85	5435.85	-20.6
Russia	RTS Index	1164.06	2.76	832.26	832.26 - 1646.60	1646.60	-24.8
South Africa	FTSE/JSE All-Share	55339.58	0.53	37963.01	37963.01 - 59001.87	59001.87	-3.1
Spain	IBEX 35	6893.43	0.64	6107.2	6107.2 - 10083.6	10083.6	-27.8
Sweden	OMX Stockholm	724.77	-1.41	478.95	478.95 - 743.82	743.82	6.5
Switzerland	Swiss Market	10023.90	-1.80	8160.79	8160.79 - 11263.01	11263.01	-5.6
U.K.	FTSE 100	5860.28	-1.00	4993.89	4993.89 - 7674.56	7674.56	-22.3
Asia-Pacific	S&P/ASX 200	6167.00	-0.16	4546.0	4546.0 - 7162.5	7162.5	-7.7
China	Shanghai Composite	3278.00	-1.75	2660.17	2660.17 - 3451.09	3451.09	7.5
Hong Kong	Hang Seng	24918.78	2.18	21696.13	21696.13 - 29056.42	29056.42	-11.6
India	S&P BSE Sensex	40685.50	1.76	25981.24	25981.24 - 41952.63	41952.63	-1.4
Japan	Nikkei Stock Avg	23516.59	0.45	16552.83	16552.83 - 24083.51	24083.51	-0.6
Malaysia	FTSE Bursa Malaysia KLCI	1494.64	-0.61	1219.72	1219.72 - 1615.67	1615.67	-5.9
Singapore	Straits Times	2537.39	0.17	2233.48	2233.48 - 3285.72	3285.72	-21.3
South Korea	Kospi	2360.81	0.82	1457.64	1457.64 - 2443.58	2443.58	7.4
Taiwan	TAIEX	12898.82	1.16	8681.34	8681.34 - 12976.76	12976.76	7.5

Consumer Rates and Returns to Investor

U.S. consumer rates



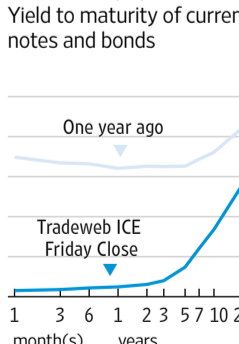
Interest rate	Yield/Rate (%)	52-Week Range (%)	3-yr chg (pct pts)
Federal-funds rate target	0.00-0.25	0.00-0.25	1.75
Prime rate*	3.25	3.25	-1.00
Libor, 3-month	0.22	0.21	1.96
Money market, annual yield	0.19	0.22	-0.13
Five-year CD, annual yield	0.61	0.62	-0.86
30-year mortgage, fixed†	3.03	3.02	-0.90
15-year mortgage, fixed†	2.56	2.52	-0.68
Jumbo mortgages, \$510,400-plus†	3.08	3.06	-1.23
Five-year adj mortgage (ARM)*	3.22	3.23	-0.35
New-car loan, 48-month	4.13	4.14	1.12

Selected rates

Bankrate.com avg:	0.61%
Colorado Federal Savings Bank	0.80%
Greenwood Village, CO	877-484-2372
Washington Savings Bank	0.80%
Lowell, MA	978-458-7999
TAB Bank	0.85%
Ogden, UT	800-355-3063
CFG Community Bank	0.90%
Baltimore, MD	888-205-8388
First Internet Bank of Indiana	0.96%
Indianapolis, IN	888-873-3424

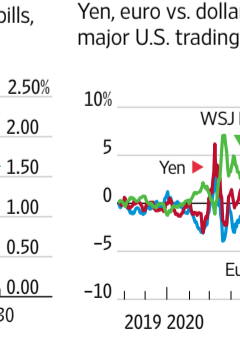
Benchmark Yields and Rates

Treasury yield curve



Bond total return index	Last	Wk ago	Yield (%)	Spread +/- Treasury, in basis pts, 52-wk Range	Total Return 52-wk 3-yr
U.S. Treasury, Barclays	0.580	0.530			7.41 5.22
U.S. Treasury Long, Barclays	1.510	1.400			15.03 10.78
Aggregate, Barclays	1.230	1.180	n.a.	39 127	6.73 5.11
Fixed-Rate MBS, Barclays	1.340	1.290	n.a.	28 132	4.26 3.69
High Yield 100, ICE BofA	4.445	4.496	40	271 1018	2.380 3.625
Muni Master, ICE BofA	1.129	1.120	33	12 41	4.184 3.844
EMBI Global, J.P. Morgan	4.828	4.689	382	277 662	2.564 3.407

Forex Race



Country/currency	in US\$	per US\$	YTD chg (%)
Yen	109.548	104.73	5.6
Euro	1.108	1.082	-5.20

Corporate Borrowing Rates and Yields

Bond total return index	Last	Wk ago	Yield (%)	Spread +/- Treasury, in basis pts, 52-wk Range	Total Return 52-wk 3-yr
U.S. Treasury, Barclays	0.580	0.530			7.41 5.22
U.S. Treasury Long, Barclays	1.510	1.400			15.03 10.78
Aggregate, Barclays	1.230	1.180	n.a.	39 127	6.73 5.11
Fixed-Rate MBS, Barclays	1.340	1.290	n.a.	28 132	4.26 3.69
High Yield 100, ICE BofA	4.445	4.496	40	271 1018	2.380 3.625
Muni Master, ICE BofA	1.129	1.120	33	12 41	4.184 3.844
EMBI Global, J.P. Morgan	4.828	4.689	382	277 662	2.564 3.407

New to the Market

Public Offerings of Stock

IPO Scorecard on B8
 Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/primary exchange (mil.)	Shares	Pricing Range(\$)	Bookrunner(s)
10/27	10/1	Gatos Silver Inc Precious metals exploration and development company.	GATO N	18.8	7.00/9.00	BMO Cptl Mkts, GS, RBC Capital Markets
10/28	10/1	AmeriHome Inc Leading U.S. residential mortgage producer and servicer focused on driving profitable growth across market environment.	AHM N	14.7	16.00/18.00	Credit Suisse, GS, JPM, WFS, Barclays, BofA Securities, RBC Cptl Mkts
10/27	10/2	Biodesix Inc A molecular diagnostics company.	BDSX Nq	4.2	17.00/19.00	MS, W. Blair LLC
10/27	10/5	MediaAlpha Inc Technology company engaged in helping insurance carriers and distributors target and acquire customers more efficiently.	MAX N	9.3	18.00/20.00	JPM, Citi, Credit Suisse, RBC Cptl Mkts, Canaccord Genuity, W. Blair LLC
10/27	10/5	Root Inc Software-Computer, Traditional & Other. Software company engaged with auto insurance.	ROOT Nq	24.2	22.00/25.00	GS, MS, Barclays, WFS, DB, Credit Suisse, Evercore Inc, Truist Financial Corp
10/28						

CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. **NA** signifies that the information is not available or not applicable. **NS** signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
Royce AIIstr Gr	ASG	7.39	7.67	+3.8	38.0	
Royce Micro-Cap Tr	RMT	9.86	8.28	-11.0	-22.2	
Royce Value Trust	SRT	15.95	13.56	-15.0	5.8	
Source Capital	SCV	42.34	37.31	-11.9	3.4	
Tri-Continental	TY	30.81	26.77	-13.1	5.7	

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
ChnStrInfr	UTF	23.82	23.28	-2.3	-5.7	
Cohen&SteersQualinc	RQI	12.31	10.95	-11.0	-22.2	
Cohen&Steers Trf	RFI	12.52	11.90	-5.0	-4.8	
Cohen&SteersREITPrec	RNP	22.33	20.45	-8.4	-9.9	
Columbia Sel Pm Tech Gr	STK	23.27	22.84	-1.8	12.7	

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
DNP Select Income	DNP	9.14	10.07	+10.2	-15.1	
DuffPhUtGlnIncl Fd	DPS	12.93	11.00	-14.9	-20.9	
EtnVncEqItyIncl	EI	NA	14.72	NA	3.4	
EtnVncEqItyIncl	EOS	NA	19.07	NA	21.2	
EtnVncMgdVnEqIncl	ETJ	9.84	9.75	-0.9	15.7	

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
NeubBkYldStrt	NHS	11.97	11.02	-7.9	9.7	
New Amer Hlth Inc	HVB	9.50	8.29	-12.7	7.0	
NexPoint Strat Oppy	NHF	16.87	15.96	-45.7	19.6	
Nuveen Crt Ops 2022 Tfr	JHC	9.42	9.07	-3.7	4.8	
Nuveen Crt Ops 2021 Tfr	JCO	8.20	7.93	-3.3	7.1	

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
Variant Altrnvt Incln	26.39	NA	NA	5.9		
Convertible Sec's. Funds						
Calamos Div Conv and Inc	CCD	26.40	24.16	-8.5	46.6	

Source: Lipper

Friday, October 23, 2020

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
Adams Diversified Equity	ADX	19.42	16.56	-14.7	12.8	
Boulder Growth Income	BIF	12.34	10.01	-18.9	-6.8	
Central Secs	CET	37.07	29.36	-20.8	-4.3	
Cohen&SteersCEOppFnd	FOF	11.61	10.82	-6.8	-10.1	
EVTxAdvDivIncm	EVT	22.18	19.78	-10.8	-12.0	

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
BlackRock Energy & Res	BGR	6.82	5.96	-12.6	-42.5	
BlackRock Eq Enh Div	BDJ	8.51	7.45	-12.5	-11.2	
BlackRock Enh Gbl Div	BOE	11.47	9.76	-14.9	1.1	
BlackRock Enh Intl Div	BGY	6.14	5.37	-12.5	6.8	
BlackRock Hlth Sci Trll	BMEZ	27.17	24.41	-10.2	NS	

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
BlackRock Hlth Sciences	BME	43.43	43.63	+0.5	19.7	
BlackRock Res & Comm	BCK	7.31	6.02	-17.6	-13.2	
BlackRock Sci&Tech Trll	BSTZ	30.82	27.80	-9.8	49.1	
BlackRock Sci&Tech Trll	BSTZ	30.82	27.80	-9.8	49.1	
BlackRock Sci&Tech Trll	BSTZ	30.82	27.80	-9.8	49.1	

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
BlackRock US Int'l Fnd	UBS	24.42	23.28	-3.8	10.4	
CBRE ClmGblRIEst	IGR	7.34	5.89	-19.8	-18.0	
ClearBridge MLP & Midstm	MC	13.49	NA	-17.9	NA	

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
BlackRock Muni Bond	BFB	15.34	13.10	-14.6	3.5	
BRMH CA Qly Fnd	MUC	15.51	14.22	-8.3	4.0	
BRMH NJ Qly	MUJ	15.51	13.62	-12.2	4.8	
BRMH NY Qly	MHN	14.69	13.48	-8.2	4.1	
BRMH Va Qly	MVC	15.67	14.07	-10.2	3.7	

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
BlackRock Muni Bond	BFB	15.34	13.10	-14.6	3.5	
BlackRock Muni Bond	BFB	15.34	13.10	-14.6	3.5	
BlackRock Muni Bond	BFB	15.34	13.10	-14.6	3.5	

IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	IPO date/offer price	Friday's close (\$)	% Chg From Offer	1st-day close	Company	SYMBOL	IPO date/offer price	Friday's close (\$)	% Chg From Offer	1st-day close
Foghorn Thera	FHTX	Oct. 23/\$16.00	18.12	13.3	...	Guild Hldgs	GHLDD	Oct. 22/\$15.00	14.90	-0.7	-0.7
Eurates Biomedical Acquisition	EURUCR	Oct. 23/\$10.00	10.00	Cerberus Acquisition	CTACUT	Oct. 22/\$10.00	9.93	-0.7	-0.1
Altimar Acquisition	ATACTU	Oct. 23/\$10.00	9.88	-1.2	...	BCLSA Acquisition	BLSA	Oct. 22/\$10.00	10.27	2.7	0.9
Acies Acquisition	ACACU	Oct. 23/\$10.00	9.90	-1.0	...	Yellowstone Acquisition	YSAU	Oct. 22/\$10.00	10.02	0.2	0.2
McAfee	MCFE	Oct. 22/\$22.00	18.79	-6.1	0.5	Tekcorp Digital Acquisition	TEKKU	Oct. 22/\$10.00	9.92	-0.8	-0.1

Company	SYMBOL	IPO date/offer price	Friday's close (\$)	% Chg From Offer	1st-day close	Company	SYMBOL	IPO date/offer price	Friday's close (\$)	% Chg From Offer	1st-day close
Adams Diversified Equity	ADX	19.42	16.56	-14.7	12.8	Boulder Growth Income	BIF	12.34	10.01	-18.9	-6.8
Central Secs	CET	37.07	29.36	-20.8	-4.3	Cohen&SteersCEOppFnd	FOF	11.61	10.82	-6.8	-10.1
EVTxAdvDivIncm	EVT	22.18	19.78	-10.8	-12.0	Gabelli DivInclnCr	GDV	22.34	18.89	-15.4	-1.8
Gabelli Equity Tr	GAB	5.24	5.71	+9.0	8.0	JhancocTaxAdvDiv	HTD	22.59	19.93	-11.8	-20.8
LPO AllStr Eq	USA	6.80	6.13	-9.9	4.9						

Income & Preferred Stock Funds

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
Calamos Strat Tot	CSO	14.21	13.91	-2.1	16.2	
Cohen&SteersLtdDurPrefIncl	LDP	24.89	23.49	-5.6	-0.9	
Cohen&SteersSelPrefIncl	DF	25.64	25.51	-0.5	-6.4	
FirstTrnDurPrefIncl	FPF	22.89	21.90	-4.3	-0.7	
JHnPrefIncl	HPF	18.96	18.80	-0.8	-11.0	
JHnPrefIncl	HPF	18.96	18.80	-0.8	-11.0	

World Income Funds

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
Abdn AP Inc Fd	FAX	4.67	3.95	-15.4	7.9	
BrdynGblBlnGlnCpct	BWG	NA	11.30	NA	7.2	
AGI Conv & Inc	NCZ	4.95	4.25	-14.1	-5.3	
AGI Dvsy & Conv	ACV	30.52	26.75	-12.4	24.7	
AGI Eqv & Conv Inc	NIE	28.20	25.33	-10.2	24.4	

Specialized Equity Funds

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
BlueRock Total Inc+RE A	29.12	NA	NA	0.9		
BlueRock Total Inc+REC	27.74	NA	NA	0.1		
BlueRock Total Inc+REI	29.66	NA	NA	1.2		
BlueRock Total Inc+REL	28.87	NA	NA	0.6		
Broadstone RI Est Acc	9.50	NA	NA	-6.1		

Other Domestic Taxable Bond Funds

Fund (SYM)	NAV	Close	Disc	Ret	52 wk Prem	52 wk Ttl
Am Beacon Apollo TRRY	10.19	NA	NA	NS		
Am Beacon SP EnH Inc	9.34	NA	NA	NS		
Am Beacon SP EnH Inc	9.34	NA	NA	NS		
Am Beacon SP EnH Inc	9.34	NA	NA	NS		

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 270.74 points, or 0.95%, on the week. A \$1 change in the price of any DJIA stock = 6.58-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$30,486, or a gain of 1.62%, on the \$30,000 investment, including reinvested dividends.

