

What's News

Business & Finance

European officials want new powers to oversee internal workings at large tech companies, backed by threats of multibillion-dollar fines, as they seek to expand their role as global tech enforcers. A1
Twitter was fined under the EU's current privacy law, a first for a U.S. tech firm in a cross-border case since the rules went into effect. B4
Mnuchin suggested he was unlikely to support a consent order to end the government conservatorships of Fannie and Freddie before Trump leaves office. A2
U.S. stocks rallied, with the S&P 500, Nasdaq and Dow advancing 1.3%, 1.2% and 1.1%, respectively. B12
High-frequency traders are using an experimental type of cable to speed up their systems by billionths of a second, the latest move in a technological arms race. B1
VW shares jumped Tuesday after top shareholders and union leaders publicly backed CEO Diess's strategy of refocusing on electric vehicles. B1
Credit Suisse's new CEO said wealth management will be a priority for the bank, setting a target for improved profits from that activity. B1
Condé Nast named Anna Wintour its first-ever global chief content officer as part of the company's push to unify its international and U.S. operations. B3
China's economic activity extended its momentum last month with a broad recovery as the country approaches the end of a tumultuous year. A9

Holiday Lockdown Looms in London as Cases Surge



IN LIGHTS: London taverns like the Churchill Arms prepared for new restrictions that will take effect Wednesday, limiting restaurants and pubs to takeaway and delivery. The move followed a surge in Covid-19 cases in the U.K. capital.

EU Seeks Tougher Oversight Of Tech Firms

Proposals aim to boost social-media policing, levy huge fines for competitive abuses

By SAM SCHECHNER

European officials want new powers to oversee internal workings at large technology companies such as Facebook Inc., backed by threats of multibillion-dollar fines, as they seek to expand their role as global tech enforcers.

The European Union's executive arm proposed two bills on Tuesday—one focused on illegal content, the other on anticompetitive behavior—that would empower regulators in some cases to levy fines of up to 6% or 10% of annual world-wide revenue, or break up big tech companies to stop certain competitive abuses.

The bills don't mention any specific company but, as drafted, one or both would likely apply to several large U.S. tech companies including Alphabet Inc.'s Google, Amazon.com Inc. Apple Inc. and Facebook.

At the same time, the U.K., which has exited the bloc, said Tuesday that it is advancing similar legislation covering what it calls "online harms." It would require social-media

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Twitter fined in Europe over data breach... B4
Heard on the Street: New rules will bite, eventually... B14

FDA Sets Stage to Authorize Moderna's Covid-19 Vaccine

By THOMAS M. BURTON AND PETER LOFTUS

The Food and Drug Administration said the Covid-19 vaccine developed by Moderna Inc. was "highly effective," setting the stage for an emergency authorization later this week that would add a second vaccine to the arsenal against the pandemic.

The agency on Tuesday posted online documents, prepared by its staff and by Moderna, analyzing the safety and effectiveness of the vaccine in a large clinical study. The findings will go before an independent advisory panel that will vote on Thursday on whether to recommend FDA authorization.

Barring complications, the FDA is aiming to authorize emergency use of the Moderna vaccine on Friday, following the same timetable as last week with the Covid-19 vaccine, from Pfizer Inc. and BioNTech SE.

Moderna's analysis, posted by the FDA, also included new data suggesting the first dose of its vaccine can reduce infections that don't cause symptoms. If this finding holds up in further analysis—including after the second of the two-dose regimen—it could mean the vaccine not only protects individuals from disease, but also curbs transmission of the virus from person to person.

A vaccine that prevents asymptomatic infections and curbs viral transmission could hasten the end of the coronavirus pandemic, if enough people get vaccinated.

"If we could demonstrate that they reduce transmission, that would accelerate the time when we can take off our masks and go back to a more normal life," said Peter Loftus, Moderna's chief medical officer. "Please turn to page A6"

Leaders move closer to Covid-19 relief pact... A2
Challenges await Biden's virus czar... A6

World-Wide

The FDA said the Covid-19 vaccine developed by Moderna was highly effective, setting the stage for an emergency authorization later this week that would add a second shot to the arsenal against the pandemic. A1
The EU's chief drug regulator will accelerate its review of a Covid-19 vaccine after coming under pressure from some governments to authorize the shot. A7
Congressional leaders said they were coming closer to reaching an agreement on another virus relief package, after months of fitful efforts to approve more aid. A2
Jihadist group Boko Haram said it had seized students from an all-boys school in northwest Nigeria to punish them for what it called un-Islamic practices. A1
Senate Republican leaders united in calling Democrat Joe Biden the winner of the presidential race, while warning colleagues not to join a long-shot bid to challenge the results in Congress in January. A4
Biden chose one of his former Democratic primary rivals, Pete Buttigieg, to lead the Transportation Department. A4
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Mexico's ruling party pushed through a new law curbing the role of foreign law-enforcement officers stationed in Mexico. A9

Nigerian Jihadists Re-emerge With Mass Abduction

By JOE PARKINSON AND GBENGA AKINGBULE

MAIDUGURI, Nigeria—Six years after the abduction of 276 schoolgirls ignited the global #BringBackOurGirls campaign, Nigeria is again reeling from a mass kidnapping, this time of more than 300 boys.

Jihadist group Boko Haram on Tuesday said it had seized students from an all-boys boarding school in Katsina, in northwest Nigeria, to punish them for "un-Islamic practices." Local officials said 333 of the school's 800 students were missing and assumed captive, a number some analysts say could mark one of the largest mass kidnappings of schoolchildren in history.

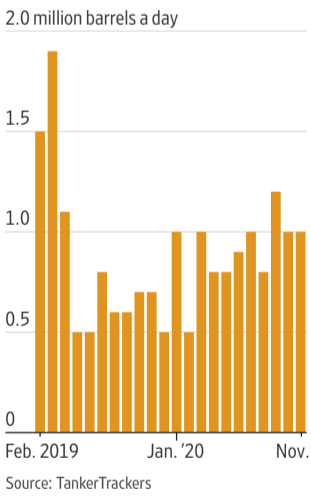
Nigerian surveillance aircraft and American drones have been dispatched over the sprawling forest where survivors say the captors forced them to march. One of the students who escaped the captors—17-year-old Usama Male—said the abduction began just after 10 p.m. on Friday. Dozens of men in military fatigues shooting Kalashnikovs into the air poured into the sand-caked school campus and ordered the entire student body to march into the forest. After almost two days of walking in a hundreds-strong column with no food and little water, he was one of the lucky few who escaped.

"They said they would kill whoever tried to flee, but I positioned myself near the back and waited for a chance to run," he said, sitting alongside his father, Aminu, in the town of Kankara. "Hundreds of my fellow pupils are still in captivity somewhere in the forest." Please turn to page A8

Sanctions Fail To Curb Iran Oil

Crude exports have climbed, providing a lifeline to the country's economy. A8

Iran's average crude and condensates exports



Teacher Shortage Worsens Pandemic Woes in Schools

Administrators scramble to staff classrooms; 'it's all hands on deck'

By VALERIE BAUERLEIN AND YOREE KOH

PHOENIX—As if the pandemic weren't disruptive enough, many American schools are facing a growing shortage of teachers.

School districts are recruiting parents as substitute teachers, online class sizes are soaring to 50 children or more and bus drivers are baby-sitting classrooms. Some are considering allowing asymptomatic teachers who were exposed to Covid-19 to continue to show up.

Public-school employment in November was down 8.7% from February, and at its lowest level since 2000, according to the Bureau of Labor Statistics.

That includes teachers who quit, retired early or took leaves of absence due to the pandemic, and layoffs of support staff such as teachers' aides and clerical workers. The staffing crunch leaves teachers educating children in person and online simultaneously, deep-cleaning their own classrooms and taking turns as crossing guards.

The consequences are burnout for teachers, frustration for parents and scant progress for students.

The shortage isn't uniform nationwide, but rather concentrated in some regions and specialties. More than 40 states reported shortfalls in math, science and special education in 2018, but fewer states reported shortages in elementary grades, according to the latest federal data. There are shortages in some cities with a high cost of living and some rural areas with low teacher pay.

Nowhere is the impact more stark than

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Schools speed up internet for rural students... A14

Well-Employed During the Crisis: Landscaping Goats

Hired for their insatiable love of weeds, they're able to work through lockdowns

By KONRAD PUTZIER

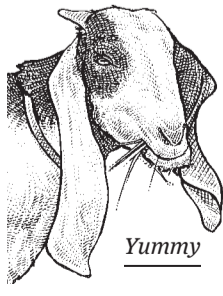
Candace Thompson, manager of the Stuyvesant Cove Park in lower Manhattan, was pulling on a giant bindweed one day when a woman eating lunch nearby offered some advice.

"She went, 'You need goats,'" Ms. Thompson remembers. The park manager was intrigued.

She placed an order for 20 of the animals, which arrived in early September in a trailer from Rhinebeck, N.Y. Two and a half days later, most of the weeds were gone. Goatscaping, as this trick is called, has grown in popularity in recent years as an environmentally friendly way to clear overgrown lots. Covid-19

has boosted the demand. Goats can be on the job during lockdowns. Ms. Thompson turned to goats after New York City's spring restrictions forced the park's usual group of volunteers to stay home and left it full of weeds.

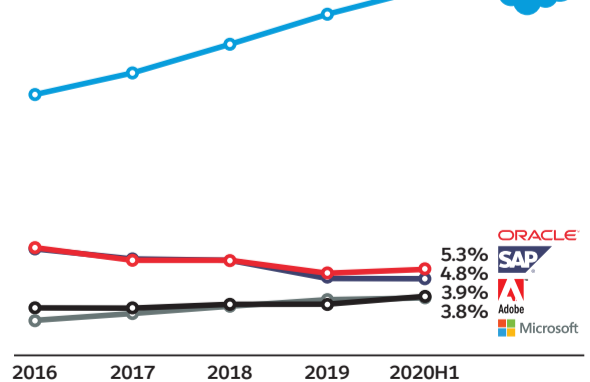
Goats at work also offer instant entertainment for children stuck at home during remote learning. When Lansing Davis of Mill Valley, Calif., hosted three goats from September to early December on his 2-acre property, his daughters aged 4, 7 and 9 were excited to have them and got to know their different personalities, while neighborhood kids fed them through the fence. Please turn to page A12



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U.S. NEWS

Retail Founder Charged With Sex Trafficking

By BEN CHAPMAN

Canadian fashion and retail mogul Peter Nygard was charged with sex trafficking and racketeering, according to an indictment unsealed in Manhattan federal court on Tuesday.

He was arrested Monday in Canada, according to prosecutors in the U.S. attorney's office for the Southern District of New York.

Federal prosecutors accused him of years of criminal conduct involving dozens of victims in the U.S., Canada and the Bahamas. He faces nine criminal charges.

Mr. Nygard, 79 years old, previously has denied the allegations, and on Tuesday declined through a spokesman to comment on his arrest. His lawyer also declined to comment through the spokesman.

Mr. Nygard appeared in a court in Winnipeg on Tuesday afternoon, where his lawyer asked for a publication ban to prevent certain information from being made public in the proceeding.

Justice Sheldon Lanchbery denied the request, and set a January date for an administrative hearing, according to a court spokeswoman.

Mr. Nygard's lawyer is expected to make a bail application, but no formal request has yet been filed, the spokeswoman said.

Mr. Nygard founded privately held Nygard International in Canada in 1967. He stepped down as chairman of the apparel company in February after federal and local au-

thorities raided the company's Manhattan office as part of an international sex-trafficking investigation.

Representatives for the company didn't respond to a request to comment.

Nygard International filed for bankruptcy in March. In April a Canadian judge allowed an accounting firm to sell and liquidate part of the company.

Before filing for bankruptcy, the company had about 1,450 employees and operated 170 of its own stores in North America and more than 6,000 shops inside department stores.

Nygard International also operated a number of clothing lines, including SLIMS, TanJay and a label named for Mr. Nygard.

Prosecutors accused Mr. Nygard of using his company's influence, as well as its employees and funds, to recruit and maintain a stream of adult and minor-aged female victims for his sexual gratification, and that of his friends and business associates.

Mr. Nygard is accused of frequently targeting women and girls who came from disadvantaged economic backgrounds and had a history of abuse, prosecutors said. He allegedly controlled his victims through threats and false promises of career advancement, prosecutors added.

He is also being sued in a Manhattan federal court by women accusing him of rape, sexual assault and human trafficking.

The class-action lawsuit was filed in February by 10



A picture of Peter Nygard in one of his New York City stores in February. The Canadian retail mogul was arrested on Monday.

unnamed female plaintiffs. Dozens of additional women have since been added to the complaint.

Lawyers for Mr. Nygard have said in court papers that the lawsuit's allegations are false. The lawyers also accused financier Louis Bacon of funding the lawsuit "to inflict devastating harm on Mr. Nygard and the Nygard businesses."

According to the filing, Mr. Bacon and Mr. Nygard have had a decadelong dispute involving neighboring vacation homes in the Bahamas.

Representatives for Mr. Ba-

con declined to comment on the arrest of Mr. Nygard.

Greg Gutzler, a plaintiff attorney in the civil suit, said in a statement that Mr. Nygard's criminal indictment validates the accusations of the plaintiffs.

"On behalf of the dozens of survivors of decades-long abuse, we are encouraged that a small measure of justice for Peter Nygard is finally developing, and relieved that some degree of accountability is hopefully forthcoming," Mr. Gutzler said.

—Vipal Monga contributed to this article.

White House Aide Returns To Address Agency Hacks

By DUSTIN VOLZ

WASHINGTON—White House national security adviser Robert O'Brien has cut short a multicountry trip to Europe to return to the U.S. to address the suspected Russian hack of government agencies, signaling growing alarm within the Trump administration about a cyber espionage campaign considered potentially one of the most damaging in years.

The change of plans for Mr. O'Brien comes two days after it was disclosed that multiple federal agencies had been hacked as part of a global hacking campaign that is believed to have also ensnared private corporate networks across the globe.

"Ambassador O'Brien is returning to address the hacking incident," said John Ulyot, a spokesman for the National Security Council. Mr. O'Brien was to hold meetings Tuesday evening and Wednesday morning and convene "a high-level interagency meeting" this week, Mr. Ulyot said.

Mr. O'Brien had been scheduled to return Saturday after planned stops in Italy on Tuesday and visits later in the week to Germany, Switzerland and the U.K. He had already met with Prime Minister Benjamin Netanyahu in Israel and President Emmanuel Macron in France.

The hacking continued for months, largely undetected by the Trump administration and cybersecurity firms, until the past week, according to people familiar with the matter.

Current and former officials and cybersecurity experts have described the hack as an espionage operation rather than one aimed at damaging computer networks, and said it represents a significant counterintelligence failure.

The widespread hacking campaign appeared to have begun when hackers compromised systems belonging to SolarWinds Corp., a U.S. network management company that boasts national security agencies, local governments, large corporations and defense contractors among its 300,000 customers. Investigators are trying to piece together how



Investigators Probe SolarWinds Breach

Investigators are trying to piece together how suspected Russian hackers gained access to systems at SolarWinds Corp., a U.S. network management company, to introduce malicious code that compromised security at multiple federal agencies.

As early as March, SolarWinds customers unwittingly installed malicious software as part of a routine and seemingly benign update issued for a software product known as Orion, according to the company. That update, which would have been difficult to identify as a threat, contained what investigators called a back door that could have

the hackers gained access to SolarWinds systems to introduce malicious code.

On Tuesday, investigators were still in the early stages of understanding the scope of the SolarWinds hack, but several agencies have confirmed intrusions into their internal systems, including the departments of State, Commerce, Treasury, Homeland Security and the National Institutes of Health, according to people familiar with the matter.

To streamline the federal response across agencies, the National Security Council has activated what is known as a Unified Coordination Group "to ensure continued unity of effort across the United States

granted easy access to nearly 18,000 entities that downloaded it. Investigators expect the number of compromised entities to be smaller, perhaps totaling dozens or hundreds.

SolarWinds has said it is working with FireEye Inc., a U.S.-based cybersecurity firm that was also breached in the hacking campaign, and with intelligence and law-enforcement officials to investigate.

Several agencies have confirmed intrusions into their internal systems, including the departments of State, Commerce, Treasury, Homeland Security and the National Institutes of Health, according to people familiar with the matter.

The Russian Embassy in Washington denied responsibility, saying the allegations were "unfounded attempts of the U.S. media to blame Russia."

Government in response to a significant cyber incident," the council said on Twitter.

The seriousness of the hack has prompted bipartisan scrutiny from Congress.

On Tuesday, three Republican and three Democratic senators jointly asked the Federal Bureau of Investigation and the Cybersecurity and Infrastructure Security Agency to provide information on the hack investigation. They are seeking a list of all federal agencies that are customers of SolarWinds and how the agencies intend to support businesses that may have been hacked.

The FBI and CISA didn't immediately comment.

Texas Taps Firms as It Prepares Lawsuit Vs. Google

By JOHN D. MCKINNON

WASHINGTON—Texas's attorney general said Tuesday he is hiring two prominent law firms to handle a possible antitrust case against Alphabet Inc.'s Google, a signal that the filing of a lawsuit is likely imminent.

Texas has been leading a coalition of state attorneys general that has been zeroing in on Google's dominant presence in the digital advertising market, according to people familiar with the matter as well as a civil subpoena sent last year by Texas Attorney General Ken Paxton.

Mr. Paxton said he intends to hire the Lanier Law Firm, a prominent trial firm with Texas roots, as well as Keller Lenkner, a Chicago-based firm focused on complex litigation.

"Texas law requires the Texas Attorney General's Office to notify the [Legislative Budget Board] prior to retaining outside counsel for such actions," Mr. Paxton said in a statement. "That notification has occurred."

A Google spokesperson declined to comment.

Google has denied any anti-competitive behavior, saying it operates in highly competitive markets and that its services benefit consumers and businesses.

Google's ad-tech business consists of software used to buy and sell ads on sites across the web. The company owns the dominant tool at every link in the complex chain between online publishers and advertisers, giving it unique power over the monetization of digital content.

Many publishers and advertising rivals have charged that it has tied these tools together and to its owned-and-operated properties, such as search and YouTube, in anti-competitive ways.

The states have been coordinating with the Justice Department, which filed an antitrust lawsuit against Google on Oct. 20.

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U.S. NEWS

Leaders Warn GOP on Vote Challenge

Top Republicans unite in accepting Biden win, tell colleagues not to join new move

BY LINDSAY WISE
AND SIOBHAN HUGHES

WASHINGTON—Senate Republican leaders united Tuesday in calling Democrat Joe Biden the winner of the presidential race, while warning colleagues not to join a long-shot bid to challenge the results when Congress certifies electoral votes in January.

“Our system of government has processes to determine who will be sworn in on Jan. 20. The Electoral College has spoken,” said Senate Majority Leader Mitch McConnell (R., Ky.). “So today, I want to congratulate President-elect Joe Biden.”

Mr. McConnell was the latest in a series of top Republicans to recognize Mr. Biden as president-elect this week. His comments came a day after the Electoral College formally counted the ballots and capped more than a month of unsuccessful GOP efforts to get courts and state officials to overturn the election results in favor of Republican



Mr. McConnell recognized Democrat Joe Biden as president-elect.

President Trump.

Mr. Biden said he called Mr. McConnell to thank him on Tuesday and pledged to seek areas of common ground.

Other Republican lawmakers still hope to contest the results at a joint session of Congress on Jan. 6, when federal law requires Congress to count and certify the results of each state's electoral vote. Rep. Mo Brooks (R., Ala.) said he would press ahead with a plan to object to votes in multiple states.

It takes one member of the House and one senator to for-

mally object and force votes in both chambers.

Majorities in the House and Senate have to agree for the challenge to be successful, an extremely unlikely prospect given that Democrats control the House, but the effort could set the stage for a final public fight over the tally.

“I can either fight for honest and accurate elections, or I can join the surrender caucus,” Mr. Brooks said in an interview on Tuesday. “I prefer to fight for honest and fair and accurate elections that are the underpinning of any republic.”

Incoming Rep. Marjorie Taylor Greene (R., Ga.) is among the lawmakers also trying to recruit senators to challenge the electoral results, said a person familiar with the efforts. “She’s talking to every Republican senator to gain support for this effort,” the person said.

House Minority Leader Kevin McCarthy (R., Calif.) didn’t comment Tuesday when asked if he is willing to acknowledge that Mr. Biden won the election and is president-elect.

Attorney General William Barr, who submitted his resignation Monday effective Dec. 23, has said the Justice Department hasn’t found evidence of widespread voter fraud that could reverse Mr. Biden’s election victory.

Democrats said Mr. McConnell’s acknowledgment was overdue.

“The fact that it took six weeks for my colleagues to start recognizing reality and stop undermining our democratic process is sad and disappointing,” said Sen. Dick Durbin of Illinois.

In a Senate Republican conference call on Tuesday, leaders warned their colleagues against challenging the results on Jan. 6, according to a person famil-

iar with the discussion.

Mr. McConnell, Sen. John Thune (R., S.D.), and Sen. Roy Blunt (R., Mo.) each spoke, arguing that it would be a bad vote for senators running in 2022.

Both Mr. Thune and Mr. Blunt are up for re-election in two years. “They don’t want to be viewed as against Trump,” the person familiar with the call said.

Senate GOP aides said the concern is that the vote would be seen by Mr. Trump’s base as a test of loyalty, even if it had no chance of success, and Republican lawmakers who don’t support the effort could face anger from the president’s supporters and potential primary challenges.

White House press secretary Kayleigh McEnany declined to say Tuesday whether President Trump accepted the Electoral College vote. “Yesterday’s vote was one step in the constitutional process,” she said.

The White House was made aware that Mr. McConnell, who also praised the president’s record in his remarks, would be conveying the message he delivered, said two people familiar with the process.

—Catherine Lucey
contributed to this article.

Facebook Eases Ban On Politics In Runoffs

BY EMILY GLAZER
AND PATIENCE HAGGIN

Facebook Inc. said it would allow political ads for the Georgia runoff elections starting Wednesday but would maintain a broader temporary blackout for U.S. ads about social issues, elections or politics as part of its efforts to curb misinformation.

Facebook’s decision, which follows a similar move by Alphabet Inc.’s Google, said Tuesday that it took into consideration feedback from experts and advertisers about using its tools to reach voters ahead of the two U.S. Senate runoff races in Georgia on Jan. 5. Early voting began in the state this week, and the runoffs will determine which party controls the chamber when President-elect Joe Biden begins his administration.

Facebook said it developed a process to allow advertisers to reach Georgia voters about the runoffs and to reject ads that target locations outside the state or that don’t relate to the elections there.

“We will continue to prohibit any ad that includes content debunked by third-party fact-checkers or delegitimizes the Georgia runoff elections,” Facebook wrote in a blog post Tuesday. A Facebook spokeswoman said the company would announce publicly when its broader blackout for political ads is lifted.

Facebook and Google are the biggest digital ad platforms in political advertising. Campaigns for President Trump and Mr. Biden collectively spent about \$200 million on Facebook ads leading up to the 2020 election, not including outside groups, according to Facebook’s ad library. But both platforms decided to limit political ads before and after the general election in an effort to reduce the spread of misinformation.

Google, which started allowing political ads last week, said it no longer considered the postelection period to be a “sensitive event” but is still enforcing its ads policies and disallows false information that could undermine trust in elections.

Spokespeople for Democratic Senate candidates Jon Ossoff and Raphael Warnock, along with the Democratic Senatorial Campaign Committee, have said the earlier decisions to ban political ads put them at a disadvantage. They cited the Republican incumbents’ larger followings, saying they could share information more easily via their accounts.

Buttigieg Is Selected to Lead Transportation

BY KEN THOMAS
AND ELIZA COLLINS

WASHINGTON—President-elect Joe Biden selected former South Bend, Ind., Mayor Pete Buttigieg, a onetime Democratic primary rival, to lead the Transportation Department, Mr. Biden said Tuesday.

Mr. Buttigieg dropped out of the race in March and endorsed Mr. Biden along with other moderate Democrats. Leading the Transportation Department, Mr. Buttigieg is expected to play a prominent role in the incoming Biden administration’s push to rebuild the nation’s roads and bridges.

Mr. Buttigieg, a 38-year-old openly gay military veteran who served in Afghanistan, emerged as a surprising next-generation contender for the Democratic presidential nomination against Mr. Biden and notched a narrow victory in the Iowa caucuses. But that win was overshadowed by technical glitches and reporting delays in the caucuses and he faded in the contests that followed.

Mr. Buttigieg served as a two-term mayor of South Bend from 2012 to 2020, making urban development and economic revitalization cornerstones of his administration.

Mr. Buttigieg has spent the last several months campaigning for Mr. Biden and more re-



Former South Bend, Ind., Mayor Pete Buttigieg is expected to play a big role in Mr. Biden’s push to rebuild the U.S.’s roads and bridges.

cently was under consideration for several roles in the Biden administration. Mr. Buttigieg, who represented a city of about 100,000 people, beat out several others with experience dealing with much larger transportation systems, including Los Angeles Mayor Eric Garcetti and Sarah Feinberg, the acting president of

New York City’s transit system, people familiar with the matter said.

Mr. Biden’s transition team declined to comment.

Mr. Biden campaigned on a \$2 trillion plan to rebuild the nation’s infrastructure, much of it related to transportation. Among the campaign’s boldest proposals was a call for “high-

quality, zero-emissions” mass transit for every U.S. city with 100,000 or more residents. But it isn’t clear how the Biden administration would persuade Congress to fund such an effort, especially given current resistance to financial relief packages for mass-transit systems as they struggle with a collapse in ridership because

of the coronavirus pandemic.

Mr. Buttigieg would take over a department whose most critical functions are setting transportation regulations and distributing vast sums of money, mostly to states to fund their respective highway, road and transit systems.

—Tim Puko and Emily Glazer
contributed to this article.

Energy, Climate Picks to Be Named

BY ANDREW RESTUCCIA
AND TIMOTHY PUKE

WASHINGTON—President-elect Joe Biden is planning to tap former Obama administration Environmental Protection Agency chief Gina McCarthy as national climate adviser and former Michigan Gov. Jennifer Granholm as energy secretary, according to people familiar with the matter.

In Ms. McCarthy’s role, she will lead a newly formed White House Office of Domestic Climate Policy. Ali Zaidi, New York’s deputy secretary for energy and environment, will serve as Ms. McCarthy’s deputy, people familiar with the matter said.

Ms. McCarthy, who declined to comment, will work closely with former Secretary of State John Kerry, Mr. Biden’s special envoy for climate change. Her position doesn’t require Senate confirmation.

Mr. Biden’s top advisers also have expressed increased interest in picking Rep. Deb Haaland (D., N.M.) to lead the Interior Department. But House Democrats have pushed back, telling transition officials that they can’t afford to lose another lawmaker to the administration because of the party’s slim majority, people familiar with the discussions said.

The president-elect is expected to formally announce key energy and environment positions this weekend, but



Jennifer Granholm is a former Democratic governor of Michigan.

one person familiar with the internal deliberations said Mr. Biden was still deliberating on his EPA administrator.

Ms. Granholm, who endorsed Mr. Biden for president in March, served as Michigan’s Democratic governor from 2003 to 2011 and as the state’s attorney general for the preceding four years. One of her signature policies as governor was a mandate for the state to increase the share of its energy derived from renewable sources like solar and wind.

If confirmed as energy secretary, Ms. Granholm would oversee U.S. scientific research and the country’s nuclear arsenal, and could help incentivize the development of low-carbon energy sources through the distribution of federal loans. She would likely work closely

with other senior officials, including the incoming head of the Environmental Protection Agency and the White House climate coordinator, to pursue Mr. Biden’s campaign pledge to achieve net-zero emissions in the U.S. by 2050.

Ms. Granholm didn’t respond to requests to comment. A spokesman for Mr. Biden’s transition team declined to comment.

As governor, Ms. Granholm pushed a renewable portfolio standard requiring 10% of the state’s energy to come from renewable sources by 2015, a percentage that was later increased. During her tenure, she also worked closely with the Obama administration to help the auto industry, which faced collapse following the economic downturn. She has

credited Mr. Biden with playing a key role in bolstering General Motors Co. and Chrysler during that period.

Ms. Granholm and Mr. Biden have a close relationship dating back years. She helped Mr. Biden prepare for his vice-presidential debate during the 2008 campaign.

Other candidates Mr. Biden has considered for the energy secretary job included Arun Majumdar, a Stanford University professor and former vice president for energy at Alphabet Inc.’s Google, and former Deputy Energy Secretary Elizabeth Sherwood-Randall.

