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Bloomberg Businessweek

June 15, 2020



racism and police brutality

Protests erupt over

+43%

June 9
3,207

103 large
bankruptcy
filings so far
this year

GDP first quarter

-5%

6.9m new
jobless claims...

Oil hits
-\$37.63

...and 6.6m
more

Retail sales
-16%

100k deaths
from Covid-19 in the U.S.



S&P 500
March 23
2,237

14.7%
Unemployment rate

The Great Disconnect



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◀ Medical personnel in Fort Lauderdale come to the aid of the *MS Zaandam* on April 2

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Now Twitter Is Taking On Trump?

Why Jack Dorsey decided to finally get tough on the Tweeter-in-Chief

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The *MS Misery*

Holland America Line sent hundreds of vulnerable passengers out to sea on the *Zaandam* at the height of the pandemic

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■ COVER TRAIL

How the cover gets made

1

"So, this week we're looking at the stock market—"

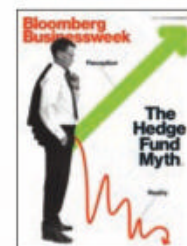
"You'll never guess how much my friend made on Hertz this week!"

"That investing strategy scares me more than a little bit."

"What could go wrong?"

"Well, there's a global pandemic, record postwar unemployment in the U.S., bankruptcies, police violence and nationwide protests, and the S&P just keeps going up, up, up."

"Reminds me of that hedge fund cover."



"Different era. Same disconnect."



Cover:
Protest: Henry Keith.
Food: Lori Hawkins/
Redux

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Predict

Plan for

Hedge against

Be ready for

Weather

Act on

Ride out

the sudden

a new

an overnight

the next

a possible

in any

one more

price war

demand shock

black swan event

advancement

stock buyback

trade dispute

liquidity crunch

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● The global total of Covid-19 cases passed

7.2m

and deaths exceeded 400,000. Anthony Fauci, the top U.S. infectious disease specialist, warned that the virus won't "burn itself out" and said, "We're going to need a vaccine for the entire world, billions and billions of doses."

● "He is going to change the world."

Rodney Floyd (third from the right), at the funeral for his brother, George Floyd, who was killed on May 25 when Minneapolis policeman Derek Chauvin kept his knee on his throat for almost 9 minutes.



● AstraZeneca has approached Gilead about a merger, say people familiar with the matter.

AstraZeneca produces a broad array of drugs to treat cancer, gastrointestinal disorders, and other ailments; Gilead makes blockbuster HIV medications, as well as the only Covid-19 treatment approved in the U.S. Their combination would be the biggest pharmaceutical deal ever.

● Cathay Pacific plans to raise HK\$39 billion (\$5 billion) from the Hong Kong government and shareholders to avoid collapse.



● Just Eat Takeaway.com said it's in advanced talks to combine with Grubhub, accelerating consolidation in the food-delivery industry. With a market value of more than \$5 billion, Grubhub also drew earlier interest from Uber.

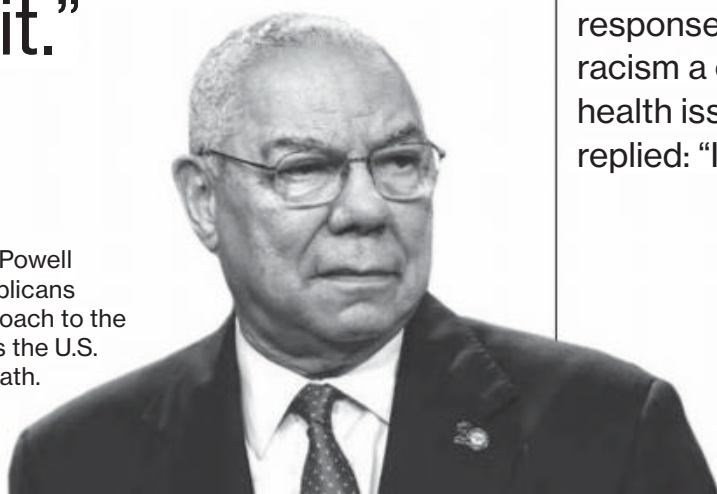
● The Trump administration is considering pulling

9,500

troops from Germany, where armed forces have been stationed in large numbers since the end of World War II. The plan caught German Chancellor Angela Merkel off guard.

● "We have a Constitution. And we have to follow that Constitution. And the president has drifted away from it."

Former Secretary of State Colin Powell joined a growing chorus of Republicans criticizing Trump's hard-line approach to the demonstrations sweeping across the U.S. in the wake of George Floyd's death.



● CrossFit CEO Greg Glassman is out at the fitness company he co-founded, the latest senior leader to step down as the U.S. reckons anew with its history of racial injustice and police brutality. On June 6, in response to a tweet calling racism a critical public health issue, Glassman replied: "It's FLOYD-19."

● The S&P 500 surged to a 15-week high on June 8, erasing the losses for the year.

That's the best advance over any 53 trading days since 1933. As of June 9, the index was up 43% since its March 23 bottom, bolstered by central bank stimulus and better-than-expected economic data. > 24

Please Keep The Middle Seat Empty for Now

Perhaps the most notorious of the many full-airline-cabin photos recently posted on Twitter is one taken by a cardiologist on his return trip to California after helping treat Covid-19 patients in New York City: Passengers wearing a variety of surgical and makeshift masks fill every seat. “I guess @united is relaxing their social distancing policy these days?” the caption asks.

Restaurants, retail stores, gyms, and other businesses reopening across the U.S. are subject to state and local rules requiring 6 feet of space between customers, but airlines are responsible only to themselves. Surely, as Maria Cantwell of Washington, the ranking Democrat on the Senate Commerce Committee, has argued to Transportation Secretary Elaine Chao and the White House Coronavirus Task Force, federal guidelines are needed to make people on long flights as safe from coronavirus infection as people ordering at a pizzeria.

Much about how the coronavirus moves through aircraft cabins remains under study—Boeing Co. and Airbus SE have investigations in progress—but it’s important to be as careful as possible based on what information exists. If crafted in consultation with engineers, public health experts, and airlines, guidelines could help the industry through the pandemic without a need for new regulations and, no less important, give air travelers a better idea of what safe conditions look like.