Source: Dow Jones Market Data; FactSet

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Source: Dow Jones Market Data; FactSet

Investment Grade Bond Funds

Fund (SYM)	NAV</
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MARKETS

Corporate Feud Stings London, Banks

By RORY JONES

To understand the origins of a multibillion-dollar collapse of a corporate empire, consider a pair of Bentleys that were gifts to two brothers at the center of the alleged scandal.

The benefactor behind the purple and powder-blue cars was Bavaguthu Raghuram Shetty, a 78-year-old Indian entrepreneur who built health care, drug and payments companies across Europe and the Persian Gulf. Mr. Shetty bought the Bentleys for Prasanth and Promoth Manghat, the siblings whom he called his eyes and ears, the architects of his wealth, said people familiar with the relationship.

Now, Mr. Shetty accuses both brothers of using bank accounts in his name to bilk his London-listed companies **NMC Health PLC** and **Finabl PLC** of billions of dollars and to perpetrate a "massive, systematic and sophisticated fraud," according to a criminal complaint he made this month to Indian law enforcement.

Mr. Shetty said the pair fostered a father-sons relationship with him before they betrayed him, leaving his reputation in tatters. After the corporate collapse, his own son wound up in prison.

"I treated them like my own children and entrusted them with the businesses I had built," he said in the complaint.

India's Central Bureau of Investigation and the country's financial-enforcement agency were sent the complaint, according to an India-based lawyer for Mr. Shetty. They didn't respond to requests for comment.

Creditors of his companies, based in the United Arab Emirates, are seeking more than \$7 billion. Among them are global banks such as **JPMorgan Chase & Co.**, **HSBC Holdings PLC** and **Standard Chartered PLC**. Investors including **BlackRock Inc.** and California's Capital Group Cos. are nursing losses after NMC's market capitalization fell from a peak of \$10 billion in August 2018 to nearly nothing when it was delisted in April.

A spokesman for the Mang-

Relations Cordial Before Collapse Of NMC, Finabl

Only months before the collapse, relations among the men appeared to be warm. In June 2019, the Manghat brothers opened a multimillion-dollar hospital in their hometown of Palakkad, India.

Mr. Shetty attended the hospital's inauguration as a guest of honor, hugging Promoth Manghat as he arrived. Then the fortunes of NMC and Finabl unraveled.

On Dec. 17, U.S. short seller Muddy Waters said it was betting against NMC's stock, alleging accounting irregularities based on an analysis of financial statements and comparisons with similar companies.

NMC's shares fell 40% in three days.

NMC said it would review the Muddy Waters allegations, saying they appeared baseless and misleading.

Six days later, the company said it would appoint an independent review.

As the investigation progressed, Prasanth Manghat was fired for obstructing the investigation, according to a court witness statement from Michael Davis, current acting NMC chief executive and former chief operating officer.

The spokesman for Mr. Manghat said he denies obstructing the probe.

On March 12, Finabl also said it had launched an investigation, and Promoth Manghat had resigned. Mr. Shetty later resigned from the boards of both firms.

NMC's administrators are restructuring the company, selling assets to pay its creditors. The administrators in a presen-

tation to creditors posted online said they were working to bring legal claims for a fraud that was "well organized, systematic and long running." They didn't disclose the names of people they claim were involved.

According to a person close to Mr. Shetty, the Manghat brothers encouraged him to transfer control of NMC and UAE Exchange by invoking an epic Indian poem, "Ramayan." The brothers likened themselves to one of the poem's characters, Bharata, who was elevated to the throne above his half-brother and rightful king Rama, but then acts only as the caretaker while Rama is in exile. "I was so convinced by their earnestness," Mr. Shetty said in the criminal complaint of the Manghats' bid to take control. The spokesman for the Manghats initially declined to comment but later disputed this account.



Bavaguthu Raghuram Shetty built companies across Europe.

SUBHANKAR CHAKRABORTY/HINDUSTAN TIMES/GETTY IMAGES

hats denied wrongdoing. They said Mr. Shetty wants to deflect blame for his "own role in what has taken place."

The brothers, who considered Mr. Shetty a mentor, said the former boss maintained control over his companies, according to the spokesman. He added that payments beyond the brother's salaries and other publicly stated compensation were bonuses that Mr. Shetty approved "for their significant contributions to NMC and to Finabl."

After relinquishing his executive roles, Mr. Shetty stayed on as chairman at NMC and Finabl during the period of the alleged fraud.

In his complaint, Mr. Shetty said the brothers led a team of eight NMC and Finabl employees who managed up to 60 credit and trade-finance facilities that were obtained fraudulently from global banks and valued at more than \$5 billion.

To raise the credit, Mr. Shetty said the brothers falsified invoices and moved money between NMC, Finabl and other suppliers they controlled to create the impression of creditworthiness among all the Shetty-related firms, further

improving their ability to obtain loans. In some instances, Mr. Shetty said, he never met or communicated with banks that lent money and credit was obtained with his forged signature.

NMC and Finabl this year separately disclosed unreported debt that amounted to roughly \$5 billion.

Mr. Shetty is the subject, with Prasanth Manghat and others, of another criminal complaint filed by NMC's biggest creditor in Abu Dhabi. His son Binay Shetty, who was executive director at Finabl, was one of three people detained this year by authorities in Abu Dhabi related to the undisclosed debt at the firm, according to people familiar with the detention. He hasn't been charged, these people said.

A spokeswoman for the Abu Dhabi prosecution office declined to comment on the criminal complaint or Binay Shetty's case. Mr. Shetty and the Manghats, all Indian nationals, are no longer in the U.A.E.

Born in the Indian state of Karnataka, Mr. Shetty arrived in the U.A.E. in 1973, two years after the birth of the country. With \$8 in his pocket, he began

selling imported pharmaceuticals and in 1975 founded New Medical Center, or NMC, a private health clinic in Abu Dhabi. Five years later, he acquired UAE Exchange, a remittance firm that helped expatriate Indians send money home and later evolved into Finabl PLC.

UAE Exchange expanded to India, hiring Promoth Manghat as an accounts manager in 2001. Mr. Shetty subsequently invited the older brother, also an accountant, to come work for another company he had founded making generic drugs.

By 2005, Mr. Shetty's businesses were riding an economic and real-estate boom in the U.A.E. Mohammed bin Zayed, the de facto ruler in the U.A.E., gave Mr. Shetty the Order of Abu Dhabi, an award for his contribution to the nascent country. Thereafter, Mr. Shetty rarely was seen in public without the medal pinned to his suit jacket.

In 2012, NMC sold shares on the London Stock Exchange in what became the first U.K. listing of a U.A.E.-based company. But NMC retained some traits of a family business. Mr. Shetty was CEO until 2017, his son was chief operating officer from

2012 until 2014 and his wife, a doctor, was a medical director.

In the spring of 2017, the agave Mr. Shetty stepped down as chief executive of NMC, where he was a minority shareholder, and Prasanth Manghat was elevated to the job after acting for years as the face for investors. Promoth Manghat already was CEO at UAE Exchange, which was majority owned by Mr. Shetty and preparing an initial public stock offering.

As CEO, Mr. Manghat quickly sought to expand NMC's global footprint, making acquisitions across the U.K., Sweden, Spain and Italy. By August 2018, NMC's share price under the new CEO had more than doubled, helping put Mr. Shetty on the Forbes billionaires list.

It was at this time, Mr. Shetty alleges in court documents filed in India and Abu Dhabi, that the Manghat brothers were using accounts in his and his companies' names to fraudulently move hundreds of millions of dollars through them, siphoning off money to their accounts in India.

Prasanth Manghat received \$4.4 million in 2019 from an account at India's Bank of Baroda that was created in the name of

an NMC sister company, according to a report commissioned by Mr. Shetty and bank transfers viewed by The Wall Street Journal. In 2018, Mr. Manghat received payments of \$15 million from the same account, these documents show. He earned an annual salary of \$1 million, according to NMC's published financial statements.

A further \$2 million moved to Promoth Manghat in 2018 and 2019 from an account at U.A.E.-based National Bank of Fujairah that Mr. Shetty said in court documents was used fraudulently. The bank later told Mr. Shetty that the account was opened by UAE Exchange employees without his attendance or direct authorization, according to emails viewed by Journal. The banks declined to comment.

In the criminal complaint filed in the Indian court, Mr. Shetty accuses the Manghats of embezzling roughly \$130 million from the companies he founded. The spokesman for the Manghats denied they embezzled \$130 million. He said certain payments made to them were bonuses signed off by Mr. Shetty for their "significant contributions."

Case Against Fidelity Spotlights Donor-Advised Funds

By RICHARD RUBIN

In the final days of 2017, Malcolm and Emily Fairbairn thought they had everything ready to cushion the income-tax hit from more than \$200 million in hedge-fund income. They prepared a large charitable donation, using their relationship with **Fidelity Investments** and a booming energy stock to maximize their tax deduction.

It didn't go as they had hoped. Now, the Fairbairns and Fidelity's charitable arm are facing off in a contentious federal court trial.

The Fairbairns say Fidelity Charitable lured them into making the donation with statements about how and when the stock would be sold, then violated those promises and botched the transaction. Fidelity denied making such promises and says its trading was appropriate.

The case puts a spotlight on so-called donor-advised funds managed by firms including Fi-

delity, the **Vanguard Group** and **Charles Schwab Corp.** Donor-advised funds held \$121.4 billion as of 2018, according to the National Philanthropic Trust.

For investment firms, the funds can help attract and keep high-net-worth clients. Donors get tax deductions when they give cash or securities. Investments then grow tax-free and get distributed to operating charities on donors' recommendations, functioning almost like a charitable checking account.

The hitch: Although donors can make those recommendations and funds usually heed that advice, donors must cede legal control over the assets to get the tax break. That tension sits at the center of the case.

The Fairbairns were racing to finish the donation in 2017 for a tax deduction. They authorized a donation of 1.9 million shares of Energores Corp. to Fidelity Charitable on Dec. 28, then worked to ensure the stock got to Fidelity.

The timing seemed ideal:

The price of Energores had jumped that week after it won government approval for its wireless-charging technology.

On Dec. 29, Fidelity sold those shares—nearly 10% of the company—in 154 minutes as the price dropped to \$19.45 from a closing high of \$31.57. The Fairbairns contend that Fidelity's quick selling flooded the market and drove down the price.

The Fairbairns at one point had \$61 million in stock but ended up with a \$52 million tax deduction and \$44 million in the account for directing donations to charities, including Lyme disease research. Those amounts were less than they had expected, and they may seek compensation for the tax deduction and replenishment of their donor account.

The virtual trial began last week in federal court in northern California and resumes on Monday; it is focused on whether Fidelity broke promises and handled the stock sale negligently. If Fidelity is found

liable, a subsequent phase would determine potential remedies for the Fairbairns.

Mr. Fairbairn testified that he knew Fidelity Charitable owned the stock once the donation and deduction were complete in 2017 and could sell it. But he said he was told the sale would happen in 2018 and

A couple is suing over the investment firm's sale of a big block of shares.

that he could offer advice to Fidelity Charitable on the selling strategy. As the price fell on Dec. 29, he wondered who had sold so much Energores stock—only to learn in January that it was Fidelity Charitable selling the shares they had given.

"I was upset and angry," Mr. Fairbairn told the court.

"Normally, I don't get upset very often. It's only when I feel like I've been lied to."

Under cross-examination, the Fairbairns acknowledged that promises about the timing and manner of the stock sales weren't written.

Donor-advised funds are increasingly popular, and Fidelity Charitable is a giant in the field. In the year ended June 30, 2019, it had almost 127,000 accounts, collected \$8.6 billion, donated \$6.1 billion and held \$31 billion.

For donors managing millions but not billions, the funds can be more attractive and efficient than private foundations, which have stricter rules requiring annual payouts.

But charitable aims sometimes conflict with the investment firms' profit motives.

Messages displayed during the trial showed Fidelity employees offering discounted fees to attract the Fairbairns' donation to Fidelity Charitable

instead of a similar fund at JP-Morgan Chase & Co. Justin Kunz, who managed Fidelity's relationship with the Fairbairns, defended his use of terms like "win the business" in internal emails to describe his discussions with the couple.

At times, Mr. Kunz in testimony described his role as facilitating donors' charitable endeavors, showing how Fidelity's financial-services professionals could help with the Fairbairns' complex assets. At other times, he described a competition against JPMorgan.

The Fairbairn case shows how commercially sponsored funds differentiate themselves by emphasizing how they can handle the assets wealthy people have, said Brian Mitten-dorf, an accounting professor at Ohio State University who isn't involved in the case.

Fidelity Charitable says its selling didn't cause the Dec. 29 price drop. The stock has never regained its late-2017 highs and closed at \$2.55 Friday.



Apple is expected to report lower per-share earnings on Thursday.

THE TICKER | Market events coming this week

Monday

Short-selling reports

Ratio, days of trading volume of current position, as Sep 30

NYSE	3.1
Nasdaq	2.5

Earnings expected*

Alexandria Real Estate Equities	0.76	(0.44)
Brown & Brown	0.43	0.39
HCA Healthcare	2.29	2.23
NXP Semiconductors	1.54	2.02
Otis Worldwide	0.56	n.a.
Twilio	(0.04)	0.03

Tuesday

Consumer Confidence

Sept., previous	101.8
Oct., expected	102.3

Durable-goods orders

Aug., previous	up 0.5%
Sept., expected	up 0.3%

Earnings expected*

3M	2.26	2.58
Eli Lilly	1.71	1.48
Merck	1.44	1.51
Microsoft	1.54	1.38
Pfizer	0.69	0.75
Raytheon Technologies	0.50	1.30

Wednesday

EIA status report

Crude-oil stocks	down 1
Gasoline stocks	up 1.9
Distillates	down 3.8

Mort. bankers indexes

Purch., previous	down 2%
Refinan., prev.	up 0.2%

Earnings expected*

Amgen	3.78	3.66
Boeing	(2.30)	1.45
Mastercard	1.65	2.15
ServiceNow	1.03	0.99
United Parcel Service	1.90	2.07
Visa	1.09	1.47

Thursday

EIA report: natural-gas

Previous change in stocks in billions of cubic feet	up 49
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GDP Deflator

2nd qtr., final	down 1.8%
3rd qtr. adv. est.	up 3.0%

Gross domestic product

2nd qtr., final	down 31.4%
-----------------	------------

3rd qtr. adv. est.

up 31.8%

Initial jobless claims

Previous	787,000
Expected	783,000

Earnings expected*

Alphabet	11.29	10.12
Amazon.com	7.38	4.23
Apple	0.71	0.76
Comcast	0.51	0.79
Facebook	1.89	2.12
Shopify	0.50	(0.29)

Friday

Employment cost index

2nd qtr., previous	up 0.5%
3rd qtr., expected	up 0.5%

Personal spending

Aug., previous	up 1.0%
Sept., expected	up 1.0%

Personal income

Aug., previous	down 2.7%
Sept., expected	up 0.5%

Chicago PMI

Sept., previous	62.4
Oct., expected	58.0

U.Mich. consumer index

Oct., prelim	81.2
Oct., final	81.2

Earnings expected*

AbbVie	2.76	2.33
Altria	1.16	1.19
Charter Communications	3.03	1.74
Chevron	(0.23)	1.59
Colgate-Palmolive	0.70	0.71
Honeywell International	1.49	2.08

* FACTSET ESTIMATES EARNINGS-PER-SHARE ESTIMATES DON'T INCLUDE EXTRAORDINARY ITEMS (LOSSES IN PARENTHESES) ◆ ADJUSTED FOR STOCK SPLIT
NOTE: FORECASTS ARE FROM DOW JONES WEEKLY SURVEY OF ECONOMISTS

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Look Past Election For Health Stocks

Virus has morphed from a risk to a benefit

There is no shortage of uncertainty for health care as the U.S. election draws near, but investors can cross the impact of the coronavirus off their list of worries for now.