Mr. Majumdar could be nominated for another senior role at the Energy Department, possibly deputy secretary, some of the people familiar with the matter said.

During the Obama administration, he became the first leader of the department’s Advanced Research Projects Agency-Energy, or ARPA-E, working there from 2009 to 2012. The agency funds early-stage innovation projects, modeled on the research arm of the Defense Department that is known as a catalyst for breakthroughs.

Mr. Biden has promised to place a new emphasis on this kind of work in government, including creating a new agency called “ARPA-C” to address climate change. Mr. Biden has called climate change an urgent crisis.

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DR. JULIA HOENG

DIRECTOR SYSTEMS TOXICOLOGY, PHILIP MORRIS INTERNATIONAL

I've studied biology, biochemistry, math, and computer science, and received my doctorate from Cambridge University. In 2008, when I learned Philip Morris International (PMI) was building a new laboratory to assess the products that would form part of a smoke-free future, I said, "I'm in."

Seeing the positive results from the first studies looking at the differences between cigarette smoke and aerosol from our smoke-free nicotine products was thrilling. There were so many positive findings, and yet we were still in the building phase. What would happen next? We had to tell ourselves to be courageous: *Don't worry, just look at the data.*

Systems toxicology is an exciting and dynamic field to work in, but it creates terabytes of data, as it combines standard toxicology with new and diverse techniques to help give us a bigger and more detailed picture of how toxic substances affect the body. Working with such giant blocks of data is a challenge for all applications of systems toxicology, not just tobacco harm reduction. This is why we share our data and

methods transparently. Not only is it in our best interest to demonstrate openness to the world at large, but it's also important to engage the global scientific community in order to always be moving the science forward.

The potential public health impact of science-backed smoke-free products is considerable. And while these products are not risk-free and deliver nicotine — which is addictive — the breakthrough is profound. And I feel an enormous sense of accomplishment with what we've achieved so far.

Of course, we still have important work to do. We will continue to provide information to regulators, scientists, public health organizations and policymakers about the potential of smoke-free products. We will continue to share our science. And we will continue working to deliver smoke-free alternatives for the world's adult smokers who don't quit tobacco and nicotine altogether. But this is a marathon, not a sprint, and we're in this for the long term.

[PMI.COM/BETTER](https://www.pmi.com/better)

UNSMOKE YOURMIND



PHILIP MORRIS
INTERNATIONAL

U.S. NEWS

At-Home Covid Test Authorized By FDA

By BRIANNA ABBOTT

The Food and Drug Administration authorized a Covid-19 test that can be administered and processed at home, the first such test allowed to be sold over-the-counter at drugstores or other retail locations without a prescription.

The antigen test, made by Ellume USA LLC, is a single-use, disposable test that searches for pieces of virus proteins and returns results in about 15 minutes. It is the second to be authorized for at-home use.

Ellume's test is expected to cost around \$30 and requires a smartphone, the company says. The test is authorized to be used by people both with and without symptoms. It can also be used on children as young as 2 years old.

Ellume, based in Australia, aims to ship 100,000 tests a day in January, said Sean Parsons, the company's founder and chief executive officer. In October, the company received \$30 million from the U.S. federal government through the Rapid Acceleration of Diagnostics initiative at the National Institutes of Health, and the U.S. is the company's primary market.

Clinical studies of the test were conducted with 198 participants across five U.S. states. The test's accuracy was compared with that of the gold standard, laboratory-based PCR test. Ellume's test correctly identified 96% of positive samples and 100% of negative samples among people with symptoms. The test fared slightly worse among people without symptoms. It correctly flagged 91% of positive samples and 96% of negative samples.

For people without symptoms, a positive on the test should be treated as presumptive and confirmed by another test, the FDA said.

Europe Speeds Its Review of Vaccine

By DREW HINSHAW
AND BOJAN PANCEVSKI

The European Union's chief drug regulator will accelerate its review of a Covid-19 vaccine after coming under pressure from some governments to authorize the shot, as the continent struggles to contain a wave of cases ahead of the Christmas period.

The European Medicines Agency said on Tuesday it would meet on Dec. 21, eight days earlier than previously scheduled, to consider authorizing the shot developed by Germany's **BioNTech SE** and **Pfizer Inc.**

So far, the U.S., U.K. and Canada have begun vaccinating their citizens with the shot. Once the vaccine is cleared in Europe, it would take several days to ferry the doses across the continent, meaning vaccinations—in some countries at least—could start before Christmas.

The agency and several national governments in the bloc had said a careful review was needed to ensure public confidence in the shot at a time of mounting skepticism about vaccines in Europe.

Some EU leaders, however, had been growing frustrated at the pace of the review as the death toll from the virus ticks higher.

At an EU summit last week, at least three heads of government complained that it was becoming politically untenable to explain to their citizens why the U.S. and Canada were administering a Europe-made vaccine ahead of the EU, officials familiar with the discussions said.

"I hope that the EU, too, will get quick and unbureaucratic approval of the first vaccines while observing all scientific standards," Austrian Chancellor Sebastian Kurz told *The Wall Street Journal*. "The earlier we in the EU are able to start vaccinating, the better. Because every day of the pandemic in Europe means thousands of deaths, severe economic dam-



Medical personnel performed rapid Covid-19 testing at an outdoor facility in Berlin this month.

effective and of high quality."

The EMA is poring over the same data as its counterparts in the U.K., Canada and the U.S. did. Regulators analyze patient data from large-scale human trials submitted in rolling batches to see how many infections occurred in those who received a placebo-like shot compared with those who were given the vaccine. Because the virus is spreading so widely, it took BioNTech only weeks to record the number of cases necessary to determine how effective its shot is.

But regulators also ask questions to confirm the vaccine is generally safe and effective, and can be manufactured at a consistent quality. On this front, the EMA has been slower than the U.K., whose chief regulator started posing questions earlier in the process and was quicker to make follow-up queries, said people who worked with both agencies recently. The different regulators also want data formatted differently, creating a delay.

Ugur Sahin, BioNTech's chief executive, said in an interview Friday that the EMA process wasn't taking longer than those in the U.S. and the U.K. because of scientific reasons, but rather because the EU agency was following its own procedures.

The EU signed a contract to buy 200 million doses from BioNTech and Pfizer—enough to vaccinate 100 million people—with the option for an additional 100 million doses. Last month, it agreed to purchase 160 million doses of a second vaccine, developed by **Moderna Inc.**, that uses the same mRNA technology.

The EMA isn't set to make a decision on the Moderna shot until Jan. 12. After that, it could be months before it makes decisions on other candidates, such as a **Johnson & Johnson** vaccine, which is in large-scale clinical trials, and another developed by **AstraZeneca PLC**.

—Laurence Norman
contributed to this article.

age and innumerable people who must fear for their jobs."

On Tuesday, Italy's Health Ministry said it hoped the EMA could authorize a vaccine ahead of schedule. Other nations badly affected by the virus, including France and Spain, haven't raised complaints about the speed of the review.

"We should be very alert to any possibility of being tangled up in the red tape," Polish Prime Minister Mateusz Morawiecki told *The Journal*. "Some non-EU Western and Asian countries have already started vaccinations. Meanwhile, millions of EU citizens are still waiting."

Germany and several neighboring countries—including Poland, Czech Republic and Austria—are asking residents to stay at home through Christmas, restricting social gatherings and church services, after a surge in cases threatened to overwhelm hospitals.

On Monday, German Health Minister Jens Spahn defended his government's decision not to grant the vaccine emergency authorization—as the U.K. had

done and as any EU member could do on its own—and wait instead for full EU authorization. But he told national radio that his government was pushing for the timetable to be accelerated.

The EMA has no authority to issue the type of emergency-use authorization that the U.K. and U.S. have given. In the EU,

EU leaders lament the U.S. and Canada are getting a European shot first.

that power falls to national governments. Yet not all governments have the capacity to swiftly review highly specialized clinical-trial data and reach a judgment.

Mr. Spahn has said in the past that EU governments had agreed not to start a race for emergency authorization so as not to create tensions within the bloc. He also said vaccine

doses had been ordered centrally in the EU, making it easier to start distribution across the bloc on the same day.

EMA officials have said they are moving as fast as they can without eroding trust in vaccines. Conversely, some public-health officials and medical institutions have warned the agency that hasty authorization of a shot that uses novel technology would be a difficult sell on a continent where vaccination rates have declined.

On Friday, the agency's leaders held a four-hour videoconference to assure the public that they are being meticulous in reviewing clinical-trial data and the manufacturing particulars.

"We are working around the clock towards the licensing of the first Covid-19 vaccine," EMA Executive Director Emer Cooke said in an emailed statement. "European citizens have told us they want a fast approval, but more importantly they want a thorough evaluation of the benefits and the risks of the vaccine, so that they can be confident it is safe,

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WORLD NEWS

Iran Skirts Sanctions, Boosts Oil Exports

Several firms that monitor petroleum trade say shipments have roughly doubled

BY BENOIT FAUCON

LONDON—Iran has circumvented U.S. sanctions and exported more oil to China and other countries in recent months, providing a lifeline for its struggling economy and undermining the Trump administration's so-called maximum pressure campaign against Tehran.

The scale of Iran's petroleum sales is difficult to gauge, given their often covert nature. Several firms that monitor the global oil trade say shipments from Iran have roughly doubled from the low levels seen earlier this year, although estimates vary widely.

On the high end, U.S.-based TankerTrackers.com, which uses satellite imagery to follow deliveries, estimated Iranian crude oil exports hit 1.2 million barrels a day over the fall, up from 481,000 barrels a day in February.

Meanwhile, SVB International in Washington said Iran exported 585,000 barrels of crude oil a day in November, up

from 230,000 earlier in 2020. Petro-Logistics saw an increase in exports to about 447,000 barrels a day, from 222,000.

The more conservative figures suggest U.S. sanctions have kept most Iranian crude bottled up. But the sharp increase seen across the three market trackers suggests Tehran has been more successful recently in selling its oil.

Secretary of State Mike Pompeo said last year the U.S. was aiming for zero oil exports from Iran, having previously sought to drive them below 1 million barrels a day, down from their 2018 pre-sanctions levels of 2.5 million barrels a day.

Among the biggest customers for Iran is China, which, according to Beijing's official trade statistics, imported 62,000 barrels a day of Iranian oil in October, up from zero in June. Industry watchers said the actual totals were likely much higher and included oil transshipped through other Asian countries.

Venezuela—under socialist leader Nicolás Maduro, long at odds with Washington and under American sanctions—has also started buying Iranian gasoline. And Syria resumed Iranian oil imports this year, according to shipping trackers



An Iranian oil tanker docked at a refinery in Venezuela in May.

and an Iran oil official.

Iranian shippers have gone to increasing lengths to evade sanctions, switching off radio transponders to avoid tracking, while operators transporting Iranian crude have changed their ships' names or doctored bills of lading.

More recently, they have begun transshipments of oil in regions once thought to be too risky, including waters off the coast of U.S. allies Iraq and the United Arab Emirates, according to people familiar

with the matter.

American officials acknowledge that Iran is exporting oil, but say sanctions have still caused severe economic consequences for the country, including sending the rial sharply lower.

The Iranian currency has depreciated 85% since early 2018, while inflation of over 30% in Iran has turned meat into a luxury product. Government budget cuts last year sparked protests during which hundreds were killed.

Mr. Pompeo has said that sanctions have cut Iran's oil revenue by \$70 billion since May 2018 and that reducing pressure on Tehran would be a dangerous move. In November, Keith Krach, the undersecretary of state overseeing energy policy, described U.S. sanctions on Iran as "remarkably effective."

Iran will be one of the biggest foreign-policy challenges facing President-elect Joe Biden when he enters the White House in January, and his

transition team has said there will likely be changes to policy, including a move to rejoin the 2015 nuclear agreement with Iran. Jake Sullivan, designated as Mr. Biden's national security adviser, said this month that the administration would be prepared to honor the terms of the deal—a move likely to require a rollback of U.S. sanctions—and use it as a basis for follow-on talks around broader concerns.

Most oil buyers and shippers stopped trading with Iran after Washington slapped a full embargo on Iran's crude shipments after the Trump administration pulled out of the Obama-era nuclear pact with Tehran in 2018.

Iranian traders and some prospective buyers said they were expecting U.S. pressure to ease once Mr. Trump leaves office.

The Iranians "need to sell oil, and we need energy," said one official in Italy, formerly a top customer for Iranian crude. Purchases will restart quickly once sanctions are lifted, this official said.

This summer, oil-rich Venezuela started buying Iranian gasoline after its refineries all but shut down, in part because of separate American restrictions on Caracas.

WORLD WATCH

SAUDI ARABIA

Austerity Pushed After Pandemic

Saudi Arabia plans to spend less next year to rein in a pandemic-induced budget deficit, pursuing austerity even as a rally in oil prices signals a higher demand for crude and a global economic recovery.

The government expects to trim its budget deficit from 12% of economic output this year to 4.9% in 2021, as it lowers spending by about 7% to 990 billion Saudi riyals, (\$264 billion), the Finance Ministry said Tuesday. State revenues are forecast to grow nearly 10% to 849 billion riyals on higher taxes and oil revenues.

Saudi Arabia's budget announcement is a closely watched measure of spending in the wider Gulf region and an indicator of Riyadh's expectations on the direction of oil prices. Crown Prince Mohammed bin Salman is expected to face a tricky economic balancing act next year as the kingdom's de facto ruler will have to cut spending on some projects related to his plan to diversify the economy yet still try to create jobs for his young population.

The Saudi government forecasts a return to growth of roughly 2% next year. Unemployment among Saudis stands at roughly 15%, according to the latest government statistics.

—Rory Jones

The Japan Aerospace Exploration Agency, or JAXA, had said it hoped to collect at least 0.1 gram of material, the equivalent of a few grains of rice.

"It was so far beyond our predictions that we were practically at a loss for words. It was really emotional," said JAXA scientist Hirotaka Sawada.

—Peter Landers

Tokyo 'Twitter Killer' Sentenced to Death

A Japanese court on Tuesday sentenced a man to death for killing and dismembering nine people, most of whom had posted suicidal thoughts on social media, in a case that shocked the country.

The Tachikawa branch of the Tokyo District Court found Takahiro Shiraishi, known as the "Twitter killer," guilty of killing, dismembering and storing the bodies of the victims in his apartment in Zama, near Tokyo.

Mr. Shiraishi, 30 years old, pleaded guilty and said he wouldn't appeal his death sentence.

Police arrested Mr. Shiraishi in 2017 after finding the bodies of eight females and one male in cold-storage cases in his apartment. On Twitter, Mr. Shiraishi used the name "Hangman," promising to help his victims die and inviting them to his apartment.

—Associated Press

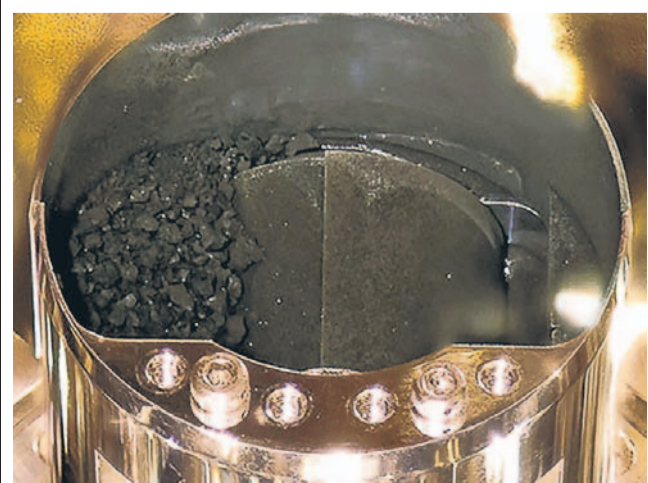
JAPAN

Asteroid Mission Retrieves Black Dirt

Japan's space agency said it recovered far more black dirt than it was targeting from the asteroid Ryugu, confirming the success of its Hayabusa2 mission nine days after it delivered its payload to the Australian outback.

Scientists plan to study the material, which is thought to retain the chemical composition of the early solar system some 4.6 billion years ago, for clues to the origins of life on earth.

The Hayabusa2 mission was launched in 2014. It collected samples from the surface of Ryugu and from an artificial crater on the asteroid created by firing a projectile. After traveling more than 3.2 billion miles, Hayabusa2 flew by earth early this month and dropped a capsule with the samples inside.



The capsule from Japan's Hayabusa2 mission revealed a large amount of asteroid material, far more than scientists expected.



The school where gunmen abducted students in Nigeria was eerily quiet Tuesday, while concerned parents waited outside, below.

Jihadists Claim Mass Kidnapping

Continued from Page One

Boko Haram's claim of responsibility has surprised some analysts, marking a departure from the extremist group's usual area of operation in the country's northeast.

"What happened in Katsina was done to promote Islam," said Abubakar Shekau, the group's leader and Africa's most-wanted terrorist, with a \$7 million U.S. bounty on his head. "Western education is not the type of education permitted by Allah and his holy Prophet."

He didn't give any figures for the number of boys kidnapped in Kankara, but the mass abduction appears to be even larger than Boko Haram's 2014 kidnapping of 276 schoolgirls from the town of Chibok, which gave rise to the global #BringBackOurGirls campaign and sparked a U.S. military intervention. A new hashtag, #BringBackOurBoys, began to trend in Nigeria as fresh details trickled out. The United Nations has strongly condemned the abductions and called for the children's "immediate and unconditional release."

Boarding schools across several northern states have been closed and the governor of Katsina appeared on television in tears. The local government has said that the kidnapers have been in contact to discuss a ransom to release the boys, although Shekau said there were no negotiations.

Nigerian Defense Minister Salihi Magashi confirmed that a search-and-rescue operation was under way and pledged to do everything necessary to ensure the boys' return.

Distraught families have converged on the school's cam-



pus in recent days, pleading with the authorities to save the boys.

On Tuesday, the campus was eerily quiet. Students' belongings were strewn across the dormitory floors; textbooks and stray soccer cleats sat next to bags that would have soon been packed for the end-of-year holidays.

Boko Haram's claim of responsibility comes after a bloody two weeks across the northern frontiers of Africa's most populous nation. In late November, the group abducted and then slaughtered some 70 farmers in the village of Zam-

Boko Haram's claim comes after a bloody two weeks in northern Nigeria.

abari in Borno state. Last week, the group killed 28 people and burned 800 homes in a village across the border in southern Niger.

The rising violence across northern Nigeria comes amid the government's faltering strategy to combat a decade-long insurgency that has metastasized into one of the

world's deadliest jihadist campaigns.

"Only in Nigeria have we seen militants walk into a high school and abduct the whole student body," said Bulama Bukarti, an analyst at the Tony Blair Institute for Global Change based in London. "The security situation across the north is rapidly deteriorating. An attack on Nigeria's children is an attack on the country's future."

The Kankara attack is particularly embarrassing for President Muhammadu Buhari, a native of Katsina, who has repeatedly claimed that Boko Haram and its affiliates have been technically defeated. But since last year, the militants have been advancing, overrunning dozens of smaller military bases and looting weapons.

Shekau has traditionally operated in northeast Nigeria but has been quietly building alliances in the northwest for the past year. In recent video messages, he has claimed that Boko Haram has cells in the northwest, and appeared to address potential new recruits in the regional Fulani language.

Shekau directed the kidnapping of the schoolgirls from Chibok Government Secondary School in 2014. After three years, 103 were freed in deals brokered by a team of Swiss

mediators for a ransom and exchange of Boko Haram prisoners. A total of 112 have never returned home and many are feared to have died in captivity.

The testimony of the survivors of Kankara suggests the kidnap operation was eerily similar to the abduction in Chibok. Mr. Male and other witnesses said dozens of gunmen on motorcycles surrounded the boarding school and opened fire on police, before rounding up students and telling them they were soldiers—the same technique used in the Chibok abduction.

Mr. Male said he walked for more than 12 hours in bare feet as he had no time to collect his sandals during the abduction. Suffering from anemia, he felt weak and dizzy. In the darkness, he noticed dozens of students had slipped from the crowds and disappeared into the forest.

As the militants ordered the group to rest near a village while they discussed how to avoid being seen, he slipped off and hid under a tree. He sneaked into the forest and reached a nearby village named Zango, where locals helped him home after a 36-hour ordeal.

"I thought I would never see my parents again....I hope I will see my friends," he said.

WORLD NEWS

China Extends Its Wide-Ranging Economic Recovery

By JOSH CHIN

BEIJING—China's economic activity extended its momentum in November with an across-the-board recovery...

Major economic indicators, including industrial output, investment and consumer spending, all grew at faster paces last month...

Industrial output rose 7.0% in November from a year earlier—its highest level in more than two years...

The industrial sector was the first to rebound from the shock of the pandemic early this year, after Beijing rushed to restore production and business in the second quarter...

But official figures, in-

cluding Tuesday's data, have defied those predictions.

"China's economy continued to gather steam in November thanks to previous credit-easing policy and robust export demand," said Li Wei...

China's fixed-asset investment, which includes spending on manufacturing, property and infrastructure projects, rose 2.6% in the January-November period compared with last year...

Economic growth in the fourth quarter is expected to accelerate further from the third quarter because of rebounds in production and demand...

◆ Heard on the Street: Stimulus won't do heavy lifting.....B14



Workers on a truck assembly line in Weifang, China, on Tuesday.

Mexico Law to Rein In U.S. Agents

By JOSÉ DE CÓRDOBA AND SANTIAGO PÉREZ

MEXICO CITY—President Andrés Manuel López Obrador's ruling party pushed through a new law Tuesday curbing the role of foreign law-enforcement officers in Mexico...

The legislation, which passed by a vote of 329 to 98 in the lower house, follows the October arrest in the U.S. of Mexico's former defense minister on drug trafficking and corruption charges...

The curbs to the operations of foreign agents, aimed at DEA and other U.S. law-enforcement agents, are a blow to the U.S. Department of Justice, former agents and security analysts said.

Last month, Attorney General William Barr dropped charges against Gen. Cienfuegos and handed him back to Mexico, saying the general's detention would stifle bilateral security cooperation...

"We are troubled by legislation currently before the Mexican Congress, which would have the effect of making the citizens of Mexico and the United States less safe," said Mr. Barr...

The legislation orders Mexico's local, state and federal officials to report to the federal government every telephone call, meeting or communication with a foreign



A new security law passed after the arrest in the U.S. of Mexico's former defense minister on drug trafficking charges. Gen. Salvador Cienfuegos is shown in an artist's sketch in a New York court.

Congress Delays Bank-Bill Vote

MEXICO CITY—Mexico's lower house of congress on Tuesday postponed debate on a bill that bankers said would jeopardize the central bank's autonomy...

Proponents argued the measure aims to benefit Mexicans who receive remittances or tourist dollars in cash but can't exchange them on

the black market at unfavorable rates.

The central bank said the bill, as passed last week by the Senate, would put \$195 billion in reserves at risk because the bank could end up buying dollars from illicit sources.

Following sharp criticism of the proposal from the central bank, private banks and major credit-rating firms, lawmakers in Mexico's lower house abandoned plans to debate and vote on the bill Tuesday...

—Juan Montes

agent within three days of its occurrence. Foreign agents must report to the government any information they dig up and provide monthly reports of their activities.

"It puts too many conditions on the actions of foreign agents," said Jorge Chabat, an expert on international relations at the University of Guadalajara.

Meetings by Mexican officials with foreign agents must have prior authorization from a group of senior Mexican officials charged with regulating

contacts. A representative from Mexico's Foreign Ministry must be present at any such meeting. Failure to comply with the new rules could lead to administrative or criminal sanctions, the law says.

"There cannot be foreign agents in Mexico arresting people or committing crimes," said Dolores Padierna, a lawmaker from the ruling Morena party. "They shouldn't meet with state or municipal authorities behind the back of the federal government, deciding who is a reliable authority or with

whom they share information."

The new law is likely to make U.S. agencies reluctant to share information with Mexican institutions they consider to be corrupt, and Mexican officials won't meet with their U.S. counterparts because of the requirement they disclose the meetings...

A senior Mexican government official said Gen. Cienfuegos's arrest had a huge impact on the country's security establishment. "There was a clamor to have clear rules, and respect for Mexico," he said.

The U.S. has 50 DEA agents posted in Mexico, according to Mexican officials. Security experts and former officials say those agents have provided the bulk of intelligence for a string of high-profile arrests and captures of leading narcotics traffickers...

Seoul Bans Regime-Taunting At Border With North Korea

By TIMOTHY W. MARTIN

SEOUL—For years, activist groups in South Korea have sent everything from Bibles to K-pop across the border to the North. Now, that could cost them up to three years in prison and a \$27,000 fine.

Late Monday, South Korea banned sending material across the border that was critical of the North Korean regime without permission from the Seoul government.

The new law, backed by the ruling party of President Moon Jae-in, drew criticism from North Korean defectors and human-rights groups, who accused the government of limiting free speech and undermining democratic values in an effort to improve relations with Pyongyang.

Inter-Korean ties have skidded to a low point this year. Kim Yo Jong, the sister of North Korean leader Kim Jong Un, blasted Seoul in June for allowing a defector-led group to tie antiregime leaflets to balloons and float them into the cloistered regime.

"Before making lame excuses, they should at least make a law to stop the farce of human scum," Ms. Kim said in the June statement.

The new law requires a range of antiregime materials—which can include USB thumb drives, money, loudspeaker broadcasts and printed materials—be approved by South Korea's government before crossing into the North. It also applies to activity considered a serious danger to South Koreans, conducted through unspecified third countries.

The inflow of leaflets, news, dramas and movies have reshaped the views of many North Koreans. Nearly two-thirds of escapees who have relocated to South Korea have been exposed



South Korean soldiers near the Demilitarized Zone this year.

to outside information, say surveys from the Database Center for North Korean Human Rights, a Seoul-based group. Many said the outside information heightened their desire to leave.

The Kim regime has publicly executed those it accused of widely selling or distribut-

Violators of a new law would face up to three years in prison and a \$27,000 fine.

ing content smuggled from across the border, Pyongyang watchers say.

Mr. Moon, who has sought to warm ties with the North, has fielded a barrage of criticism from human-rights groups. Last month, South Korea, for the second straight year, didn't co-sponsor a United Nations General Assembly resolution condemning North Korea's human-rights violations.

In a letter Tuesday, an international coalition of more than 300 civil-society groups called on Mr. Moon to give priority to North Korean human rights, especially during a pandemic when the Kim regime has tightened surveillance and reportedly executed individuals caught while trying to flee.

"President Moon Jae-in should condemn North Korea's abusive measures on Covid-19,

not look the other way for the sake of inter-Korean diplomacy," said Eun-Kyoung Kwon, secretary-general at the International Coalition to Stop Crimes Against Humanity in North Korea, which signed the letter.

The new restrictions against antiregime materials were necessary to protect the safety of South Koreans living near the border and to uphold inter-Korean agreements, said Choi Ji-eun, a spokeswoman for Mr. Moon's ruling Democratic Party.

Some activists pledged to maintain their work. One of them, Park Sang-hak, a North Korean defector who heads a group that sent leaflets across the border, plans to challenge the law in court if it takes effect, his lawyer said.

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FROM PAGE ONE

Landscape Work Suits Hired Goats

Continued from Page One
'We were looking for positive distractions,' Mr. Davis said.
Not that you have to be a child. Sarah Baird rented some goats to control the weeds at the rural home near Buffalo, N.Y., where she and her husband were bunkered in September, and soon found she enjoyed their company.



Pandemic restrictions are no deterrent to 'goatscaping'; above, a rented herd clearing weeds on some land in Agoura Hills, Calif.