Airlines have every reason to protect public health at a time when the public has become wary of flying. Since the pandemic hit the U.S. full force in March, air passenger volume has fallen about 90%, and companies have suspended 60% to 80% of their flights. Their revenue and stock prices have plummeted. The federal government is spending \$50 billion to keep the airlines going and their employees paid.

Airlines have emailed videos to assure passengers that their planes’ filters remove more than 99% of virus particles from the air; that their crews are doing extra cleaning and sanitizing, even fogging cabins with “high-grade” disinfectant between flights; and that flight attendants and passengers are being required to wear masks. But most companies have been reluctant to guarantee that they will keep middle seats empty or otherwise limit passengers on all flights. (Delta, Spirit, and JetBlue are exceptions, pledging to block middle seats at least for a while.) United Airlines Inc., for one, is offering to let fliers on crowded flights rebook. But without guidelines, how can people judge what’s safe?

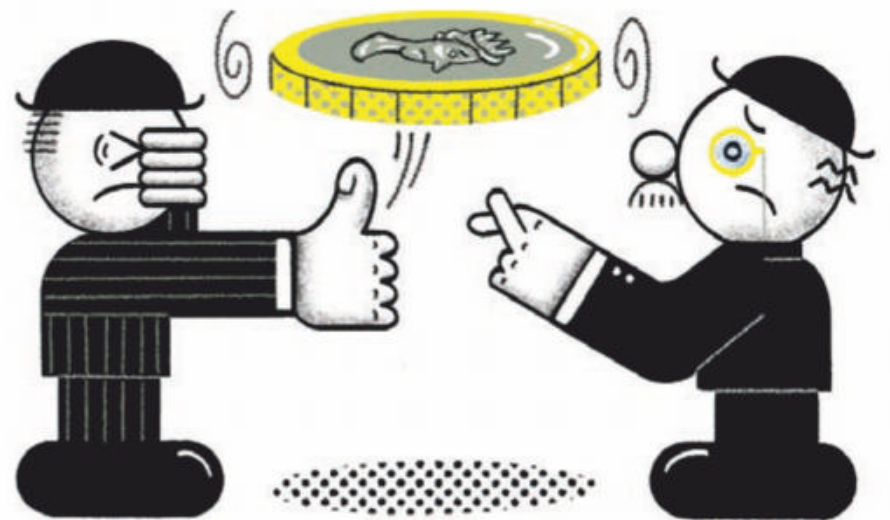
Airlines should keep sick people from boarding planes, but because the coronavirus can infect people for days before producing symptoms—if it produces them at all—it’s not always possible to identify the contagious.

Open middle seats would help. Although it’s true modern filters essentially eliminate virus particles from cabin air, those particles circulate, especially in rows closest to a contagious person, for three to four minutes before they reach the ventilation system, according to Qingyan Chen, an engineering professor at Purdue University who’s studied virus movement in planes. If two passengers wear cloth masks, they cut their risk of passing the virus between them by three-quarters, Chen says, and if there’s at least a seat’s worth of distance between them, chances fall by an additional third.

For the past couple of months, most flights have been able to easily accommodate vacant middle seats. With states reopening and summer ahead, bookings are rising. That’s good news for passengers and airlines alike—but only if, as demand recovers, flights are filled sparsely enough for safety.

► For more commentary, go to [bloomberg.com/opinion](https://www.bloomberg.com/opinion)

■ AGENDA



► Maybe Flip a Coin?

At its next meeting, on June 18, the Bank of England must make decisions on interest rates and whether to extend its bond-buying program, as the country works to recover from the coronavirus pandemic.

► European Union leaders discuss their economic recovery package in a June 19 videoconference. The plan includes joint debt to help the worst-hit member countries.

► The United Nations marks World Refugee Day on June 20 to raise awareness of the millions of people around the world displaced by war, poverty, and famine.

► The Bank of Japan holds its monetary policy meeting on June 15 and 16. The bank has launched a virus-response measure totaling 75 trillion yen (\$690 billion).

► Germany and Austria reopen their border on June 15 after months of closure. The link is particularly vital for Austria, which relies heavily on German tourists in the summer.

► Germany’s influential Ifo economic institute holds its annual general meeting on June 18. Siemens CEO Joe Kaeser is attending as a guest speaker.

► On June 16, PG&E will be sentenced for 84 counts of involuntary manslaughter in state court in Chico, Calif., over its negligence in sparking the 2018 wildfire, the state’s deadliest.

U.S. Health Care Flunks Its Most Important Exam



● We spend \$4 trillion a year, yet we were totally overwhelmed by Covid-19

● By John Tozzi

The new coronavirus was a test of America's ability to protect the health of its people, and the country failed. The U.S. has the greatest number of confirmed cases and deaths in the world. Months after arriving in the U.S., the virus that wrecked the economy with disorienting velocity continues to inflict an unfathomable human toll.

The U.S. isn't alone in failing to stop the coronavirus. But it is unique in how much of the nation's economic resources are devoted to health care—about 18% of gross

domestic product, more than any other country. The spending, approaching \$4 trillion a year from taxpayers, employers, and households, is what makes America's vulnerability to Covid-19 striking. What are we spending \$4 trillion for, if not to avert disease and death?

The virus exposed some of the structural weaknesses in America's approach to health care and health. Diagnostic tests, delayed and in short supply, were inadequate to detect the virus's early spread. Hospitals with billions of dollars in revenue couldn't secure dollar masks to protect staff. Local health departments charged with containing communicable diseases were quickly overwhelmed. They're now scrambling to hire epidemiologists and contact tracers to track the pathogen as the country reopens. Neglect of public health funding has left U.S. companies playing catch-up to build the infrastructure to develop and manufacture a vaccine.

Beyond those specific failures, underlying inequities make some Americans more vulnerable than others. The virus spreads quickly in settings where people have little power to avoid it: nursing homes, homeless shelters, meatpacking plants, and prisons and jails that detain the world's largest incarcerated population. Covid-19 kills more people who live in denser cities and crowded homes and work in lower-paying "essential" jobs. Black Americans, who have higher rates of chronic illnesses such as diabetes and asthma, are disproportionately harmed and killed by the virus.