The arrival of Covid-19 in the spring threw a wrench into the ordinary course of routine care: As the disease spread, many hospitals suspended elective surgical procedures such as joint replacements to cope with surging Covid-19 patient counts. On top of that, millions of nonessential medical appointments were canceled. That crushed revenue for medical-device companies and hospital operators, in addition to disrupting patient care.

Early results from the latest round of quarterly earnings suggest things are getting back to normal. **Johnson & Johnson** said this month that sales in its medical-device unit fell 3.3% in the third quarter compared with a year earlier. That is a sharp improvement from a drop of more than 30% in the second quarter.

HCA Healthcare, which operates about 300 hospitals and surgical-care centers in the U.S., said on Oct. 8 that its third-quarter pretax income fell just 3% in the third quarter from a year earlier. The company said it plans to repay \$6 billion in emergency government loans sooner than expected. And **UnitedHealth Group**, the largest publicly traded health insurer, said care-utilization patterns were modestly lower in the third quarter after a sharp decline in the second quarter.

Share prices have mostly rebounded: The S&P Health Care Index



The S&P Health Care Index has increased 5.7% this year.

Health Care Select Sector SPDR ETF



dex has climbed 5.7% this year, lagging behind the S&P 500 by less than 2 percentage points. Yet health care's relative performance has gotten worse as the election approaches.

It will be difficult for health stocks to reverse that trend in the short term even if earnings season continues to be strong. A looming case in front of the Supreme Court threatens to reshape U.S. health policy, which has been governed by the Affordable Care Act since 2010. Any major changes to that framework, which has resulted in significantly enhanced access to care without imposing significant cost

controls, would likely displease Wall Street. The looming election could also ding the outlook for health stocks if, say, Democrats were to sweep the presidency and gain control of both chambers of Congress. Under that scenario, policy ideas that have historically faltered in Congress, such as price controls for drugs sold through Medicare, would become more likely, thus damping investor enthusiasm for the sector.

But if these potential trouble spots pass without incident, the outlook should become much brighter. Long-term industry fundamentals, such as an aging U.S. populace, are still intact. And, despite a recent surge, the spread of Covid-19 is unlikely to cause another similarly sharp drop in elective procedures. Moreover, the lingering nature of the disease means new sales opportunities for testing products, therapeutics and, potentially, vaccines. For instance, **Abbott Laboratories** said its diagnostics business grew by nearly 40% from a year earlier in the third quarter, thanks largely to new Covid-19 products.

What held back the industry in 2020 could be a boost in 2021. That prognosis is a lot stronger than investors currently expect—once policy threats from Washington have subsided of course.

—Charley Grant

China Wants to Be World's EV Factory

China may be the world's factory but has never been a big exporter of automobiles. It hopes to change that with electric vehicles.

And things are moving along nicely: **Tesla** said this week it will start exporting its China-made Model 3 to some European countries. **BMW's** electric sport-utility vehicle iX3 is on sale globally and will be made by its joint-venture with Chinese partner **Brilliance China Automotive**.

China is the world's largest car market—auto sales in 2019 were 28 million units—but it exported only around a million cars last year and mostly to developing countries. Most Chinese brands aren't well-known in developed markets, and foreign auto makers mostly use their Chinese plants to make cars for the local market, instead of for exports. It is a good sign for China that foreign car makers are beginning to use the country as an export hub for their EVs.

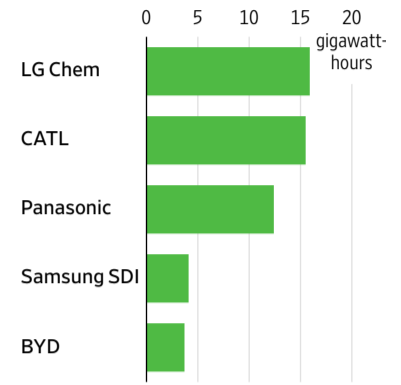
The easing of restrictions for foreign car makers in China has helped. Foreign auto makers have long been required to set up joint ventures with Chinese partners and share profits with them to manufacture in the country.

Such rules were scrapped for EVs in 2018 and will be removed for other cars in 2022. Tesla took advantage of the change to become the first foreign car maker to have a wholly owned factory in China and started to deliver cars made in its Shanghai plant this year.

BMW, likewise, plans to raise its ownership of its JV with Brilliance to 75% in 2022 from the current 50%. Getting more control and profits probably means the company is also more willing to use China to manufacture vehicles for other regions. China slashed EV subsidies last year but has introduced a credit trading system to encourage car makers to make more EVs.

China's head start in the EV

Global electric-vehicle battery shipments for January to August 2020



market, with the help of generous subsidies and government procurement, has built a cluster of suppliers. China has been the world's largest EV market for years, even though Europe may briefly take that perch this year with supportive policies. China has some of the largest makers of EV batteries. Tesla, for example, has used cobalt-free batteries made by **Contemporary Amperex Technology** to lower the costs of some of its cars made in Shanghai. **Volkswagen** spent \$1.2 billion to buy a 26% stake in Chinese battery maker **Guoxuan High-Tech** this year. Major battery makers in nearby South Korea and Japan also have factories in the country.

It is still a very early stage. EVs are a small percentage of total car sales globally. Export plans from global car manufacturers may not amount to much in the short term. Europe is also trying to catch up in battery manufacturing. And Tesla is also building a plant in Berlin, which means the plan to export from Shanghai may be temporary.

But unlike in the era of internal combustion engines, China has a real chance to become a heavyweight in the export market for EVs.

—Jacky Wong

MARKETS

Retail Shares Are Hot Heading Into Holidays

By PAUL VIGNA

The holiday season is expected to be brutal for many retailers. Investors are bidding up their stock prices anyway.

Holiday spending is projected to fall 7% from 2019 to an average of \$1,387 per household, according to a Deloitte survey of about 4,000 consumers. Of those respondents, 38% said they expect to spend less this year compared with last year.

That should be troubling news for retailers, which typically do their biggest business of the year in the weeks between Thanksgiving and Christmas. The sector is under especially acute pressure amid the coronavirus pandemic, which has forced many Americans to tighten their purse strings and reduced foot traffic at malls.

Many investors still say they see reason for hope.

The S&P 500's consumer-discretionary sector—home to **Target Corp.**, **Nike Inc.** and **Hasbro Inc.** as well as **Amazon.com Inc.**—is up 11% over the past three months. The staples sector, which includes **Procter & Gamble Co.**, **Costco Wholesale Corp.** and **Estée Lauder Cos.**, is up 5.5%.

"We all left retail for dead three months ago," said Nicholas Colas, co-founder of research firm DataTrek. Yet there are reasons to believe the retailers that survive this year have upside in the years ahead, he said.

Big retailers such as Amazon and **Home Depot Inc.**, which have both benefited from changes in consumer behavior during the pandemic, aren't the only stocks notching big gains. The S&P Retail Select Index, which was launched in 2006 and includes 84 smaller retailers like **Carvana Co.** and **GameStop Corp.**, has doubled from its March lows and recently tagged a new high.

Among the retailers that typify the renewal of hope in the sector is **Gap Inc.** Its shares



Gap shares are up nearly 70% over the past three months to \$21.42—still a far cry from their high above \$45 in 2014.

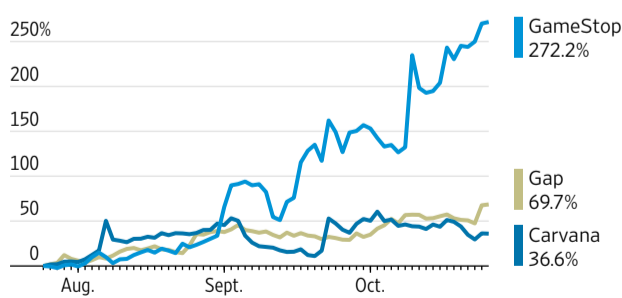
surged 14% Thursday after the company delivered an optimistic investor-day presentation. The company is making progress with brands like Old Navy and Athleta, improving its offerings and planning store closures.

Those are the kinds of moves investors like to see. Gap shares are up nearly 70% over the past three months and trading around \$21—still a far cry from their high above \$45 in 2014.

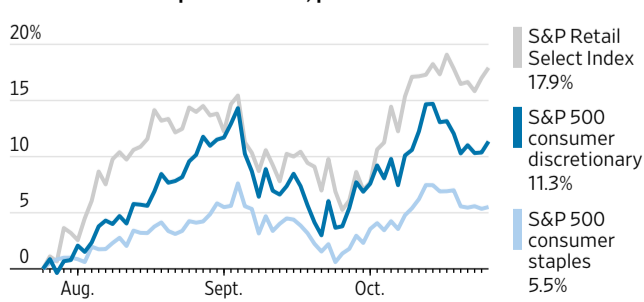
Carvana and GameStop have also taken steps to cut costs. The e-commerce used-car seller stopped launching new vending machines and opening up in new markets, while GameStop cut salaries for executives and staff, slashed inventory and cut capital spending. Carvana shares have risen 37% in the past three months, and GameStop has more than tripled.

Many retailers have done well to pivot toward things such as casual-wear and home décor that customers want in

Share-price performance, past three months



Index and sector performance, past three months



this pandemic year, said MKM Partners analyst Roxanne Meyer. Other trends have been improvements in technology

that have helped retailers manage inventories, get products to customers and keep their websites updated.

"That becomes a critical factor," she said. "This will be one of those seasons that shows who's made the right investments."

Industry consolidation has also been a boon to the companies that have managed to keep their doors open. Through last week, there have been 134 bankruptcies of public companies or private firms with public debt in the consumer space, according to data from S&P Global Market Intelligence.

That includes well-known retailers **J.C. Penney Co.**, **Neiman Marcus Group Inc.**, **Stein Mart Inc.**, **Brooks Brothers** and **Century 21 Department Stores LLC**.

In total, there have been 527 bankruptcies in the U.S. this year, the highest number through mid-October since 2010.

In essence, what 2020 did was force a round of consolidation within the retail industry that was years overdue, DataTrek's Mr. Colas said. Although painful for the companies that

went out of business and employees who lost their jobs, for the survivors, it represents a chance to compete for market share.

Consolidation is also good for investors, Mr. Colas said. "You always want to own an industry coming out of a recession that's gone through a significant consolidation," he said. "It's very painful, but as far as what it means to the survivors, it's a positive."

Other investors appear to be betting on the benefits of another round of government support.

House Speaker Nancy Pelosi (D., Calif.) and Treasury Secretary Steven Mnuchin remain in negotiations over a new stimulus package. An agreement could come after the election, Mrs. Pelosi has suggested, meaning stimulus checks might arrive in time for the holidays.

What's unclear is whether consumers would spend the extra money. The first round of stimulus checks helped boost retail sales, but many Americans socked that money away and the personal saving rate hit a record 32% in April.

Headwinds still abound in the sector.

Profits remain under pressure. The S&P 500's consumer discretionary sector is expected to post a 33% profit contraction in third-quarter earnings, according to FactSet. The staples sector is seen boosting profits by 1%.

And industry consolidation is just getting started, Ms. Meyer of MKM Partners said. Gap plans to reduce the number of stores it operates in North America by 30% by the end of 2023. GameStop, **Bed Bath & Beyond Inc.**, **American Eagle Outfitters Inc.** and Victoria's Secret parent **L Brands Inc.** all intend to close more stores in coming years.

"There's a lot more that needs to come out of the system," she said. "Unfortunately, the pandemic accelerated what was ultimately going to happen anyway."

JOURNAL REPORT

C-SUITE STRATEGIES

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THE WALL STREET JOURNAL.

Monday, October 26, 2020 | R1

'We do a ton of research on the pricing of our products because we know the No. 1 barrier to purchasing a Peloton product is our price.'

JILL WOODWORTH
Chief Financial Officer
Peloton Interactive

'In many ways, Covid has fundamentally changed how consumers shop.'

MATT CAREY
Chief Information Officer
Home Depot

'In the past, our top markets were all consistent. But now we're seeing heavy swings.'

KATE WIK
Chief Marketing Officer

Las Vegas Convention and Visitors Authority

'We've decided specifically to emphasize the health features and make it less about the general-purpose features.'

JAMES PARK
Chief Executive Officer
Fitbit

'Our digital offerings have been very successful, and we will continue to offer virtual and hybrid activities even after the pandemic.'

JUDITH BATTY
Chief Executive Officer
Girl Scouts of the USA

VIEW FROM THE TOP

What are today's pressing issues for CEOs, chief financial officers and others in the C-suite? Hear from the bosses themselves in this report, and join the conversation online.

Inside

Consumer Insight

What businesses should know about how people really use online reviews—like why four stars can beat five. **R6**



Career Change

Tech tools make it simpler than ever to do a job search, even amid the pandemic. **R12**



Online Design

Some companies are making their websites easier for older users to navigate. **R4**

Covid's Fallout

Beyond Equity
The impact on companies of women leaving the workforce. **R14**



SEAN MCCABE

JOURNAL REPORT | C-SUITE STRATEGIES

Quiz

So, You Think You're Up on Management

By DANIEL AKST

What's the best way to motivate workers? What is the proper role of a leader? How do you nourish and sustain a culture while accommodating change?

For as long as there have been managers, there have been theories about how best to manage. Some management trends have had enduring effects. But most tend to come and go—to the consternation of many managers.

"Management fads are the curse of the business world," writes Frederick Parker in his book "Strategy + Teamwork = Great Products." "As inevitably as night follows day, the next fad will follow the last."

How well do you know management trends—both the fleeting ones and those that have lasted? Now's your chance to find out by taking this quiz.

1. Niccolò Machiavelli (1469-1527) is best known for "The Prince," a concise handbook for ruthless rule. But around the same time, he wrote a more elaborate treatise on leadership. What was it called?

- A. "How to Win Friends and Influence People"
- B. "The Discourses on Livy"
- C. "The Republic"
- D. "The Leopard"

2. Bureaucracy, probably as old as civilization, is practically a dirty word in business nowadays. Yet it persists, and a key European management thinker explained why it is so important. Who was that?

- A. Thorstein Veblen
- B. Simon Patten
- C. Max Weber
- D. Rosabeth Moss Kanter

3. This ahead-of-her-time management guru advocated a cooperative rather than authoritarian leadership style, criticized hierarchy, and called for supervisors to incorporate employee knowledge in decisions—all trendy ideas many years after her death in 1933. Who was she?

- A. Mary Parker Follett
- B. Mary Page Keller
- C. Mary Kay Place
- D. Mary Baker Eddy

4. Organizing work around an assembly line was a management trend that started in the meatpacking companies of the Midwest. Who said: "Mass production precedes mass consumption"?

- A. Karl Marx
- B. Henry Ford
- C. Alfred P. Sloan
- D. Gustavus Swift

5. Whose name became synonymous with "scientific management," a trend that vastly increased factory productivity but antagonized labor?

- A. Frederick Jackson Turner
- B. Frederick Law Olmsted
- C. Frederick McKinley Jones
- D. Frederick Winslow Taylor

6. In 1943, the psychologist Abraham Maslow developed a conception of human nature that was broadly influential in business and society. What was it?