Goatscaping companies provide a fence and water buckets plus, if needed, a herder. Goats typically arrive by trailer, scan the grounds, then set to work. Before long, little vegetation is left.
'It's like mowing your lawn but with four-legged weed whackers,' said Larry Cihanek, who has 180 goats in Rhinebeck that he rents out for landscaping jobs in several states.
Goatscaping has its challenges. The goats form relationships with each other, and they can become miserable when they are separated, according to Mr. Cihanek. He

said he keeps such goats together on assignments. The job isn't particularly dangerous, but injuries can happen. One of Mr. Cihanek's goats grazing in a cemetery broke a leg when it got stuck between two tombstones. He created a cast and put the worker back on the job after recovery.
While out weeding in the fields, some goats have tried to make a break for it. 'A goat will clear a 6-foot fence from a stop,' said Genevieve Church, who runs a goatscaping nonprofit called City Grazing in San Francisco.
On assignment years ago,

some of her goats went on the lam. They broke into a neighboring garden, destroying a collection of roses. Ms. Church had to pay for the damage. The neighbor wasn't upset for long. 'He thought it was the funniest thing,' she said.
City goats often need overnight supervision. Those at Stuyvesant Cove Park in New York were kept inside the park by a fence that the goat supplier built, but Ms. Thompson felt compelled to sleep in a van in the park to keep an eye on them.
On the first morning, she woke up to voices. 'I look out my window and there's a

dude standing there feeding them chips,' she said. 'I was like, 'Sir, can you not do that, please?' '
Landscaping is a second career for many goats, after working in the dairy trade. Some owners have followed an analogous course, ditching deskbound jobs for the goat business.
Mr. Cihanek spent decades in the Manhattan advertising industry before moving east and buying a farm. Jennifer Zeitler, who runs Let's Goat Buffalo, the company Ms. Baird booked, worked in corporate employee benefits before deciding she wanted to be

closer to nature. With 15 goats, Let's Goat Buffalo is one of the newer and smaller goatscaping ventures. Among the biggest is Living Systems Land Management in Coalinga, Calif., which has around 9,000 goats and sheep. It recently sent 1,200 goats to clear weeds from a levee alongside the Sacramento River so engineers could more easily spot any holes, said Mike Canaday, one of the owners.
Each spring, hundreds of his goats arrive in Agoura Hills, northwest of Los Angeles. Guarded by herders and dogs, they spend six to eight weeks on 80 acres of open land around homes, clearing it of anything that could tempt a wildfire.
At \$50,000, the goats cost about half as much as hiring people to control the weeds over the course of a year, said Jan Gerstel, president of a local homeowners' association.
And they leave no cut grass behind. He credits their appetite with saving his neighborhood from a 2018 blaze called the Woolsey fire, which destroyed more than 1,500 buildings on 97,000 acres and took several lives. Mr. Gerstel said the flames reached the edge of the area the goats had grazed on, then stopped.
'They literally eat down to the dirt,' he said, 'and there's nothing left to burn.'

Teacher Shortage Hits Hard

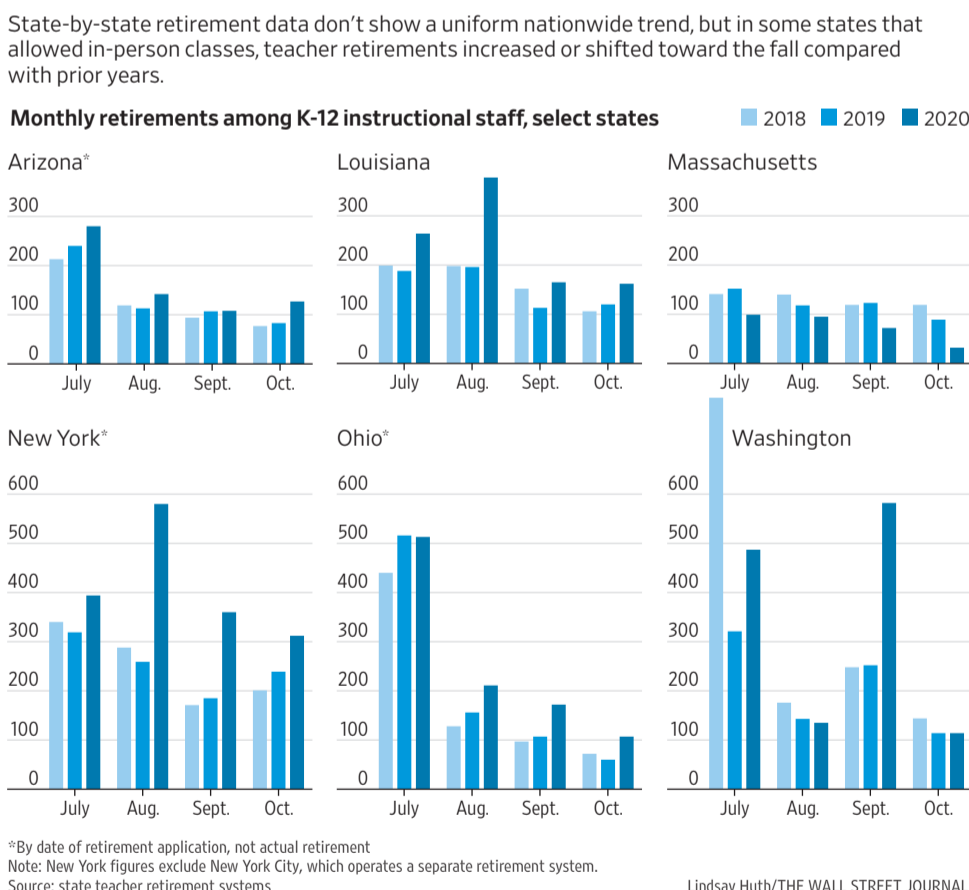
Continued from Page One
Arizona. At the start of the school year in August, school districts weren't able to hire traditionally certified teachers for 78% of 6,145 open positions, according to a survey by the Arizona School Personnel Administrators Association, an organization of human-resource managers. The survey included responses from 145 of the state's 236 school districts; there are roughly 60,000 teacher positions in the state.
Half the open positions, or 3,080, were filled by emergency substitutes, recruits from other countries and student teachers. A third, or 1,728, were left vacant or covered by consolidating classrooms, paying teachers to work through their planning time or having principals pick up classes.
At least 460 teachers resigned, retired or took unpaid leave due to Covid-19 and an additional 200 either didn't show up for the first day of school or quit within a few weeks. Retirements spiked from August to October, up 24% from the year before.
Andrea Murphy, an advanced-placement psychology teacher, took early retirement

because people are resigning, people are retiring, taking leave to care for sick parents and they're not able to fill those positions.'
Educational achievement has suffered, although academics say it is too soon to know how much is due to general pandemic-related stress or shortcomings in online and hybrid learning. Districts nationwide are reporting that in the first quarter, as many as half of middle- and high-school students are failing at least one class. A November report on test results of more than two million math students found they had fallen behind, needing as much as 12 weeks to catch up to where they were expected to be in the fall.
Even without the pandemic, it was unlikely the pipeline of college students studying to become teachers would keep pace with retirements and attrition.

Nontraditional hires
To compensate, states are increasingly relying on alternative or emergency credentials to allow people who have no formal training to become teachers. The percentage of emergency or nontraditional hires rose to 16% of teachers in the 2019-20 school year from 10% in 2013-14, according to the American Association for Employment in Education, a trade group that tracks teacher hiring.
'It's, 'If you want to be a teacher tomorrow, I'll hook you up,' ' said Justin Wing, human-resources director at the Washington Elementary School District in Phoenix, of the hiring process in Arizona. 'If you have a degree in accounting or whatever, you can be a teacher tomorrow. I'm not kidding.'
Mr. Wing has hired a former police officer, a restaurant manager and a plumbing apprentice, among others, to be teachers, and is offering after-hours training toward traditional certification.



Kindergarten teacher Amber Fusco shifted to online teaching at Phoenix's Shaw Butte Elementary.



'Without these student teachers, there's no one,' she said. 'Literally no one.'
Across town, Shaw Butte kindergarten teacher Amber Fusco is one of two certified teachers responsible for in-person learning for the school's 100 kindergartners, most of whom are enrolled in hybrid learning and are rotating in and out of school in groups. Three student teachers help her out.
On a late October day, she modeled for a dozen in-person kindergartners how to put the top on their glue stick, put their crayons away, push their chair under the table and stow their artwork in their cubby. She over-enunciated to help students learn spoken English since they cannot see her mouth through a mask.
The district recently switched back to all-virtual learning, citing a substantial increase in local cases of Covid-19. Ms. Fusco now spends her day coordinating remote learning and adapting lesson plans, such as how to write, recognize and speak the letter 'O' through worksheets and quick bursts of live online instruction instead of games and in-person modeling.
By the end of a normal year, Ms. Fusco's students would know how to count to 100, recognize sight words and speak in complete sentences.
This year she is trying to be realistic. 'The hardest thing for me is keeping all the children straight,' she said.
Shaw Butte principal Tracy Maynard moved seven of her 29 teachers to different grade levels or to combined grade-level classes to compensate for vacancies and ensure proper class size.

Staffing challenge
Two of her vacancies came from people trying out teaching as a second career. 'One didn't work out,' she said. 'One made it two weeks and quit.'

An additional staffing challenge in Arizona is that schools must provide space for students whose home situation doesn't allow for distance learning, even if the school isn't open for in-person instruction.
Shaw Butte has two dozen students in its daily program, based in a classroom on the far side of campus. There is no teacher to oversee them, so Ms. Maynard cycles through staff as they're available.
Students do their virtual work, which takes 60 to 90 minutes then watch videos, fidget in their seats or go out to the playground when it isn't in use.
'It's hard for the children,' she said. 'They are doing a little bit of work and then they're just sitting in a room.'
Ms. Maynard, head of the district principals association, said worries that the constant change and increased workload will force teachers out, exacerbating the shortage.
'Everyone says it is like getting on a plane while you're building it,' she said. 'But who's dumb enough to get on a plane that is not built?'

'You're basically hiring a glorified baby-sitter,' one parent complains.

six weeks into the semester at a high school in the Mesa Public Schools district southeast of Phoenix. The 54-year-old was three years shy of 30 years' tenure, a milestone that would have added \$850 a month to her retirement check.
Mrs. Murphy said she became physically ill from stress once she was back in the school building this fall, teaching a mix of in-person and remote students. She wore scrubs, a mask, a face shield and a beanie, gear she knew was overkill but made her feel safer.
'Many of us in education have felt disposable since this Covid period,' she said. 'I was done.' She is now studying to be a paralegal.
Staffing is a daily struggle, said Kristi Wilson, superintendent of the Buckeye Elementary School District southwest of Phoenix. Dr. Wilson, who leads a Covid-19 response task force as president of the professional group AASA, The School Superintendents Association, said her peers nationwide are also struggling to find enough teachers.
'It's everyone,' she said. 'Large districts, small districts, rural, urban. A common

rest of the semester, citing staffing shortages.
'She's not getting an education,' Ms. Kidd said, of her 15-year-old. 'There's no way.'
Amber Payne, a 21-year-old graduate student in hospitality, is substiting this fall for \$68 a day in suburban Atlanta. She said she hasn't yet used a lesson plan and typically does her own college assignments while students sit at their desks and do virtual work assigned them by their regular teacher.
'I don't think I could be an actual teacher,' she said, citing the challenges of managing a classroom of 30 restless high-school students.
Arizona has the highest average class size in the U.S., with 23.5 pupils per teacher, compared with 16 nationwide, according to the National Center for Education Statistics.
It has among the lowest median pay in the country, when adjusted for cost of living, at \$46,404 for an elementary schoolteacher, compared

with \$60,461 in neighboring New Mexico, according to Expect More Arizona, a group of community and business leaders advocating for increased education spending. That's after a spate of pay increases on the heels of the state's trademark 'Red for Ed' protests two years ago. In November, voters approved a ballot initiative raising income taxes on high earners to support education spending, but it faces legal challenges.
Substitute search
On a recent morning at Acacia Elementary School in northwest Phoenix, principal Christine Hollingsworth greeted kindergartners at the front door as they stood on X marks waiting to have their temperature taken and fiddling with masks.
'Good morning!' she said. 'I see your smiles under there!'
Ms. Hollingsworth had been up since 4 a.m., fruitlessly

seeking a substitute for the art teacher, who was out with allergies.
The office manager was also absent, so teachers and other aides took turns playing that role. Ms. Hollingsworth said she tries to do her part, filling in as a substitute teacher and as facilities manager for three months this fall, coaching the custodians on maintenance. 'It's all hands on deck,' she said.
Over the summer, Ms. Hollingsworth went to the Washington Elementary School District's candidate database to see if she could fill a handful of vacancies created by teachers who didn't feel comfortable returning to school. There were five applicants for dozens of teaching jobs at 32 elementary schools.
She said she is lucky to have seven paid student teachers through a program with Arizona State University. The students work full-time in a classroom instead of a typical part-time assisting role.

GREATER NEW YORK



Gov. Phil Murphy applauds as resident nurse Maritza Beniquez got the Pfizer-BioNTech vaccine Tuesday at a Newark hospital.

N.Y. Seeks Answers About Virus Spread On Mass Transit

BY PAUL BERGER

Transit officials in New York are teaming up with the Department of Homeland Security and Massachusetts Institute of Technology to study how to reduce the spread of the Covid-19 on buses and trains.

If—and how much—the virus spreads on mass transit is a stubborn question. Ridership is down in cities world-wide largely due to people working from home and businesses closing, but also because of fear of contracting the virus.

Studies and reports this year have drawn conflicting conclusions about the extent to which the virus spreads on mass transit. Some of the studies have been conducted by economists and transit specialists who don't have expertise in the spread of viruses and other pathogens.

Researchers plan to release different types of water-based aerosols, including those that mimic respiratory droplets which can be inhaled by people within 6 feet of each other, as well as tiny particles that can travel farther and linger in the air for hours. The studies will be conducted on transit vehicles that are not in service. They will be carried out on vehicles in their normal state, as well as on those with doors and windows open and with enhancements to ventilation and air-filtration systems. The study will be led by MIT's Lincoln Laboratory.

Don Bansleben, a program manager at the DHS Science and Technology Directorate, said it is clear that mass-transit passengers in the U.S. might have been exposed to the virus by fellow riders. However, he said, "I don't believe there's any definitive evidence that has shown that public transportation is really a source of spreading the virus, especially

in large clusters of people."

New York's Metropolitan Transportation Authority carried about 8 million riders daily on the subway, buses and two commuter-rail systems before the pandemic. Its operations are focused on New York City, which bore the brunt of the pandemic in the spring. Week-day subway ridership is down about 70% compared with pre-pandemic levels. Weekday commuter-rail ridership is down between 75% and 80%.

Meghan Ramsey, a researcher at the Lincoln Laboratory who is leading the study, said the idea is to measure contamination in the air and on surfaces to understand the relative risk of contracting the virus and the efficacy of mitigation methods.

Mark Dowd, the MTA's chief innovation officer, said the agency asked DHS to conduct the study to determine scientifically whether the virus can be transmitted on transit and how to mitigate any risks.

The emphasis in combating Covid-19 has shifted during this year from surfaces to air quality. The shift came as the Centers for Disease Control and Prevention said in the early summer that person-to-person interactions for extended periods, not surfaces, are the leading cause of infections.

The project team says the tests are safe. The mock viral droplets being released contain ingredients common in household products. Nevertheless, the study is subject to an environmental assessment and public comment period which began Tuesday. Researchers hope to start the study in late January or early February and to have results by early spring.

A DHS spokeswoman, Anne Cutler, said the agency hopes lessons learned from the study can be applied nationwide.

Vaccinations Launched in N.J.

About 76,000 doses will be available this week for front-line health-care workers

BY JOSEPH DE AVILA

Covid-19 vaccinations for front-line health-care workers have begun at New Jersey hospitals nine months after the state recorded its first infection of the pandemic.

New Jersey is set to receive 76,000 doses of the vaccine manufactured by Pfizer Inc. and BioNTech SE this week. About 20,000 of those doses have been set aside for long-term-care facilities, and the rest are for hospital workers most at risk of exposure to Covid-19.

Six New Jersey hospitals began vaccinations Tuesday. An additional 47 New Jersey hospitals are expected to begin administering vaccinations

by the end of the week.

Maritza Beniquez, resident nurse in the emergency department at Newark's University Hospital, was the first New Jersey resident to receive the vaccine. She said she would no longer have to fear getting sick.

"I won't have to be afraid to go into a room anymore. I won't have to be afraid to perform chest compressions or to be present when they are intubating a patient and giving a breathing treatment that is necessary," the 56-year-old said.

The state's first phase calls for vaccinating 650,000 people in the health-care field and in long-term-care facilities over the next several weeks. Gov. Phil Murphy said the shots will become available to the general public by April and May.

The beginning of vaccinations comes as New Jersey is dealing with a new surge of infections. The state recorded a seven-day average of 4,740 new Covid-19 cases Tuesday. And

3,660 people were hospitalized with the disease or were awaiting test results in the hospital as of Tuesday. There have been more than 15,900 confirmed Covid-19 deaths in the state.

New Jersey hospitals are preparing for an influx of patients in the next few months. One model produced by the state's Department of Health estimates more than 8,700 people could be hospitalized if the public ignores warnings of the dangers of attending private gatherings over the holidays and becomes lax with masking and social distancing. Covid-19 hospitalizations peaked at 8,270 in the spring.

Mr. Murphy said the arrival of the vaccinations marks a turning point. "It was an incredible thrill to witness these first vaccinations," he said. "We know this is not the end, but we know we are witnessing at least the beginning of the end."

In New York City, hospitals began administering the vac-

cine Monday. Nearly 41,000 doses were available at 42 hospitals citywide Tuesday, Mayor Bill de Blasio said. "Our hospitals are ready. They have been waiting for this moment preparing," he said.

The mayor also warned residents that the city likely will go into a lockdown, with only essential businesses open after Christmas as infection and hospitalization rates continue to rise. Any lockdown and restrictions would be mandated by Gov. Andrew Cuomo.

"We are just on the verge of a huge breakthrough with the vaccine, but we're also dealing with a second wave," Mr. de Blasio said.

The average percentage of people testing positive for the virus over the past week was 5.51%, city data showed. Hospitalizations have been up over the past few weeks, with 160 people admitted Sunday.

—Katie Honan contributed to this article.

Restaurateurs Hope Outdoor Set-Ups Withstand Storm

BY CHARLES PASSY

Having already weathered myriad challenges this year because of the pandemic, New York City's restaurants are now facing a nor'easter set to arrive Wednesday.

The metropolitan area could see 8-12 inches of snow and wind gusts up to 50 miles an hour, according to the National Weather Service. That will test New Yorkers in general, but it could prove especially worrisome for the many dining establishments that have set up outdoor structures during the pandemic through the city's Open Restaurants program.

At issue are concerns as to whether the structures would be able to withstand the storm. Some in the industry fear that the winds could wreak havoc

with flimsier setups or that any snow accumulated on roofs could cause a collapse.

Another worry is the possibility of the city's army of snowplows hitting and damaging the structures, particularly because many roadways are considerably narrower now that restaurants have been allowed to build out onto streets.

The city hasn't called for restaurants to dismantle the outdoor structures outright, but it suggests that establishments bring inside portable heaters and furniture or at least secure items in place. It is also putting a halt to outdoor roadway dining beginning Wednesday at 2 p.m., with the closure running through at least Thursday night.

"It's a new reality," Mayor Bill de Blasio said Tuesday of the complications restaurants



A snowplow did a test run in Manhattan earlier this year.

with outdoor setups would face during a snowstorm. Sidewalk dining would still be allowed during the storm, he added.

Restaurant owners say the challenge feels all the greater

given how much they have endured this year.

"It seems like one thing after another," said Jeff Zalaznick, managing partner of Major Food Group, a prominent

New York restaurant operator whose establishments include Parm, Carbone and Sadelle's.

Like some other restaurateurs, Mr. Zalaznick said he has faith in the stability of the structures he has erected. "There's no need to panic," he said, though he noted his setups could be removed if necessary and then reattached because of their modular design.

City officials said there shouldn't be issues with plows running into outdoor structures. The Department of Sanitation, which is responsible for snow removal, has three different size plows precisely because some streets and situations might not be able to accommodate the larger vehicles, said department spokesman Joshua Goodman.

Mr. Goodman also noted

that the department did test runs earlier this year with the plows to ensure vehicles could navigate streets even with the outdoor structures. "We've been practicing," he added.

Still, not all restaurants are resting easy. Giselle Deiacco, manager of the uptown location of Avena, an Italian dining spot on Manhattan's Upper East Side, said she plans to have two employees keeping an eye on the situation during the storm to make sure plows don't come too close to the outdoor structure. "We just hope whoever is driving it is intelligent enough," she said.

Jin Ahn, co-owner of Nor'eetuh, a Hawaiian restaurant in Manhattan, noted a silver lining: Demand for takeout and delivery can increase when the weather turns nasty.

Marriott Lays Off Hundreds of Workers at Times Square Hotel

BY KATE KING

Marriott International Inc. is permanently laying off 850 employees from its hotel in Times Square, another sign that the hotel industry in New York City remains significantly hobbled by the pandemic.

Marriott recently told the workers that they will be let go March 12, nearly a year after more than 1,200 employees at the New York Marriott Marquis were furloughed as rising Covid-19 infections prompted the closure of nonessential

businesses and tourist spots. Those who remain on staff are either working or are expected to return to work soon, a Marriott spokeswoman said.

"These are actions we never thought would become necessary at our location," the hotel's general manager wrote in a Dec. 9 letter to laid-off workers reviewed by The Wall Street Journal. "The unprecedented severity of the Covid-19 crisis, however, has forced the location to make these difficult decisions."

New York City's hotel in-

dustry has suffered disproportionately due to the pandemic compared with the rest of the country as demand from corporate and leisure travelers has plummeted, said Jan Freitag, national director for hospitality-market analytics at CoStar Group Inc., a commercial real-estate data firm.

New York City hotel rooms reported 33.8% occupancy in the week ended Dec. 5, compared with 90.8% occupancy during the same week last year, according to STR, a hotel-data firm owned by CoStar.

The occupancy rate for all rooms in NYC the first week in December was 24.7%.

But that occupancy rate is based on actively available rooms and doesn't take into account hotels that have closed temporarily during the pandemic, Mr. Freitag said. The occupancy rate for all ho-

tel rooms—open and closed—in the city that first week in December was 24.7%.

"For about a third of the inventory, the owners said, 'we are better off not being open,' which is just an astounding number," Mr. Freitag said.

The New York Marriott Marquis is located in the heart of New York City's theater district and has several ballrooms for large events. But the usually jam-packed neighborhood now offers little to draw hotel guests, with Broadway theaters set to remain closed un-

til June and many office employees working from home.

Hilda Salcedo, a server who has worked for Marriott hotels since 2000 and at the Times Square location since 2013, said employees haven't been given details about possible severance packages. She said she had been preparing for the possibility she would lose her job, but the layoffs came as a shock to many co-workers.

The Marriott spokeswoman said laid-off workers will receive information about severance in early 2021.

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METRO MONEY | By Anne Kadet

New York-Area Ports Are Booming

Where is all the action this holiday season? At the area's shipping ports. They are bustling. They are bananas. They are bursting with imports and record truck traffic rumbling through to haul it away. "It's busy today!" exclaimed Deputy Port Director Bethann Rooney, surveying the system's Port Newark Container Terminal one recent morning. "You can tell by the number of trucks moving around, the number of ships in at one time."

This season has produced a record flow of incoming cargo at the Port of New York and New Jersey—driven in part by the insatiable demand for merchandise from people stuck at home during the pandemic.

In early fall, in preparation for the holidays, 55,000 shipping containers of furniture and bedding were unloaded at the port—a 32% increase from 2019. Coffee-maker shipments jumped 163% to 1,050 containers—that is about three million 12-cup machines.

"And washing machines, year-over-year, are up 2,600%," said Ms. Rooney, who learned to drive huge ships while attending SUNY Maritime College in the Bronx and joined the Port Authority in 1993.

The season's record volumes also reflect warehouse operators and retailers stockpiling goods to prepare for the possibility of another global-manufacturing shutdown, Ms. Rooney said.

There are more than a billion square feet of private warehousing and distribution space in New Jersey that accept containers of merchandise from the port for redistribution to retailers such as Walmart and Amazon.com. But now these



A container ship is docked at the Port Newark Container Terminal in New Jersey.

warehouses are full, and the logistics companies that run them are renting nearby parking lots to store the stockpiled inventory.

All told, more than 430,000 containers arrived at the port in September and October, 18% more than in 2019, and a record for the period. That's a lot of stuff! To put it in fruit terms—which is always best—430,000 40-foot containers would hold more than 20 billion bunches of bananas.

Indeed, our port, which spreads across five locations in New Jersey, Staten Island and Brooklyn, is the largest on the East Coast and third-largest in the U.S.

It also is where container shipping was invented, in 1956, when a New Jersey trucking company owner loaded 58 containers directly from his vehicles onto a converted oil tanker bound for Houston.

"We're the first and the greatest!" Ms. Rooney said. I can't say if it is the

greatest, but the port is really quite spectacular.

Touring the Port Newark terminal is like navigating a giant game of Tetris, only more predictable. Each of the 40,000 brightly colored containers typically on-hand is scanned, scheduled and tracked by central computer systems as it moves off the

Setting a record, over 430,000 containers arrived in September and October.

ship and through the terminal on a series of 18-story-tall cranes, top loaders and long-legged, sideways-moving straddle carriers.

While about 17% of imports leave on trains stretching more than 2 miles long, most head out on trucks. The first week in December saw 75,100 trips in and out of the port.

Trucks stop at a toll-

booth-like structure where a series of sensors and cameras scans and inspects them. The driver speaks to a clerk located in a remote office before getting marching orders dictated by algorithm.

Many of the 15,000 truckers licensed to do business with the port make three to four trips a day between the terminal and surrounding warehouses. But with containers piling up because of the warehouse shortage, it is hard to move them efficiently, and wait times have lengthened. Now, some truckers are down to just one to two trips a day.

The ships themselves, which typically arrive monthly or weekly from Asia, Europe and South America, are so big it doesn't even make sense.

The typical carrier holds about 5,000 standard containers and is roughly 20 stories tall and 3.5 football fields long.

"And it floats!" Ms. Rooney said.

Not every ship is the size

of an iceberg. We stopped to gawk at the Oleander, which travels weekly between New Jersey and Bermuda carrying about 450 half-size containers. It is the only container vessel running between the U.S. and the tiny country.

"The island of Bermuda is 100% dependent on that ship," Ms. Rooney said.

And not everything arrives in a container.

We drove past mountains of rock salt imported from South America, piles of Belgian brick on its way to landscaping firms, and silos of nut and vegetable oil headed for area cookie and cracker factories.

The 460-foot Viking Odessa, berthed at the north end of the complex, turned out to be a floating parking garage that can transport thousands of vehicles—in this case, it was exporting used vehicles to Haiti.

When cars are imported, workers with the International Longshoremen's Association move the vehicles off the ship. They ride up in a van together and drive the new cars down the ramps, one by one. A worker might make 20 to 30 trips a day.

The vehicles are parked in a mile-long lot where they are accessorized by auto processors with features such as spoilers before distribution to dealerships.

Toward the end of the tour, I expressed amazement that this operation not only supplies much of the merchandise purchased by consumers in the Northeast and beyond, but is replicated in ports around the globe, keeping us neck-deep in mattresses and microwave ovens.

"And it started here in New York and New Jersey," Ms. Rooney added. "Did you hear me? It started here in New York and New Jersey!"

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QUEENS

Traffic Agent Pinned Under 18-Wheeler

A New York City traffic agent was rescued from underneath a tractor-trailer after being struck by the 18-wheeler Tuesday morning in Queens, police said.

Firefighters and police officers freed the agent, who was hit at about 10:30 a.m. on Broadway in the borough's Astoria neighborhood.

The agent was conscious and alert and was taken to Elmhurst Hospital for neck and back pain. The agent was listed in stable condition, police said.

The driver of the tractor-trailer remained at the scene. Sgt. Edward Riley, a police spokesperson, said no criminality is suspected.

Bystander video showed rescue workers surrounding the vehicle with wooden planks to free the agent from under the tractor-trailer.

—Associated Press

CONNECTICUT

Drought Eases, but Caution Still Urged

Drought conditions have improved, but Connecticut officials are still urging residents to be careful about their water usage.

The Office of Policy and Management announced Tuesday the state's drought work group voted last week to improve the drought stages in six of Connecticut's eight counties. With these latest changes, all counties except New London are considered to be in the first stage, or below normal conditions. That means despite recent rainfall, there is still some cause for concern over issues such as groundwater and reservoir levels.

New London County is now in the more serious second stage, which means groundwater and streamflow continue to remain below normal region-wide.

Interagency Drought Workgroup Chair Martin Heft said if consistent rainfall continues, there is a "high probability" concerns might be assuaged.

—Associated Press

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Ways to Help Others In This Holiday Season

Some of the messages of hope from spiritual leaders amid the pandemic

By CLARE ANSBERRY

The Rev. Carmen D'Amico stood before his congregation in Muse, a former coal town in western Pennsylvania, and talked about not giving into despair and darkness.