None of this is an accident. It's the accumulated result of policy and market decisions, choices about how we allocate resources that affect Americans' health. Once the virus was on the loose, the damage it inflicted was amplified by decisions decades in the making, from how we fund local health departments to which workers get paid sick leave to who can afford proper housing. "A lot of the population has inadequate housing and inadequate nutrition, inadequate free space to get outside," says Elizabeth Bradley, a long-time health policy researcher who now serves as president of Vassar College. "It's just watching our system express itself in the extreme, because we're under duress from this virus."

Although the U.S. leads the world in Covid deaths, the pandemic has been more lethal elsewhere. France, Italy, Spain, and the U.K. all reported higher per capita death rates. Australia, China, New Zealand, South Korea, and Taiwan have largely contained their epidemics so far and limited deaths.

Clearly, there's nothing magical about a publicly run medical system or a European-style welfare state when it comes to protecting a population from a novel infectious disease. In the months ahead, every country will debate how to prepare for further waves of Covid-19 and unknown future threats.

America stands out in the amount of money it's already spending on health care, long a drain on governments, employers, and households. All those sectors now must cope with financial stress. So must health-care providers, who face lost revenue and new costs to adapt their operations for Covid-19.

"Once we come out of this pandemic, there is going to have to be some kind of an evaluation around, Do we need to

be spending more on public health? Because the health-care system alone can't come in and solve these problems," says Ashish Jha, director of the Harvard Global Health Institute.

Jeanette Kowalik knows America's neglect of public health well. As commissioner of the Milwaukee Health Department, she's charged with protecting and improving the health of the city of 600,000. The department's portfolio is broad, including such tasks as reducing exposure to lead-tainted paint, screening Milwaukeeans for diabetes, and trying to reduce shootings through a "violence interrupter" program.

Kowalik's budget for this work, before Covid, was about \$20 million this year, or \$33 for every city resident. Persistent underfunding has left the department with outdated technology and a staff stretched thin. "I'm pretty much trying to manage a pandemic with duct tape and DOS," she says, referring to the obsolete computer operating system. (The agency's last DOS computer, she said, was recently removed from its lab after it was deemed a security risk.)

Milwaukee's epidemiology staff consists of two epidemiologists and two data coordinators, with a director position that's vacant. Lacking more sophisticated software, they do their analyses of disease trends in Microsoft Excel and Access. "It's really a huge disservice to our community, because we're not able to make sense of the data," Kowalik says. Even with Covid continuing to spread, other public health agencies have reduced staff as tax revenue dwindles. Cincinnati put health workers on furlough. Georgia is considering a state budget that would cut its human development programs, which include public health and other human services, by 14%.

In Milwaukee, a federal relief package sent Kowalik's department a windfall: \$35 million for coronavirus response, almost twice her normal annual budget. That's helped bring on workers for contact tracing, mostly other city staff who have been furloughed from their usual roles. But it takes time to upgrade systems and hire and train workers—and it would have been better to do that before the pandemic than after. Public health, funded from tax coffers, is used to the boom-and-bust cycle. Money follows, rather than anticipates, crises such as the anthrax attacks after Sept. 11, the 2009 H1N1 flu pandemic, or the Ebola outbreak in West Africa that began in 2014. The federal government created a Strategic National Stockpile of medicine and supplies such as respirators in 1999. Depleted after H1N1, the masks were never sufficiently replenished, leaving the stockpile an inadequate buffer when Covid-19 arrived.

The field partly has been a victim of its own success. "You don't see the cases of measles that are prevented," says Amesh Adalja, senior scholar at the Johns Hopkins University Center for Health Security. "You don't see the cases of tuberculosis that are prevented." But behind those victories is an infrastructure of sanitation, immunizations, screening, treatment, and other measures developed over centuries. It becomes salient only when it fails. "We always sort of say in public health, if you're successful, no one knows you did anything," says Harvard's Jha. "You don't have a lot of people ►

◀ advocating for clean water unless you live in Flint, Mich.”

This is evident at the federal level as well. The National Institutes of Health, which funds basic scientific research that is the groundwork for developing drugs, consistently enjoys bipartisan support. The Centers for Disease Control and Prevention hasn't been able to say the same. President Trump, who in 2019 announced a plan to end the HIV epidemic in the U.S., this year proposed cutting discretionary funding for the CDC by \$700 million, or about 9%. CDC Director Robert Redfield told a House committee on June 4: “You think we weren't prepared for this, wait until we have a real global threat for our health security.”

The U.S. spent about \$94 billion on public health in 2018, according to federal data, less than three pennies of every dollar spent on health care. To put that in perspective, it's about one-third of what the country pays for the net cost of private health insurance—the money for administration and profit that's left over after health plans pay medical claims. In 2019, five for-profit health insurers together returned \$13.9 billion to shareholders in dividends and stock buybacks—an amount greater than the entire CDC budget.

American medical care is provided mostly by private entities, including sprawling hospital systems, physicians in private practice, and global pharmaceutical companies. The price of these services is typically much higher than in other countries, a fact economists attribute to a mixture of insufficiently competitive markets and weaker government price regulation.

Whatever the price, American health care is considered a private good for individual consumption. “In the United States, the medical care system really emerged as a private-sector system, in the sense that it's an individual commodity that you buy and sell,” says Bradley, the Vassar president. And unlike in some European countries, Americans don't see health care as the government's job. Bradley cites the World Values Survey, a global study of public attitudes, which finds that Scandinavians believe the top functions of government to be reducing inequality, promoting literacy, and protecting the health of the population. In the U.S., the priorities are protection from foreign enemies, keeping neighborhoods safe, and spurring economic growth.

Bradley and others argue that this approach has left the U.S. with an abundance of expensive medical technology but a dearth of investment in many other things that influence people's well-being, including education, housing, and nutrition. Despite the trillions of dollars the U.S. devotes to health care, the country lags behind many other developed economies on health measures such as life expectancy and infant mortality.