- A. Attachment theory
- B. Operant conditioning
- C. Hierarchy of needs
- D. Sublimation

7. Which of these once-trendy quality systems, embraced at times by Motorola, General Electric and others, aimed to keep defects below 3.4 per million opportunities?

- A. Sigma Nu
- B. Six Sigma
- C. Delta 34
- D. 3.4 Omega

8. "In Search of Excellence," first published in 1982, influenced a generation of managers with such ideas as lean organization and staying close to the customer. Tom Peters was one author. Name the other.

- A. William Ouchi
- B. W. Edwards Deming
- C. Robert H. Waterman Jr.
- D. Peter Drucker

Continued opposite page

Fitbit's Quest

To Be Your Health Monitor, For Body And Soul

The company's CEO on new products and new competition

By JOHN D. STOLL

When Fitbit Inc. launched its first wearable fitness tracker, the market was mostly confined to low-cost pedometers. Thirteen years later, people are hungry for devices that monitor everything from blood oxygen to sleep patterns, which has lured tech giants such as Apple Inc. into the segment.

James Park, Fitbit's co-founder and chief executive officer, is intent on not being left in the dust. Fitbit's new Sense smartwatch, which recently went on sale, is packed with the latest health-tracking features. The company also is testing whether its devices might eventually be used to detect influenza or Covid-19 before the wearer even shows symptoms.

Mr. Park's ability to keep up with the competition might ultimately depend on Fitbit's access to capital and talent. To that end, Fitbit has agreed to be bought by **Alphabet Inc.'s Google** in a \$2.1 billion deal that is still under review by regulators.

The 43-year-old Mr. Park recently talked to The Wall Street Journal about Fitbit's transition, the intensifying competition and his expectations for life under Google control. Edited excerpts follow.

WSJ: You have a new smartwatch on sale, you're about to be acquired by Google, and you are increasingly focused on helping users monitor their health minute by minute. Can you talk about this from your viewpoint?

MR. PARK: The company started off really focused on getting people to become more active and more fitness-focused. The past couple of years it's really about transitioning to becoming a much more integral part of people's health journeys. So we've been aggressively investing in transforming the company, and the launch of Sense, in particular, is really the result of that investment.

Sense has a lot integrated into it that could have a meaningful impact on people's health. There's EDA [an electrodermal activity sen-



'The only way for a smaller company to thrive is to be really focused on the areas of innovation that work well for them.'

—JAMES PARK

Inside Peloton's Efforts to Keep Growing After the Pandemic Ends

By NINA TRENTMANN

Peloton Interactive Inc.'s stationary bikes and remote fitness classes have been in high demand since the coronavirus pandemic began, as gyms closed and millions of people were cooped up at home. Orders for new bikes surged, and Peloton stopped most advertising for several months as it struggled to fulfill demand.

More than six months into the pandemic, wait times for new bikes have been reduced, while orders remain up. The company recently reported its first quarterly profit, and the number of \$39-a-month connected-fitness subscriptions for owners of Peloton bikes and treadmills more than doubled. The company's challenge now is to figure out how to sustain that growth as gyms in parts of the country reopen.

Jill Woodworth, age 48, has been Peloton's chief financial officer for about 2½ years. The Wall Street Journal talked to her recently about Peloton's goal to become the "largest connected fitness platform in the world" and the challenges the company could face along the way. Edited excerpts follow.

WSJ: You had strong growth in your latest quarter. What is the company's strategy for the coming months?

MS. WOODWORTH: With over 180 million people around the globe who pay monthly for access to a gym, and only 31 million members on our platform today [a connected-fitness subscription can have more than one member], we believe we have a tremendous runway for growth. We think there's a fairly large percentage of the population who are unlikely to, or who

may not ever, return to a gym. So for us, we think it's important to continue growing our connected-fitness memberships as quickly as we possibly can to keep our first-mover advantage.

WSJ: You're competing with gyms. Are there people on your platform who have gym memberships, too?

• Peloton Facts

Founded: 2012
Headquarters: New York
Price range of bikes: \$1,895 to \$2,495
Price range of treadmills: \$2,495 to \$4,295*
Cost of monthly connected-fitness (all access) subscription: \$39
Connected-fitness subscribers at year-end 2019: 712,000
Subscribers at end of June: 1.1 million
Revenue for six months ended in December: \$694.3 million
Revenue for six months ended in June: \$1.13 billion
*\$2,495 treadmill coming in early 2021. Source: the company

MS. WOODWORTH: That percentage has declined from about 60% of our members two years ago to less than 40% today. We continue to add more value to the connected-fitness subscription. For example, we just announced the addition of Barre [a ballet-inspired fitness workout].

WSJ: You recently launched a new bike. Are you going to need a bigger product line to keep people exercising in their homes?

MS. WOODWORTH: To win in global connected fitness, we have to win in cardio. And we have to win in strength training. Those are the two pillars within fitness. We now have a "better, best" portfolio in bikes [after launching the Bike+ in September]. And when we launch our new Tread later this year in the U.K. and in the U.S. and Canada early next year, we will have a "better, best" portfolio of treadmills. For strength, we will turn more to our digital content. It is unlikely to require heavy investments in any hardware. Most of what you need to do strength training is either your own body weight, or a set of free weights or resistance bands.

WSJ: How much is pricing an obstacle as you look to increase your membership? Your lowest-priced bike still costs nearly \$2,000.

MS. WOODWORTH: We do a ton of research on the pricing of our products because we know the No. 1 barrier to purchasing a Peloton product is our price. We believe that when we make these products at scale, and we focus on just a few handfuls of models, that over time we will

get product cost efficiencies and pass that saving on to the customer.

WSJ: You booked a profit last quarter, the company's first. How do you balance growth versus profitability?

MS. WOODWORTH: Peloton is still a reasonably young company. If we want to become the global connected-fitness platform leader, we have to give priority to growth over profitability. It's about investing aggressively in new products, scaling our manufacturing capabilities, introducing new software features, adding more programming to capitalize on this massive global opportunity. We felt comfortable lowering the price of our original bike, because we know ultimately that will lead to further top-line growth expansion over time.

WSJ: What is the company doing to make sure its holiday ads hit the right tone, given that many people criticized last year's ad, in which a man gave a woman a stationary bike as a gift, as sexist?

MS. WOODWORTH: We learned a lot from that. Obviously, we need to do a better job of how we convey what we're about when taking into consideration what might already be planted in people's minds as it relates to fitness itself.

WSJ: Has the pandemic helped Peloton attract a part of the population it wasn't able to attract previously?

MS. WOODWORTH: The data suggest we have significantly expanded our market opportunity. Nearly 50% of the bikes that we sold in fiscal 2020 were to households making less than \$100,000 in income.

Ms. Trentmann is a news editor at The Wall Street Journal's CFO Journal in New York. Email nina.trentmann@wsj.com.

WSJ: How do you continue to run the company fast and aggressively, while waiting to be part of something bigger in Google?

MR. PARK: We should always act like we're an independent company. That's kind of the way we're continuing to do it. We're creating operating plans as if we're independent, our product road map as if we were independent, etc.

WSJ: How instrumental can your devices be in detecting Covid-19?

MR. PARK: We had some preliminary data internally that our devices could be used to detect Covid-19. That was started by a study a year and a half ago with the Scripps Research Institute around influenza detection using wearables, which had really strong results. And we thought these are types of respiratory illnesses. Could we use the data to actually detect Covid-19?

WSJ: What's the outlook?

MR. PARK: I'm cautiously optimistic, and I say that because we haven't had regulatory approval. But in our trial of over 100,000 people, the devices were able to detect Covid about a day or two earlier than the onset of symptoms in about 50% of those who were later diagnosed as Covid positive. If you think about that in conjunction with regular testing, it can have a profound impact on the ability for public health and affect the transmission of the disease.

Just knowing a day or two earlier that you should start quarantining is pretty important.

Mr. Stoll is a columnist for The Wall Street Journal in Detroit. He can be reached at john.stoll@wsj.com.

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Just knowing a day or two earlier that you should start quarantining is pretty important.

Mr. Stoll is a columnist for The Wall Street Journal in Detroit. He can be reached at john.stoll@wsj.com.

WSJ: How do you continue to run the company fast and aggressively, while waiting to be part of something bigger in Google?

MR. PARK: We should always act like we're an independent company. That's kind of the way we're continuing to do it. We're creating operating plans as if we're independent, our product road map as if we were independent, etc.

WSJ: How instrumental can your devices be in detecting Covid-19?

MR. PARK: We had some preliminary data internally that our devices could be used to detect Covid-19. That was started by a study a year and a half ago with the Scripps Research Institute around influenza detection using wearables, which had really strong results. And we thought these are types of respiratory illnesses. Could we use the data to actually detect Covid-19?

WSJ: What's the outlook?

MR. PARK: I'm cautiously optimistic, and I say that because we haven't had regulatory approval. But in our trial of over 100,000 people, the devices were able to detect Covid about a day or two earlier than the onset of symptoms in about 50% of those who were later diagnosed as Covid positive. If you think about that in conjunction with regular testing, it can have a profound impact on the ability for public health and affect the transmission of the disease.

Continued from opposite page

9. In the 1980s, Western interest blossomed in the Japanese management notion of *kaizen*. Roughly speaking, what does it mean?

- A. Continuous gradual improvement
- B. Sudden revolutionary change
- C. Idea sharing among leaders of a keiretsu, or network of linked corporations
- D. A samurai spirit of courageous entrepreneurship

10. Emerging from the realm of software development, "agile" approaches to innovation have become a trend in a variety of fields. Which of these is one of the more popular elements?

- A. Scrum
- B. Lean development
- C. Kanban
- D. All of the above

Answers

1. B. "The Discourses" considers leadership in a republic, but many of its principles can be applied to modern corporations. On succession, for example: "After an excellent prince, a weak prince can maintain himself, but after a weak prince, no kingdom can be maintained with another weak one." "The Discourses" was published posthumously in 1531, a year before "The Prince."

2. C. Weber, a German sociologist (1864-1920), articulated some of the reasons bureaucracy is so important in his posthumously published "Economy and Society." He saw bureaucracy as a rational mechanism for administering ever-larger enterprises, offering such advantages as efficiency, continuity, and record-keeping that enables accountability. At the same time, bureaucracy promotes fairness by relying on rules, thereby diminishing the importance of connections, heredity and other impediments to status mobility, he wrote. But Weber believed these advantages came at significant cost to human freedom, which would be hemmed in by bureaucracy's "iron cage."

3. A. Although esteemed in her day, Follett was soon forgotten. But more recently she has regained recognition as she has caught up to her advanced ideas. Leadership expert Warren Bennis said: "Just about everything written today about leadership and organizations comes from Mary Parker Follett's lectures and writings."

4. B. The meat business used "assembly" lines for disassembling carcasses. Ford's more famous assembly lines were true to their name, driving down the cost of cars. By pioneering both mass production and high industrial wages, he forced competitors to do likewise and helped create a middle-class society.

5. D. Taylor (1856-1915) observed production workers, sometimes with a stopwatch in his hand, and redesigned their activities to eliminate wasted time and motion. Changes in the name of efficiency could include new tools and breaking jobs down into simpler repetitive tasks. This became known as "Taylorism." Workers and unions came to resent the fast, boring work that often resulted, but efficient task design has remained a part of mass production.

6. C. Maslow's five-part hierarchy of needs begins with such physical requirements as food and sleep, moves on to safety and social needs, includes the need for esteem and culminates in a kind of fulfillment. "What a man can be, he must be," Maslow said. "This need we may call self-actualization."

7. B. Six Sigma was introduced at Motorola during the 1980s, when the high quality of Japanese manufacturing was forcing competitors to raise their game. (The Greek letter sigma is the symbol for standard deviation in statistics.) Jack Welch made Six Sigma a priority at GE. But interest in the system peaked in the early 2000s, declining since then with GE's fortunes.

8. C. The book, a bestseller, arose from work that Waterman and Peters did at McKinsey, where both had been consultants. Peters later said that he'd thought everything in the book was new until he realized that much of it had been covered in one form or another by Drucker's book "The Practice of Management."

9. A. *Kaizen* requires managers and workers alike to participate, holds that people are a company's most valuable asset and requires quantitative measures of activities.

10. D. Agile's advocates present it as a nimble, team-oriented alternative to command-and-control management. Scrum focuses on teamwork. Lean development is about cutting waste. Kanban is a visually based project-management approach.

Mr. Akst is a writer in New York's Hudson Valley. He can be reached at reports@wsj.com.

JOURNAL REPORT | C-SUITE STRATEGIES

Websites Redesign With Elderly In Mind

Faced with users who have deteriorating vision and dexterity, some companies are making their sites easier to navigate and easier to read. The pandemic makes updates even more important.

By KATIE DEIGHTON

Text that is difficult to see clearly. Small buttons that are hard to select. Key content hidden behind confusing icons. These are just some of the reasons why many older adults with deteriorating vision and dexterity say they struggle to navigate the internet, an issue that has come into sharper focus recently as the pandemic forces more people to take care of business online than ever before.

This was an issue, of course, well before the pandemic, and some companies had already started to redesign their websites to better serve seniors. While most of these firms provide products and services that cater to older adults, some consultants and designers say the changes they are making could soon be embraced more broadly, as the senior population—and its buying power—grows.

“The economy is shifting,” says London-based designer John Corcoran, who predicts that companies will become increasingly attuned to the needs of the baby-boom population when designing apps and websites.

A U.K. study from Beyond Consultancy, a design-and-technology consulting firm, and Savanta Group Ltd., a marketing-research firm, found that 58% of people age 65 and over say they have increased their use of technology over the past six months, but only 42% of the same group say they find technology straightforward to use and 13% say they find going online a frustrating experience.

Seniors will quickly abandon a company website that is inaccessible to them, which—in a pandemic-driven time of online services and commerce—equates to abandoning the company, says Nick Rappolt, the chief executive officer of Beyond.

Importance of contrast

Andrea Cosindas, a 73-year-old former teacher from Holbrook, Mass., goes online once a week to check her email, bank accounts and work intranet at Nordstrom.com, where she is employed part time. Sometimes she reads the news online or uses the Waze app on her phone for driving directions.

Other than that, she avoids the internet because she often finds it hard to use.

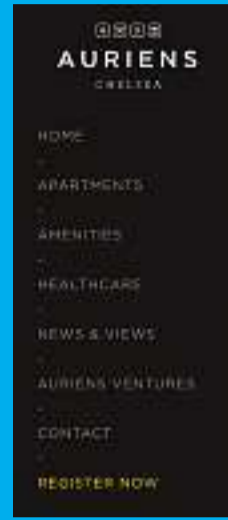
“My vision has gotten worse over the years, so the font on my phone is often too little to see, but using the computer at home is less convenient,” Ms. Cosindas says. “Sometimes it’s hard to distinguish between the period and comma. And it’s also really frustrating when I ask Siri something and she can’t understand what I’m saying.”

Apparently she isn’t alone. A 2017 study from the Pew Research Center

Easy on the Eyes

To accommodate seniors, companies such as Auriens, a London senior-living development, are designing websites to be easier to read and navigate.

Rather than hiding links in a dropdown menu, site displays navigation options on a sidebar section. Names are simple.



Pared-down website prioritizes clear signposting of information.

Sans-serif font

LOCATION

Linear, well-labeled design, akin to that of a newspaper.