"Being in a pandemic doesn't mean you stop doing what is good," he told the members of Holy Rosary Catholic Church on a recent rainy Sunday morning, all wearing masks and sitting in every third pew to keep safe distance. "If you know someone is alone, call them up. Reach out to them. Do you have elderly neighbors who need their leaves raked? Do it. Don't wait for anyone to ask you."

Simple actions matter, he says. "We need to support each other to get through this. We need to be the light for each other."

Religious and community leaders, who like everyone else have been grappling with the pandemic for months, need a special message for the 2020 holiday season. People are exhausted by the crisis that they thought would be over by now. Many have lost loved ones and jobs. They miss family and friends they can't safely visit, an absence deeply felt during a season traditionally

filled with gatherings and festive concerts and pageants.

Here are some of the messages that spiritual leaders are delivering during a time of distress.

Make a Difference

The pandemic has made many people feel helpless, says Rev. Mark Feldmeir. "How do we create an opportunity for people to feel empowered and make a difference?"

He and his staff at St. Andrew United Methodist Church in Highlands Ranch, Colo., talked about the importance of nostalgic family rituals, especially in a year when the pandemic has interrupted so many traditions. They came up with a twist on the Advent wreath, a practice that involves lighting candles to mark the passage of four Sundays before Christmas.

The church distributed small cardboard boxes in the church parking lot to members of the congregation before the Nov. 29 start of Advent. When the lid is removed, the sides fold down and become a flat cardboard wreath with tea-light candles attached—one for each Sunday before Christmas and another in the center for Christmas Day. Members are invited to join a virtual candle-lighting service at 5 p.m. each Sunday on Zoom.

"We also had a little outreach component," says Rev. Feldmeir. Each week, members have been asked to drop off a particular item, such as socks, hats or mittens, at a station in front of the church. Just before Christmas, they will bring sleeping bags and winter jackets. All the items will be distributed on Christmas Day to four agencies serving the homeless.

Look Outward

For Hanukkah, the eight-day Jewish Festival of Lights that began on Thursday, Rabbi Batsheva Meiri of Congregation Beth HaTephila, a Reform congregation in Asheville, N.C., tells the story of how the Jewish people lost their temple and reclaimed it: They had only one day's worth of oil to light the menorah to rededicate their temple, but the candles continued burning for eight nights.

"I talk about this every year, but this year it takes on new significance," she says. Nine months into the pandemic, people feel spent. "We have just a tiny bit of gas left to get us through this. But we surprise ourselves," she says. "We see and hear all those stories of people, health-care workers and others on the front line, who are able to tap into a reserve and do what they

need to do in the darkest of times."

How can people keep going? Look outward. Notice if a neighbor needs something. "When we are engaged in serving others, there isn't the same place and space for darkness," she says.

Being separated from loved ones during the holidays is difficult, she says, but such longing is also a sign of the many deep connections in our lives. "If we didn't feel sadness and longing, that would be really sad."

Write a Letter

This year, Christmas cards matter more than ever, says Rev. Michael Curry, presiding bishop of the Episcopal Church in New York. He recently received a handwritten letter and immediately sat down to read it, feeling touched that someone had taken the time to write.

"It is worth the extra effort to send a handwritten Christmas card. I may not be able to touch you, but I can see your handwritten words," he says. "Let me tell you, that makes a difference, especially this holiday season, when so many people will be alone."

He encourages sending cards to family and friends—but also to one or two others: "People in your community, your church or club, someone you normally wouldn't send a card to."

Every day, he says, he asks himself how he will intentionally and deliberately love God, himself and his neighbors. Sending a Christmas card is one of those ways. "Anything we can do to brighten the life of another," he says. "Even if it's just a little bit. That's OK. It doesn't take a ton of light to cast away the darkness."

Seek Unity

Adrian Williams considered canceling her annual Kwanzaa celebration this year because of Covid-19.

"Then I looked at what was happening in our country and our community and thought we need it more than ever," says Ms. Williams, who is director of the Village Project in San Francisco, a nonprofit youth-enrichment program. Every year for the past 14 years, she organized a community celebration of Kwanzaa, which runs from Dec. 26 to Jan. 1 and celebrates seven values, one each day, with the lighting of a candle. The holiday, which isn't tied to any specific religion, celebrates African heritage.

The first day honors unity, which this year takes on special meaning. "This country is so divided and in order for us to heal,

we have to do it collectively," she says. "We need to take care of each other. My brother's problem is my problem." With so many people unemployed and small and minority businesses hurting in the pandemic, Day 4, dedicated to Ujamaa, or cooperative economics, is even more important. "We encourage people to shop at small businesses and keep money in the community."

This year, the Villages Project will stream nightly services from different venues, lighting the candles and honoring those who have died. As food is a big part of Kwanzaa, a no-contact meal pickup will be provided. Each evening's program will end with a 45-minute performance of a local blues band. "I love the blues," she says.

If Ms. Williams had to offer one message for Kwanzaa 2020, she says, it would be simple: "Be kind. Try to do something good and productive every day. Be a doer of the Word, not just a hearer of the Word."

Spread Hope

On the first Sunday of Advent, Rev. Paul Robeson Ford, senior pastor of the First Baptist Church in Winston-Salem, N.C., talked about hope during a service live-streamed on YouTube and Facebook.

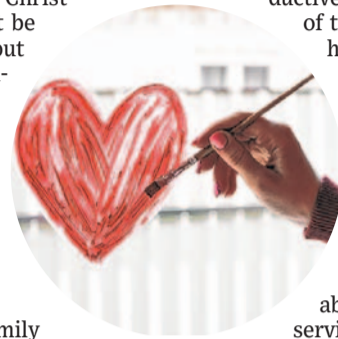
"We light the first candle on the Advent wreath, representing hope even in the midst of a pandemic and everything we have endured," he said, noting that a vaccine would be making its way to the public. "There is reason to believe that before Advent is over, the end of this pandemic will begin."

It's a message especially important for the large number of people in his congregation who are in their 80s and 90s and live alone.

"The church was the center of their social life," he says. They participated in full productions of Handel's Messiah, live nativity displays and organized elaborate Christmas-card exchanges. Some are gold-star members, meaning they have belonged to the 141-year-old church for 50 years.

Many didn't know much about social media, but now have Facebook accounts so they can watch the services online. The church is making sure they receive Christmas cards and phone calls.

Harriet Smith recently turned 100, and church members sent her cards and gifts. She sent a thank-you card, read at the Advent service. "You all make me feel so special," she wrote. "Nice things seem to bloom from you."



Now Delivering to a Suburb Near You: City Restaurants

By ALINA DIZIK

For months, Kate and Ben Masino had failed to find a time for the 40-minute drive from their home in Devon, Pa., to Philadelphia's Fork restaurant for a date night. But in the midst of the pandemic, the couple found the next best thing: They ordered Fork's \$90 champagne-braised chicken for two, and picked it up at a local business just five minutes from their home.

It was a win, says Ms. Masino, a 36-year-old health-care executive with two children. The couple had never been to Fork before, and found that the quality was predictably better than local offerings. "We were sick of the usual suspects in our area," she says.

High-end urban restaurants have long thrived with the help of suburbanites traveling into the city for a night out. Now those same eateries are making the reverse commute.

The pandemic has brought limitations on in-person dining, and many suburban diners have found themselves too far from city restau-

rants to stop in for pickup or get regular delivery. So urban restaurateurs are coming up with creative ways to get their food to people who live outside the city, even if it means setting up camp in a suburban parking lot.

Exclusive restaurants such as New York's Eleven Madison Park and Chicago's Alinea now offer multiple suburban pickup locations via the reservations platform Tock, with diners paying around \$50 to \$120 per person. Suburban pickups have sold out quickly and "generated tens of millions of dollars in revenue," says Tock's chief marketing officer Bryan Ferschinger.

In November, Chicago restaurant group One Off Hospitality started offering suburban fans a three-week-long Supper Series with pickup locations 20 to 30 miles away from its restaurants. Recipients pay \$140 for four-course meals for two from the group's restaurants, including Publican and Avec. Since November, the group has sold more than 1,400 subscriptions, according to chief executive Karen Browne, and the revenue stream is comparable with a busy



Above, takeout orders ready for pickup by suburban diners in Oak Park, Ill. Left, a dinner for two, ordered from Fork restaurant in Philadelphia.

weekend evening. "The Supper Series really has brought back that bustling Saturday night feel," she says.

Jason Ward is a residential painting company owner in Benbrook, Texas, about 20 minutes outside Fort Worth. Mr. Ward recently worked with Reata, one of his favorite Fort Worth restaurants, to establish a drive-through pickup spot for orders at a church parking lot in Benbrook. Since the first event this spring, other downtown restaurants have followed suit, he says, and regular pickups from the lot now feel like a social scene. "There are 60 or 70 cars and people waving out their car to each other," he says.

Randi Gurian, 68, lives in Wilmette, Ill., about 20 miles outside Chicago. The retired nonprofit executive uses Tock to order weekly delivery from Chicago restaurants owned by Lettuce Entertain You Enterprises, which delivers to cer-

tain suburbs in the area. This fall, Ms. Gurian and her husband held a socially distanced outdoor dinner party in the couple's leafy backyard, inviting friends who live outside the restaurants' delivery area. "I love that I live in the right suburb for this," she says.

Still, she says the quality of restaurant entrees aren't always up to snuff when consumed at home. With restaurants outside the Lettuce Entertain You group, she says, "I have sometimes found when we bring things home, it's uneven how well those [options] have worked."

Suburban deliveries can be logistically challenging for restaurants. Washington, D.C.-based restaurateur Fabio Trabocchi is working through the logistics of delivering food from his four upscale restaurants, including Fola, to nearby suburbs. In the past few months, his restaurants have ramped up deliveries to Bethesda,

Md.; Potomac, Md.; McLean, Va., and sometimes even farther for a delivery fee of roughly \$30. Meals are costlier to prepare for delivery, he says, because diners expect larger portions for multiday consumption and many dishes require additional sauce to keep them from drying out.

Sean Feeney, co-owner of Italian restaurants Lilia and Misi in Brooklyn, invested in two refrigerated trucks to deliver food to customers who have relocated to the suburbs. The delivery business has expanded so quickly that it allowed the company to bring back furloughed employees sooner than expected, he says.

The demand for these types of services may have staying power beyond the pandemic, says Allen Shulman, co-founder of DwellSocial, a startup that works with Chicago restaurants to coordinate suburban food pickups. Mr. Shulman says many of his suburban customers are eager for options beyond pizza delivery. Restaurants "are starting to realize the material impact that offering services to the suburbs can have," says Mr. Shulman, who plans to expand the service to additional cities in 2021.

But some restaurants view delivery as a temporary solution.

Ellen Yin, co-founder of Philadelphia's Fork and High Street restaurants, is offering Fork's food for pickup at various suburban locations. But she says once pandemic restrictions are lifted, the priority will be inviting guests back to the dining room. "We are trying to get to the other side of the pandemic," she says, "and we just want people to remember us."

PERSONAL JOURNAL. | FAMILY & RELATIONSHIPS

Schools Speed Up Internet for Rural Students



FAMILY & TECH
JULIE JARGON

Laura Gomez's two children were using her smartphone's hot spot to log in to remote school early this fall, but the video calls often dropped. The connection was so weak the children couldn't always see or hear their teachers.

Ms. Gomez, who lives in a small agricultural community in California's Central Valley, often had to drive 20 minutes east to her sister-in-law's home in Modesto so her children could connect to their first- and fifth-grade classes using their aunt's home broadband.

Then, in late September Ms. Gomez received a Motorola router and modem from the Patterson Joint Unified School District, and now her family has high-speed internet at home. "I'm so happy we have this for the children. The children are happy, too, because they can see everything more clearly now," she said.

School districts and cities across the country are racing to bridge a digital divide that has existed for decades. According to data collected before the pandemic, approximately 30% of U.S. K-12 public-school students lived in households without either an internet connection or a device adequate for distance learning, according to Common Sense Media. That is 16 million children.

At least 39 states have said they would use funds from the federal Coronavirus Aid, Relief and Economic Security (Cares) Act to help school districts close the tech gap, according to the National Conference of State Legislatures.

The fixes can be fairly simple. School-district and municipal IT departments are using technology that has been around for years, such as solar-powered antennas to transmit Wi-Fi, or wireless broadband, closer to more peoples' homes. With fresh funding comes more elaborate fixes, such as extending a school's network infrastructure right to students' doors.

The hardest part is determining exactly who needs access. School districts survey parents about their

internet needs but don't always get a high response rate. Administrators can narrow down which students are likely to be in need based on whether they qualify for free and reduced-price lunches.

Some districts also are relying on geographic information system software—used for decades to draw school boundaries and create bus routes—to map out neighborhoods with the highest concentration of families with bandwidth needs, so they can place radio or broadband antennas strategically to have the broadest reach.

Districts also can look at internet service providers' coverage maps to determine who might have connectivity, but they aren't always accurate. "We'd enter a family's physical address on a website, and it would say service is available, but when we went out there, that wasn't the case," said Jeff Menge, assistant superintendent of business services at the Patterson school district.

Mr. Menge re-

Investments in closing the digital divide are a rare positive outcome of the pandemic.

called how over a year ago he began getting alerts from the district's security company. He checked school cameras and saw children were entering school grounds at night and on weekends with their laptops to access the Wi-Fi. "It hit me how much families are struggling when I realized that children have to jump the fence at school to do their homework," he said.

The district had enough laptops to loan one to every student, but officials knew many of them probably didn't have internet access. Mr. Menge said more than 70% of the district's families are low income and up to 40% live in rural areas where high-speed internet



BRIAN L. FRANK FOR THE WALL STREET JOURNAL (3)

The Gomez children—Yaneth, 6, and Gabriel Ignacio, 11—get high-speed internet at home because of a router and modem their public school district in California's Central Valley provided; left, their mother, Laura.



trol over who accesses the network, and which websites users can access. The district provides families with a router and a modem that communicates with private wireless broadband run on the Citizens Broadband Radio Service.

The Patterson school district has installed antennas—each with a radius of up to a mile—at six of its eight schools and plans to install two more. That should provide enough range to bring high-speed internet to all 6,000 of its students. Cares Act funding covered about 70% of the roughly \$2 million project.

Philadelphia, with funding from Comcast Corp., private donors and the Cares Act, began offering free hotspots or wired internet service in August to families in the city's public, private and charter schools. As of July, about 18,000 households lacked stable internet service, the city estimates.

It has been hard to persuade some families to sign up, said Mark Wheeler, Philadelphia's chief information officer. "There is a distrust of government and of free programs, because there always seems to be a gotcha. And there is a distrust of telecom companies,"

he said. So far, nearly 9,500 families have enrolled in the program—most choosing the wired option, Mr. Wheeler said.

In Florida, Donna Goldstein, GIS/IT solutions manager at the Palm Beach County school district, used GIS software to map out neighborhoods with the highest concentration of families likely to lack stable internet. She said the district has run into roadblocks from homeowner associations that don't want solar-powered Wi-Fi antennas installed in their subdivisions. The district had to get creative about finding places to install the antennas, placing them on school buildings, churches and an animal-control center. The local power company donated 1,000 wooden utility poles for the project.

The next step is to get Wi-Fi access points to families in the most rural parts of the county. Dr. Goldstein expects to have more than half of the 80,000 students who don't have internet connected by the end of March. "One of the only good things that's come out of the pandemic has been the opportunity to close the digital divide because what we're doing today will be permanent," Dr. Goldstein said.

Common Sense Media estimates that closing the gap would require a collaboration of government and private entities and that it would cost up to \$5.5 billion in one-time installation and device costs, plus up to \$5.6 billion in annual charges.



isn't available.

Sharing hot spots between families wasn't ideal because of spotty reception, data caps and frequent connection drops, especially when more than one student at a time was connected. "It wasn't acceptable," Mr. Menge said.

The district decided on a more-permanent fix—a private network developed by Motorola Solutions. Families can connect directly to schools' internet as if they were in the building. The district has con-

MY RIDE
A.J. BAIME

Land-Speed Racer Bonds Father, Son And History

Butch Graham, 64, a house painter from Salt Lake City on his "City of Salt Lake" land-speed racer and the legacy of his father, Athol Graham, as told to A.J. Baime.

For many years, people have come from all over the world to try to break land-speed records on the Bonneville Salt Flats, outside of Salt Lake City. In 1958, my father, Athol Graham, decided that somebody from Salt Lake City should have the land-speed record, since we had the salt right here. He had an auto-repair business in town, and he started building cars in this garage.

At the time, land-speed racing was a big deal, and my father had big dreams. The more I have lived, the more I have learned how big those dreams were, and how many people my father inspired.

He built the "City of Salt Lake" racing car out of the frame of a diesel truck, with an Allison V-12 air-

plane engine from a World War II P-38 Lightning. It's a 1,710-cubic-inch engine, and if you know the slightest thing about cars, you know that this thing is a beast. [The U.S. military rated this engine at 1,325-horsepower in the 1930s, according to the National Museum of the United States Air Force.]

In December 1959, my father was able to go over 344 mph in the "City of Salt Lake." The record at the time was 394 mph, and he wanted to break 400 mph. On Aug. 1, 1960, he crashed at Bonneville at over 300 mph and was killed. [His death was reported in newspapers around the country and even abroad.] I was just 4 years old. I have seen many pictures of the two of us together, but I have no memory of him.

After he died, a teenage mechanic named Otto Anzjon, who had



Butch Graham, below, restored the 'City of Salt Lake,' a car his father dreamed would go 400 mph.

helped my father build the car, decided he wanted to rebuild it and fulfill my father's dreams. Otto had cancer, and his parents thought if he had something to focus himself on, that would help with the disease. He rebuilt the car and ran it at Bonneville in 1962, over 200 mph, before he blew out a tire. He survived the crash, but he died of leukemia soon after.

When my mother went to sell the building where my father had his auto shop, she had no place to put what was left of this car. A guy from Las Vegas said he could redesign it and make it go fast. So

she gave it to him.

Forty years ago, I went to Las Vegas to get the car back. It had been sitting on this guy's front lawn for years, out in the elements. When I started restoring it, people who knew my father came out of the woodwork to help me. I have had old guys hunt me down, come to see the car, and just start to cry.

Every December, I would take a month off to work on the car because nobody wanted their house painted around the holidays. I had to rebuild the body. It was a lot of fabrication, and painting, too. On the 50th anniversary of my father's death in 2010, we took the car back out onto the Salt Flats to show it to people. The engine was not in it, at the time. That made the newspa-

pers, and out of nowhere, this hot rodder named Richard Thomas showed up at my doorstep, and he has been helping ever since. The first thing we had to do at that point was get that Allison engine running again.

It took a long time to find someone to rebuild the engine. When I did, Richard helped me take the engine to California. The job took a year and a half, and Richard helped me bring the engine back. He has become a best friend to me. Now the engine is back in the car and it runs. Let me tell you: It is scary!

This job has turned into a life-long project. My plan now is to try to find a museum that can take good care of the car and help celebrate my father's legacy.



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ARTS IN REVIEW

BY ALLAN KOZINN

MUSIC REVIEW

‘McCartney III’: Songs From a Homebound Beatle

Paul McCartney returns with the third installment in a series of solo work

When one door closes, another opens, as folk wisdom has it. But having the thumbs-up optimism, workaholic instincts and passion for composing and performing that have long been among Paul McCartney's character traits helps—as does having a state-of-the-art recording studio on your property. Mr. McCartney had planned to spend this year touring, but Covid-19 shut down the concert world, leaving him largely confined to his estate in Sussex, England. So he did what anyone who has followed his work over the past 50 years would have expected: He completed a few old songs, wrote a batch of new ones, and recorded the lot. The result, “McCartney III,” is due on Friday from Capitol/UMG.

“McCartney III” is the third installment in a series within Mr. McCartney's solo output. Like “McCartney” (1970), recorded as the Beatles were imploding, and “McCartney II” (1980), recorded as he was losing interest in working with Wings, his post-Beatles band, “McCartney III” is a DIY effort: Mr. McCartney wrote the songs (there are no collaborations), played all the instruments and was the producer. But where the first two albums each found him at a career crossroads, that doesn't seem to be the case now—unless he sees, in the pandemic, an end to touring.

Musically, the three recordings could not be more different. “McCartney,” partly recorded in his London house, has a homespun quality and, with a few durable exceptions (“Maybe I'm Amazed,” most notably), sounds like a glorified demo. “McCartney II” is more experimental, with electronic explorations and idiosyncratic instrumentals, yet it also taps into the commercial zeitgeist on songs like “Coming Up.”

“McCartney III” is far more polished and densely textured than “McCartney,” thanks to advances in technology since 1970, and notably less experimental than “McCartney II,” largely because Mr. McCartney has more recently opted to channel his most exploratory ideas into his occasional pseudonymous recordings as the Fireman. But there are boundary-pushing touches. His penchant for false endings and unexpected codas has expanded; in “Find My Way,” the coda accounts for a quarter of the song.

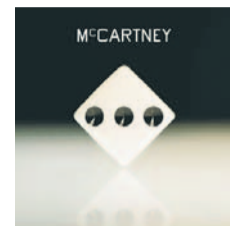
In “Deep Down,” a riffy, throwaway lyric with a “party every night” refrain is set against a dark, ominous organ backing and punctuating R&B-tinged synthesized brass figures; it could be Mr. McCartney's musical rendering of the tension between wanting to get out there and the pandemic preventing it.

The lockdown is not overtly mentioned in the album's 11 songs,



but its influence is felt, along with that of climate change and other baleful issues. The jaunty playfulness of “Seize the Day,” one of the album's more memorable tracks, is belied by a dystopian bridge: “When the cold days come / And the old ways fade away / There'll be no more sun / And we'll wish that we had / Held on to the day.” A similar wistfulness for the purity of nature is etched into “The Kiss of Venus,” a melodically opulent song distinguished by the use of a harpsichord in its second half.

But this is not a thematic album. Its darker, more topical currents are veiled in a combination of wordplay, striking melodies and deft arrangements, and surrounded by songs on other topics. “Pretty Boys” touches on the interplay between photographers and male models. “Lavatory Lil” is an uncharacteristically unsparing brickbat



The new album is out Friday; on it, Mr. McCartney plays all the instruments

aimed at a woman he has said he will never identify. Many listeners, though, are likely to interpret its lyrics—“You think she's being friendly / But she's looking for a Bentley”

and “She's acting like a starlet / But she's looking like a harlot / As she's slowly heading over the hill”—as references to Mr. McCartney's second wife, Heather Mills.

Dense rockers and light-textured acoustic ballads sit side by side yet flow smoothly toward the album's closer, “Winter Bird/When Winter Comes,” a graceful paean to country life. The song is actually a completion of a recording Mr. McCartney left unfinished in 1992, and you can tell: His voice is fresh and supple, not yet touched by the pitch waver and slight hoarseness that have crept up on him over the past decade. Elsewhere on “McCartney III” those deficits are inventively mitigated, sometimes by double-tracking or the use of reverb and other effects, sometimes through the use of falsetto, but often because Mr. McCartney (mostly) writes to the contours of his current range.

The state of Mr. McCartney's voice is a hot topic among his fans, not least because in its prime it was one of the most attractive in rock. But many a singer has built a career with less of a voice than he has now, so perhaps it's time to acknowledge that at age 78 he can't be expected to sound as he did at 25 or 50, and to focus on his still estimable strengths as a songwriter, arranger and instrumentalist, all amply evident on “McCartney III.”

Mr. Kozinn writes about music for the Journal.

UNIVERSAL MUSIC GROUP

TELEVISION REVIEW | JOHN ANDERSON

A Dystopia for Today and Tomorrow

THE CLASSICS of dystopian fiction have often been born of an unhappy vision, but they've always been the product of uncluttered logic: Take an existing problem to its possible end, imagine the worst and, voila, you have the perpetual war of “Nineteen Eighty-Four,” the ultra-violence of “A Clockwork Orange,” the reproductive tyranny of “A Handmaid's Tale”—and the pandemic of “The Stand,” whose arrival right now as a nine-part miniseries seems more than a bit uncanny, morbidly fascinating and in somewhat questionable taste.

The taste question has to do with gore and rats and the bio mess in which director Josh Boone gleefully spins Stephen King's story—and the often-graphic violence that keeps it humming—at a time when a very similar scenario seems to be playing out off-screen. Mr. King's 1978 novel, like the new CBS All Access adaptation, envisions a military-made virus escaping a bioweapons lab in California, and then being spread globally by the government in an attempt to sidestep blame. What Mr. King did, in what was originally an 1,150-plus-page book—“my American fantasy epic,” and his answer to “The Lord of the Rings”—was to conjure up a world with no plan in place for any such disaster. Where seven billion people would immediately succumb. And where the survivors—many of them, anyway—would go primal.

Not a huge leap of imagination, but one that Mr. King, in his customary fashion, adorned with memorable characters, heartbreaking plot points and the occasional blackly

comic twist. One occurs in episode 1 of this “Stand” (there was a miniseries in 1994 and a comic book series from 2008-12) when a voice we assume to be that of the president assures the public that there is no lab-made virus, coughing his way through the whole address.

Shooting finished in March 2020, just under the figurative wire, though certain aspects of the series are surprisingly current and pointed. The opening scene, for instance, involves first responders entering a church full of rotting bodies in Boulder, Colo., where the worshippers were exercising their right of religious assembly. In a later scene, singer-songwriter Larry Underwood (Jovan Adepo) hits the stage without



his bandmates—who are all sick—and applauds the “real New Yorkers” in the sparse crowd who “wouldn't let a couple of sniffles keep them home.” No one there lives to regret it, except Larry, who proves to be an “immune.” Likewise, a pair of teenagers in coastal Ogunquit, Maine—Frannie Goldsmith (Odessa Young), whom we watch drag her father out of their home so she can bury him in the yard, and Harold Lauder (Owen Teague), who's in love with Frannie and thinks the pandemic is his



Whoopi Goldberg, above, and Jovan Adepo and James Marsden, left, in ‘The Stand’

chance to score. Harold is repulsive, and will get worse.

He's a penny-ante psychopath, however, compared to Flagg (Alexander Skarsgård), the mysterious stranger who appears in the dreams of the immunes, sets up shop in Las Vegas and crucifies his insubordinate followers. Is he Satan? Is Mother Abigail Freemantle (Whoopi Goldberg), who also appears in survivor dreams, really the voicebox of God? In Mr. King's Manichaeon, post-infection world, Flagg foments evil while Mother Abigail alerts a chosen few that they are to lead the survivor's commune in Boulder.

One of the select is the story's putative hero, Stu Redman (a solid James Marsden), who early in the

series is abducted by the military for study at a secure research facility where his keeper, Dr. Ellis (Hamish Linklater), quips, “Just a month ago we were worried about Ebola.” This establishes the series as having been updated from the '80s of Mr. King's original book and the '90s of the unabridged edition of 1990. But it also points up the fallacy of predictive fiction, and prophecy itself: If you believe in one, and wait long enough, confirmation will arrive. Mr. King could have been writing about Ebola. He might originally have been predicting AIDS. He might have been writing about Covid-19. (He did, in fact, write the show's ninth episode.) But for every parallel that exists

between “The Stand” and our current situation, there is something that differentiates them—the supernatural aspect being one, of course; the biblical-level pestilence being another.

Developed by Mr. Boone with Benjamin Cavell, “The Stand” is an often-gripping piece of television, new episodes of which will appear each Thursday. The spirit and dread of Mr. King's epic have been successfully, if more succinctly, incorporated into the series. The drawback of its timing? It might distract us from how timeless a piece of fiction can really be.

The Stand Begins Thursday, CBS All Access

CBS (2)

SPORTS

By JARED DIAMOND

The St. Paul Saints have thrived in a staid, tradition-bound industry for more than a quarter century because of their fierce commitment to the unconventional and their embrace of the absurd.

Guided by the mantra that "Fun is Good," the Saints have used outlandish promotions, affordable prices and a family atmosphere to emerge as the jewel of the independent professional baseball circuit.

"St. Paul was known for being 'Rebel Baseball,'" said Joshua Schaub, the commissioner of the American Association, the Saints' league since 2006.

That iconoclastic attitude made last week's news so surprising: The Saints are going mainstream. Starting in 2021, the Saints will leave the independent minor leagues and become the Triple-A affiliate of the Minnesota Twins.

The move makes the Saints a surprise winner in Major League Baseball's dramatic overhaul of the minor leagues and serves as a testament to their remarkable success without the formal backing of a parent club.