A 2013 report from the National Academies of Sciences, “Shorter Lives, Poorer Health,” documented a “U.S. health disadvantage” afflicting the country across race, ethnicity, and class. The reasons behind it are complex and interrelated, from what we eat and how fast we drive to opioid use and access to medical care. The situation has consequences for the economy—less healthy workers may be less productive—and

even military readiness: Obesity has rendered 31% of young adults ineligible for military service, according to a report by a council of retired military leaders. “This points to something much more systemic, much more foundational, that has to do with the conditions of life in this country, not just the health-care system,” says Laudan Aron, a senior fellow at the Urban Institute who co-edited the “Shorter Lives” report. The document foreshadowed declines in life expectancy in the U.S. in recent years and a rise in what Princeton economists Anne Case and Angus Deaton have called “deaths of despair.”

These grim conditions set the stage for Covid-19's arrival in America. Now the country will have to decide how to proceed. Initial relief from Congress sent billions of dollars to hospitals and medical providers. Lawmakers also sent money to states to bolster health departments. At the state level, both medicine and public health will be competing along with every other priority for a shrinking pool of public dollars if a recession dents tax revenue.

One argument for sustained and robust government public health funding is to think about it like national defense. America spends hundreds of billions of dollars on a standing army, a nuclear arsenal, and military hardware with the clear understanding that security is, in economic terms, a public good that the market won't sufficiently supply on its own.

We don't take the same approach to defending against infectious disease threats. If we did, the government wouldn't have allowed tests to falter for weeks as the virus spread across the country. “Our failure to deal with the pandemic reflects a deep flaw in our system of governance and our political culture,” says David Blumenthal, president of the Commonwealth Fund, a health research nonprofit. “Our continuing hostility and distrust toward government has made it very hard to enable any central authority with the powers that are required to defend us against nonmilitary threats.”

It's unclear whether the pandemic will change Americans' thinking about the role of government in protecting people's health. It took the virus mere weeks to claim more American lives than decades of war in Vietnam, Afghanistan, and Iraq. “If this doesn't wake people up, I don't know what will,” Blumenthal says.

Health-focused policies could improve the lives of Americans not just in a crisis, but in the broader context of daily life, the Urban Institute's Aron argues. And we could do it by using what we already spend on health care more effectively. “The idea that we can use our resources and spend them differently and get very different outcomes is not a hypothetical one, it's not theory,” she says. “It's actually being done right now in other places, other advanced democracies, market economies.”

In the months ahead, America will have to decide how to respond to the vulnerabilities Covid-19 laid bare and how to prepare for the next wave—and the next pandemic. The idea that the government should invest in the health and well-being of its citizens has always been in tension with America's predilection for individual liberty. How much has that cost us? **B**

#AloneTogether

Staying home saves lives.



For more information, visit
[coronavirus.gov](https://www.coronavirus.gov)

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Liability Risks Come Back to Work, Too

● Without a vaccine, some returnees will get sick, and businesses may end up in court

As Americans return to the offices, shops, restaurants, and factories they left months ago, employers are wrestling with the legal consequences of getting U.S. workers back on the job while the pandemic is still spreading. Because there's no cure or vaccine yet for Covid-19, two things are certain: People will get sick, and many will end up in court demanding safer working conditions or compensation for lost wages and medical bills.

Some employees already have filed lawsuits claiming companies including McDonald's, Amazon.com, and Smithfield Foods aren't doing enough to keep workers and their families free of coronavirus, even though employers are promising to follow such health guidelines as maintaining social distancing, improving sanitation, and providing personal protective gear. And legal experts see possible fights over other issues like privacy rights, age discrimination, or employees at greater risk of infection who are compelled to return too soon.

"With Covid-19 still spreading, companies that require employees to work on-site or interact with the public will need to be careful to avoid winding up in court," says Samuel Estreicher, a professor at New York University's law school and director of its Center for Labor and Employment Law. "Legal risks will be one of the key things for businesses to prepare for as the economy reopens."

Still, workers who get sick and want to sue won't go straight to court. Instead, they'll make claims through state-run workers' compensation systems, the vast insurance networks that almost all businesses are required to buy into. What's less clear is whether those claims will succeed, because states define differently what's covered under "occupational diseases" provisions. And labor advocates say the system isn't always friendly to workers, often denying claims or providing payouts well below lost wages and medical bills. "This could be such a massive number of claims that there could be some pushback from the system," Estreicher says. "Smart

employers, in my view, would not fight workers' comp claims. If they're in workers' comp, there's a much lower risk of damages, and you share that burden with other companies."

Governments set up workers' compensation programs almost a century ago to prevent companies from being bankrupted by liability claims. They also provided fast and easy payments for work-related injuries or deaths without requiring proof that an employer was negligent. With the number of Covid-19 infections in the U.S. surging toward 2 million in less than three months—killing more than 112,000—the claim system may be put to the test.

While workers' comp doesn't allow for the punitive damages commonly sought in court cases, the threat of a surge in coronavirus-related payouts—Credit Suisse estimates Covid will result in \$5 billion in workers' comp claims—and the resulting higher insurance premiums for companies create an incentive for employers to fight claims, says Debbie Berkowitz, a former chief of staff and senior policy adviser for the U.S. Occupational Safety and Health Administration. The most likely tactic will be to force employees to prove they got sick at work and not somewhere else, she says.

Except in situations where the virus has spread widely in a workplace, "it will be very difficult, but not impossible, for workers to win their cases," says Berkowitz, who's now director of the worker health and safety program at the National Employment Law Project, a progressive nonprofit.

In many states, workers' comp doesn't cover ordinary infectious diseases. Labor advocates have urged changes in those policies or asked for assurances that Covid-19 claims will be honored. In New York, with more infections than any other state, Governor Andrew Cuomo said in March that claims will be covered under workers' comp law, though few other states have clarified their policies.

Some cases will still get decided in the courts, especially those where companies are accused of recklessly putting employees at risk. And lawsuits remain an option if a workers' comp claim is denied, though they come with the added burden of proving an employer acted negligently.