Pop-up messages that are tricky to click out of are banned.

High-contrast color palette of orange on black enhances visibility.

REGISTER NOW

Offers ways to get in touch both online and off-line (via a phone number)

info@auriens.com
0203 870 7970

Site requires no more than a few scrolls to reach the bottom.

Source: Auriens Ltd., WSJ reporting



found only 26% of internet users ages 65 and over were “very confident” when using computers, smartphones or other electronic devices. Older people who reported health problems, disabilities or handicaps were less likely to use the internet at all, the report found.

Prescription-discount company SingleCare, which is owned by Boston-based RxSense LLC, has been gradually redesigning its website to better serve the needs of users 50 and older since its launch in 2015. Research from focus groups found older people like it best when they complete a task on the site in three steps or less, says Alex Zaky, senior vice president of product, who is based in New York City.

“As a result, we’ve streamlined our navigation, simplified nomenclature with user-friendly terminology and increased sizes of buttons for ease of use,” he says.

The SingleCare website has been adjusted visually, too. Any

fields where users need to input text are white, so they’re clear and easy to see, and important text has been made bigger, Mr. Zaky says.

Text size that is smaller than 12 points is difficult for those with imperfect vision to read, says Mr. Corcoran, the London designer. Sans serif fonts are preferable to serif type, too, he says, because the small strokes added to the end of a serif letter or symbol can “break up” in the eyes of someone with deteriorating eyesight. Websites should make sure not to lock things down or place text on the page as an im-

age file, he adds. “The end user needs to be able to resize, recolor and change the font based on their own individual needs,” he says.

Arguably the biggest help for those struggling to read information up close is contrast, says Jonathan Hassell, founder and CEO of Hassell Inclusion, an accessibility consulting firm based in London. The yellow and black used in international airport signage works well as a high-contrast text and background color pairing, he says; SingleCare opted for a high-contrast palette of white, purple, pink and a bright lime green.

Auriens Ltd., a luxury London senior-living development set to open in 2021, also opted for a pared-down website that gives priority to clear signposting of information. Rather than hiding section links in a dropdown menu, the site displays all of its navigation options on a sidebar.

“It’s all about being logical,” says David Meagher, CEO of Auriens. “Consistency is important.”

The use of bright, bold colors is central to the design of Ageist, a media platform founded in 2015 for those over 50.

Ageist says its website, which is updated frequently to improve the user experience, is designed for easy navigation: Menu items are displayed clearly at the top of the home page, and the site requires no more than a few scrolls to reach the bottom. Websites with infinite scrolling, whereby a user can never reach the “end” of a site’s content, aren’t popular among older people, says the platform’s 61-year-old founder, David Stewart.

A linear, clearly signposted design, akin to that of a newspaper, is the format in which they want to consume information, he says. And the idea of spending hours on the internet in the hopes of finding something cool isn’t appealing to many people 45 and older, Mr. Stewart says. “We’re not that amused by going down a rabbit hole of discovery,” he says.

‘Fiddly’

So why haven’t more companies changed their websites to accommodate seniors, given the size and buying power of the audience? The problem isn’t the complexity of the design, says Mr. Hassell. It is the complexity of the audience and their manifold needs.

Many designers know they need to accommodate users with extreme forms of disability, Mr. Hassell says. What they don’t often consider is the experience of those living with several mild but limiting impairments—the subtle, multipronged deterioration of things like near vision and dexterity that often comes with age.

Accessibility legislation, like the Americans with Disabilities Act, and organized accessibility campaigns similarly concentrate on the needs of people with severe disabilities such as blindness, rather than multiple minor impairments, such as those older people have, he says. What’s more, he says, older people often don’t have the technical language needed to formally complain about their issues online.

“What they normally do is describe things with words like ‘fiddly,’ when what they mean is something has been designed for someone with a lot more dexterity or precision than them,” he says.

Still, Mr. Hassell says he expects calls for a better web for seniors to grow as the demographic gets larger and older adults leverage social media to articulate their demands en masse. “Legislation can help,” he says, but it’s really “about getting the CEOs and information officers of all companies to take it seriously.”

Ms. Deighton is a reporter for The Wall Street Journal in London. Email her at katie.deighton@wsj.com.

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The SAP logo, consisting of the letters 'SAP' in white on a blue background with a white triangle pointing to the right.A man with a grey beard and glasses, wearing a denim shirt, is smiling and looking down at a document he is holding. He is also holding a power drill in his other hand. The background is a brick wall.

340% INCREASE IN ONLINE SEARCHES
FOR POWER DRILLS

6X INCREASE IN DAILY
ONLINE ORDERS

3,578 ON-TIME DELIVERIES THROUGH A
SCALABLE E-COMMERCE PLATFORM

**SAP® Customer Experience
Solutions** help you listen to
your customers, understand
expectations and deliver on
them, whenever, wherever.

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WE GOT
THIS**

sap.com/cxtogether

How Consumers Really Use Online Product Reviews

Research suggests that four stars can be better than five, that ratings matter more for goods than for experiences—and much more

BY ANDREW BLACKMAN

Do online consumer reviews really matter? Yes, but in ways that might surprise a lot of people. A moderately worded four-star review, for instance, can sometimes be more persuasive than a five-star rave. People pay more attention to reviews written using mobile devices. And talking about previous purchasing mistakes makes a reviewer seem more trustworthy.

These are just some of the conclusions from recent academic research on consumer reviews. As more and more shoppers choose to block online advertisements and tune out companies' messages, they are increasingly relying on reviews to help them make buying decisions—with a big impact on companies' bottom lines. An increase of a single star in an overall rating on review site [Yelp.com](#) boosts a restaurant's revenue by 5% to 9%, according to research by Michael Luca, an associate professor of business administration at Harvard Business School.

"If anyone doesn't realize the value of online reviews and word-of-mouth, they are not understanding how to do business in a digital world," says Lauren Grewal, assistant professor of marketing at Dartmouth College's Tuck School of Business.

Here's a closer look at what the latest research shows about what customers are looking for with online reviews, what makes them trust a particular review, and what makes them pull out the credit card and place an order.



Nearly **95%** of shoppers read online reviews before making a purchase

When a 4 is better than a 5

If you're selling a product, which would you prefer: a glowing five-star review or a moderately positive four-star one?

It turns out that the four-star review can sometimes be more persuasive. What matters most is whether the review deviates from the crowd.

Daniella Kupor, assistant professor of marketing at Boston University's Questrom School of Business, gave volunteers a chance to buy a product with a slew of five-star reviews. Participants were shown the most recent review, which in some cases was another five-star write-up, and in others was a more moderate rating of four out of five. The moderate review persuaded 19% more people to buy.

"We found that when people saw the four-star review, they thought that the reviewer was more thoughtful and that the reviewer's evaluation was more accurate," says Prof. Kupor. As a result, they were more interested in trying the product.

The lesson from this research? "One implication is that marketers might potentially increase sales by featuring reviews that have obviously deviated from the default," Prof. Kupor says. Highlighting thoughtful reviews also could boost sales, she says. "A very thoughtful, moderately positive review can more greatly persuade people to purchase a product than an extremely positive review that clearly didn't result from a lot of thought."

32% of consumers visit a local business's website after reading a positive review



Mobile reviews boost sales

People are more likely to buy a product after reading reviews written using a mobile device, according to research by Prof. Grewal at Dartmouth.

In the study, participants were shown moderately positive hotel reviews with identical text, the only difference being that some reviews were marked as having been written "via mobile." Those who saw the reviews written on mobile devices were more likely to consider staying at the hotel than those who read the desktop reviews.

Why? Because people thought it took more effort to write a strong review on a mobile device, the study found.

"When things are seen as more effortful, they typically are seen as being higher quality, and in this case it increased the perceived credibility of the review," says Prof. Grewal.

Companies could encourage customers to write reviews on their mobile devices, she suggests. And websites that don't already indicate whether a review was written on a mobile device should consider adding

that information. The good news for companies is that while the mobile effect amplifies the impact of positive reviews, the research didn't find a similar effect for negative reviews.

270%

The increased purchase likelihood for a product with five reviews vs. a product with no reviews at one retailer studied



Mistakes increase trust

It turns out that people pay the most attention to reviewers who admit that they've made mistakes when buying similar products in the past.

"What it signals is that because you've made the mistake, now you're motivated to not make another one," says Taly Reich, associate professor of marketing at the Yale School of Management. "A mistake motivates us to learn more about the category, and to invest the time and resources to do that."

One of Prof. Reich's experiments involved showing people reviews of Altoids mints, and then offering them either a box of mints or a payment of \$1. Only 22% of people chose the mints over the money when reading reviews that made no mention of mistakes in previous purchases, but for those reading reviews that did mention mistakes, that number jumped to 35%.

"The biggest takeaway for companies is in terms of what reviews to feature," says Prof. Reich. "Just look at the reviews you have and select ones that refer to a previous mistake, and you can feature those ones or bump them up to drive more sales."

Doing so could give a company a leg up on the competition: Prof. Reich surveyed experienced marketing professionals, and most of them thought that hiding mistakes would result in more sales.

5% to 9% Rise in revenue from an increase of a single star in a restaurant's overall Yelp rating

Turn negative reviews to your advantage

Every business owner dreads receiving a vicious, unfair one-star review. But new research shows that instead of being put off by those harsh reviews, many customers end up empathizing with the company and being more likely to buy its products.

"If you get unfair negative reviews, don't try to hide them," says Thomas Allard, assistant professor of marketing at Nanyang Technological University in Singapore. "Our research shows that people tend to have a positive response, especially when the reviews are followed by a very personalized response from the company."

That doesn't mean that all one-star reviews are good, of course—the empathy effect only kicks in when people see a review as unfair. That tends to happen when the reviewer is complaining about something outside the company's control or making excessive demands. According to Prof. Allard, a quarter of all the negative reviews his team examined were unfair.

Companies have even used negative reviews in advertising campaigns, he says, while others have seen success from responding to unfair complaints on social media. It's a good idea to give your own name or the names of staff members in responses, Prof. Allard says, so that readers can empathize with you as people, not a faceless company.

"A lot of companies want to move those difficult conversations offline, but we're saying maybe keep it online," he says. "Personalize it, show that you care. Remember that your response is not directed at that person who's complaining—it's directed at third-party readers. A lot of those people will empathize with you if the complaint is unfair."

JOURNAL REPORT | C-SUITE STRATEGIES

380%

The increased purchase likelihood for higher-priced items that display reviews



Reviews matter more for goods than for experiences

People who pore over reams of restaurant reviews before making a reservation may find this one hard to believe, but new research shows that people generally pay more attention to reviews when they're buying physical products such as shoes or jewelry. For experiences like restaurant visits or watching a movie, they're less likely to rely on other people's opinions.

"People think experiential products are less likely to be objectively evaluated on their quality," says Hengchen Dai, assistant professor of management at the Anderson School of Management at the University of California, Los Angeles. "As a result, they think those reviews are less useful."

Prof. Dai analyzed the helpfulness ratings on millions of Amazon product reviews. Separately, she showed product reviews to volunteers and asked them to decide whether they wanted to buy those products. In both cases, the pattern was clear: People relied on reviews more for material products than for experiences.

The research shows that businesses selling physical products should take consumer reviews especially seriously, Prof. Dai says. Those providing experiences, on the other hand, could focus more on other marketing channels, she says.

89%



of people ages 35 to 54 trust online reviews of local businesses as much as personal recommendations

Beware the binary bias

Wherever you see reviews online, you're also likely to see those helpful little bar charts summarizing how many five-star reviews there were, how many one-star, and everything in between. They give us an instant snapshot of how popular or unpopular a product is.

The trouble is, some people may be reading those charts all wrong.

Matthew Fisher, assistant professor of marketing at Southern Methodist University, uncovered an effect he calls the "binary bias." When people see charts like this, they tend to take a mental shortcut, he says: They categorize all four- and five-star reviews as "good" and all one- and two-star reviews as "bad," and then they choose the product with more

"good" scores than "bad." It's a decent way of making a quick judgment as you scroll down a webpage, but it doesn't always yield the best results.

"People in our studies often ended up choosing a lower-rated product simply based on the shape of the distribution," says Prof. Fisher. They might, for instance, choose a product with an average rating of 3.8 stars instead of one with an average 4.2 rating. The behavior persisted even when experimenters displayed the average scores above the charts.

The lesson? Although nuances matter when people take the time to read reviews, they don't have as much impact in people's initial, quick analysis based on review scores. In this scenario, it's all about good or bad, thumbs-up or thumbs-down, Prof. Fisher says.

So rather than swinging for the fences in the hope of converting some 4s into 5s, this research suggests companies might be better off focusing on avoiding the 1s and 2s. "Just getting people to give you a score above neutral is a big win," he says.

Tell a good story

What does a hotel review have in common with a Shakespeare play? More than you might think, according to new research by Tom van Laer, associate professor of narratology at the University of Sydney Business School.

In analyzing more than 190,000 consumer reviews, he says, "We found a strong statistical relationship between reviews that were deemed helpful to readers and the elements of literary art."

In other words, telling a good story makes a review more compelling. Many of the most popular ones contained key elements of storytelling, such as a character who goes through a series of dramatic events and is changed by the experience.

In a series of follow-up experiments, Prof. van Laer established that people who read reviews with strong narratives were also more likely to have a positive attitude toward the brand or product discussed, and were more likely to buy the product being reviewed.

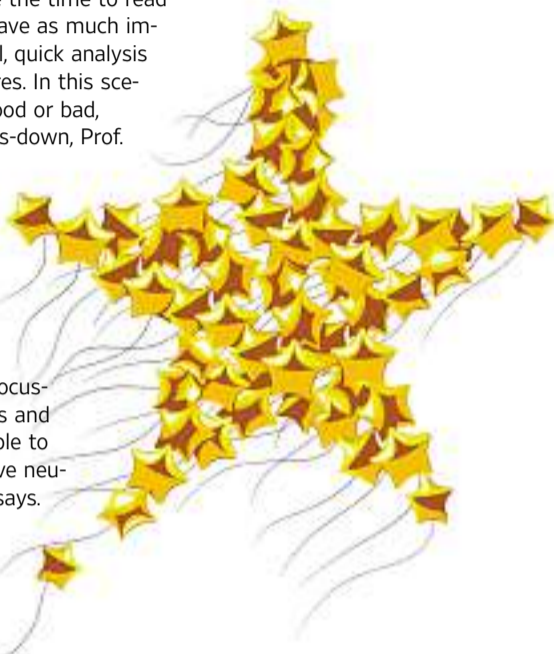
Businesses, of course, can't control the literary skills of online reviewers, but they can try to think of the customer experience in terms of a story, making it easier for consumers to write compelling reviews. "You can help a reviewer by making things seem like a story, with a clear beginning, middle and end, and with a dramatic climax," he says.

Consumers, on the other hand, should be aware that what they think is a helpful review might just be a good story. And thanks to common website algorithms, it's the good stories that often get bumped to the top of the review lists, not necessarily the more analytical reviews. "It's great to lose yourself in a story," Prof. van Laer says, "but you're not always making the most informed decision as a result."

Mr. Blackman is a writer currently based in Belgrade, Serbia. He can be reached at reports@wsj.com.