The team averaged 8,000 fans a game in 2019 to CHS Field in St. Paul, about double that of any of their American Association competitors and more than all but seven affiliated minor-league teams.

Not everyone is so happy about that. The unexpected alliance also provides a stark glimpse of MLB's tightening grip on professional baseball across all levels.

A portion of Saints fans feel betrayed over what they see as their favorite team abandoning its independent roots—and what they consider to be the beginning of the end of the outsider status that once defined independent baseball.

"Their history in indie ball is so rich that having them—I don't want to say 'sell out'—but sell out to a major-league team and being seen as an affiliate hurts the people who respect the history of indie ball, that you want to have your own path," said Kayla Thompson, who runs a website about independent baseball.

Marv Goldklang, the Saints' principal owner, has a message for those who might be concerned: "We're not going corporate," he said.

After more than a year of speculation and debate, MLB is rolling out a restructuring of the minors that would reduce the number of affiliated teams from 160 to 120. Some of the teams cut loose by MLB have already latched on with



A pig delivers baseballs to the umpire at a St. Paul Saints game in the independent minor leagues.

The Rebels of the Minors Go Mainstream

The St. Paul Saints, an offbeat alternative to the majors, will join the Twins organization as baseball revamps the minor leagues

independent leagues or collegiate summer leagues, while others continue to search for a home.

MLB believes the changes will streamline operations, improve facilities and travel for players and increase the efficiency of what teams increasingly saw as a bloated, unnecessarily expensive and outdated apparatus for developing talent.

1993 as part of an ownership group that includes Veeck and Murray. At the time, Goldklang said, "We all thought that we'd invest a little money, we'll have a hell of a lot of fun and we'd lose it all within two or three years."

That's not what happened. The Saints forged an identity of their own as counter-programming, largely by emphasizing the funny (the pig mascot who brings baseballs to the umpire); the weird (the nun who gives massages to fans at the ballpark) and the silly (staging a one-block parade after winning the championship in 2019).

It's clear why the Twins wanted the Saints: They now will have their top farm system a few miles away from their home stadium, a luxury that will enable them to quickly summon new players as needed.

Ever since rumors of the Saints

moving to affiliated ball first surfaced, the question among fans has been whether that willingness to push boundaries would change. In Triple-A, the Saints will not only have to answer to the Twins—but they also must shift their focus on the field to preparing the Twins' top prospects for Minnesota.

Beyond that, both sides say that the Saints won't change. Goldklang says that besides the players, the experience will be the same as it was before.

"I love independent ball, and I didn't approach this and go, 'Hey, this is the greatest thing in the history of the world,'" Veeck said.

Saints officials say that to this point, their internal data tells them that a large majority of their fans approve of the team linking up with the Twins. They hope the 2021 season will win over the remaining skeptics who still worry about the Twins neutering the Saints.

Still, even the Saints acknowledge that they are leaving something behind as they say goodbye to independent baseball. Ultimately, they hope they will change MLB more than MLB changes them.

"We need one another right now more than ever," Veeck said.

'We're not going corporate.' — St. Paul Saints principal owner Marv Goldklang

every nook and crvice of pro baseball, fundamentally altering the relationship between the majors and the leagues under it.

"I just hope that the operators of professional baseball teams below the major-league level, whether it be affiliated or independent, continue to be able to conduct themselves with the same degree and quality of operational freedom that they've had over the years, because I think it's what helps grow the game," Goldklang said.

Goldklang started the Saints in

Giannis Stays in Milwaukee

By BEN COHEN

THE BIGGEST QUESTION hanging over this NBA season now has an unexpected answer: Giannis is staying.

Giannis Antetokounmpo ended speculation about his future on Tuesday by agreeing to sign a five-year contract extension with the Milwaukee Bucks worth \$228 million. The deal will keep the two-time reigning NBA most valuable player with the franchise that helped develop an unknown Greek kid into a global superstar.

"This is my home, this is my city," Antetokounmpo wrote in a tweet with emojis of a heart and prayer-hands.

His decision to stay with Milwaukee—coming less than a week before the deadline, when the season begins—represents a financial windfall for Antetokounmpo and a major triumph for the Bucks, a championship favorite that can now operate from a position of strength. It's a disappointment for the teams that were planning to pursue him in free agency next summer, but it's also a sigh of relief for the NBA, a league that had become accustomed to big talents leaving smaller markets behind.

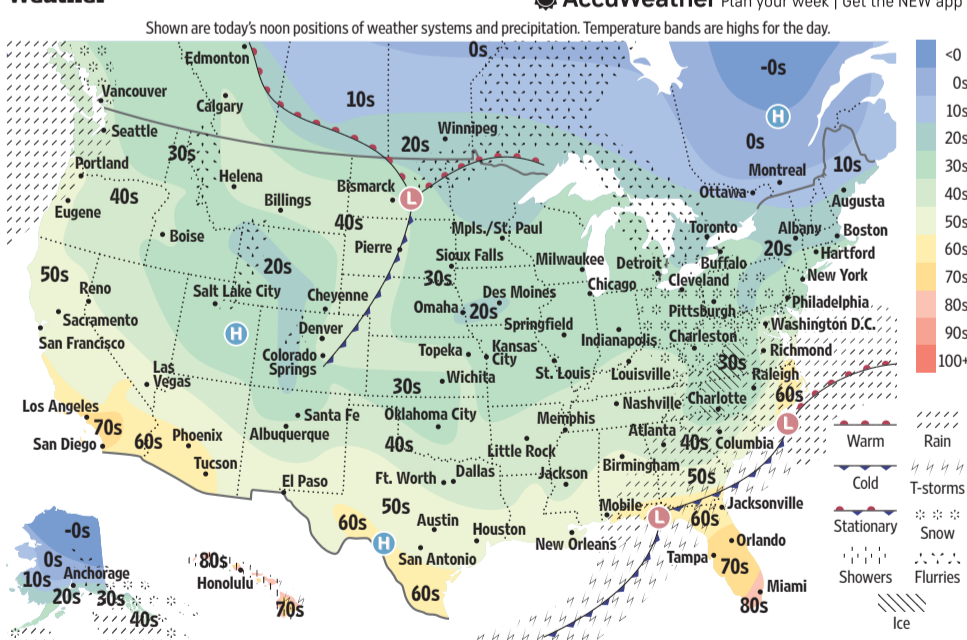
Antetokounmpo didn't have to sign the lucrative extension now—or ever. He could have dragged out the negotiations and left all that money dangling. He could have left the Bucks in unrestricted free agency next summer. He could have signed another deal that promised more flexibility in uncertain financial times, allowing him to exploit his leverage over the front office as he positioned himself for a bigger payday later.

The presence of Antetokounmpo alone makes the Bucks title contenders for the third consecutive season, and his commitment signals a vote of confidence in a team that has flopped as a favorite in the last two playoffs. After their latest disappointing flameout, the Bucks remade their roster by trading for Jrue Holiday, a guard who makes the NBA's best defense even better. But they bungled another trade that was meant to assure Antetokounmpo they would remain aggressive.



The Greek star signed for five years.

Weather



U.S. Forecasts

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

Table with columns for City, Today HI Lo W, and Tomorrow HI Lo W. Lists major cities and their weather forecasts.

Table with columns for City, Today HI Lo W, and Tomorrow HI Lo W. Lists cities and their weather forecasts.

International

Table with columns for City, Today HI Lo W, and Tomorrow HI Lo W. Lists international cities and their weather forecasts.

The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with numbers indicating starting points for clues.

OFFENDERS | By Gary Larson

- Across: 1 Vogue, 5 Black jack, e.g., 10 Links numbers, 14 River through Russia, 15 Stand for something?, 16 Mathematician Turing, 17 Make a big deal out of a political tiebreaker?, 19 Himalayan legend, 20 Deadly nerve gas, 21 Printing flourish, 22 JFK lander in the previous century.

- Down: 27 Apple on a desk, 29 Angry chorus, 33 Giraffe's cousin, 34 NBC weekend fixture, 35 Carol, e.g., 37 Settled on, 38 Surgeon general under Reagan, 39 Astor's wares, 40 Boxer botherer, 43 Race part, 44 Preoccupy, 45 OutKast, e.g., 46 Vet, 48 At most, 49 Retro hairdo, 51 Smallville family, 52 Sip slowly, 53 Elizabeth of "Avengers: Infinity War", 57 Leaves dumbfounded, 59 Bond rating, 60 "___ be my honor!", 61 Source of iron, 62 Pike part, 63 Took a course.

Previous Puzzle's Solution

A 10x10 grid showing the solution to a previous crossword puzzle.

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

OPINION

REVIEW & OUTLOOK

Congress Punts on China Stocks

The decline of Congress is a growing problem in U.S. governance, not least the degree to which it writes vague legislation that lets administrative agencies determine the actual law. An egregious example is a bill President Trump is expected to sign soon that would banish Chinese companies from U.S. stock exchanges if they don't open their external audits to federal regulators.

The 2002 Sarbanes-Oxley Act requires auditors of U.S. publicly listed companies to be registered and regularly reviewed by the Public Company Accounting Oversight Board (PCAOB). This requirement is intended to ensure auditors perform due diligence, though there's little evidence it has improved audit quality or prevented fraud.

Beijing, however, has cited national security and state-secret laws to block the PCAOB from reviewing auditors, including subsidiaries of the big four U.S. firms, located in mainland China and Hong Kong. The PCAOB has identified 262 non-U.S. companies whose audit work it can't inspect. Most are based in China, though some are in Belgium and France.

Enter Congress, which unanimously passed legislation that would kick companies off U.S. exchanges in three years if their auditors don't let the PCAOB review their books. Sponsors Sen. John Kennedy (R., La.) and Rep. Brad Sherman (D., Calif.) say Chinese companies should have to play by U.S. rules to benefit from our rich and liquid capital markets.

Fair enough, though the bill also advances Beijing's objective of drawing foreign invest-

tors to its exchanges in Hong Kong and Shanghai. U.S. investors will hold and trade shares in Chinese companies like Alibaba regardless of where they are listed. Americans receive more protections when the companies are listed on U.S. exchanges where they are subject to U.S. securities laws.

The blunt legislation could also sweep in 200 some U.S. multinational companies including Mattel and Wynn Resorts that rely on work performed by mainland Chinese and Hong Kong-based firms for a portion of their audits. After the bill passed the Senate in May, Mr. Sherman said he expected the House to amend the legislation to exempt U.S. companies.

Nope. The House couldn't even find the time this summer to hold a hearing before whisking the bill through this month. That leaves hundreds of U.S. multinationals in limbo. But never fear, Messrs. Sherman and Kennedy entered a statement into the legislative record to guide the act's interpretation by regulators.

The Securities and Exchange Commission should not delist companies as long as no more "than one-third of the company's total audit is performed by a firm beyond the reach of the PCAOB inspection," they explained. One-third of revenues? Assets? Some other metric? They also left that up to the SEC.

So now regulators will divine Congress's unwritten intent amid frantic corporate lobbying for dispensations. This dereliction of legislative authority is why the administrative state has grown so vast, and Republicans deserve as much blame as Democrats.

A vague bill leaves accounting details to regulators and lobbyists.

Europe's Digital Power Play

Ask not why Europe doesn't regulate digital companies more. Ask why Europe doesn't have more of its own digital companies to regulate. That is the question Brussels should have considered as it prepared the new tech regulations the European Commission unveiled Tuesday.

The European Union's bureaucratic arm is nothing if not ambitious. The proposals would create new mechanisms for regulating content such as violence or hate speech. They would formalize rules for relationships between platform companies and third-party software developers that the commission previously tried to impose via antitrust cases. They'd require new transparency about proprietary business practices such as ad targeting. And the commission wants to impose draconian penalties for violations, including fines of 10% of annual global revenue or the ability to break up tech giants.

The rules don't explicitly say they're aimed at U.S. companies. But the proposals are crafted narrowly enough that, wouldn't you know, mostly very large American companies would fall under their purview. Not many social-media platforms reach at least 10% of the EU's 450 million consumers, which is the threshold for some of the strictest new rules.

We have no special brief for American tech companies, and our parent company's executives have tangled with firms such as Google over their sometimes casual approach to intellectual property. The U.S. companies can lobby as they wish in Brussels, and they will. Expect

the EU's new proposals to become law, if they ever do, only after years of wrangling.

Someone should ask, however, why European competitors haven't emerged to the American behemoths. The commission and its boosters claim this is what the new regulations will do, by creating a "level playing field" for local tech entrepreneurs.

But rules such as the commission's proposal usually do the opposite.

As threatening as the potential fines appear to Facebook or Google, the bigger threat by far will always be to European startups that struggle to absorb regulatory-compliance costs as they grow. Love 'em or hate 'em, today's tech giants have the resources to comply with new rules and hire lawyers to tussle with Brussels in years to come. Can European entrepreneurs say the same?

American companies have done far less to stunt a single digital market in the EU than have, say, disparate consumption-tax regimes that entangle small businesses trying to ship across national boundaries. Europe might have more of its own tech champions if taxation of venture capital were less punitive, or if labor laws on startups were less onerous, or antitrust enforcement of mobile services less capricious or, well, it's a long list.

The EU's tech proposals will make the list of anti-entrepreneurship policies even longer. Whatever regulatory regime tech giants might require or deserve, no one should imagine they'll be bigger losers from all this than European upstarts will be.

Tying down U.S. behemoths won't boost European competitors.

Secrets of the Oracle Prosecution

We've often criticized the Labor Department's lawsuit launched in the waning days of the Obama Administration against Oracle for discriminating against women and minorities. But it turns out the prosecution was even worse than we thought—and there's a lesson here about federal misuse of race and gender as enforcement cudgels.

The truth emerged this month in a letter from Labor Deputy Assistant Secretary Joe Wheeler to Congress responding to a whistleblower complaint by regional solicitor Janet Herold. Ms. Herold spearheaded the Oracle case, which Labor dropped recently after it was eviscerated in September by an administrative law judge.

Ms. Herold claims that Labor Secretary Eugene Scalia retaliated against her because she had resisted Labor's attempts to settle the case. But the letter to Congress reveals Ms. Herold's desire to punish Oracle and the rest of Silicon Valley.

In a memo to the Department's Solicitor, she wrote that Oracle's "real vulnerability" was that the trial would be public and detail how "Oracle and pretty much all tech companies are discriminating against women and Asians." This would "damage [Oracle's] reputation in the industry and hinder their ability to retain top talent" and "the most critical part of this enforcement action is the public airing and discussion of common industry pay practices which depress the wages of women and people of color."

Wow. That sounds more like a vendetta than proper enforcement. Nearly all such cases by DOL's Office of Federal Contract Compliance Programs have been settled for small sums. The largest in agency history was \$14 million. Yet

Ms. Herold claimed the case was so strong that it should be settled for no less than \$150 million to \$300 million.

Oracle grew so frustrated with settlement talks that it sued the agency in return. But this month it agreed to dismiss its suit after Labor dropped its complaint.

Mr. Scalia was naturally troubled by Ms. Herold's excesses, and he informed her this summer that she would be reassigned to another job. Ms. Herold then filed her retaliation complaint, though she offers no evidence for her claim that Mr. Scalia intervened in settlement discussions on behalf of White House officials close to Oracle executives.

Ms. Herold "has never met with or spoken to, and has no knowledge of whom [Mr. Scalia] has spoken with or spent his time," Mr. Wheeler explains in his letter. Nor did Mr. Scalia discuss the case with Oracle representatives or the White House.

The silver lining of Oracle's four-year saga is that the administrative law judge's 278-page decision eviscerating Ms. Herold's case will significantly limit Labor's ability to bring similar paint-by-numbers complaints against businesses during a Biden Administration.

By the way, Ms. Herold was also behind Labor's targeting of Google in 2017. After Google fought the agency's sweeping compensation data demand, Ms. Herold retaliated against the search giant by declaring publicly that its discrimination against women "is quite extreme, even in this industry."

This is nasty stuff, and it shows how federal enforcers use race and gender as a reputational threat to bully companies into settling lawsuits even when they're innocent. The real discrimination in this case was by the government, and kudos to Mr. Scalia for finally dropping it.

A letter reveals the animus behind a dubious labor lawsuit.

LETTERS TO THE EDITOR

States, Cities and the Gigantic Covid Bailout

William A. Galston tugs on heartstrings to make the case that "States and Cities Deserve Taxpayer Support" (Politics & Ideas, Dec. 9). But a Covid relief bill without state and local aid still would provide most of the emergency funding that he says is needed for extra unemployment benefits, costs related to vaccines and help for small businesses. Mr. Galston doesn't mention that tax revenues in many states have fallen less than was initially expected in fiscal year 2020.

The Democrats plan to push through a much bigger stimulus in 2021. This bailout by any other name will still be as sweet in a couple of months when Congress will be itching to give and governors and mayors dying to receive.

MARK ADAMS
Atlanta

I'm sure Mr. Galston is correct that some places will need support after the pandemic is over, but shouldn't some care be exercised in how we give money to the politicians? Here in northern Nevada, the city of Reno proposed to spend \$200,000 of Covid relief funds to buy a sculpture called "The Space Whale." Left over from the Burning Man festival, it had been leased and was on City Hall plaza. This was canceled only when news made it into the local paper.

ROBERT PARKER
Reno, Nev.

Mr. Galston writes that red and blue states all deserve federal relief. There is broad agreement about that. But he conflates relief needed due to the pandemic with relief needed due to profligate public spending that pre-

dates the events of 2020.

Relief should be calculated to mitigate pandemic-induced needs like those of restaurants and other private business affected this year. The calculation shouldn't include funds to bail out states already near bankruptcy thanks to irresponsible policies that had nothing to do with the pandemic. I appreciate the desire not to let a crisis go to waste, but people from states that weren't in pre-pandemic financial trouble shouldn't have their hard-earned money forcibly redistributed to those in states that were in financial trouble of their own making.

JACK WISSNER
Atlanta

Mr. Galston is right: This isn't a blue-state problem. I live in a red state in a very conservative city with high property taxes. The politicians always talk about cutting services when there are financial problems. But if they cut the huge pensions and health-care-for-life for public employees, the problem would be solved without ever cutting services for everyone else. In fact, there would be money left over for infrastructure improvements that have been ignored for decades. In my small city, 25% of the tax we pay goes to the public-employees' pension plan. Even with that onerous amount, the unfunded pension deficit is \$260 million and growing. The health-care-for-life liability, which is also unfunded, was another \$27 million as of last year. Many civil servants can retire with a lifetime pension at age 50.

KATHERINE NEWMAN
Coral Gables, Fla.

Oregon Lawmakers Ignore Oregon, U.S. Law

Regarding James Huffman's "Oregon's Segregated Covid Relief Fund Is Blatantly Unconstitutional" (Cross Country, Dec. 5): The Oregon Cares Act provision allotting public money exclusively to black-owned businesses not only violates the U.S. Constitution, it also violates Oregon's Constitution. In the latter, Article 1, Section 20 states: "No law shall be passed granting to any citizen or class of citizens privileges, or immunities, which, upon the same terms, shall not equally belong to all citizens."

This is another example of state legislators ignoring their state constitution, which they have sworn an oath to defend and uphold.

DAVID KVERAGAS
Newton, Pa.

Prof. Huffman need only have cited the U.S. Supreme Court decision in *City of Richmond v. J.A. Croson Co.* (1989), which invalidated set-aside programs like the Oregon Cares Fund. In the 6-3 opinion Justice Sandra Day O'Connor wrote, "To accept Richmond's claim that past societal discrimination alone can serve as the basis for rigid racial preferences would be to open the door to competing claims for 'reme-

dial relief' for every disadvantaged group. The dream of a Nation of equal citizens in a society where race is irrelevant to personal opportunity and achievement would be lost in a mosaic of shifting preferences based on inherently unmeasurable claims of past wrongs."

The unconstitutionality of the Oregon program is clear. But by the time the case is decided, the money will have been distributed. Then taxpayers will likely have to fork out more money to remedy the discrimination inflicted on people like Maria Garcia and her Revolución Coffee House.

MICHAEL H. LEB
Pasadena, Calif.

The "Oregon Cares Fund" was set up to combat "this country's 400 years of racial violence and strategic divestment," according to the state Legislature's Emergency Board. But for the first 200 years, the area now known as Oregon hadn't been settled by whites or blacks. It was inhabited by Indigenous peoples. Don't they deserve a Cares Fund? Or have the politicians simply jumped on yet another trendy bandwagon?

RAYMOND J. KELLY, III
Flushing, Mich.

Between God and Proper Insurance Coverage

In "Some Acts Of God Are Better Than Others" (op-ed, Dec. 3), Bert Stratton writes of an "unfortunately high" deductible of \$5,000 for his commercial property insurance, and complains about the many expenses he had to pay after a tree fell onto one of his apartment buildings: brickwork, roof repairs, gutter work, new windows, tree removal, emergency board-up and temporary living expenses for tenants.

Mr. Stratton wasn't "screwed"; that coverage is standard in insurance policies. The policy owner is responsible for damage to his covered property, and determining the source of a tree limb in a windstorm—from his neighbor's property in this case—is never the issue. A tenant could also have temporary living expenses covered when his residence is uninhabitable with basic coverage he could purchase.

I am sorry that Mr. Stratton wasn't pleased with the claim-settlement service, and perhaps his coverage, after this covered loss. This has little to do with an act of God. It is more about each of us understanding and obtaining the proper insurance coverage for the risks we face. Many times the real issue is accepting the cost of the decisions we've made when an unfortunate loss occurs.

JERRY BROWN
Goshen, Ky.

Mr. Stratton inadvertently raises an important issue for homeowners. Most insurance companies have significant deductibles for wind storms. In New Jersey it is often 1% or more of the home's insured value. That is a

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.



Tree removal in Cedar Rapids, Iowa

huge chunk of cash that is required before the insurance even kicks in. Insured beware.

JOE WELFELD
Teaneck, N.J.

Pepper ... And Salt

THE WALL STREET JOURNAL



"After a while, sticking my head out of a car window wasn't enough."

PAID ADVERTISEMENT

We're standing up to Apple for small businesses everywhere

At Facebook, small business is at the core of our business. More than 10 million businesses use our advertising tools each month to find new customers, hire employees and engage with their communities.

Many in the small business community have shared concerns about Apple's forced software update, which will **limit businesses' ability to run personalized ads and reach their customers effectively.**

Forty-four percent of small to medium businesses started or increased their usage of personalized ads on social media during the pandemic, according to a new Deloitte study. Without personalized ads, Facebook data shows that the **average small business advertiser stands to see a cut of over 60% in their sales for every dollar** they spend.

While limiting how personalized ads can be used does impact larger companies like us, these changes will be devastating to small businesses, adding to the many challenges they face right now.

Small businesses deserve to be heard.
We hear your concerns, and we stand with you.

Join us at fb.com/SpeakUpForSmall

FACEBOOK



BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Wednesday, December 16, 2020 | B1

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By saying no to some retailers' package pickups, parcel-shipping companies have been able to protect their on-time delivery scores.

FedEx, UPS Stick to Their Caps On Pickups, Slowing Shipments

By PAUL ZIOBRO AND SARAH NASSAUER

FedEx Corp. and United Parcel Service Inc. have largely kept up with the record onslaught of packages since Thanksgiving, though that is in part because of efforts to lighten their loads.

Rather than risk having systems clogged with packages, both FedEx and UPS are holding a harder line by enforcing a preset limit on the daily number of packages they will pick up. The policy is creating backlogs in some of the shippers' warehouses, affecting retailers as large as Costco Wholesale Corp. down to small- and medium-size companies.

For consumers, that means deliveries could arrive late, and anyone determined to get a gift delivered by Christmas needed to have ordered it by Tuesday to avoid paying extra shipping fees.

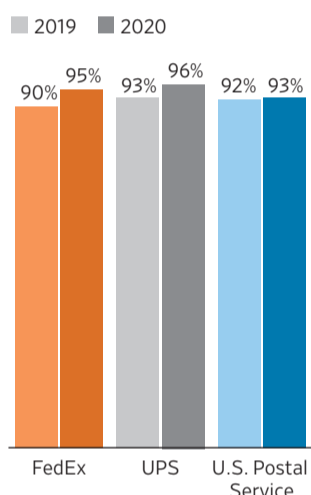
Richard Galanti, Costco's fi-



nance chief, said that some days UPS and FedEx aren't picking up all the packages the retailer wants to ship, which is causing delays. "We, like others, are figuring out other

things to do, not on a big scale," he said. Costco recently started using Instacart to ship items like Apple Inc. AirPods and Instant Pots for same-day delivery, instead of just offer-

On-time delivery scores*



*Two weeks between Nov. 22 and Dec. 5
Source: ShipMatrix

ing grocery items through that service.

One order placed with Costco on Black Friday, for instance, showed it being pre-

High-Speed Traders Race For an Edge

An experimental type of hollow cable is the latest technology used to send data faster

By ALEXANDER OSIPOVICH

High-frequency traders are using an experimental type of cable to speed up their systems by billionths of a second, the latest move in a technological arms race to execute stock trades as quickly as possible.

The cable, called hollow-core fiber, is a next-generation version of the fiber-optic cable used to deliver broadband internet to homes and businesses. Made of glass, such cables carry data encoded as beams of light. But instead of being solid, hollow-core fiber is empty inside, with dozens of parallel, air-filled channels narrower than a human hair.

Because light travels nearly 50% faster through air than glass, it takes about one-third less time to send data through hollow-core fiber than through the same length of standard fiber.

The difference is often just a minuscule fraction of a second. But in high-frequency trading, that can make the difference between profits and losses. HFT firms use sophisticated algorithms and ultrafast data networks to execute rapid-fire trades in stocks, options and futures. Many are secretive about their trading strategies and technology.

Hollow-core fiber is the latest in a series of advances that fast traders have used to outrace their competition. A decade ago, a company called Spread Networks spent about

\$300 million to lay fiber-optic cable in a straight line from Chicago to New York, so traders could send data back and forth along the route in just 13 milliseconds, or thousandths of a second. Within a few years the link was superseded by microwave networks that reduced transmission times along the route to less than 9 milliseconds.

HFT firms have also used lasers to zip data between the data centers of the New York Stock Exchange and Nasdaq Inc., and they have embedded their algorithms in superfast computer chips. Now, faced with the limits of physics and technology, traders are left fighting over nanoseconds.

"The time increments of these improvements have gotten markedly smaller," said Michael Persico, chief executive of Anova Financial Networks, a technology provider that runs communications networks used by HFT firms.

High-frequency trading is controversial, with critics saying that some ultrafast strategies amount to an invisible tax on investors. Industry representatives say such criticism is unfounded.

Chicago-based DRW Holdings LLC and Jump Trading LLC are among the trading firms that have used hollow-core fiber, people familiar with the matter said. Jump's venture-capital arm has invested in Lumenity Ltd., a U.K. startup that makes such fiber, one of the people said.

High-frequency traders use hollow-core fiber for short distances of several hundred yards at most, according to industry engineers and executives. One

Please turn to page B4

VW Board Endorses Turn to Electric

By WILLIAM BOSTON

BERLIN—Volkswagen AG shares rose nearly 8% on Tuesday after the car maker's top shareholders and union leaders publicly backed Chief Executive Herbert Diess's strategy to refocus the company on electric vehicles.

The action by the company's directors late Monday, including confirming several top appointments by Mr. Diess, put an end to weeks of internal wrangling over the pace of change at the world's biggest auto maker by sales. The CEO's push to accelerate the shift to electric cars and quickly fill empty executive positions had met opposition from labor leaders, who under German law hold half the seats on Volkswagen's board of directors.

"Everyone is grateful for the clear strategy that Diess is pursuing," said Hiltrud Werner, a management board member who restructured the company's compliance and legal departments in the wake of the diesel-emissions testing scandal. "He has the support of all the people on the board."

Volkswagen's travails have highlighted the pressure confronting global car makers, from General Motors to Toyota, as they seek to meet the challenge of reducing carbon emissions. The transformation required is having far-reaching effects on production processes, jobs and even the economy of entire regions.

Please turn to page B2

Co-Working Spaces Add to Office-Market Woes

By KONRAD PUTZIER

Empty co-working spaces are helping push office vacancies in big cities to levels not seen in decades, threatening the commercial-property sector's reputation as a haven for investors.

Office buildings are often considered relatively protected from economic shocks because most tenants are locked into long-term leases of five years and often more. Landlords could count on steady income even at times when corporate profits are down.