Most Covid-19 deaths have been in people age 55 or older, who are at a higher risk of infection. So companies that force older workers to return too soon, or avoid hiring older job applicants because of worries about their susceptibility to Covid, could become targets of discrimination lawsuits, Estreicher says. Younger employees with serious underlying conditions also could have legal claims, while employers digging too deeply into medical histories of workers or applicants could lead to ►

Smart employers "would not fight workers' comp claims.... There's a much lower risk of damages, and you share that burden with other companies"

◀ allegations of privacy-rights violations, he says. McDonald's Corp. was sued last month by a handful of workers in Chicago claiming the restaurant chain failed to keep them and others safe while they served food during the pandemic. The company says it's updated almost 50 safety procedures, including providing wellness checks and protective barriers and "adhering to social-distancing guidelines for customers and crew."

Some warehouse employees sued Amazon.com Inc. on June 3 in federal court in New York, claiming working conditions that prevented proper sanitation put them and family members at risk of contracting the coronavirus. Amazon says it's spent \$800 million this year on Covid safety measures, including temperature checks, masks, gloves, and enhanced cleaning. Pork producer Smithfield Foods Inc. was sued in Missouri after workers fell ill, though a judge quickly threw out the case—which Smithfield says was frivolous—and said OSHA should handle it.

A wave of personal injury cases against businesses

that reopen could bankrupt some companies ailing from the post-pandemic slump, the U.S. Chamber of Commerce said in April. Republicans in Congress are seeking to pass legislation to shield businesses from liability for future Covid outbreaks.

Critics say OSHA, part of the U.S. Department of Labor, has failed under President Trump to police worker safety during the pandemic and ignored employee complaints. And the AFL-CIO, the biggest U.S. labor federation, sued the department for refusing to issue workplace rules for coronavirus, putting employees in "grave danger." "There's no enforcement by the federal government right now, so the courts are a backstop that gives employers an incentive to do the right thing," says Remington Gregg, a lawyer for consumer nonprofit Public Citizen. "The court system is there as a check to hold employers accountable." —*Erik Larson*

THE BOTTOM LINE Employers will likely face legal challenges if returning workers get sick. Most claims will be filed under workers' comp programs.

▶ Cushman's reconfigured office in Amsterdam

Creating the Socially Distanced Office

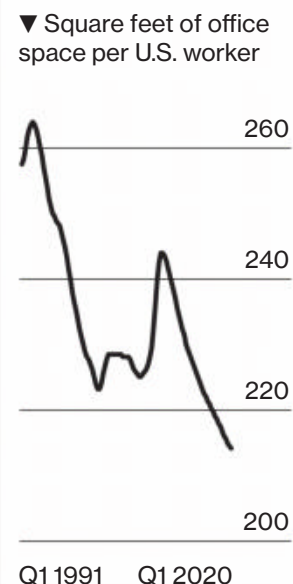
● Cushman & Wakefield is trying out new setups for the coronavirus age

To get into Cushman & Wakefield Plc's Amsterdam office, employees must first secure a work spot through an app that assigns them to a sanitized desk—which could be far from their pre-pandemic workspace. The floors are marked with giant blue arrows directing one-way traffic. Don't make a wrong turn! Otherwise it's a lap around the floor to get back to where you were. Visual reminders to stay socially distant are everywhere, as are hand sanitizer dispensers. Individual desks are demarcated by screens and enveloped by circular boundaries on the carpet, lest workers roll their chairs too far. There are fewer communal tables, and those that remain have markings designating where people can sit, to avoid crowding. Cups are labeled with reminders to keep a 1.5-meter (about a 5-foot) distance, as

per Amsterdam's regulations. Even the coffee and printing stations around the floors have "safe zone" standing areas.

"It's really about changing the behavior of people who have walked into the same office for years," says Jeroen Lokerse, head of Cushman's Netherlands office. "Rearranging the floor layout or carpets can immediately change the behavior of people and what is a comfortable zone to be in."

Cushman, one of the world's largest commercial real estate brokerage and management firms, has transformed the 35,000-square-foot workplace over four floors in the Dutch capital into its global testing ground for operating offices in the middle of a pandemic. The experiment, dubbed the "6 Feet Office," could serve as a prototype



for many of Cushman's thousands of clients globally. The company says it's received inquiries from hundreds of businesses about how they can reconfigure their space to address the post-pandemic reality. And the clock is ticking to get it right: Unless employers can tweak their workplaces to make employees who've gotten used to working from home feel comfortable and safe enough to return to the office, corporate renters will have far less need for expensive space—which could translate into less business for commercial real estate outfits like Cushman.

First, the real estate giant has to persuade tenants and landlords to abandon long-held assumptions about office setups. For the past decade, Cushman had encouraged open layouts with interactive coffee stations and frequently trafficked hallways to foster intermingling and innovation. Workers were squeezed into dense rows of desks, which helped cut costs. But that model is now a liability.

"It's tricky, because this is a highly fluid situation, and things that maybe companies thought were true two months ago are no longer true," says Chief Executive Officer Brett White. "Observations that we've gained in talking to hundreds, if not thousands, of clients so far happened in all of 60 days. It normally would've taken 7 or 8 years."

Chicago-based Cushman has a competitive edge thanks to its large footprint in China, where it already has helped guide thousands of businesses back to the office. But China's quick return—which stems from heavy government control and close monitoring of civilian health and movement—is less applicable in other countries. "Those protocols in China simply do not, will not, and cannot exist here," White says. "The pace at which buildings in the U.S. or Europe are going to be reentered is going to seem glacial compared to what happens in China."

In Amsterdam, Cushman is allowing only about 60 workers back in the office as it explores everything from better air quality systems to technology that tracks distance between employees. The goal is to bring back as many as 175 people over the next several weeks, compared with the previous capacity of 275. "Our occupancy on average was never more than 70%, so it isn't going to be a very big change," Lokerse says. "It just means better planning, and weekly meetings won't all be on Monday. We also hope people will work from home a little bit more."

Cushman says it's advising clients in high-rise office towers that the easiest way to address Covid-19-related concerns is to reduce the number of workers within existing spaces—a necessity, since social distancing lowers the capacity that bathrooms and ►



◀ elevators can handle in a typical workday. Ways to do that include adopting staggered work shifts within offices and encouraging some employees to continue working from home.