15%

Increase in purchase likelihood from verified reviews vs. anonymous reviews



4.0 to 4.7 stars

The rating range where purchase likelihood typically peaks across product categories, before decreasing as ratings approach 5.0



16%

of consumers visit a local business after reading a positive review



★ The Smartest Ways to Use Online Reviews When Shopping

When sifting through online reviews, shoppers may fall prey to some common psychological pitfalls. For instance, they over-rely on entertaining stories that get bumped to the top of the list for the wrong reasons, or they click away from a product with one terrible review.

Here are some tips for getting the most out of other consumers' reviews and ratings, based on the latest insights gleaned from research.

1. Look for reviews that deviate from what most people are saying. We tend to be drawn to what the herd is doing or saying, so seek out a reality check. In the case of a product that gets lots of positive reviews, for instance, look for moderate or negative ones.

2. Don't write off reviewers who bought something they didn't like and ended up replacing it. In fact, research shows that reviewers who admit having made a purchasing mistake in the past are often perceived as more trustworthy.

3. Focus on the specifics. Look for specific, objective statements about quality, not just the reviewer's taste or opinion. For example, "The strap broke after two months" (quality), not "I hate the color" (taste).

4. Read the charts carefully. It's common to eyeball the bar charts of review scores and jump to incorrect conclusions about the numbers. Instead of focusing on the bars, look at

overall average scores.

5. Don't fall for the stories. We all love a good story—perhaps a little too much. Reviews that tell a story are more persuasive, but they're not necessarily the most helpful. Make sure you're getting useful information, not just being swept along by an entertaining tale.

6. Take one-star reviews with a pinch of salt. Sometimes people hate a product for good reason, but other times they're just blowing off steam. Recent research found that a quarter of negative reviews were unfair, meaning that the reviewer was complaining about something outside the seller's control or making excessive demands.

7. Beware active reviewers: A 2019 University of Hamburg analysis of fake reviews on mobile-app stores found that fake reviewers submit 12 times as many reviews as genuine customers. They also tend to write slightly longer reviews, and the top five words used more often in fake reviews were "simple," "super," "little," "recommend" and "well," according to one of the authors, Daniel Martens.

8. Don't be seduced by high numbers. A 2017 study led by Derek Powell at Stanford University's Department of Psychology found that people tend to favor products with lots of reviews, even when those reviews are bad. Resist that temptation, and instead go for quality over quantity.

—Andrew Blackman



✈️ Free Shipping? Companies Should Think Hard Before Offering It

By LISA WARD

Online retailers have long used free shipping to encourage customers to buy more products. But a new study suggests that free-shipping promotions can reduce a company's profits.

The paper, published in May by the Journal of Marketing Research, analyzed purchases made from a single large European retailer and found that free shipping did incentivize customers to buy more. But it also increased purchases of items that historically have higher return rates, such as clothing or products from lesser-known brands. Thus, returns also increased as a result of the promotions, to the point where profits were erased.

In one part of the paper, during the typically four-week periods



Some customers view free shipping as compensation for taking a risk.

when free shipping was offered, online order volumes rose 11%. But when the cost of returns was tallied against the sales proceeds, the authors calculated that on balance

the results for the promotion periods amounted to an average 0.7% loss.

Scott A. Neslin, a professor at Dartmouth College's Tuck School

of Business and co-author of the study, says the company in the study averaged a 37% return rate for the three-year period over which data was collected. That means for every \$100 worth of goods a customer bought, \$37 of goods were returned.

In one analysis that ran for two months, the researchers found that the return rate for customers who bought low-risk products—like office supplies, or products from well-known brands—averaged about 22%.

In another analysis, the researchers attempted to better understand motivations of online shoppers by measuring their attitudes toward free shipping. They found two things were happening. First, consumers saw free shipping as compensation for taking a risk on a product. And second, feelings

of gratitude for having shipping costs eliminated made them happy and thus more willing to make a risky purchase.

Prof. Neslin advises companies to look at whether their own free-shipping promotions are profitable before they launch such campaigns.

Also, he advises companies to identify which products get returned more often than others and try to provide customers with more information about those products, so they can make more-informed choices.

"More information can help educate the buyer, reduce the risk and lower the likelihood of returns," he says.

Ms. Ward is a writer in Winhall, Vt. She can be reached at reports@wsj.com.

**BY THE TIME YOU
FINISH READING
THIS HEADLINE,
RESILIENCE FOR
YOUR INDUSTRY
HAS BEEN
REDEFINED.

AGAIN.**

Wildfires. Hurricanes. Lockdowns. A pandemic. All of this leading up to the most controversial election in years. This is a series of perfect storms coming together to test what we're made of. Each one wanting to see how quickly we'll bounce back from whatever else 2020 throws at us. But no matter what curveballs this crazy world hurls at us, there's one choice we can all make right now to ensure we'll rise up to the challenge: that choice is resilience. Choosing resilience is more important now than ever before. At FM Global, we help businesses and their leadership choose to be resilient by taking a unique and proactive approach to their commercial property insurance. But in today's world, we think everyone needs to redefine what resilience means for them. To us, it means choosing to move forward, no matter what. It means preparing now to ensure that nothing can or will stop us from working together to lift one another up and leading by example to be the good the world needs. By coming together and making the choice to be resilient now, we will do more than get through 2020—we'll confidently move forward into whatever the future brings.

RESILIENCE IS A CHOICE.



JOURNAL REPORT | C-SUITE STRATEGIES



◀ Home Depot prepared for a drop in traffic but saw a surge instead.

sults based on the various fencing needs they may have. As an example, within a couple clicks, we can determine that the intent of the project is to install a wooden fence for a yard, and we will help the customer with suggestions for additional tools and materials to complete the project. Suggestions may include concrete for the footings, hinges for a gate, and even a how-to guide for installing a backyard fence.

WSJ: How did you handle the pandemic's impact on logistics?

MR. CAREY: I'd say the supply chain in general across the U.S., just finding drivers and trailers, was a challenge. Making sure we could get products to the stores, a lot of that was human resources, a need to staff up. But we also had a brand-new distribution center that was going to come on line. Within two weeks, the use of that building was pivoted to become an online fulfillment center, to help offload the volume from the other online fulfillment centers. The flexibility of our software allowed us to do that.

WSJ: How are the stores seeing their customer change? Are more novices still jumping in?

MR. CAREY: We are seeing customers take on expanded projects throughout their homes that, in turn, create additional activity across the store. We are seeing their confidence grow after they complete their first DIY project—it may be a garden, it may be painting. With that confidence, we see them take on the next project that may grow in complexity, like installing ceiling fans or light fixtures.

WSJ: How has this crisis had a lasting impact on the way people shop for home products?

MR. CAREY: In many ways, Covid has fundamentally changed how consumers shop. For many customers, homedepot.com or the mobile app is the new front door to the store. Our digital sales increased by roughly 100% in Q2, with 60% of those sales being picked up at our stores.

Maintaining sales

WSJ: How is Home Depot planning to keep that pandemic home-improvement surge going? How are you going to keep people coming into your stores and not Lowe's? And once people are able to leave their homes, do you expect a drop in home-improvement interest? If so, how can you win them back?

MR. CAREY: We continue to invest in capabilities that make it easier for customers to choose however, whenever and wherever they want to shop with us.

Mr. Loten is a reporter for CIO Journal in New York. He can be reached at angus.loten@wsj.com.

Winning in Lockdown

Home Depot scored big as consumers took to DIY projects. Can it keep it up?

By Angus Loten

Home Depot Inc. reacted to the rapid spread of Covid-19 in the U.S. by canceling annual sales events and pulling many marked-down goods off the shelves to keep crowds away from stores. But rather than a drop in traffic, amid lockdowns and social distancing, customers began flocking to its physical and online stores, spending stay-at-home savings and government stimulus checks on home-improvement projects.

In August, the Atlanta-based company posted its strongest quarterly sales growth in nearly 20 years, with May-to-July revenue up 23% to \$38.1 billion, compared with the same period in 2019.

The digital technology needed to meet that rush in demand fell to Matt Carey, Home Depot's chief information officer. Mr. Carey and his team quickly spun out mobile apps for curbside-pickup services and real-time inventory-tracking software, among other tools. "It was like Black Friday every day," he says about the unexpected run.

Mr. Carey spoke to The Wall Street Journal about the efforts Home Depot made to get its technology in place and how it's handling the surge in business. Here are edited excerpts of the discussion.

• **Home Depot Facts**

Founded: 1978

Headquarters: Atlanta

Stores: 2,295 in the U.S., Canada and Mexico

Average store size: 105,000 square feet.

Pandemic bump: May-July sales jumped 23% from year-earlier period to \$38.05 billion

Daily foot traffic since April: Up 35% from 2019*

Curbside service: 60% of products bought online are picked up at the store

*Seven-day rolling average, according to smartphone location tracker Unacast Inc. Source: the company

The first steps

WSJ: Hardware stores were declared an essential service. But how did you keep stores open?

MR. CAREY: We went to crowd-limiting very early. Within 24 hours, we had an app deployed, running in the cloud, that allowed our associates to control the crowds coming in and out of the stores. You have a person who has a hand-held device in front of the store. As one customer goes in, you add them, and as one comes out, you subtract. Nothing high tech, but it did the job.

WSJ: What have you learned, and what would you do differently?

MR. CAREY: The past several months provided us a wealth of customer feedback, in a compressed time frame, related to the digital capabilities we offer. Take our curbside rollout, for example. We started with a very scrappy, manual process where a customer would arrive at the store after ordering online, inform an associate of their order number, and

pressed time frame, related to the digital capabilities we offer. Take our curbside rollout, for example. We started with a very scrappy, manual process where a customer would arrive at the store after ordering online, inform an associate of their order number, and

then the associate would get the order and bring it out. Associates were actually making handmade signs that said, "Curbside pickup, park here." We were able to introduce enhanced features very quickly. The experience today is now fully embedded into our app—customers can even opt in to location-based alerts that let the store know they've arrived to pick up their order.

The digital experience

WSJ: What was happening at the online store?

MR. CAREY: There was a significant spike in our online business. Because we earlier had invested in moving that platform to the cloud, it went off just great with no issues and we continue to handle that volume without a problem.

The great thing about the cloud is that you don't have to order hardware, bring it into your data center, get it set up on the data-center floor and wire it up. Obviously, there is lead time there. It's pretty clear that we would not have been able, had we hosted it ourselves, to withstand the volumes that we experienced, and are still experiencing, on the online platform.

WSJ: What's one example of how the online software might help customers get what they need for the project they're planning?

MR. CAREY: When a customer is searching for a term such as "fence" or "fencing," we will return a range of re-

Do You Hate Waiting in Line? New Research May Help

A single queue is assumed to be the quickest. But for some types of businesses, that isn't always true.

By Heidi Mitchell

Five years ago, a team of researchers challenged the conventional wisdom that the fastest-moving line is a single "pooled" line. Instead, the researchers found, splitting the pool into individual lines made them move faster.

Now new research from a member of the same team explores why this is so—and where multiple lines or single lines make the most sense.

In the original experiment, the researchers looked at patient wait times and length of stay in the emergency department of a California hospital from 2007 to 2010. They found that when the hospital switched from a pooled line to a dedicated-queue system in which patients were assigned to a specific doctor, patients saw an average 9% decrease in wait time and 17% decrease in length of stay. That translated into a 39-minute shorter stay for a typical emergency-room patient in that particular emergency department.

What wasn't clear was why. The researchers—Hummy Song, an assistant professor of operations, information and decisions at the Wharton School at the University of Pennsylvania, and her colleagues—had checked to see if the physicians might be speeding up service times by rushing to get through their waiting lines. Instead, they found

that physicians who had dedicated-queue configurations on average did their work faster but without compromising quality.

It struck Prof. Song that with a dedicated-queue system, "physicians could see who they were helping, who in the waiting room had been assigned to them and exactly how long their individual queue was," she says. "The doctors we interviewed said they felt more ownership when they could see which and how many patients were assigned to them."

Hence, the doctors wanted to serve as many patients as possible, which meant shorter wait times, concluded Prof. Song.

In a forthcoming paper in the journal *Operations Research*, Dr. Song and her co-authors, Guillaume Roels, professor of technology and operations management at Insead in France, and Mor Armony, professor of technology, operations and statistics at the Stern School of Business at New York University, developed mathematical models to see if service providers in other industries would behave the same way as those physicians. Their conclusion: The idea of a dedicated queue speeding up wait times applies, for the most part, to fields that are knowledge-intensive and



▲ **Single lines may not be fastest in knowledge-intensive fields such as personal banking and medicine.**

have high levels of customer ownership, such as medicine, personal banking or places like the Apple Genius Bar.

"The phenomenon is not expected to translate to anonymous call centers or other settings where the service provider doesn't have a relationship with the customer or the service is very routine, like at a grocery checkout or a factory with machines," Dr. Song says.

Prof. Song suggests that companies look at their organizational culture, seeing where there is room to encourage more customer owner-

ship, perhaps through incentives, and consider ways to change to a dedicated-queue configuration to achieve shorter wait times.

"We usually think about queues from the customer's point of view, but there is another human on the other end of that line," Prof. Song says. "Encouraging customer ownership by dedicating assignments to each server when planning queue configurations might shorten the wait and service time."

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JOURNAL REPORT | C-SUITE STRATEGIES

The Cookies Didn't Crumble

The new interim CEO of Girl Scouts talks membership, diversity and cookie sales during the pandemic

By SUZANNE OLIVER

Judith Batty made history in August when she was named interim chief executive of Girl Scouts of the USA. She is the organization's first Black CEO.

One of the biggest challenges facing the Girl Scouts is declining membership, a trend that had been under way for years when Ms. Batty joined the board in 2014. As CEO, Ms. Batty plans to stem that tide in part by continuing to roll out an updated software system that helps scouts, parents and volunteers connect and enhances Girl Scout programming nationwide. She also plans to make online events and programs more available.

"We need to meet the girls where they are, and they are very technical," says Ms. Batty.

Another of Ms. Batty's goals is to increase racial diversity in the Girl Scouts. In 2016, the most recent year for which data is available, Girl Scout membership was 71% white, while the U.S. population of girls was just 51% white.

Ms. Batty, who is 61 and has a law degree from New York University, worked for nearly three decades in the legal department of Exxon Mobil Corp., primarily overseas. From 2006 to 2009, she was general counsel of Exxon Mobil Japan.

She spoke with The Wall Street Journal about how being a Girl Scout affected her life and where

she wants to take the organization now. Edited excerpts follow.

WSJ: *Although the decline has slowed in recent years, Girl Scout membership has fallen to 1.7 million recently from 2.5 million in 2008. What is driving membership today?*

MS. BATTY: Membership trends are basically driven by two things: increased choice for girl activities, and girls' interests. There are just a lot more choices than there were 50 years ago.

Our retention numbers are very good, especially during the pandemic. This year we've seen higher retention in every grade from middle school to high school. Among 11th graders, retention climbed by 6 percentage points.

Diversity 'is a priority because our program is appropriate for all girls.'

—JUDITH BATTY

WSJ: *Why is retention improving?*

MS. BATTY: When the coronavirus first hit, we went virtual. We started a program we call Girl Scouts at Home, and we have activities either run by GSUSA or by certain local Girl Scout councils for various age groups. We saw great engagement especially from our older girls. Through the virtual activities, they are not only meeting the girls in their troop but girls across the U.S. and around the world who have the same inter-

ests they do.

More than 1,000 girls from all 50 states and eight countries participated in an online event about space exploration

WSJ: *What are your plans for increasing membership? Will Girl Scouts at Home be a part of it?*

MS. BATTY: Our digital offerings have been very successful, and we will continue to offer virtual and hybrid activities even after the pandemic.