The rise of co-working and other forms of flexible, short-term office space is starting to change that dynamic. These spaces make up a growing share of the office market in big cities such as New York, San Francisco and Los Angeles.

Because co-working leases typically last only a few months to a year, vacancies are starting to soar when many companies are working



Vacancy for flexible office space is rising as more people work remotely. A WeWork area in New York.

remotely.

That trend could make the office market more volatile, heightening booms and busts, with powerful implications for investors. Banks are typically less eager to finance properties with fluctuating income, investors say, leading to higher mortgage costs.

"They don't want to take

any market risk," said Jim Costello, senior vice president at research firm Real Capital Analytics Inc.

Higher mortgage rates and lower loan amounts, in turn, tend to lead to lower property valuations.

Co-working executives estimate that as much as 50% of all flexible office space in

major U.S. cities is currently available for lease. That availability would help push the overall office-availability rate in San Francisco to 21.8%, the highest figure on record, according to CBRE Group Inc. An availability rate reflects vacant or occupied space that is available for lease.

In Manhattan, the estimated availability rate after factoring in similarly high co-working vacancies is 15.9%, the highest since 1995. Some real-estate analysts expect these figures to continue rising, as more companies look to cut costs and embrace remote work.

Because co-working still accounts for a small share of the office sector, the impact on availability rates in big cities is limited to a few percentage points at most, according to CBRE's estimates.

But most analysts expect flexible office space to become a much bigger part of the market. In a September survey, 86% of office users told CBRE that flexible office space will play a role in their long-term real-estate strategy, up from 73% in June.

Meanwhile more landlords, facing competition from WeWork and its peers, are starting to offer short-term deals to fill vacant space.

Rising vacancies and weak

Please turn to page B6

Credit Suisse Puts Renewed Focus On Wealth-Management Business

By MARGOT PATRICK

Credit Suisse Group AG's new chief executive said managing rich people's money will be a priority for the bank, setting a target to boost wealth-management profit by at least a quarter in the coming years.

Chief Executive Thomas Gottstein, who took over the bank this year after a spying scandal rocked its executive ranks, said the bank would allocate two-thirds of its capital to wealth management and

one-third to investment banking. The split between its two main businesses continues the strategy set out by his predecessor, Tidjane Thiam, who was forced to resign in February over the spying scandal.

The outlook was part of Mr. Gottstein's first strategy presentation to investors, which took place Tuesday. Credit Suisse said fourth-quarter performance has been strong in both wealth management and investment banking.

Both segments have had a

solid year as markets were supported by central bank and government relief measures.

Credit Suisse has struggled in the past to convince investors that its formula of balancing the steady business of wealth management with more volatile investment banking will succeed over the long term.

Bank executives said Tuesday that steps for the divisions to piggyback off each other are paying off—for example, by connecting entrepreneurs look-

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Shipments Slow for Holidays

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pared for shipment the next day, according to tracking data reviewed by The Wall Street Journal. However, it didn't reach a UPS facility for 13 days as it sat in limbo in California. The order was scheduled to reach its destination in New York three days later, within the shipping time frame provided by UPS but 18 days from when it was ordered.

Mr. Galanti said that while there are some delays, Costco delivers within the time frame promised on its website around 95% of the time.

A UPS spokesman said that the carrier "is picking up and delivering planned volume" and that its on-time performance has led the industry since the beginning of October. "We are adhering closely to collaborative plans we have mutually agreed upon with our customers, and we always strive to provide reliable service," he said.

Examples like the Black Friday order show that even though packages take longer to arrive, FedEx and UPS can tout delivery scores that are better than a year ago despite record high package volumes and other challenges related to the pandemic, such as worker illness.

"While this may help the carriers maintain service standards, it leaves retailers frustrated as they've scrambled to seek out delivery alternatives," said Trevor Outman, co-chief executive of shipping consulting firm Shipware LLC.

For the two weeks between Nov. 22 and Dec. 5, on-time scores were 94.9% for FedEx, 96.3% for UPS and 92.8% for the U.S. Postal Service, according to ShipMatrix, a software provider that analyzes shipping data. All were better than last year during a comparable period including Black Friday and Cyber Monday.

ShipMatrix President Satish Jindal said that 2.5 million packages will take an extra day or two to be delivered, and advised shoppers to order items by Dec. 15 to receive them by Christmas without having to pay higher shipping charges.

FedEx and UPS, in addition to network upgrades and hiring tens of thousands of workers, have spent months planning with their large customers on shipping forecasts and the carriers have allotted companies certain amounts of packages by the

day or week. If shippers exceed that amount, the carriers pause pickups until the network has the ability to take on more.

"In years past, the carriers would take every single package available to them and hope like heck that they could put them through their system," said James Thibault, who spent 30 years at UPS before joining Intelligent Audit, a freight audit and analytics company. "This year is a marked change."

Target Corp. is shipping the "vast majority" of packages within the delivery windows shoppers see when they order and promised shipping times are in line with prior holiday seasons, said a spokeswoman. In a small number of cases, the retailer is lightening the load on carriers by making some items available only for same-day delivery or pickup, which use other delivery methods, she said. Target hasn't set a blanket cutoff date for packages to arrive by Christmas, instead showing ship-by dates for each item online, she said.

Several large retailers, including Gap Inc. and Macy's Inc., faced temporary restrictions on shipping volumes shortly after Thanksgiving. Other shippers say they were cut off with little notice.

Deliveries poured into goTRG by the thousands in the days after Thanksgiving. The company, owned by the Recon Group LLP, processes returns for major retailers and then resells electronics, sporting goods and other items through various websites, including Walmart.com, eBay and Amazon.com.

Orders averaged 2,500 a day at four of its warehouses until FedEx hit the brakes. The carrier on Dec. 2 told the company that it would pick up only 200 orders a day until further notice.

"We were never told in advance" of shipping limits, said David Malka, goTRG's chief sales officer. "We were told after the fact."

The boxes piled up on the company's loading dock. At one Kentucky warehouse, goTRG has stopped shipping with FedEx and is considering relabeling some of thousands of packages waiting to be shipped with other carriers.

A FedEx spokesman said the company had been working with customers to understand the expected shipping volume but that, in some cases, volume is significantly higher than projections.

The Postal Service on Monday said record-high shipping volumes, employee shortages due to the coronavirus and not enough room on airplanes and trucks have led to some temporary delays.

ALPHABET Gmail Service Suffers Disruption

A number of Gmail users experienced issues with the email service Tuesday, a day after more than a dozen Google services such as YouTube endured a nearly hourlong disruption.

Alphabet Inc.-owned Google said that while some users could access their accounts, they might see error messages, experience delays or encounter other unexpected behavior. Some users were getting bounce-back notifications after sending messages to certain email addresses. The company said a large swath of Gmail users were affected.

The issues began around 4:30 p.m. Eastern time and service had been restored to all of its users around 7 p.m., the company said.

Temporary interruptions for popular online services are relatively common, though their impact has increased as more people rely on them as a result of the coronavirus pandemic and more businesses outsource their digital infrastructure and tools to outside businesses, often large internet companies.

Google's Gmail is one of the most popular email clients world-wide, and the company's Workspace office tools, formerly known as G Suite and a rival to Microsoft Corp.'s Office, are popular among businesses and institutions. Google said last year that the email service, launched in 2004, had 1.5 billion users.

On Monday, the company had problems with its authentication system. —Kimberly Chin

CORPORATE WATCH



Blade Urban Air Mobility arranges for the booking of air taxis and charter flights.

BLADE URBAN AIR Charter Broker Set To List With SPAC

Air-charter broker **Blade Urban Air Mobility** Inc. will go public through a combination with special-purpose acquisition company **Experience Investment Corp.**, in a deal that values Blade at about \$825 million.

Blade stockholders are expected to hold about 43% of issued and shares outstanding after the transaction closes.

Investors include commitments from Hedosophia, HG Vora Capital Management, KSL Capital Partners and David Geffen, as well as original investors Barry Diller, David Zaslav and Robert Pittman. —Dave Sebastian

ELI LILLY Guidance Increases, Acquisition Unveiled

Eli Lilly & Co. raised its guidance for 2020 and set its outlook for 2021, anticipating a benefit from Covid-19 treatment sales and portfolio expansion.

The drugmaker also said it agreed to buy **Prevail Therapeutics** Inc. for up to \$1.04 billion, or \$26.50 a share, giving Lilly access to Prevail's set of gene therapies for Parkinson's and other neurodegenerative diseases. The deal value includes about \$880 million in cash. The other \$160 million is contingent upon certain regulatory approvals of a product from Prevail's pipeline. —Dave Sebastian

PENN NATIONAL GAMING Casino Operations In Maryland Bought

Penn National Gaming Inc. agreed to pay \$311 million for casino operations at a property in Maryland, a deal it said would allow it to return to the gambling market in that state.

Penn National said its acquisition of the Hollywood Casino Perryville from **Gaming & Leisure Properties** Inc. is expected to be completed next year, pending approval by Maryland regulators. Gaming & Leisure said it would retain ownership of the real estate that the Hollywood Casino Perryville uses and lease the space to Penn National. —Micah Maidenberg



As a concession to labor, the auto maker agreed to make its base in Wolfsburg, Germany, a model factory for electric vehicles.

VW Board Backs Turn To Electric

Continued from page B1
The change among incumbent auto makers is being driven both by tighter emissions regulation and increased competition from a new breed of all-electric startups.

The deal reached by Volkswagen's directors "puts an end, at least for the moment, to the excessive frictions between management and other key stakeholders," said Arndt Ellinghorst, senior auto analyst at Bernstein Research. "Yesterday's resolutions clarify management's mandate and offer an opportunity to focus on VW's fundamental matters."



CEO Herbert Diess made peace with the board and won approval for management-team picks.

In recent weeks, German media had reported that Mr. Diess was seeking an early extension of his contract as a vote of confidence from the board. The company's board includes the Porsche family, who are the controlling shareholders, and the state premier of Lower Saxony, which holds a 20% blocking minority, as well as the Qatar Investment Authority. Neither Mr. Diess nor Volkswagen would confirm the reports.

Chairman Hans Dieter Pötsch met all of the players

separately over the weekend, people familiar with the situation said, brokering a compromise in which the board would make a clear statement of support for Mr. Diess and his strategy and back his candidates to fill open positions on the executive board.

As a concession to the labor side, Mr. Diess agreed to make the company's main plant in Wolfsburg, Germany, a model factory for building the most advanced electric vehicles—a move that would secure thousands of jobs for the next decade.

"For us it is of decisive importance that Herbert Diess with his new management team will continue to shape this important era at Volkswagen," Wolfgang Porsche and Hans Michael Piech, heads of the Porsche-Piech clan, said after the meeting.

In the summer, Bernd Osterloh, head of Volkswagen's powerful works council and a member of the supervisory board, persuaded other directors to strip the CEO of responsibility for the day-to-day operations of the VW brand, the company's biggest business. That conflict left Mr. Diess uncertain about how much support he had from the board, according to people familiar with the situation.

After Monday's decisions, Mr. Osterloh said there was total agreement between the supervisory board, executive board, and labor representatives. Mr. Diess was relieved that the conflict had been put to rest and that the new board members would be able to take up their jobs soon, one person close to him said.

The board appointed Arno Antlitz to succeed Frank Witter as chief finance officer in June. Mr. Antlitz is currently finance chief at Audi, Volkswagen's luxury car unit. The

board also approved Mr. Diess's plan to split board responsibilities for purchasing and components manufacturing and create a new position, appointing Thomas Schmall, current head of the compo-

nents business, as chief technology officer. Murat Aksel, currently purchasing chief at the VW brand, will take on additional responsibilities as purchasing chief for the entire Volkswagen company.

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BUSINESS NEWS

Wintour to Oversee Condé Nast Content

Powerful Vogue editor given additional duties as magazine publisher rethinks its strategy

By LUKAS I. ALPERT

Anna Wintour, long one of the most influential editors in the magazine world, is about to get even more powerful.

Condé Nast named Ms. Wintour its first-ever global chief content officer as part of the media company's broader push to unify its international and U.S. operations.

The promotion gives Ms. Wintour oversight of all Condé Nast's brands world-wide and puts her in charge of all of Vogue's 25 global editions, on top of her longtime role as editor in chief of Vogue U.S.

The move comes after a tough year for Condé Nast, punctuated by layoffs and staff unrest over diversity issues. Ms. Wintour's critics said she has contributed to an atmosphere where Black employees felt sidelined and belittled during her 32 years at the company. In a memo to staff in June, Ms. Wintour said she took responsibility for failures



Anna Wintour, who was named Vogue's U.S. editor in 1988, recently took heat over diversity issues.

to elevate Black staffers and vowed to do better.

The decision by Condé Nast Chief Executive Roger Lynch to give the 71-year-old Ms. Wintour broader responsibilities is a vote of confidence in her ability to help lead the

company as it tries to return to profitability.

"Anna's appointment represents a pivotal moment for Condé Nast as her ability to stay ahead in connecting with new audiences, while cultivating and mentoring some of to-

day's brightest talent in the industry, has made her one of media's most distinguished executives," said Mr. Lynch, to whom Ms. Wintour will continue to report.

Ms. Wintour was named Vogue's U.S. editor in 1988 and

quickly became one of the most influential tastemakers in the fashion industry, forging deep relationships with the top fashion houses and making stars of up-and-coming designers. She turned the magazine into the company's biggest moneymaker, and in 2014 she was named Condé Nast's U.S. artistic director. Last year she joined a global leadership team to advise on global content opportunities.

Mr. Lynch took charge of Condé Nast, whose many titles include Vanity Fair, the New Yorker, Bon Appétit and GQ, in April 2019, after stints running Pandora Media Inc. and Sling TV. Since then, he has worked to merge the company's U.S. and sprawling international businesses. He has also worked to expand in digital video and move all the company's titles behind digital paywalls to supplement declining ad revenue.

Mr. Lynch said in an interview that the company now makes less than half its revenue from advertising in the pages of its print magazines.

"We are deeply immersed in a very broad transformation project," he said, adding that the coronavirus pandemic has

accelerated some of the changes.

In 2017, Condé Nast had a loss of \$120 million after a yearslong, industrywide shift of readership and ad spending from magazines to the web. The company had set 2020 as its target to return to profitability, but was set back by the impact of the pandemic.

In May, the company laid off about 100 people in the U.S. and temporarily furloughed a similar number of people.

Mr. Lynch wouldn't discuss Condé Nast's financial performance in 2020 but said the company was projecting double-digit percentage revenue growth next year and was committed to increasing editorial spending by 25% over the next four years.

"We are now focused on how we can take advantage of the global reach of our brands at a scale we have never been able to before," Ms. Wintour said.

As part of its effort to streamline operations worldwide, the company is also announcing newly created global editorial directors for Architectural Digest, Condé and GQ.

Pop Music's Chainsmokers Back Investor Site Public.com

By LAURA COOPER

The Chainsmokers have taken an interest in finance, and hope that their latest investment will entice fans to follow.

The electronic DJ duo are joining celebrities like professional skateboarder Tony Hawk in backing Public Holdings Inc., which runs Public.com, an investing and social-networking site where users are encouraged to learn from each other about investing and stocks.

Although better known for their music, including the Grammy-winning song "Don't Let Me Down," the DJs have

made a concerted push into investing this year—starting Mantis VC, a venture-capital firm, and backing multiple businesses along the way.

Their investment in Public highlights two values important to the group: community and financial literacy. They are betting that their Gen Z and millennial fans share those interests and will use the platform.

"We have a deep understanding of things that are important to them," Alex Pall, one of the Chainsmokers, said of their fans. "I think it's important to build financial literacy. I'm still building that."

Mr. Pall and fellow band

member Drew Taggart have joined investment management firms in backing Public, which announced Tuesday that it has raised \$65 million in its second investment round this year, bringing its total funding to \$90 million. The Chainsmokers, through Mantis, and Mr. Hawk participated in the latest round led by Accel and which included Lakestar Advisors GmbH, Greycroft LP, Advancit Capital and business executive Dick Parsons, a former chairman of Citigroup.

The latest funding isn't Public's first investment by celebrities. Previously, actor Will Smith through his Dreamers VC and pro football star J.J.

Watt have backed the company, as has business professor and entrepreneur Scott Galloway.

Public.com is a smartphone app that aims to open up equity markets to those with small amounts of money to invest, while also helping its users learn about investing, including the ups and downs. Investors using Public.com can purchase stocks, fractions of shares and exchange-traded funds without paying a commission.

On Public.com, users can also share their thoughts on a social network that includes pictures and statuses. Those statuses can include why an individual is investing in a com-

pany, concerns about losses and how investments have panned out.

The musicians are throwing their weight behind the investing platform as more Americans are becoming involved in the stock market through businesses like Public and Robinhood Markets Inc. But Public.com doesn't allow day-trading or investing on margin, or using borrowed funds, which can lead to magnified losses.

Investing in Public was a "chicken before the egg situation," Mr. Pall said. He said the Chainsmokers were interested in backing the company before the close of their first Mantis

venture fund.

Mantis raised its first venture-investment fund earlier this year and has already made 15 investments in various businesses, Mr. Pall said.

Public itself has continued to grow this year by fostering a "collaborative culture," said Leif Abraham, a co-chief executive of the business. A goal, he said, is to "actively get people into the stock market who have been left out of it." For instance, some 40% of Public.com's users are women, he said.

The platform has seen its user base grow 10-fold since launching Public.com in September 2019.

dog·ger·el

/ˈdɒɡərəl/

noun

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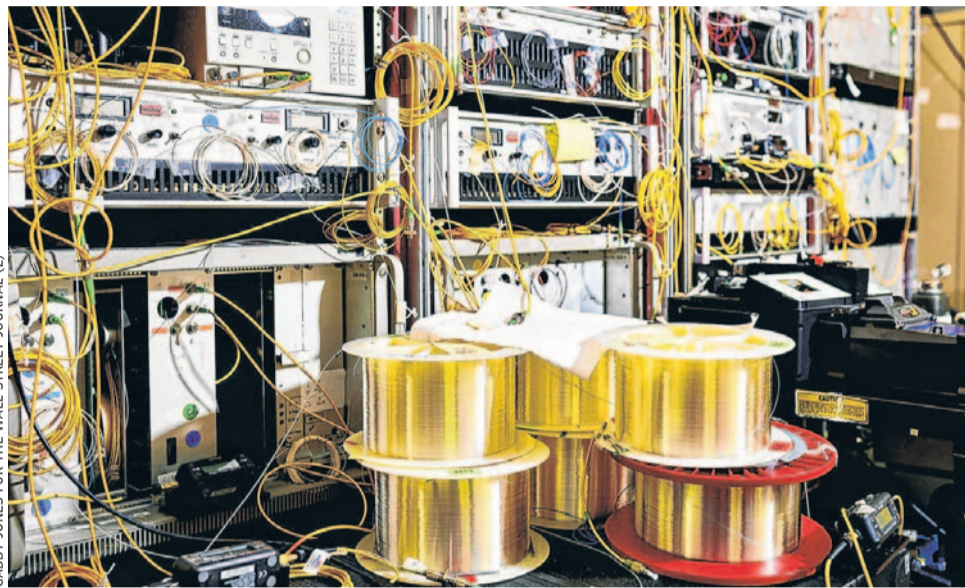
Small glass tubes known as core tubes in the OFS Hollow-Core lab at the beginning stage of hollow-core fiber fabrication.

Speed Traders Seek Edge

Continued from page B1
common use, they say, is to connect the data center housing an exchange's systems to a nearby communications tower. From there, HFT firms transmit data onward through cross-country networks of microwave antennas.

Replacing standard fiber with hollow-core fiber over that brief stretch might speed up a firm's network by a few hundred nanoseconds. A nanosecond is a billionth of a second.

Anova started using hollow-core fiber about two years ago after a few trading firms deployed it, Mr. Persico said. Two other firms that provide communications services for high-speed traders, McKay Brothers LLC and BSO Network Solutions Ltd., also said they use hollow-core fiber in



Testing area for the hollow-core fiber checking data transmission at the OFS lab.

their networks. Hollow-core fiber was pioneered in the 1990s but never gained widespread use because of a key problem: Signals sent through such fiber fade faster than over standard fiber, making it impractical to use hollow-core fiber for long distances. It is also costly to manufacture because of its intricate structure.

In recent years, though, the cost has come down and some manufacturers have succeeded in creating hollow-core fiber that can transmit data over longer distances. That has spurred interest from traders.

One manufacturer, OFS, has received more than a dozen inquiries about hollow-core fiber from HFT firms or provid-

ers of high-speed trading networks during the past year, said Daryl Inmiss, director of new business development at OFS. Hollow-core fiber made by OFS—a U.S.-based unit of Japan's Furukawa Electric Co. Ltd.—is already being used by several firms active in HFT or trading technology, he added.

Lumenity, the startup backed by Jump, is betting that hollow-core fiber will find uses beyond trading, for instance in telecommunications and 5G networks. "We see HFT as an early adopter for the use of hollow-core," Lumenity Executive Chairman David Parker said in an interview. He declined to comment on his firm's relationship with Jump.

The jury is out on whether hollow-core fiber will make deeper inroads into HFT. Industry skeptics say that even if manufacturers create fiber that can send data for tens or hundreds of miles, it is unlikely to replace wireless networks that transmit over straight lines through the air since underground cables inevitably have bends that slow transmission.

Supporters say hollow-core fiber could be used for high-bandwidth links in places like northern New Jersey where the NYSE and Nasdaq have their data centers.

"When you're sending light into a solid fiber, it's like you're sending it through a window 50 miles thick," said Dave Gustafson, a former head of wireless engineering at Jump. "With hollow-core, you're sending it through 50 miles of air."

Twitter Fined In Europe Over Data Breach

Penalty is the first for a U.S. tech firm under 2018 privacy law, after bureaucratic infighting

By SAM SCHECHNER

Two-and-a-half-years after going into effect, the European Union's new privacy law produced its first fine for a U.S. tech company in a cross-border case—an overdue development, critics say.

Ireland's Data Protection Commission said Tuesday that it is fining Twitter Inc. €450,000, equivalent to about \$546,000, for failing to document or properly notify the regulator within 72 hours of learning of a data breach disclosed in January 2019 that exposed some users' private tweets.

"We take responsibility for this mistake and remain fully committed to protecting the privacy and data of our customers," said Damien Kieran, Twitter's chief privacy officer, adding that the delay in notification was an "unanticipated consequence of staffing between Christmas Day 2018 and New Year's Day."

The case is a bellwether because it is the first in a long pipeline of privacy cases involving big U.S. tech companies in Ireland, including Facebook Inc., Apple Inc. and Alphabet Inc.'s Google. Ireland's data commission leads enforcement of the EU's General Data Protection Regulation, or GDPR, for those and other U.S. companies that have their regional headquarters in the country.

It has taken nearly two years for Ireland's data commission to arrive at a decision in the Twitter case, including nearly five months for the commission and its counterparts in other EU countries to squabble over jurisdiction, investigatory scope and the amount of the fine.

That is fueling frustration among some privacy activists and EU privacy regulators that the bloc's enforcement is too slow.

"We are coming to a turning point where the GDPR really needs to start delivering," said David Martin, senior legal officer at BEUC, an umbrella organization for European consumer-rights groups that is a strong supporter of the law. "The credibility of the whole system is at stake if enforcement doesn't improve."

In one sign of that frustration, some other regulators are starting to push their own privacy cases using laws other than the GDPR, said Paul Nemitz, principal adviser on justice policy for the European Commission, the EU's executive arm. Last week, France's privacy regulator, the CNIL, fined Google and Amazon.com Inc. a combined \$163 million for violations of a separate rule called the ePrivacy directive. That allowed the CNIL effectively to side-step the power sharing with other EU privacy regulators built into the GDPR, known as the one-stop shop.

"It is important that the lead authority for Google and other tech companies enforce GDPR properly to preserve the functioning of the one-stop shop," Mr. Nemitz said.

Helen Dixon, the head of the Irish Data Protection Commission, said that GDPR enforcement and power sharing is a work in progress, and that her office has been handling its cases methodically to make sure that its decisions stand up to expected court challenges.

"Am I satisfied? No. The process didn't work particularly well. I think it's too long," Ms. Dixon said of the Twitter case in an interview broadcast at a tech conference this month. "On the other hand, it is the first time EU data-protection authorities have stepped through the process, so maybe it can only get better from here."

The case stems from a security hole that Twitter said it fixed in January 2019 that, over a period of more than four years, exposed the private tweets of some users.

Ireland's investigation later found that the company's data-protection officer wasn't copied on an incident ticket initially, leading to a delay in notifying the regulator.

In May 2020, after 15 months of investigation and at least four rounds of back-and-forth with Twitter, Ireland's

72

The hours firms have to notify regulators of a data breach

data commission sent a draft decision finding Twitter in violation of breach-notification rules to its counterparts as part of a comments process stipulated in the GDPR, according to a timeline provided by European Data Protection Board, which is composed of the privacy regulators from all 27 EU member states. Several raised objections on an array of points—some of them contradictory. In August, Ireland triggered a dispute-resolution process at the European board.

One major source of contention was the fine. The GDPR allows privacy regulators to fine a company up to 2% of its global annual revenue—or \$60 million, based on Twitter's 2018 revenue—for failure to properly notify the regulator of data breaches. But the Irish data commission recommended a fine of only 0.25% to 0.5% of that maximum because it found the violation was negligent, not intentional or systematic. Hamburg's privacy regulator, representing Germany, wanted a more dissuasive fine, citing a range between €7 million and €22 million, according to the European board.

In early November, the board issued its final decision on the disputes, siding with Ireland on all the issues apart from the data commission to increase, but without specifying an amount.

The €450,000 fine Ireland assessed was about two-thirds higher than the top of the range it had originally proposed. The regulator described it as "an effective, proportionate and dissuasive measure."

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THE PROPERTY REPORT

Vaccines Boost Hard-Hit Realty Stocks

Shares, REITs rebound along with retail confidence after being battered by pandemic

By ESTHER FUNG

Some of the worst-performing real-estate stocks this year are finally having their moment.

Even though Covid-19 infection rates in the U.S. are at new highs and a number of cities and states are reimposing restrictions, investors are looking ahead to new vaccines and a time when shops and restaurants reopen and travel resumes. Stock buyers have been scooping up shares of companies that are beaten down but stand to benefit from the economy's eventual reopening.

Share prices for hotels, retail and office landlords jumped more than a third and have held those gains since Nov. 9, the day when Pfizer Inc. and BioNTech SE announced their promising vaccine results.

The FTSE Nareit Equity Lodging/Resorts index has soared 49% while the regional malls and shopping centers REIT indexes are each up more than 40% since the vaccine announcement. Those returns made these real-estate investment trusts two of the best performing sectors. Over that same period, the S&P 500 was up 4.6%.

Hotel executives have warned that their business may not see a full recovery



Investors are scooping up shares of companies that stand to benefit from the economy's eventual reopening. A mall in Miami.

"We want to own retail landlords that have the capital and management skills to repurpose their properties," said Evan Serton, Cohen & Steers senior vice president and senior portfolio specialist.

The investment manager is one of the largest shareholders in **Simon Property Group**, the country's biggest mall owner. Its shares have risen by more than 41% to \$87.32 over roughly the past month. The Indianapolis-based company also tapped the equity market last month and raised \$1.56 billion at \$72.50 a share from investors, including Cohen & Steers.

Still, some analysts warn of trouble ahead for many retailers if they don't have a strong holiday season, which may be necessary to prevent a number of them from filing for bankruptcy protection. With the resurgence of the coronavirus across the U.S., foot traffic in many shopping locations has also dropped off.

Investors said senior living and nursing homes also show promise as vaccines are expected to be made available to health-care workers and vulnerable groups like the elderly earlier than other segments of the population.

Around one-third of the 87 seniors housing and skilled nursing operators surveyed by the National Investment Center for Seniors Housing & Care last month said that they have a backlog of residents waiting to move in.

The occupancy rate of seniors housing was 82.1% in the third quarter down from 84.7% in the second quarter.

until at least 2023, even if the pandemic comes under control. Some business executives, including Microsoft Corp. co-founder Bill Gates, have suggested business travel won't bounce back to what it was, maybe ever. Meanwhile, the highly successful initial public offering from Airbnb Inc., whose shares more than doubled in price on the first day of trading, is testimony to a

powerful competitor for tourist dollars.

But after lodging stock prices had tumbled 36% between the end of February and the end of October, investors seemed to conclude there is more upside than downside going forward.

Park Hotels & Resorts Inc. and **Xenia Hotels & Resorts Inc.** have risen by 62%, as investors anticipate them to

benefit from a pent-up demand for travel after vaccines become widely available.