Rather than committing to complete overhauls of their existing space, White says, some big corporations in office towers are looking at taking short-term leases in nearby buildings operated by coworking or flexible-space providers such as WeWork. Others are considering shifting workers even farther away. White says he's talked with the CEO of a big, New York-based bank who'd been planning to lease new office space in the city but decided to hold off because of the pandemic and is looking at short-term space in surrounding suburbs instead. "Suburban satellites make a ton of sense," he says.

David Simson, a New Jersey broker at real estate services firm Newmark Knight Frank, says he's received an influx of inquiries over the past few weeks from New York corporations seeking short-term office space. "The rental rate in New Jersey is about a third of what it is in Manhattan," Simson says, "so the tenants are getting the benefit of the market from a cost-per-square-foot basis when re-locating some of those people to the suburbs."

Industrious, a flexible-workspace company backed by developer Brookfield Properties, says it's seen a recent jump in the number of corporate renters asking about suburban locations with private offices rather than open-plan setups. Meanwhile, brokers say communal hangouts added to workspaces over the past decade to appeal to younger employees—game rooms, beer pong tables, lounge-like coffee huddles—have quickly fallen out of favor, leaving companies to look for new ways to promote collegiality. "It's going to be painful for a lot of companies, but it'll drive change," Lokerse says. "Look, innovation happens in times like this."

One of the biggest barriers reopening businesses will face will be managing elevator flow. Cushman's advice for now: two people per elevator in Amsterdam, clear signs in the lobby to direct traffic, and stickers to show where to stand. How that model will evolve in reality is less clear, especially for virus epicenters such as New York, where tens of thousands of people shuffle through giant skyscrapers each day. In China, reduced elevator capacity led to long lines in reopened office tower lobbies, so companies quickly began staggering employee start times.

Real estate experts say that while some of the changes will be temporary until a vaccine is widely available, many will likely stay, including flexible job hours, expanded remote-working options, and better hygiene practices. And the days of squeezing

as many desks as possible into an office may be over. "We have to assume in the future this will happen again," White says. "Therefore, people have to reimagine their workspace, rethink some of these communal spaces, or maybe go back to a build-out of 30 years ago, with cubicles, private offices, and distancing between desks." —*Natalie Wong*

THE BOTTOM LINE For more than a decade, companies have reduced desk footage in offices while adding communal spaces to foster collaboration. Covid-induced distancing could change that.

The New Normal at An Indian Outsourcer

● HCL has started bringing its 150,000 workers back to the office. It's not business as usual

It's Day 3 at the office for work-from-home returnee Krupa Shree. The 28-year-old engineer at HCL Technologies Ltd., India's third-largest IT outsourcer, usually travels to the company's Jigani campus in the bustling tech hub of Bengaluru inside a packed company bus. But post-lockdown pandemic precautions have changed that, switching her commute to a sanitized company cab.

When she arrives at 9 a.m. at the gates of the complex, she's thermally scanned, then answers 14 questions on the company's app on her smartphone to determine if she's recently come in contact with an infected person. She then waits to be greenlighted by yet another app, the Indian government-mandated tracking program called Aarogya Setu, which uses GPS and Bluetooth data to determine whether a person has been within 6 feet of someone known to have the coronavirus.



Finally her laptop and bag are sanitized. When she's offered a new mask, she declines, pointing to the one already covering half her face.

Even when Shree has made her way to her office at Tower 2 on the 46-acre technology park that normally houses 11,000 of HCL's 150,000 workers, things are unfamiliar. Only a couple of hundred people have returned so far, leaving the place eerily quiet. Shree, who leads a team testing the software that goes into a global electronics giant's home appliances, sits alone in the cubicle she shared before with three others. No more team huddles, birthday celebrations, or hobby clubs for her group. The vast company cafeteria that used to be at the heart of the action now has widely spaced, single chair-table pairs stretching as far as the eye can see. "My gang of 10 used to sit around a table and eat off each other's lunchboxes," Shree says. "Now it feels like an examination hall."

Welcome to the new normal as India's \$181 billion IT services industry, which builds software and provides customer service for Wall Street banks, Silicon Valley giants, global airlines, and retailers, slowly goes back to work. In March, India put the country into extreme lockdown after the novel coronavirus pandemic surfaced, leading more than 5 million IT employees to work from home. Now the outsourcers—long known for their teeming workspaces, packed company transportation, and standing-room-only cafeterias—are figuring out how to return their huge workforces to offices in an era where crowding is considered dangerous. "Companies have no choice but to bring back some workers," says Ashutosh Sharma, vice president and research director at Forrester Research Inc. "But it's a staggered, calibrated return."

HCL, with \$10 billion in annual sales and a global client roster that includes Britain's Manchester United Football Club, U.S. tech giant Broadcom, and Finnish elevator maker Kone, is taking the first tentative steps to reinstate employees such as Shree who need laboratory facilities and hardware to test products for global auto and plane makers. "We have 179 office locations in 46 countries, and each country, each city has its own set of complications," says Appa Rao, HCL's chief human resources officer. "It's a highly volatile, very intricate situation." (Like Shree, Rao was returning to the office for the first time since the lockdown. He said his wife had joked he was returning too soon: He hadn't yet mastered all the household chores.)

Inside HCL's four gleaming towers in the Jigani campus, there are fewer workers and more

pandemic minders who watch employees' every move. Elevators that used to ferry dozens now have floor markings for four, with toothpicks supplied to tap the buttons. Large X signs—which forbid sitting—are everywhere, whether on the seats of the golf buggies carting visitors around the campus or the cubicles inside the offices. The campus gym and day-care center are shuttered. Yellow barrier tapes bar entry into certain areas including the health-care facility. Most kiosks in the domelike cafeteria, which used to offer such options as *thalis* from Punjab or local *dosa* crepes, are closed. Still, Thiru Kumar, a 27-year-old engineer who shares an apartment with a friend, says the sparse choices remain a big draw: "I hate my cooking but had to stomach it for two whole months."

Virus-related functions at HCL are overseen by its newly designated chief pandemic officer, Kiran Nadgir, a director who until recently headed immigration services. A dashboard helps Nadgir and all senior HCL managers as high up as its New York-based chief executive officer, C Vijayakumar, monitor every one of its employees, regardless of where they're working—showing who's working that day, how much code they've generated, and even the quality of their code.