WSJ: *Does the diversity of the Girl Scout membership match that of*

the U.S. population?

MS. BATTY: It does not, and we are working so that it does. That is a priority because our program is appropriate for all girls.

WSJ: *What steps will you take to make that happen?*

MS. BATTY: GSUSA will be doing a movement-wide audit to understand where the greatest need for this work is. We are looking at our programs, our training, our language, all of that. Diversity, equity and inclusion isn't just about numbers, and getting more girls in Girl

Scouts. It's about making people feel welcome and ensuring that all girls feel they belong in Girl Scouts. The worst thing would be to get the members and then have them leave us.

WSJ: *Do you think that your own racial identity is symbolic of those diversity goals? Is it helpful in any way?*

MS. BATTY: I don't know if it is helpful. I don't know if it is symbolic. I think that it is 2020, and it is time for us to have a Black CEO. I was actually kind of surprised that I was the first. My mother was a Girl Scout. I was a Girl Scout. So there have been Girl Scouts of all colors, races, denominations, forever, and I just think we need to reinforce that.

WSJ: *One of the goals of your predecessor was to expand the STEM programs in Girl Scouts. How has that affected the Girl Scout experience?*

MS. BATTY: We have always had badges that were mechanical and STEM-related. I think what changed is that people now recognize that we have more STEM experiences for girls than probably any other organization in the world, including the federal government. Last year, the girls participated in over one million STEM experiences, and there is no other organization that can say that.

WSJ: *The coronavirus hit during this year's cookie season. Did the Girl Scouts get stuck with excess inventory?*

MS. BATTY: Actually, the girls were amazing. They set up virtual cookie booths. They called their friends. And GSUSA set up a program called Cookie Care, and a number of our girls sold cookies through that. So, in the end, we did not end up with any more inventory than we normally do. It was good.

Ms. Oliver is a writer in New York. She can be reached at reports@wsj.com.



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FreeStyle Libre 2 system: The FreeStyle Libre 2 Flash Glucose Monitoring System is a continuous glucose monitoring (CGM) device with real time alarms capability indicated for the management of diabetes in persons age 4 and older.

WARNINGS/LIMITATIONS: The System must not be used with automated insulin dosing (AID) systems, including closed loop and insulin suspend systems. Remove the sensor before MRI, CT scan, X-ray, or diathermy treatment. Do not take high doses of vitamin C (more than 500 mg per day), as this may falsely raise your Sensor readings. Failure to use the System according to the instructions for use may result in missing a severe low blood glucose or high blood glucose event and/or making a treatment decision that may result in injury. If glucose alarms and readings from the System do not match symptoms or expectations, use a fingerstick blood glucose value to make diabetes treatment decisions. Seek medical attention when appropriate and contact Abbott Toll Free (855-632-8658) or visit www.freestylelibre.us for detailed indications for use and safety information.

JOURNAL REPORT | C-SUITE STRATEGIES



me from a big career rethink I didn't need.

You can get a different sort of 360 by looking at analytics that examine your social-media presence. I routinely use software to see which of my articles have been shared the most on different platforms, for instance.

This kind of close examination will show you the kinds of blog posts, photos, Facebook posts and tweets that draw the biggest response, which can provide an important clue about where you add the greatest value.

Test out the job

Let's say you've found a field or profession that appeals and for which you seem to be a great fit. Now consider a virtual test drive.

One simple method: Set up a blog or social-networking profile focused on an area you're thinking about moving into, and start posting. It is best to put up material regularly for at least two or three months to see if you maintain your interest.

Another way to get a taste test is to take an online course in your new proposed field. Don't think just in terms of accumulating credentials or skills; it is useful to take a course that will give you a feel for the breadth of work or the culture of the field. Also consider taking a participatory class, so you can get a sense of personalities and even start to form collegial relationships.

A volunteer engagement is another terrific way to gain some perspective and experience. If you have some credible basis for offering your services, try offering yourself as a pro bono service provider to a charitable organization. Right now, when everyone is working virtually, you don't have to be constrained by geography

A Career Change During Covid? How Technology Can Help

BY ALEXANDRA SAMUEL

If Covid has thrown your job, company or career for a loop, this may be the moment to think about not just a next move, but a larger career change.

Of course, such a move is impossible—or at least close to it—for many people who don't have the contacts or resources to make it happen. But for those lucky enough to take advantage of it, technology can help address some of the obstacles to making a midcareer shift—especially right now, when so much of the professional world has moved entirely online out of necessity.

By putting a range of professional conversations and communities at your fingertips, the internet makes it much easier to figure out which fields are the best fit for your interests and talents. And through low-risk, low-cost options for trying out new professional contexts—such as taking online courses or doing remote pro bono work—you can assess a new career direction before you take a leap.

Here is how to tap into all that to help plan a career change.

Assess your options

Before you start to make a move, get a feel for your options by eavesdropping on other fields and getting familiar with the cultures and opportunities they offer.

An easy place to start is by joining professional groups on LinkedIn, so you can watch (or join in) the

online conversation; many groups will welcome anyone who asks to come on board. Following a LinkedIn group for environmental lawyers, for instance, might confirm your hopes that this is a field you would like to leap into—or it might reveal political squabbles you'd find intolerable. Likewise, if you have friends or colleagues in this field, pay closer attention to them online and see what they share and respond to.

In addition, find the top Twitter hashtags, tweetups or Twitter chats in your new field and make a point of following or participating. You may

opportunities and expected qualifications.

Assess yourself

Next, figure out if your potential new field or career is actually the right fit for your particular skills and talents. There are many tech tools and strategies that can help you get a better perspective on your strengths and weaknesses.

One of my favorites is a 360-degree assessment that asks for online input from colleagues, bosses, direct reports and friends. This is

Through low-risk, low-cost options to sample new fields, you can assess a new career direction before you take a leap.

find a group of kindred spirits who share not only your passion for project management, but also your affection for dogs and gardening—or you may discover that they are snarky and gossipy in a way you hate.

For something that offers a bit more opportunity for (virtual) face time, you might also sign up for webinars and remote events; there has never been a better opportunity to attend conferences in lots of industries for low to no cost.

Finally, if you do all that and you're still torn between two or three different career paths, use Glassdoor, Payscale, LinkedIn, Indeed and other career sites to figure out pay ranges, volume of op-

best accomplished through a third-party consultant who can review and anonymize the results and help you make sense of them. When I completed an online 360 as part of a leadership program many years ago, I was surprised to learn I was a better manager than I thought, and that encouraged me to take on professional roles with more managerial responsibilities.

It can also be useful to do an online self-assessment. Twenty years ago, when I was first working as a digital business consultant, an online self-assessment found I was a perfect fit for a career as a (drum roll) digital business consultant. It was very affirming and kept

Network—a lot

Start building virtual relationships with people at the companies where you hope to find your next job via LinkedIn or Twitter, and if you're in a visual field, Instagram or Pinterest.

Don't forget to reframe your own digital presence. Look at all your business-related profiles online and shift what you showcase so you can position yourself for the job you want.

Once you've got the right foot forward, start to book online meetings that move you closer to your goal. Don't wait for a job opening to book these meetings—look for any opportunity to make new relationships with people in the companies or fields you're targeting.

Finally, get creative. You may get better and faster results to your meeting requests by developing your own project in your field of choice, even if it is just an excuse to book some calls or meetings. Write the short e-book you think the field needs, sharing best practices from process engineers; start a podcast about higher-ed tutoring; build a directory of leaders in community fundraising. You just need something you can use to set up 15-minute conversations that are a good use of everyone's time. And that something may turn out to be the first step in your brand-new career.

Dr. Samuel is a technology researcher and the co-author of the forthcoming book "Remote, Inc.: How to Thrive at Work...Wherever You Are." Email reports@wsj.com.

Why We Seem to Damage Our Phones Just When a New Model Comes Out

People need to justify a new purchase when their old phone works just fine. So they get careless.

BY CHERYL WINOKUR MUNK

A new iPhone comes on the market, and you accidentally damage your old one. Sound familiar?

A new study offers an explanation. Research published in June in Management Science suggests that when new models of a phone are released, consumers are likely to become more careless with their current device—perhaps unconsciously so—because if it were to break, that would give them a good reason to lay out the money for a new one.

"People need justification to

act," says Yaniv Shani, faculty member at Tel Aviv University's Collier School of Management, who co-wrote the study with Gil Appel, assistant professor of marketing at George Washington University School of Business.

The study adds to a body of research on purchase justification and product neglect. Taken together, this research can help companies better understand the effects of new product introductions on consumer behavior.

The study specifically measures the willingness of consumers to put one of their personal portable electronic devices in harm's way—for example, by taking it on hikes with lots of water crossings. A willingness to put the device at risk was gauged under different conditions, such as whether a new model was avail-

able and what its features were. The researchers also studied data that showed increased efforts online by individuals to sell damaged devices when new ones had been issued.

The authors found a causal relationship between these events and interpreted the behavior as seeking, or inventing, a reason to buy the new model. The researchers found less evidence of putting an old device at risk when the new model offered technological improvements. Dr. Shani says new technology doesn't seem as wasteful to consumers and so it gives them a defensible reason to buy the new one—and, thus, less incentive to be careless with



their old one.

Similarly, the researchers found that when an upgrade is mainly about how the product looks, consumers are more likely to be careless, because the consumer has a

more difficult time justifying spending on a new model.

Ms. Winokur Munk is a writer in New Jersey. She can be reached at reports@wsj.com.

JOURNAL REPORT | C-SUITE STRATEGIES

Las Vegas Tourism Plays a Tough Hand

It isn't easy selling the city at a time of social distancing. But here's how officials are trying.

By NAT IVES

Many tourists go to Las Vegas for its anything-could-happen aura. This year, the unexpected can seem less alluring.

The pandemic has hit Las Vegas business hard, even as the city continues to gradually reopen after an initial total shutdown. Visitors this year through August fell to 12.7 million from 28.4 million in the year-earlier period, according to the **Las Vegas Convention and Visitors Authority**. Hotel-room-occupancy rates declined to 42.8% from 89.4%.

Steps have been taken to regain some of the business lost to Covid-19. Casinos began welcoming guests back in June, under rules requiring face masks, social distancing and regular disinfection of fixtures. Showrooms now can hold events and live shows for up to 250 attendees or 10% capacity, whichever is less. And in late September, Nevada Gov. Steve Sisolak approved trade shows, conventions and business meetings for up to 1,000 attendees if split into sections that don't exceed 250 people.

Las Vegas tourism officials, meanwhile, have spent much of this year trying to strike the right tone at the right time. "You don't want to put a travel ad in front of somebody that's just not in the mind-set to travel or is personally affected by Covid," says Kate Wik, chief marketing officer at the Las Vegas Convention and Visitors Authority. "Your ad becomes offensive to them."

The Wall Street Journal interviewed Ms. Wik about how a tourist mecca advertises during social distancing. Edited excerpts follow:

WSJ: What did the Las Vegas Convention and Visitors Authority have in mind for this year before the virus?



Face masks and partitions at table games are part of the reopened Las Vegas.

MS. WIK: We were just launching a new campaign, "Only Vegas." We were expecting record numbers across the board, both leisure and business travelers. And then, of course, the pandemic hit. We closed our doors mid-March and pulled all of our advertising. We had about a 12-week period of being completely closed.

WSJ: Once that happened, what did you do all day?

MS. WIK: We did a lot of videos leveraging our entertainers and talent here in Las Vegas—from celebrity mixologists and chefs to magicians and comedians providing short snippets of entertainment and hope. It was about staying connected, and making sure that when the time was right, Vegas was top of mind.

In June, as we reopened our doors, we had to build awareness of two things: Las Vegas was open, and open safely. So we launched a commercial called "The Light" that showed someone flipping a switch to turn the lights back on on the Strip, and we ag-

• By the Numbers

First hotel opened in Las Vegas: 1906

Gambling and casinos were formally legalized: 1931

Casinos* on the Strip today: 61

Visitors in January-August 2019: 28.4 million

Visitors through August this year: 12.7 million

Convention attendees in January-August 2019: 4.7 million

Convention attendees through August this year: 1.7 million

*Those with at least 16 slot machines or more than one type of gambling.
Sources: Las Vegas Convention and Visitors Authority, Gaming Control Board

gregated all of the health-and-safety protocols from our partners on a landing page for our campaign platform, "Vegas Smart."

It was also about letting people know that Vegas is still Vegas. Things might look a little different with employees and guests wearing masks, and with partitions at table games, but what we found was that there was pent-up demand.

WSJ: Has your marketing strategy changed?

MS. WIK: We've had to be incredibly nimble on the markets we target and the channels we use, making sure we're actively targeting people interested in travel.

It's such a turbulent year with natural disasters and rolling hot zones for Covid. In the past, our top markets were all consistent. But now we're seeing heavy swings. Atlanta and Kansas City can shift from being a consistent top 20 for us to being a top five for a time.

Historically we've been heavy on national TV buys. We've shifted to digital video, connected TV and social media to be incredibly targeted about which markets and which consumers we reach, to make sure we're relevant.

The traditional seasonal and annual planning—those days are long gone. Every month we do our planning for the month. Every week we're looking at our plan.

WSJ: What are you looking for?

MS. WIK: Suppressing markets because of something that's going on. Or, on the flip side, we want to understand from search platforms and online travel agencies where they're seeing signals of interest—customers searching for vacation information.

WSJ: What kinds of trips are visitors considering and booking?

MS. WIK: Early on in this pandemic, bookings were really short—they were made the same week or even same day. We're starting to see reservations booked further out.

WSJ: Have you tailored your ads in specific markets for the conditions they're facing?

MS. WIK: With sports re-emerging on live TV, that led to a shift in some of our messaging—to inform consumers that Vegas is the ultimate sports destination. Many of our feeder markets didn't have bars open to watch sports in, so that became part of the message.

WSJ: What's next for Vegas? Will cold weather play to Vegas's strengths, or are the rising Covid cases nationwide likely to overwhelm that effect?

MS. WIK: Covid is very unexpected and we're seeing that shift across the country. So, for us, what's next is working closely with the state and governor's office so we can remain diligent in our practice and open further. But Vegas has been known for its constant reinvention, and that's still the case. We have active construction and new developments that have not slowed down with Covid.

Mr. Ives is editor of CMO Today at The Wall Street Journal. He can be reached at nat.ives@wsj.com.

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JOURNAL REPORT | C-SUITE STRATEGIES



More than one in four women have indicated they may quit or scale back their jobs, according to McKinsey and Lean In.