"I think REITs in general have bottomed out, and I don't think we'll retest the lows," said Marc Halle, managing partner at Park Lane Investors, which invests in real-estate and property companies. Mr. Halle views this as an opportunity for long-term investors since the earnings recovery

may take years, he said.

Even shares of shopping-mall owners have lured buyers this past month. While the secular consumer shift toward online shopping shows no sign of ebbing, investors said some companies with stronger balance sheets looked oversold, especially ones with valuable real estate that could be converted to other uses such as offices or residences.

Retired Slugger Rodriguez Teams With Hotel Fund

By WILL PARKER

Baseball legend Alex Rodriguez is teaming with a Miami private-equity firm to invest more than a half-billion dollars in buying or developing hotels at a time when the industry has been ravaged by the pandemic.

The former New York Yankee known as A-Rod said he is joining **CGI Merchant Group** in its new hotel investment fund, which the firm launched this month. The venture aims to raise \$650 million to acquire

The venture aims to raise \$650 million to buy properties, with Hilton as a partner.

and develop properties in partnership with **Hilton Worldwide Holdings Inc.** brands. **Maverick Capital Partners**, a New York brokerage, will also be part of the venture.

Mr. Rodriguez has been a real-estate investor for many years, going back to his playing

days. He founded his own real-estate investment company in 2003, the year before he played his first game for the Bronx Bombers. His **Monument Capital Management** has made more than \$800 million worth of property acquisitions in more than a dozen states, according to its website. Mr. Rodriguez will invest some of his personal money in the hotel fund and help source deals.

He said investing in hotels right now is a way to capitalize on a travel rebound once the pandemic is under control. "We believe we can acquire assets that are strategically positioned to be in the top-performing percentile once restrictions are eased," the 14-time All-Star said.

The CGI Merchant fund will look to invest in hotels and resorts across North America and the Caribbean, CGI said, with Miami, Seattle and New York City of particular interest. Raoul Thomas, CGI Merchant's chief executive, said the fund will avoid large hotels with open floor plans and large banquet spaces. Lodging properties dependent on large group events, like seminars and conferences, may recover



Alex Rodriguez, who is joining CGI Merchant Group, has been a real-estate investor since 2003.

more slowly than those primarily attracting tourists, he said.

The fund has already made one purchase, the 129-room Gabriel Hotel in Miami, this past June, Mr. Thomas added.

While many other investors have been raising money in anticipation of buying up distressed hotels at rock-bottom prices in the near future, fewer U.S. hotels have changed hands this year than in almost any other year. The volume of hotel sales in 2020 is coming in 84% below 2019 levels as of October, according to a report from

Real Capital Analytics, a real-estate data firm.

Hotel performance continues to suffer and business travel shows no signs yet of bouncing back. Hotel-room occupancy, as of the first week of December, is down 38% from the same week in 2019, according to hospitality industry data provider STR. Hotel executives have said they don't expect industry revenue to return to last year's levels until at least 2023.

Despite this grim prognosis, prices of hotels sold this year have fallen just 3.3%. Few sellers have been willing to meet

the lower price expectations of buyers. "The owner of a hotel asset will not sell at a loss unless forced to do so because of distress situations," RCA's report notes.

But ongoing debt problems for hotel owners could spell deeper distress for the sector and more opportunities for investors like CGI Merchant and A-Rod. The partners said they view the hotel fund as a long-term strategy.

"Wealth is rarely created overnight," Mr. Rodriguez said. —Konrad Putzier contributed to this article.

Venture Firm Pulls In \$500 Million for Biotech

By BRIAN GORMLEY

Life-sciences venture firm **Westlake Village BioPartners** has raised \$500 million across two new funds after quickly deploying its \$327 million debut investment pool that launched in 2018.

Westlake Village, based outside Los Angeles, used its first fund to incubate or invest in 11 biotechnology startups. Now it has raised \$70 million to invest further in the best performers from that first vehicle. Westlake said it plans to invest this "opportunity fund" in the second or later rounds of financing of these companies.

Westlake also has secured \$430 million to invest in new biotech, raising a larger amount this time so it would have more capital to deploy in these companies as they raise later financing rounds, co-founding managing director Beth Seidenberg, said.

Westlake incubates most of its portfolio companies, a strategy designed to capitalize on the experience of Dr. Seidenberg, who previously invested in biotech startups with Kleiner Perkins, and co-founding managing director Sean Harper, who formerly headed research and development for drugmaker Amgen Inc.

Starting companies is time-consuming and involves risk because early-stage drugs often fail in clinical trials. But starting companies also enables venture firms to generate outside returns on those that succeed, with surges in value occurring after a biotech startup's first drug shows promise in clinical trials.

Other venture investors raising funds recently with a focus on company creation include Atlas Venture, which disclosed a \$400 million fund in June.

Building companies around new biotech research is also the most scientifically interesting work for the team, Dr. Harper said. In addition, because of the success the biotech industry has had in recent years, more corporate employees are willing to leave the security of a large company to join a startup, increasing the pool of talent investors have to draw upon when building companies, according to Dr. Seidenberg.

Market for Flexible Space Falls

Continued from page B1

demand for office space are already weighing on publicly traded real-estate owners, which are trailing the overall stock market by a considerable margin. Shares of **Boston Properties Inc.** are down 29% year to date, while **SL Green Realty Corp.** shares are 36% lower, according to FactSet. **Vornado Realty Trust** shares are down 43%.

The co-working industry's dampening effect on the property market is a reversal from prior years, when the growth of companies including WeWork and Knotel Inc. propped up office rents and real-estate prices.

In New York, a surge in new construction over the past decade led to fears of a glut of office space, as tenants moved out of older

buildings. "That never really happened because flex operators came in and leased up all that space," said Nicole LaRusso, CBRE's director of research and analysis for the New York City area.

Most co-working companies leased office space under long-term deals, and landlords hoped this would mean continued payments even during a recession.

But they are now finding that co-working companies are in some cases unwilling or unable to pay rent, pressuring landlords to renegotiate leases or seeking refuge in bankruptcy courts.

Knotel has said it plans to shrink its footprint and faces lawsuits over unpaid rent. Some entities tied to IWG PLC's Regus locations have filed for bankruptcy to get out of lease obligations.

Fitch Ratings in October downgraded WeWork's bonds, citing "concern over the viability of WeWork's business model in light of a potential lasting shift by companies to a hybrid office model that leads to permanently lower



The downturn reverses a trend in which WeWork helped buoy rents.

office space demand."

Revenue-sharing agreements between landlords and co-working companies are increasingly common, exposing property owners more directly to the ups and downs of the market. And co-working vacancies add to a glut of available office space, pushing down rents across cities.

"Even if it's not all direct competition for what you're marketing, you kind of feel the heat," Ms. LaRusso said.

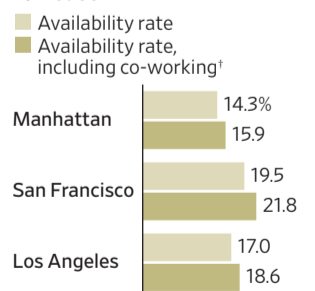
But while the rise of short-term leases creates challenges for investors, co-working ex-

ecutives argue it will lead to better office space and happier tenants.

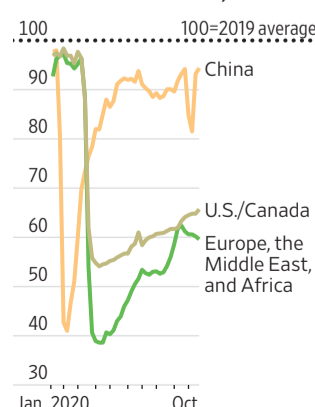
Office landlords often have less of an incentive to improve their services because their customers, signed to long-term leases, have no choice but to keep paying the rent, said Jamie Hodari, CEO of co-working company Industrious.

"Hopefully shifting away from that means suppliers have to do a better job of actually meeting demand rather than sitting in the Hamptons clipping coupons," he said.

Share of office space available for lease*



WeWork office visits, indexed



*Manhattan and San Francisco numbers are as of November, L.A. numbers are as of Q3. †Estimates based on a 50% availability rate within co-working spaces. Sources: CBRE; WeWork

BUSINESS NEWS

Top SEC Official On Exchanges To Step Down

By Alexander Osiipovich

The Securities and Exchange Commission's top official for the oversight of exchanges, brokers and high-speed trading firms is stepping down at the end of December, concluding a three-year tenure marked by clashes with the stock exchanges he regulated.

Brett Redfearn will leave his job as director of the SEC's trading and markets division, the commission said Tuesday. He is leaving along with his boss, Chairman Jay Clayton, who appointed Mr. Redfearn to the role in October 2017.

Together, Messrs. Clayton and Redfearn sought to reshape the plumbing of the U.S. stock market, particularly in the area of stock-market data.

Many brokers and traders complain that fees for essential data on stock prices, quotes and trading activity are excessive and that big exchange operators like the New York Stock Exchange and Nasdaq Inc. have too much power to set them.

NYSE, owned by Intercontinental Exchange Inc., and Nasdaq reject such criticism and say their fees are fair and reasonable. They pushed back against many of Mr. Redfearn's market-data changes, which threatened a key business for them, and they repeatedly sued the SEC to block initiatives that he supported, winning some court victories.

Last week, the SEC's commissioners voted unanimously to overhaul the public-data feeds that supply many investors with stock-price informa-

tion, issuing a nearly 900-page regulation that Mr. Redfearn played a role in crafting.

"This is something that hasn't been updated and modernized since the 1970s," he said in an interview. "It is extremely important for leveling the playing field and ensuring fairness in the market."

Mr. Redfearn said he didn't have any immediate plans to start a new job after leaving the SEC.

He is the latest of a wave of top SEC staffers who have recently left or announced plans to depart at the end of the year, including the agency's top enforcement official, Stephanie Avakian. Such turnover is common at the SEC during changes of presidential administrations.

Unlike many previous directors of his division, Mr. Redfearn isn't a lawyer and instead had spent much of his career on Wall Street trading desks.

Before his appointment to the SEC, he was a top electronic-trading executive at JP-Morgan Chase & Co. whose job included publicly advocating for the bank's views on the structure of the U.S. equities markets.

That background proved useful during the coronavirus-fueled volatility of March and April when Mr. Redfearn was frequently on the phone with exchange executives and officials at other government agencies to ensure that markets were running smoothly.

Mr. Redfearn was also involved in the SEC's effort to develop a regulatory framework for digital currencies.

Ruling Hits Chuck E. Cheese

By Peg Brickley

Children's arcade and pizza chain Chuck E. Cheese failed to persuade a bankruptcy judge to delay or cut rent obligations due to Covid-19-related restrictions on the business.

The ruling this week from Judge Marvin Isgur of the U.S. Bankruptcy Court in Houston sounds a warning note for retailers and restaurants trying to survive a pandemic-driven drop in revenue, while comforting commercial landlords trying to do the same.

The question of rent cuts and delays for businesses hurt by Covid-19 has come up in other bankruptcy cases, including that of Ruby Tuesday Inc. which, like Chuck E. Cheese, resorted to chapter 11 protection as government regulations and fear of infection kept customers away.

Judge Isgur said U.S. bankruptcy laws limit how much help he can extend to Chuck E. Cheese when it comes to the rent obligations owed on six restaurants in North Carolina, Washington and California.

According to the ruling, varying degrees of health restrictions constricted the business, which is built around



A shuttered restaurant in New York. The company had asked a judge to delay or cut rent obligations.

giving children a place to play as part of family dining. However, the bankruptcy code allows the company to delay rent payments for only 60 days, and nothing in state law or the terms of the leases changes that, according to the ruling. Leases are governed by their own provisions and by the laws of the states where the restaurant is located.

Chuck E. Cheese originally asked the judge for delays or rent cuts at 141 outlets across 12 states, citing lease provi-

sions covering events outside of a business's control that can prevent them from meeting their contractual obligations. The company came to agreements with many of its landlords. But those for six locations in three states challenged Chuck E. Cheese and its parent, CEC Entertainment Corp., which has proposed a restructuring that would put senior lenders in control.

Throughout the coronavirus lockdowns, many tenants unable to pay rent have said that

the Covid-19 pandemic is an event beyond their control that should excuse the missed payments. Most property owners have taken the position that tenants still have to pay rent even if the premises aren't supporting normal business activity.

In response to the disputes, landlords are including pandemic-related language in leases as they are renewed or amended, allowing tenants to defer part of their rent if more shutdowns are ordered.

U.K. Watchdog Sets Fines for Barclays Units

By Sabela Ojeda

A top U.K. regulator has levied a fine of £26 million, the equivalent of \$34.7 million, on Barclays PLC-related units over the treatment of customers that fell into arrears or went through a difficult financial situation.

The Financial Conduct Authority said Tuesday that between April 2014 and December

2018, Barclays and some affiliates failed to help some customers understand the reason behind missed payments and provided solutions that were unaffordable or unsustainable.

The FCA requires consumer-credit firms to take measures to understand customers' financial difficulties and to show forbearance to customers who have missed payments or are struggling financially.

The regulator cited Barclays Bank UK PLC, Barclays Bank PLC and Clydesdale Financial Services Ltd., a wholly owned subsidiary of Barclays Bank, for the violations.

"Consumers should feel reassured that their lender will work with them to help resolve any financial difficulties, whereas Barclays' poor treatment of its customers risked making these difficulties

worse," Mark Steward, the FCA's director of enforcement and market oversight, said. Barclays didn't dispute the FCA's findings, according to the regulator.

Barclays said that it has since implemented changes to its systems, processes and training. The bank also has repaid more than £273 million to at least 1.53 million customer accounts since 2017.

Exchange-Traded Portfolios

Largest 100 exchange-traded funds, latest session

Tuesday, December 15, 2020

Table with columns: ETF, Symbol, Closing Price, Chg (%), YTD (%). Lists various ETFs like ARKK, XLC, XLY, XLP, XLE, etc.

BANKRATE.COM MMA, Savings and CDs

Average Yields of Major Banks Tuesday, December 15, 2020

Table showing average yields for National average, Savings, Weekly change, and Jumbos across various terms (1-MO, 2-MO, 3-MO, 6-MO, 1-YR, 2-YR, 2.5YR, 5YR).

Consumer Savings Rates

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

Table of High Yield Savings, Money market and savings accounts, and CDs (One-month, Two-month, Three-month) from various banks.

High yield jumbos - Minimum is \$100,000

Table listing High yield jumbos with columns for Bank, Minimum, Yield, and Contact Information.

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

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

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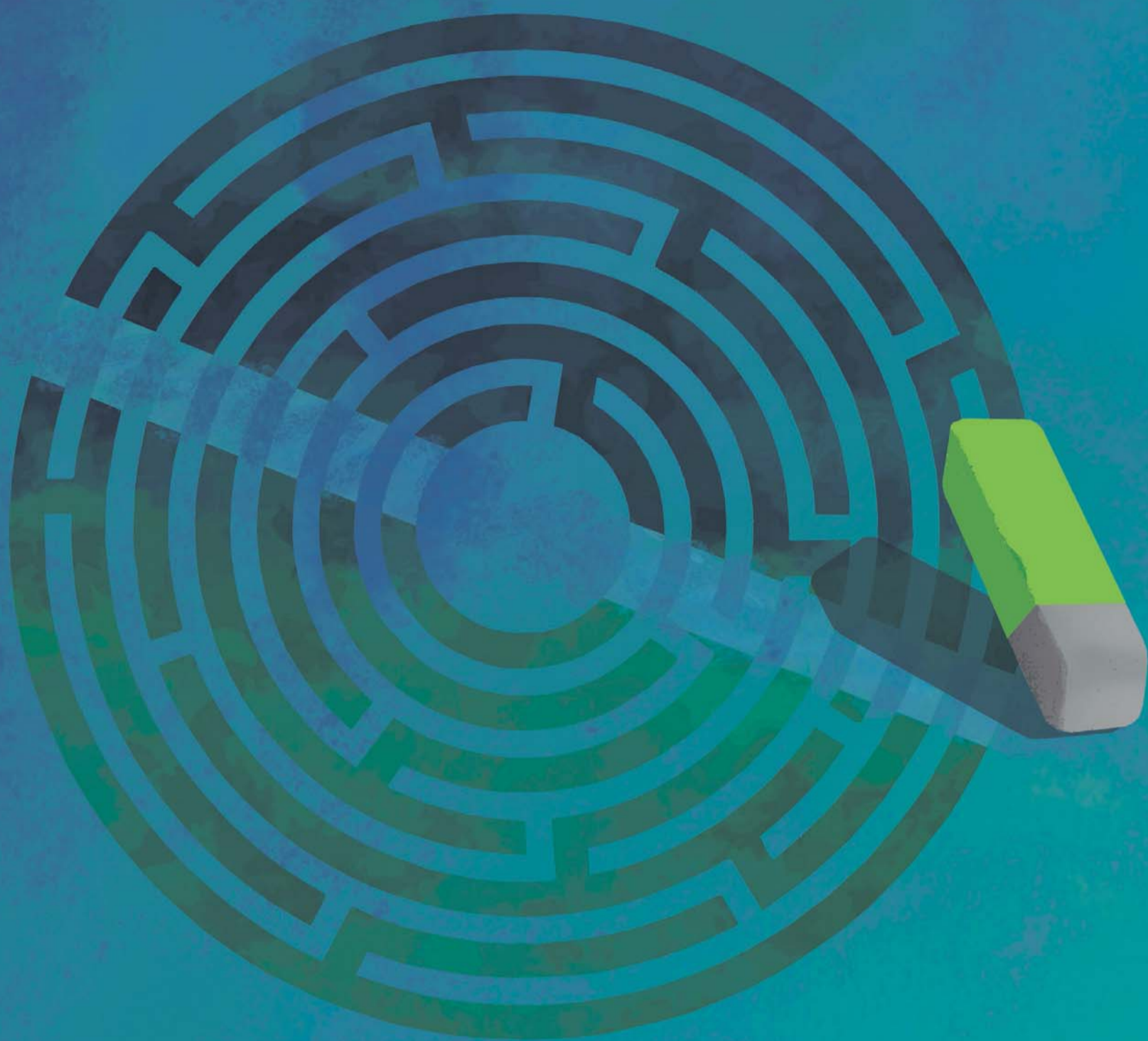
Moreover, we have just announced an expansion of our carbon neutral strategy: we will offer our clients and suppliers incentives and solutions to help cut their carbon emissions, since our target is to reduce absolute scope 3 emissions by 15% until 2035.

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of Carajás protected by Vale

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Andrew Jeong
WSJ Reporter

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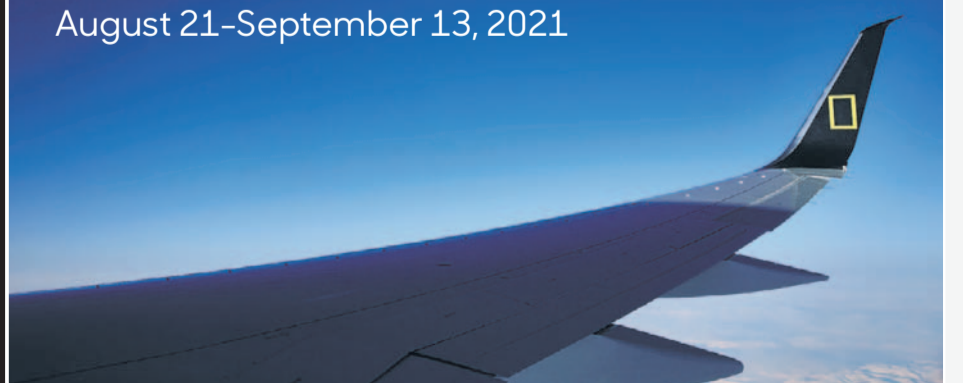
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Futures Contracts

Metal & Petroleum Futures						
Open	Contract			Settle	Chg	Open interest
	High	low	Low			
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
Dec	3.5010	3.5425	3.5010	3.5380	0.0160	2,441
March/21	3.5220	3.5560	3.5000	3.5445	0.0180	161,006
Gold (CMX) -100 troy oz.; \$ per troy oz.						
Dec	1833.50	1846.90	1833.20	1852.30	23.60	6,291
Jan/21	1827.90	1856.10	1827.70	1853.20	23.40	2,095
Feb	1830.50	1859.30	1828.50	1855.30	23.20	399,626
April	1835.50	1863.00	1833.50	1859.40	23.30	76,920
June	1838.60	1865.20	1836.20	1862.20	23.20	32,951
Aug	1850.20	1867.20	1840.20	1864.90	23.00	12,236
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
Dec	...	...	...	2314.20	6.30	7
March/21	2308.00	2369.00	2303.50	2324.00	5.10	9,119
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
Dec	...	...	...	1038.10	23.70	22
Jan/21	1016.60	1045.60	1009.50	1039.30	23.70	40,688
Silver (CMX) -5,000 troy oz.; \$ per troy oz.						
Dec	24.075	24.515	24.075	24.581	0.596	972
March/21	23.965	24.700	23.940	24.644	0.597	131,038
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
Jan	46.99	47.73	46.54	47.62	0.63	167,652
Feb	47.18	47.89	46.72	47.78	0.63	332,355
March	47.29	47.97	46.84	47.88	0.61	236,714
April	47.29	48.01	46.95	47.95	0.59	109,765
June	47.38	47.95	46.98	47.90	0.52	214,107
Dec	46.60	47.07	46.25	47.04	0.43	271,947
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
Jan	1.4581	1.4708	1.4434	1.4644	0.0100	78,022
Feb	1.4599	1.4726	1.4468	1.4680	0.0104	69,387
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.						
Jan	1.3231	1.3346	1.3089	1.3268	0.0077	81,884
Feb	1.3237	1.3362	1.3115	1.3305	0.0085	75,534
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
Jan	2.669	2.700	2.596	2.682	...	112,845
Feb	2.667	2.691	2.596	2.680	0.002	162,959
March	2.653	2.673	2.585	2.662	0.002	240,322
April	2.655	2.676	2.604	2.670	0.008	98,834
May	2.675	2.688	2.625	2.684	0.011	61,641
Oct	2.846	2.846	2.769	2.815	0.013	95,553

Agriculture Futures						
Corn (CBT) -5,000 bu.; cents per bu.						
March	424.00	425.25	420.50	424.75	.75	862,016
May	427.00	428.25	423.75	427.75	.50	241,309
Oats (CBT) -5,000 bu.; cents per bu.						
March	...	...	...	334.00	-3.50	3,981
May	...	...	...	331.00	-4.75	418
Soybeans (CBT) -5,000 bu.; cents per bu.						
Jan	1170.75	1185.75	1162.00	1184.25	14.75	171,289
March	1175.75	1190.25	1166.75	1188.75	14.25	326,249
Soybean Meal (CBT) -100 tons; \$ per ton.						
Jan	381.30	388.70	378.40	388.20	7.50	68,829
March	382.40	389.40	379.80	388.90	6.90	164,135
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
Jan	38.81	39.27	38.27	39.19	.46	79,631
March	38.60	38.97	38.07	38.91	.39	182,403
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
Jan	12.37	12.37	12.27	12.33	-0.08	5,345
March	12.54	12.59	12.45	12.50	-1.10	3,688
Wheat (CBT) -5,000 bu.; cents per bu.						
March	597.25	605.75	594.25	599.75	3.25	182,916
July	595.00	602.25	591.50	596.50	2.00	76,436
Wheat (KCB) -5,000 bu.; cents per bu.						
July	569.00	576.25	566.00	571.50	3.00	35,739
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
Jan	139.475	140.525	139.425	140.100	.075	13,123
March	140.500	141.250	140.350	140.900	.300	17,321

Cash Prices | wsj.com/market-data/commodities

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

Tuesday		Tuesday		Tuesday	
Energy		Aluminum, LME, \$ per metric ton	*2042.5	Wheat, No. 1 soft white, Portld, OR-u	6.4000
Coal, C.Aplc., 12500Btu, 1.25O2-r,w		Copper, Comex spot	3.5380		
Coal, Pwdr/RvrBsn, 8800Btu, 0.85O2-r,w		Iron Ore, 62% Fe CFR China-s	155.8	Food	
		Shredded Scrap, US Midwest-s,m	371	Beef, carcass equiv. index	
		Steel, HRC USA, FOB Midwest Mill-s	941	choice I-3,600-900 lbs.-u	178.48
				select I-3,600-900 lbs.-u	160.71
Metals				Broilers, National comp wtd. avg.-u,w	0.8333
Gold, per troy oz.		Fibers and Textiles		Butter, AA Chicago	1.4750
Engelhard Industrial	1850.00	Burlap, 10-oz 40-inch NY yd-n,w	0.6400	Cheedar cheese, bbl, Chicago	145.75
Handy & Harman base	1850.65	Cotton 1/16 std lw-mdMphs-u	0.7284	Cheedar cheese, blk, Chicago	165.25
Handy & Harman fabricated	2054.22	Cotlook 'A' Index-t	*80.70	Milk, Nonfat dry, Chicago lb.	114.25
LBMA Gold Price AM	*1820.25	Hides, hvy native steers piece fob-u	39.500	Coffee, Brazilian, Comp	1.1768
LBMA Gold Price PM	*1831.15	Wool, 64s, staple, Terr del-u,w	n.a.	Coffee, Colombian, NY	1.7364
Krugersand, wholesale-e	1926.08	Grains and Feeds		Eggs, large white, Chicago-u	0.7150
Maple Leaf-e	1944.60	Barley, top-quality Mnpls-u	n.a.	Flour, hard winter KC	15.55
American Eagle-e	1944.60	Bran, wheat middlings, KC-u	149	Hams, 17-20 lbs, Mid-US fob-u	0.76
Mexican peso-e	2240.96	Corn, No. 2 yellow, Cent IL-bp-u	4.1750	Hogs, Iowa-So. Minnesota-u	63.93
Austria crown-e	1818.33	Corn gluten feed, Midwest-u,w	152.0	Pork bellies, 12-14 lb MidUS-u	n.a.s.
Austria phil-e	1944.60	Corn gluten meal, Midwest-u,w	554.3	Pork loins, 13-19 lb MidUS-u	0.8058
Silver, troy oz.		Cottonseed meal-u,w	428	Steers, Tex.-Okla. Choice-u	n.a.
Engelhard Industrial	24.4500	Hominy feed, Cent IL-u,w	122	Steers, feeder, Okla. City-u,w	152.06
Handy & Harman base	24.4990	Meat-bonemeal, 50% pro Mnpls-u,w	295	Fats and Oils	
Handy & Harman fabricated	30.6240	Oats, No. 2 milling, Mnpls-u	3.5750	Corn oil, crude wet/dry mill wtd. avg.-u,w	41.0000
LBMA spot price	*17.7700	Rice, Long Grain Milled, No. 2 AR-u,w	28.38	Grease, choice white, Chicago-h	0.3200
(U.S.\$ equivalent)	*23.8550	Sorghum, (Milo) No. 2 Gulf-u	6.3475	Lard, Chicago-u	n.a.
Coins, wholesale \$1,000 face-a	18383	Soybean Meal, Cent IL, rail, ton48%-u	385.70	Soybean oil, crude, Cent IL-u	0.4019
Other metals		Soybeans, No. 1 yllw IL-bp-u	11.7250	Tallow, bleach, Chicago-h	0.3675
LBMA Platinum Price PM	*1027.0	Wheat, Spring 14%-pro Mnpls-u	6.6450	Tallow, edible, Chicago-u	0.3750
Platinum, Engelhard Industrial	1030.0	Wheat, No. 2 soft red, St. Louis-u	6.2725		
Palladium, Engelhard Industrial	2365.0	Wheat - Hard - KC (USDA) \$ per bu-u	5.9100		

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; M=monthly; N=nominal; n.a.=not quoted or not available; R=SML Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly; Z=not quoted. *Data as of 12/14 Source: Dow Jones Market Data

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

Money Rates

December 15, 2020

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

Inflation			Week				52-Week			
Nov. index	Chg From (%)	Latest	Latest	High	Low	Latest	ago	High	Low	
Nov. index	Chg From (%)	Latest	Nov. 19	Latest	High	Low	Latest	ago	High	Low
U.S. consumer price index										
All items	260.229	-0.06	1.2							
Core	269.473	0.05	1.6							
International rates										
Prime rates										
U.S.	3.25	3.25	4.75	3.25						
Canada	2.45	2.45	3.95	2.45						
Japan	1.475	1.475	1.475	1.475						
Policy Rates										
Euro zone	0.00	0.00	0.00	0.00						
Switzerland	0.00	0.00	0.50	0.00						
Britain	0.10	0.10	0.75	0.10						
Australia	0.10	0.10	0.75	0.10						
Overnight repurchase										
U.S.	0.09	0.09	1.65	-0.07						
U.S. government rates										
Discount										
	0.25	0.25	2.25	0.25						
Federal funds										
Effective rate	0.900	0.900	1.620	0.0600						
High	0.1000	0.1000	1.6500	0.1000						
Low	0.0500	0.0500	1.5800	0.0100						

Dividend Changes

Dividend announcements from December 15.