A virtual situation room compiles global virus data to help determine the level of risk at any particular city or office location. Client queries that could be affected by the pandemic, such as the date when 25% of employees assigned to a particular project are expected to return to the office, can be instantly answered by the artificial intelligence-aided tool. The software can even drill down to highlight, for instance, the exact number of employees working on a Deutsche Bank project in Tower 2 of the Jigani campus.

Despite the company's careful planning to welcome back work-from-home returnees, many peers—including Tata Consultancy Services, Asia's largest outsourcer—say they may never bring the bulk of workers back to offices. The cost of office space needed to allow almost half a million employees to work under social distancing conditions would simply be too high. Whatever happens, few in the industry think they'll see a repeat of the past three months. "A prolonged lockdown and this kind of a return is an experience of the century," says the blue jeans-clad Shree, the returning engineer. "Nobody else outside our generation will experience anything like it."
—*Saritha Rai*

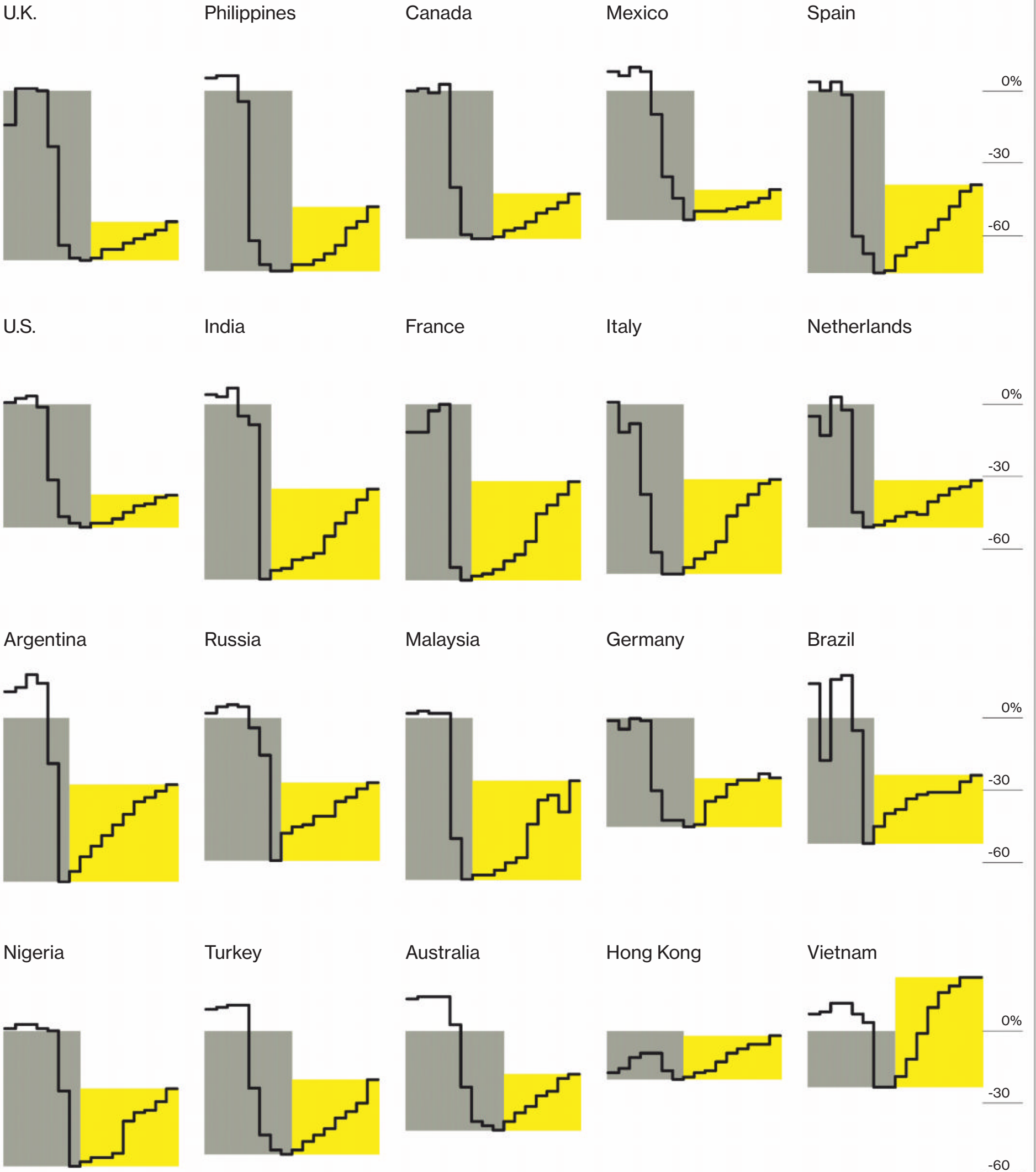
THE BOTTOM LINE India's \$181 billion outsourcing industry is known for crowded offices. Businesses might trim in-office work in the long term.

"My gang of 10 used to sit around a table and eat off each other's lunchboxes. Now it feels like an examination hall"

Everybody, Back to Work

Change in midweek visits to workplaces from early 2020 baseline*, Feb. 19 to June 3

■ Baseline to trough
■ Since trough



16

*VALUES ARE WEEKLY AS OF WEDNESDAY. THE EARLY 2020 BASELINE IS THE MEDIAN VALUE FOR WEDNESDAYS FROM JAN. 8 TO FEB. 5. DATA: GOOGLE COMMUNITY MOBILITY REPORT

Call Centers Can't Simply Stay Home

● Concern about data security, power outages, and poor internet service fuels a return to offices

For Americans with questions about their bank accounts, mobile phone service, or e-commerce orders, getting answers has long involved talking on the phone with someone in the Philippines, where English-speaking operators handle queries, complaints, and other calls. U.S. companies outsourcing this kind of customer service benefit from lower labor costs while counting on their Philippine operators to keep customers' confidential information safe within the walls of the call centers.