Management Top 250

The High Price if Women Drop Out of Labor Force

Corporate effectiveness will also fall

By Rick Wartzman and Kelly Tang

With four times as many women as men having dropped out of the labor force last month, many people are concerned that the coronavirus is undermining workplace equity. Our latest research indicates that something else may also suffer damage over time: corporate effectiveness. Our insights are derived from a statistical model that was built by the Drucker Institute and forms the basis of

the Management Top 250, an annual ranking issued in partnership with The Wall Street Journal. Informed by the ideas and ideals of the late management thinker Peter Drucker, it gauges a company's "effectiveness"—defined by Mr. Drucker as "doing the right things well." The 2019 ranking was published last November, and the 2020 list will be released in December. Last year, we evaluated

820 large, publicly traded companies through the lens of 34 indicators across five categories: customer satisfaction, employee engagement and development, innovation, social responsibility and financial strength. To be ranked, a company had to have at least two valid indicators for each of the five areas. Six hundred and forty companies met this condition. To produce our ranking, corporations are compared in each of the five categories, as well as in their overall effectiveness, through standardized scores with a range of 0 to 100 and a mean of 50. In our most recent analysis, we grouped the 640 companies into quartiles, ranging from the highest-scoring firms to the lowest-scoring. Using gender-diversity data supplied by financial-information provider Refinitiv Eikon, we then examined the percentage of C-suite executives and members of senior management who are women at the companies in each quartile to see what, if any, pattern emerged.

share of housework and family caregiving responsibilities. More than one in four women now say they may quit or scale back their jobs, according to McKinsey & Co. and LeanIn.Org—a trend that threatens the gender balance at all kinds of companies. Before the pandemic, "the representation of women in corporate America was slowly trending in the right direction," McKinsey and Lean In said in a new report. But if they are compelled "to leave the workforce, we'll end up with far fewer women in leadership—and far fewer women on track to be future leaders. All the

ment—but it's still significant. Among companies in the highest quartile, 17.8% of top executives are women vs. 14.7% in the bottom quartile. There is no way to know for sure why companies with more women at the top fare so well in every area of our ranking. But our findings are very much in line with a rich body of scholarship highlighting the benefits to business of diversity. For example, researchers from Boston Consulting Group and Technical University of Munich have shown that "innovation increases as the proportion of female managers rises." Professors at Utah State

Companies with more women at the top fare well in our ranking of effective management.

progress we've seen over the past five years would be erased." This could have implications for how well companies perform across a host of functions. In fact, we discovered that companies in the highest quartile in each of our five categories have a far greater concentration of top women executives than do those businesses in the lowest quartile. The biggest spread is in social responsibility. At firms that score in the highest quartile, an average of 22% of top executives are women, compared with 10.9% for companies in the bottom quartile. Women account for 19.8%, on average, of the most senior executives at corporations in the highest quartile when it comes to innovation. In the lowest quartile, the figure falls to 12.8%. The smallest gap is in the area of employee engagement and develop-

University have reported that companies characterized by "gender diverse leadership teams" are more effective than other firms "at pursuing environmentally friendly strategies." A study last year by S&P Global Inc. concluded that firms with female CEOs and CFOs produce superior stock price performance as compared with the market average. All of this suggests that companies would be wise to reach out to the women who work for them and find more ways to be supportive during this difficult time. Otherwise, the leaks in the talent pipeline may flood every dimension of corporate performance. Mr. Wartzman is the head of the KH Moon Center for a Functioning Society, a part of the Drucker Institute, and Ms. Tang is the institute's senior director of research. They can be reached at reports@wsj.com.

The Advantages Women Bring

The chart shows the average percentage of women in top executive roles at 640 large, publicly traded companies, which have been grouped in quartiles based on how they scored in different categories according to the Drucker Institute's ranking of corporate effectiveness. The number under the percentage shows the average score for companies in each quartile on a 0-100 scale.

	OVERALL EFFECTIVENESS	CUSTOMER SATISFACTION	EMPLOYEE ENGAGEMENT & DEVELOPMENT	INNOVATION	SOCIAL RESPONSIBILITY	FINANCIAL STRENGTH
Highest quartile	20.2% 64.8	19.4% 62.6	17.8% 62.5	19.8% 63.1	22.0% 64.4	18.7% 64.8
Second quartile	17.5% 53.3	15.4% 53.7	17.1% 54.0	16.9% 49.9	16.5% 55.6	15.0% 52.2
Third quartile	15.4% 47.2	15.2% 47.2	15.5% 47.9	15.6% 46.8	15.7% 47.1	17.4% 47.3
Lowest quartile	12.0% 40.3	15.2% 39.0	14.7% 37.8	12.8% 44.1	10.9% 38.9	14.0% 40.9

Sources: Gender diversity data from Refinitiv Eikon; for the Drucker Institute measure, American Customer Satisfaction Index, Burning Glass Technologies, Clarivate Analytics, CSRHub, Glassdoor, HIP Investor, ISS EVA, J.D. Power, kununu, Prof. Dimitris Papanikolaou of Northwestern University and Prof. Amit Seru of Stanford University, PayScale, Refinitiv Eikon, Supply Chain Resource Cooperative, Sustainability and wRatings

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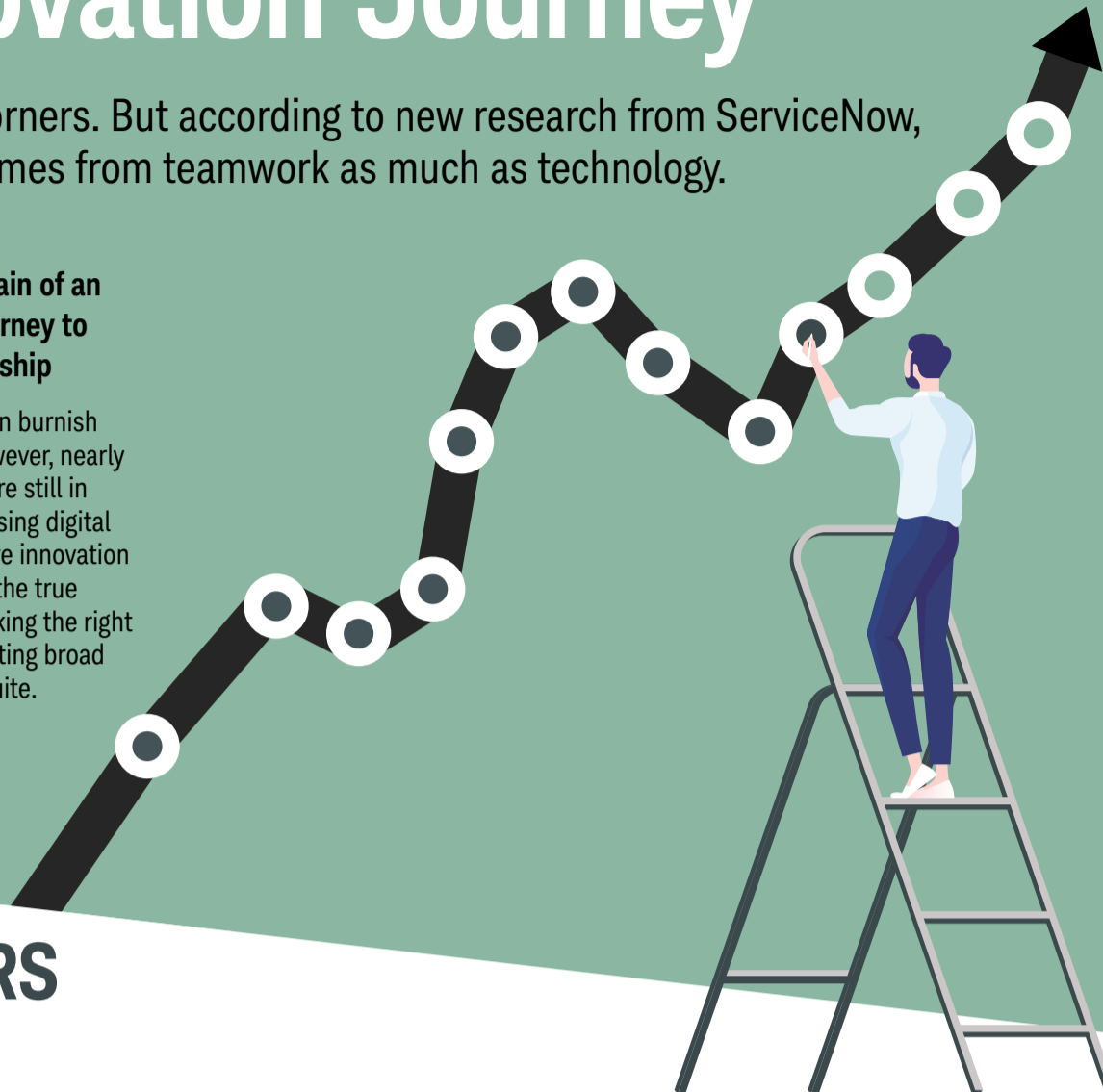
The Innovation Journey

Innovation can come from many corners. But according to new research from ServiceNow, business innovation comes from teamwork as much as technology.



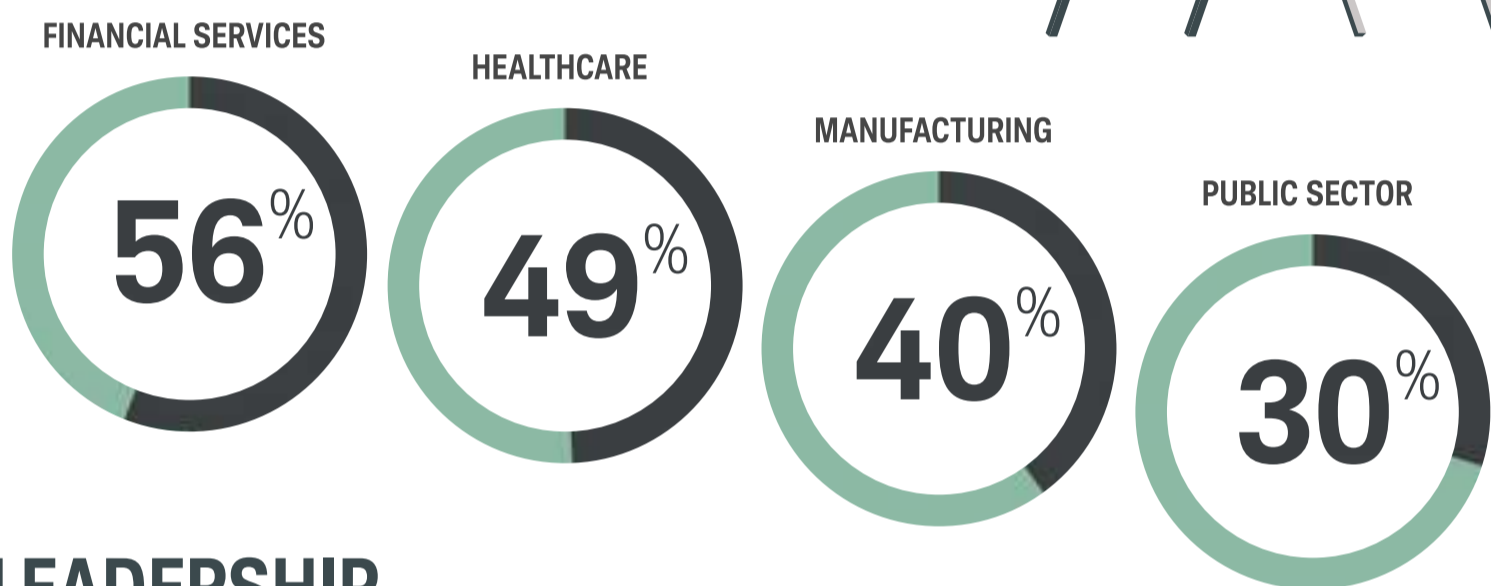
Cumulative net gain of an organization's journey to innovation leadership

Digital innovation can burnish the bottom line. However, nearly 60% of companies are still in the early stages of using digital technology to achieve innovation maturity. Unlocking the true potential means making the right investments and getting broad buy-in from the C-suite.



SPOTLIGHT ON SECTORS

Industries find themselves in different places when it comes to qualifying as innovation leaders or advancers, with financial service firms at the head of the pack. Meanwhile, the public sector trails behind.



THE RIGHT LEADERSHIP

CIOs play a crucial role in defining their company's innovation road map and getting buy-in from C-suite peers – and ServiceNow supports them with digital workflows that power innovation across the enterprise. However, some of those colleagues feel their relationship with their CIO could be stronger, often revealing a disjunct in perspective.

“How would you rate the effectiveness of your partnership?”



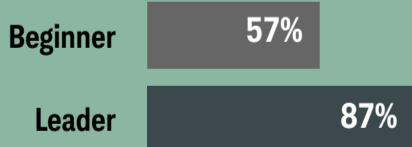
Still, innovation is bigger than any one executive. The companies recognized as leaders understand this and are least likely to charge a single executive with the responsibility for innovation. In fact, **78%** distribute that responsibility across multiple roles.

* Chief Information Security Officer

MAKING THE CASE FOR INNOVATION

As businesses transition from innovation beginners to leaders, key benefits increase.

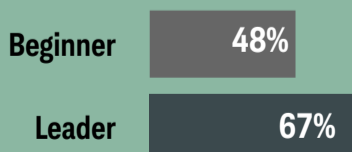
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Cumulative net gains:



SOURCE: “Technology-enabled innovation,” ESI Thoughtlab-ServiceNow, February 2020.



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When We Fall for The \$.99 Trick

It's called our left-digit bias, and marketers use it all the time. It works, but not always.

By HEIDI MITCHELL

Go to any grocery store and you'll see examples of what behavioral-pricing researchers refer to as "the left-digit bias." When an item is priced at \$2.99, the idea is that consumers will think of it as \$2.00. That's because the mind compares the left-most digits before it can round up the numbers. People look left first.

It's a common marketing strategy that every consumer will recognize. The question is whether it works. According to new research, it does—sometimes.

Knowing when it does and doesn't work can save a company a lot of money. Consider if a multibillion-dollar consumer packaged-goods company with a 9%

net profit margin were to change its product prices from \$2.00 to \$1.99. If this strategy of pricing a product just below a round number doesn't produce a big increase in demand, it could reduce the company's profits by millions of dollars.

In a recent paper published in the *Journal of Marketing Research*, Tatiana Sokolova, an assistant professor at Tilburg University in the Netherlands, concluded based on a series of studies that "just below" pricing is more powerful when consumers evaluate multiple prices side by side, and less powerful when consumers compare the price in their heads with what they think the product should cost based on their own experience.

Prof. Sokolova found that when consumers see a jar of peanut butter by itself for \$2.99, in their minds they round the price up to \$3.00. But not so when two jars of peanut butter are displayed side by side. When study participants were shown a premium brand priced at \$4.00 alongside the store brand

priced at \$2.99, the mind compared the left-most digits first, before rounding any numbers.

"When we see \$4.00 versus \$2.99 presented side by side, our brains are actually comparing \$4 to \$2," says Prof. Sokolova. Thus we instinctively think that a drop from \$4.01 to \$3.00 is less than a drop from \$4.00 to \$2.99, even though the difference is identical.

However, when competing peanut butters were shown one at a time to other participants in the study, the consumers showed almost no left-digit bias. "When we have to call up a comparison price from memory, the left-digit bias is diminished," she says.

Prof. Sokolova also looked at scanner data from 11 locations of a major grocery-store chain, and found that just-below pricing was most likely to boost sales among light users of a category.

"They have less-developed price knowledge and are thus prone to compare the prices of other products on the shelf," she says. Heavy

'Just below' pricing is most powerful when shoppers see several products at once.

users of a product, on the other hand, will draw from past purchases and their memories of those prices to determine whether a .99 pricing strategy represents a good deal.

Pricing managers should understand their consumers' purchasing patterns, says Prof. Sokolova. "I would price heavy-use items with round numbers and use just-below pricing for infrequently purchased items, like canned goods, so that the left-most number is low," she says. "And always provide a reference point on price tags when discounting prices to boost sales."

Ms. Mitchell is a writer in Chicago. She can be reached at reports@wsj.com.

▲ We tend to look at the left-most digit of prices first.



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