Company	Symbol	Amount New/Old	Payable/Record	Company	Symbol	Amount New/Old	Payable/Record
Foreign				Special			
Medtronic	MDT	2.0	58	Q	HMG/Courtland Properties	HMG	50
Tim ADR	TIMB	2.3	23996		Urban Edge Properties	UE	46

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2L: stock split and ratio; SO: spin-off.

	Open	Contract			Chg	Open interest
		High	low	Low		
March	.04892	.04979	...	.04888	.04977	.00079 136,793
Euro (CME) -€125,000; \$ per €						
Jan	1.2170	1.2183	1.2135	1.2172	.0011	1,805
March	1.2174	1.2198	1.2149	1.2187	0.0011	647,171
Index Futures						
Mini DJ Industrial Average (CBT) -55 x index						
Dec	29938	30241	29840	30203	338	51,912
March/21	29841	30157	29751	30114	333	55,973
S&P 500 Index (CME) -250 x index						
Dec	...	...	...	3694.50	48.00	36,023
March/21	3672.40	3687.70	3637.30	3687.00	47.10	53
Mini S&P 500 (CME) -550 x index						
Dec	3653.00	3695.75	3642.75	3694.50	48.00	1,169,461
March/21	3647.00	3688.50	3636.25	3687.00	47.00	1,765,245

	Open	Contract			Chg	Open interest
		High	low	Low		
Dec	2236.00	2288.40	2232.80	2286.70	51.50	13,771
March/21	2236.00	2286.20	2230.20	2283.80	51.30	43,709
Mini Nasdaq 100 (CME) -520 x index						
Dec	12460.50	12604.75	12417.00	12591.75	135.25	142,558
March/21	12472.50	12608.75				

MARKETS

Stocks Rally on Stimulus Talks

By Joe Wallace and Caitlin McCabe

Stocks climbed as investors welcomed signs of progress in negotiations over an economic relief package in Washington.

The S&P 500 rose 47.13 points, or 1.3%, to 3694.62, snapping a four-session losing streak, the index's longest stretch of losses since late September.

TUESDAY'S MARKETS

The Dow Jones Industrial Average gained 337.76 points, or 1.1%, to 30199.31.

And the tech-heavy Nasdaq Composite jumped 155.02 points, or 1.2%, to 12595.06—marking the index's 51st record close of the year.

Enthusiasm that U.S. lawmakers may be closer to a stimulus deal helped lift stocks, which have largely swung between small gains and losses since finishing November with blockbuster gains.

Democratic and Republican lawmakers have been at an impasse over a stimulus deal, but on Monday, a bipartisan group of lawmakers urged congressional leaders to forge ahead with a \$748 billion aid package that would avoid the thorniest issues holding up a deal.

In corporate news, shares of Apple climbed after Nikkei Asia reported that the company plans to produce as many as 96 million iPhones in the first half, a nearly 30% year-over-year jump.

Energy stocks, banks and materials companies also rallied, while the Russell 2000 index of small-company stocks jumped 2.4%.

In contrast, shares of several vaccine makers tumbled. Pfizer fell 50 cents, or 1.3%, to \$38.71, while Moderna slid



Shares of Apple rose after Nikkei Asia reported that the company plans to increase iPhone production by about 30%.

\$7.85, or 5.1%, to \$147.22.

The Food and Drug Administration said Tuesday that Moderna's Covid-19 shot is "highly effective," suggesting it could soon be added to the arsenal against the pandemic.

On Monday, the Covid-19 death toll in the U.S. surpassed 300,000, underscoring that despite advances in coronavirus medical treatments and vaccines, the pandemic still threatens to continue to be a drag on the U.S. economy.

"The market is having to deal with a lot of headwinds," said Hani Redha, a portfolio manager at PineBridge Investments. "Both on the virus itself, the risk of tighter and tighter lockdowns, and uncertainty around any kind of additional stimulus in the U.S."

Share-price and index performance, Tuesday



Source: FactSet

Still, many money managers hope that vaccines, coupled with continuing support from central banks, will allow the rally in stocks and corporate bonds to extend into 2021.

ham-Taylor, senior rates strategist at Rabobank. "The U.S. does need some more fiscal stimulus to see it through these winter months."

Treasury yields are likely to jump if U.S. lawmakers do pass a significant stimulus package, lifting growth, inflation prospects and the supply of bonds, Mr. Graham-Taylor added.

The dollar fell against the euro, British pound and Japanese yen. The WSJ Dollar Index, which measures the currency against 16 rivals, fell 0.4%.

In overseas markets, the regionwide Stoxx Europe 600 index ticked up about 0.3%.

Asian markets moved higher early Wednesday. Japan's Nikkei was up 0.3%, Hong Kong's Hang Seng Index was up 0.9% and South Korea's Kospi was up 0.5%. U.S. stock futures were flat.

Energy Agency Cuts Global Oil-Demand Forecast

By David Hodari

LONDON—It will be several months before coronavirus vaccinations start to boost global oil demand, with the recovery in some of the world's wealthy countries "going backwards" this quarter, the International Energy Agency said Tuesday.

In its monthly oil-market report, the IEA cut its forecast recovery in demand for 2021

by 170,000 barrels a day to 5.7 million barrels a day.

That included a reduction of 400,000 barrels a day to its forecast demand for the second quarter when analysts had expected the expansion of vaccination programs around the world to begin lifting economic activity.

The agency also lowered its demand forecast for the first quarter of 2020.

Demand has somewhat recovered in the second half

from its 16% drop in the second quarter, but that resurgence "is almost entirely due to China's fast rebound from lockdown," the IEA said. But the demand outlook in the wealthy countries that make up the Organization for Economic Cooperation and Development is bleak, according to the IEA.

With another wave of infections prompting a return to lockdown measures in Europe, demand there in the final

three months of the year is expected to be even weaker than it was in the third quarter, the agency said.

Expected pressure on the airline industry in 2021 was a major driver behind the IEA's downgrades.

Weaker demand for jet fuel and kerosene is projected to next year account for 80% of the shortfall of 3.1 million barrels a day in overall demand compared with 2019, meaning the world in 2021 would re-

cover only two-thirds of the demand lost this year.

Oil prices climbed on Tuesday, hitting nine-month highs and rising with broader risk assets on hopes for a U.S. pandemic-relief package, according to Edward Moya, an analyst at broker Oanda.

Global benchmark Brent crude added 0.9% to \$50.76 a barrel. West Texas Intermediate futures, the U.S. benchmark, rose 1.3% to \$47.62 a barrel.

Swiss Bank Focuses On Wealth

Continued from page B1

ing for cash with wealthy clients who want to invest in privately held companies.

Even so, Credit Suisse's share price has lagged behind that of rival UBS Group AG in performance and valuation.

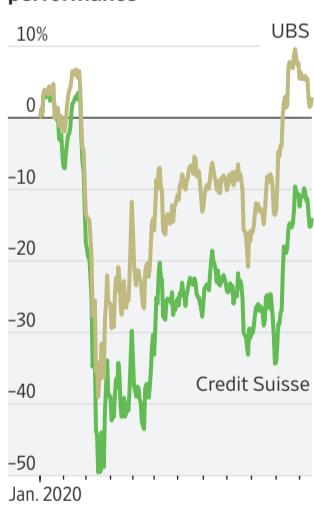
In terms of size, it is dwarfed by U.S. banking giants such as JPMorgan Chase & Co and Morgan Stanley.

The possibility of a merger between Credit Suisse and UBS, a subject of perennial speculation, was rekindled this year when UBS said it had studied the matter as a way for both the banks to cut costs

and stay competitive. Mr. Gottstein on Tuesday said many European countries including Switzerland are overbanked. But he said it is hard for large banks to combine, and that Credit Suisse instead might buy smaller private-banking and asset-management businesses for growth.

To woo wealthy clients, Mr. Gottstein will have to overcome the reputational challenges he inherited. His presentation didn't directly address the spying scandal and other mishaps that plagued the bank this year. It came under fire after its chief operating officer and security chief hired private investigators to follow two executives last year. The bank ousted Mr. Thiam for failing to contain the fallout. Last month, The Wall Street Journal reported a law firm hired by the bank found two more employees had been put

Year-to-date share performance



Source: FactSet

under observation previously. Beyond the spying scandal, several investment products sold by the bank ran into trouble this year, and the bank's

decade-old investment in a hedge fund soured.

In November, Credit Suisse said it expects to take a \$450 million impairment on an equity stake it holds in hedge-fund manager York Capital Management, after York narrowed the scope of its operations. The bank said this month it may take a separate provision, for an undisclosed amount, as part of a U.S. civil court case over residential mortgage-backed securities it marketed to investors before the 2008 financial crisis.

A set of supply-chain finance funds were reviewed for potential conflicts of interest among fund investors and companies receiving financing. Collapsing values on some of its exchange-traded notes caused heavy losses for investors.

Its role in marketing securities tied to shares in Wirecard AG before the fintech company's collapse in June also

came under scrutiny.

Mr. Gottstein said the Credit Suisse brand is still "very strong" with clients, and that he and his team will try to set the bar higher to avoid future scandals and litigation. "It's very clear that this management team has no appetite for creating new problems either for ourselves or future management teams," Mr. Gottstein said.

The wealth-management business, with clients ranging from tech entrepreneurs to large family offices, made around 4 billion Swiss francs in pretax profit in the 12 months to Sept. 30., equivalent to \$4.5 billion.

Mr. Gottstein said the aim now is to raise its annual pretax profit in wealth management to between 5 billion francs and 5.5 billion francs in 2023. Most new capital will be earmarked for the business, the bank said.

European Banks' Dividend Ban Lifted

By Patricia Kowsmann

The European Central Bank said that lenders can restart limited dividend payments next year following a nine-month ban and told banks to be prudent about bonuses given the economic crisis caused by the pandemic.

Tuesday's ECB move follows a lifting of a ban by the Bank of England last week. Along with the Federal Reserve, most major bank regulators restricted bank dividends and buybacks when the pandemic hit the economy this year. Stopping payouts helped preserve capital, giving banks bigger buffers to absorb losses. But the lack of payouts hammered bank shares.

The issue of dividend payments is a contentious one for banks on the Continent. Even before the pandemic, they struggled to generate profits amid sluggish economic growth and negative interest rates. Dividends were one of the few reasons investors held their shares.

The Euro Stoxx Banks index is down more than 20% this year, compared with a 6% fall in the Euro Stoxx 50 blue-chip index.

The ECB said Tuesday that dividends and share buybacks need to be below 15% of the combined profits for the past two years or no higher than 0.2 percentage point of the common equity Tier 1 ratio, whichever is lower. Banks need to be profitable and "have robust capital trajectories," it added.

While the ECB calls these instructions recommendations, the banks treat them as rules since going against them would likely lead to serious regulatory reprisals.

The ECB's conditions are harsher than those imposed last week by the Bank of England, which limited dividend distribution to 25% of 2019 and 2020 profits combined or 0.2% of the bank's risk-weighted assets, whichever is higher.

The ECB also said it sent a letter to banks asking for moderation in their bonus policies.

"The reputational impact of the payment of variable remuneration during a global crisis situation should not be underestimated—particularly in the case of large individual amounts—and should be duly considered," Andrea Enria, the ECB's bank-supervision head, said in the letter.

Mr. Enria previously defended the dividend ban and bonus moderation saying governments have provided trillions of euros in financial support to the eurozone, including guaranteed loans that eased the burden on lenders.

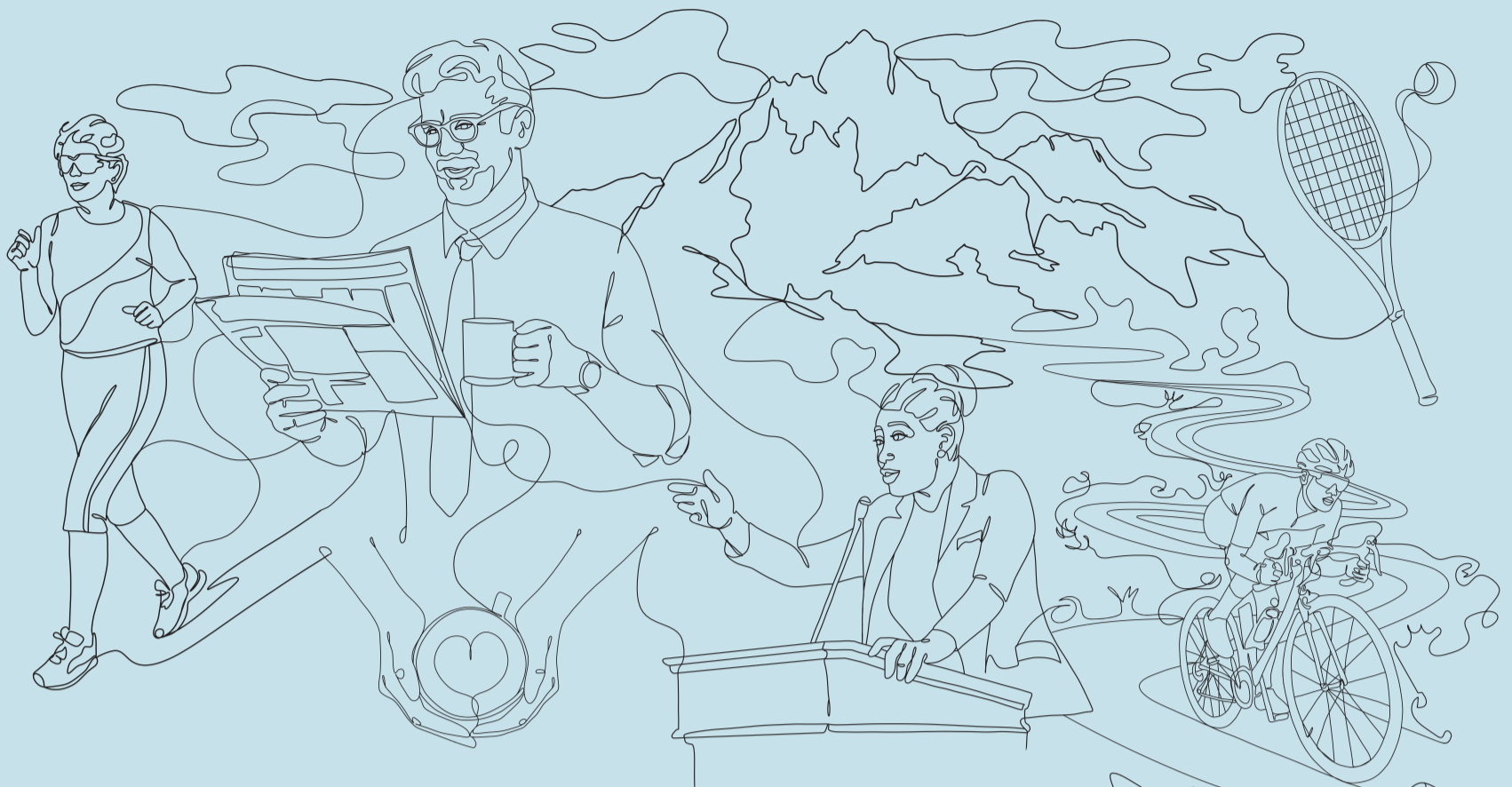
Internally at the ECB, the issue of dividends has been divisive. While some supervisory board members thought that an extension of the ban was warranted given the pandemic's impact on banks is still unknown, others worried the restriction would do more harm than good.

Banks have lobbied intensely to lift the ban. Some argued that bigger payouts would lift their share prices, making it easier to raise capital if needed.

"Restricting dividends can increase banks' funding costs, have an impact on their access to capital markets and make them less competitive than their international peers," said Yves Mersch, vice chairman of the ECB's bank supervisory board, at a September conference.

Mutual Funds

Table of mutual fund listings with columns for Fund Name, NAV, YTD Change, and YTD Return. Includes sub-sections for DoubleLine Funds, Edgewood Growth, Fidelity, and Vanguard.



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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Europe's New Tech Regulations Will Bite, Eventually

U.S. tech giants face a host of new rules that imply meaningful changes to the way they make money

Investors have gotten used to shrugging off Europe's efforts to regulate U.S. tech giants. The point at which they will be forced to pay closer attention may not be quite here, but it is drawing inexorably nearer.

Tuesday brought news on multiple fronts. **Twitter** was hit with the first fine under the European Union's landmark privacy regulations, albeit a modest one; Britain proposed new online safety legislation; and, most significantly, EU officials published their long-awaited two proposals covering the regulation of big tech companies.

Many more national regulations also are in the pipeline around Europe. Tech giants' warnings that clampdowns will hamper innovation are increasingly falling on deaf ears in the region, just as they are in Washington. In a sign of their concern, U.S. tech giants have staffed up in Brussels.

Most of the new European rules have two main ambitions: enforcing a higher duty of care in policing online content on the one hand; and restraining big platforms' market power to create and maintain space for competitors on the other. Both imply meaningful changes to the way companies such as **Amazon**, **Facebook**, **Apple** and **Alphabet** make money. Previous action against the tech companies in Europe was mainly based

on antitrust law and often struggled to hit its mark.

If regulators still don't get what they want, they are giving themselves the right to impose significant potential fines, up to a maximum of 10% of global revenues. Admittedly, previous penalties for antitrust breaches have been lower.

In the past, stringent new national regulations could just be avoided. In 2014 Google shut its Spanish news service in response to local rules requiring payment for clips. The breadth of the current regulatory push in Europe makes this approach nearly impossible now, even if national approaches vary. As a whole, the region accounts for just under a quarter of 2019 revenues at Apple and Facebook.

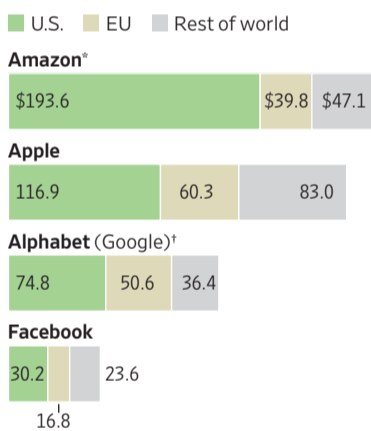
Another problem for big tech is that Europe is a regulatory trendsetter for other nations around the world. This was seen with both its GDPR for privacy and REACH rules for chemicals. Antitrust action in Washington and many U.S. states has echoes of cases done in Brussels.

Technology shares have been on a tear this year as the usefulness of the companies' products in a pandemic has trumped regulatory concerns. Tuesday's regulations won't immediately end the party. The new EU rules will likely take one to two years to be completed and enacted, though national regimes are moving more quickly. German rules are in the final stages and could apply from early next year.

Investors can also relax about forced demergers. While the EU proposal includes the power to break up repeat offenders, it seems inconceivable that European officials would split a U.S. company.

At some point, however, the determination of European regulators to exert greater control over U.S. tech giants in their jurisdictions seems bound to have some effect on their financial results. Regulatory proposals of the kind published Tuesday aren't a clear sell signal, but nor can investors afford to tune them out. Europe isn't giving up. —*Rochelle Toplensky*

Revenue by region in 2019, in billions



*Germany and U.K. †Europe, Middle East and Africa
Source: S&P Capital IQ



During the worst of the lockdowns in April and May, three-quarters of Inditex's shops around the world had to close.

Zara's Owner Feels the Chill

Chain's online business can only partly offset a fresh wave of store closures

Zara's owner is having to shut stores again in the crucial run-up to Christmas. The fashion retailer's fast-growing online business may not patch the hole as well as might be hoped.

Spain-based **Inditex**, the world's largest clothing retailer, said Tuesday that sales over the three months through October fell 10% at constant exchange rates compared with the same period of 2019.

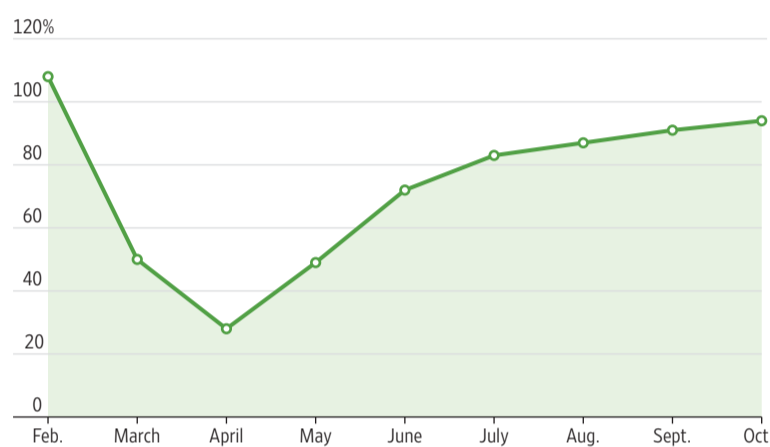
The company had almost recovered to precrisis sales levels when the second wave struck. Markets like Spain and Ireland imposed tighter rules on nonessential retailers from mid-October.

With new restrictions coming into force this week in parts of the U.K., Germany and the Netherlands, the question is whether Inditex's digital business—which is much larger today than it was before the pandemic—can claw back lost store sales any faster than it did during the first wave of restrictions.

The answer seems to be a qualified no based on the data so far.

During the worst of the lockdowns in April and May, three-quarters of Inditex's world-wide shops were forced to close, leading to a 62% drop in sales. In November, 21% of the company's locations were shut, and group sales fell 19%. That performance should have been stronger if the

Inditex's monthly sales, change from the same period a year earlier



Source: the company

digital business was picking up the slack faster than during the first shutdowns, according to estimates of Inditex's store-based sales by Bernstein analyst Aneesa Sherman.

There are a few explanations. Inditex's digital sales have already grown by 75% in 2020. All those shoppers that were prepared to switch to buying online may have already done so.

It is also likely that social-distancing rules are lowering purchases in stores that remain open. The company's digital arm isn't big enough yet to offset weaker business in open locations as well as those that are closed com-

pletely. In other respects, Inditex looks as impressive as usual. Inventory levels at the end of October were 11% lower than they were the same time last year. Tightly controlling stock means fewer clothes have to be sold at a discount, protecting profit margins. And net cash of €8.3 billion, equivalent to \$10 billion, was a record high.

The retailer has done a great job of growing its online business this year, and will be much sharper digitally after the pandemic has passed. In the short term, though, it won't be enough to protect the business from winter closures. —*Carol Ryan*

Big Drugmakers Pass Their Annual Checkup

Pharmaceutical giants are expecting a healthy 2021. Importantly for investors, that bright future doesn't necessarily depend on the course of the coronavirus pandemic.

Eli Lilly said Tuesday it expects revenue of \$26.5 billion to \$28 billion next year, which is about 11% higher from this year's forecast. That growth is primarily from drugs already on the market, such as diabetes treatment **Trulicity** and anti-inflammatory drug **Taltz**. Lilly boosted its dividend payout by 15% and shares rose. Lilly also announced a deal to acquire gene-therapy startup **Preveil Therapeutics** for \$880 million in upfront cash.

Similarly on Monday, **AbbVie** increased its long-term guidance for the two immunology drugs **Rinvoq** and **Skyrizi**. The company now expects the two drugs to combine for \$15 billion in revenue by 2025, up from a previous forecast of \$10 billion. That seems like a tall order, since those drugs have combined for just \$1.3 billion in sales in the first nine months of 2020. But fresh clinical data make that possibility seem more realistic: Rinvoq, which is taken orally, was shown to be more effective for atopic dermatitis patients than the current standard of care in a late-stage clinical trial. While the pandemic has slowed new drug launches across the industry, dermatology is a lucrative and growing market.

Hitting that guidance is essential to keep investors happy, because AbbVie faces cheaper competition for its anti-inflammatory drug **Humira** in the U.S. in the coming years. With global sales of nearly \$15 billion so far this year, Humira is the world's bestselling drug and accounts for about half of total company sales.

The outlook for these companies looks even better when one considers that they aren't counting on Covid-19 treatments to make it hap-

Share-price performance, year to date



pen. After all, the duration of the pandemic, and the resulting sales opportunities for drugmakers, is highly uncertain. With vaccines now being distributed, Wall Street is likely to place a low value on profits from drugs like Lilly's antibody treatment for Covid-19. Lilly expects between \$1 billion to \$2 billion in Covid-19-related sales next year, a fraction of the overall top line. It

More deals could be in store even with many biotech stocks trading at bubble valuations.

also plans to spend \$300 million to \$400 million on pandemic-related research. The impact of the pandemic on AbbVie's financial performance is minimal.

And with the election in the rearview mirror, the industry has become more comfortable with risks like tougher regulations on prescription-drug prices. That means more

deals could be in store, even with many biotech stocks trading at bubble valuations that are unpalatable to buyers. There is still value for disciplined buyers: **AstraZeneca** announced a deal to acquire **Alexion Pharmaceuticals** for \$39 billion in cash and stock last week. That valued Alexion at less than 15 times 2020 earnings, even with a large deal premium.

While the shares are no screaming bargain, valuations are reasonable in a market where many stock prices have become divorced from underlying business reality. Lilly trades at about 21 times this year's adjusted profit forecast, while AbbVie trades at 10 times. The fact that these businesses are largely undisturbed by the course of the pandemic should make them more attractive to investors, as the timetable for full recovery remains uncertain and market values in many industries could swing wildly if expectations for a return to normal change.

In that investing environment, exposure to big drugmakers should help Wall Street keep a steady pulse. —*Charley Grant*

China's Stimulus Won't Do Heavy Lifting in 2021

Beijing's stimulus policies this year have been restrained by past standards, and certainly compared with those in the U.S. and Europe. Now, with consumers spending again and private investment recovering, even that modest extra gas for the economy will start to burn away.

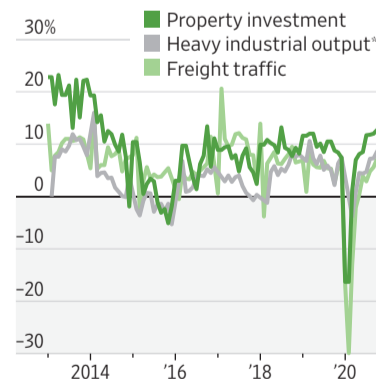
That could limit further upside next year for heavy industrial stocks such as **Komatsu** and **Caterpillar**, which roared back in mid-2020 as Chinese construction and investment spending returned. On the other hand, the improving fortunes of Chinese households, underpinned by strong export and labor-market momentum, could help shore up consumer stocks like **Alibaba**, which have come under the pressure of increasing regulatory scrutiny.

China's main November economic data, released Tuesday, showed private-sector investment is finally up again in 2020 year to date, compared with the same period last year. Retail sales continued improving and unemployment edged down. Real-estate investment softened to 10.9% growth year over year: still strong, but the slowest since June. Investment growth in power, rail and road infrastructure also eased.

It is notable that the slowdown in infrastructure and construction investment comes after an increase in bond yields and signs of a peak in overall credit expansion. Growth in overall outstanding debt and equity finance eased marginally in November for the first time in close to a year, thanks to slowing corporate-bond issuance and a quicker fall in shadow finance.

A spate of bond defaults by state-owned firms has pushed up bond yields in recent weeks. The

Chinese economic data, change from a year earlier



*Average of output growth in metals, cement, glass and electricity
Source: CEIC

central bank has acted to contain the increases, but hasn't injected enough cash to push yields firmly back down again. Investors can take this as a hint that policy makers are comfortable enough with the shape of the recovery to let state-backed investment begin to ebb again.

Given the usual lags between borrowing and actual building, strong demand for heavy industrial products probably still has a few months to run. But by the middle of next year—just as the rest of the world is ramping back up—China's heavy industrial complex seems likely to cool.

Komatsu stock is trading for 21 times expected earnings for the next 12 months, according to FactSet, just below its late 2016 valuation peak. The beginning of a global cyclical uptick might seem like a great time to own heavy industrial shares, but that part of China's recovery is already long in the tooth. The best time for getting in may have passed. —*Nathaniel Taplin*