Now the coronavirus is testing that arrangement. After the Philippine government imposed a strict quarantine in March, call centers had permission to keep skeleton crews at their offices, but they had to send thousands of other employees to work from home. Even as lockdowns end in the island nation, social distancing rules remain in effect. Many staffers won't be returning to call centers and instead will be answering customer questions from their residence.

That decision has forced Alorica Inc., a major operator of call centers in the country, to work with clients to revise their agreements about what kinds of information workers can handle outside the office. The closely held company based in Irvine, Calif., has about 40,000 employees in the Philippines, half of its total workforce, and must limit occupancy at its 22 sites there to 50% of capacity to reduce the risk of workplaces becoming Covid-19 hot spots.

Some jobs, therefore, must go off-site, says Bong Borja, Alorica's president of Asia-Pacific operations. "The ones that are really sensitive, we are trying to keep in the office," he says. "If there's no credit card information, credit information, health information—those are ones that can be done at home."

The call-center business is a crucial one for the Philippines, accounting for about 8% of gross domestic product and directly employing

1.3 million people, according to HSBC Holdings economist Noelan Arbis. So the nation is relying on Alorica and other operators to quickly come up with solutions to keep the industry growing.

Reopening the offices safely won't be easy, says Karen Harris, New York-based managing director of the Macro Trends Group at consulting firm Bain & Co. "These call centers are typically densely occupied, which makes it challenging to protect workers' health," she says. Just as the act of singing seems to spread the virus through droplets in the air, Harris says, talking on the phone for hours may be higher-risk. "You can imagine that speaking all day would raise the risk of transmission."

As many continue to work from home, staffers are having to become more self-reliant when they have questions about their work, says Migz



▲ Employees keep their distance at a call center in Metro Manila

Moreno, who can't disclose the name of his employer because he isn't authorized to speak with the media. Without managers around, "if you need any support, it's not given instantly," he says. "You have to troubleshoot yourself sometimes."

Moreno works late at night and is on his own while the rest of the household is asleep. The isolation is a big change from his old way of working, in an office with hundreds of colleagues nearby. "It's only you," he says. "You don't have anyone to talk to."

Working from home isn't a viable long-term option for others. Paris-based Teleperformance has 47,000 employees in the Philippines, about 14% of the company's workforce, and many live in places with unreliable internet connections and unstable electricity supplies.

"Our clients are going to ask us to bring people back simply because the infrastructure of work-from-home in the Philippines is not the best ►

◀ environment for contact center work,” says Mike Lytle, chief operations officer for Teleperformance in the country. “If there is a four-hour power interruption, in our facility we have backup generators that ensure we don’t have problems.”

That’s one reason Teleperformance is moving ahead with expansion plans, including a new office opening later this year that will house 2,000 workers. To meet social distancing needs, the facility will have studios for virtual training of new hires and coaching of current employees, work that managers used to do one-on-one. The company is also shifting several of the social events it organizes for staff members—many of them in their 20s with limited opportunities to socialize, because they work such odd hours serving customers in different time zones—with everything, including yoga classes and karaoke nights, moving online.

Regardless of whether call-center employees work from home or a central office, the industry could face a growing risk if clients hit by coronavirus-slowed economies try to cut costs by replacing Philippine operations with chatbots powered by artificial intelligence, says Bain’s Harris. “Recessions have historically accelerated automation,” she says. “Habits may have shifted, which gives companies some freedom to use those potentially less expensive services. The economic pressure makes it more compelling.”
—Bruce Einhorn and Siegfried Alegado

THE BOTTOM LINE Call centers account for about 8% of GDP in the Philippines. As local lockdowns ease, social distancing rules could still hamper the operations.

Why Drug Reps Are Prescribing Zoom

● A business that’s long relied on face-to-face sales adopts social distancing in the Covid age

In April, just weeks into the coronavirus-prompted shutdowns, Kevin Bordelon, a sales representative for drug giant Sanofi, looked up from a video call with a dermatologist to spot a redheaded blur in the background. It was his 3-year-old toddler, racing in with “nothing but underwear on and peanut butter all over his face,” he recalls, laughing. “And there’s just nothing you can do at that point to stop it, you know? You just kind of let it happen.”

Bordelon’s toddler disruptions while working from home are a far cry from the iconic image of a polished pharmaceutical sales rep barging into a doctor’s office with briefcase and a spread of drug samples in hand—think Jake Gyllenhaal peddling Viagra pills in the 2010 romantic comedy *Love & Other Drugs*. But the pandemic has changed things, even in the world of sales. The 40-year-old Bordelon used to spend his workdays traveling across the U.S., meeting with doctors and other medical providers. Lately, though, he’s swapped the fieldwork for a home-office setup, virtual meetings, and some rowdy new co-workers: his 3-year-old and 6-year-old sons.

Plenty of professionals around the world have made the shift to telework during the pandemic, but it’s an especially big change for America’s 65,000 pharmaceutical salespeople, who have long relied on personal office visits and events. Stuck at home like everyone else, they’ve turned to emails and virtual meetings. But the new formats have left sales reps struggling, more limited in how many clients they can meet in a day and navigating other fresh obstacles.

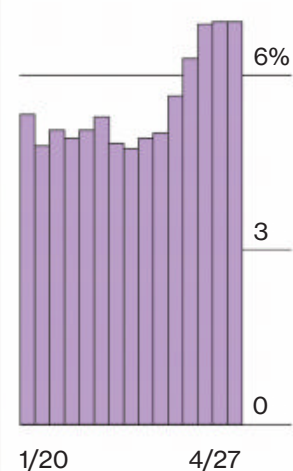
Commanding customers’ attention digitally is getting harder. “Initially the doctors were opening emails, because they’re sitting at home with not a lot to do,” says Pratap Khedkar, managing principal for the consulting firm ZS Associates, which tracks data showing email opening rates for sales reps. While the rates for some drug companies doubled after lockdowns began, now “it’s been 10 weeks,” Khedkar says. “How many emails are you going to send that are new?”

Recognizing the tough realities of selling pharmaceuticals from home, drug manufacturers have postponed as many as one-third of product launches since the pandemic began, hoping for more favorable conditions later in the year. The public-health crisis has also pushed them to reinvent their marketing pitches, from digitizing product pamphlets to FaceTiming nurses.

For people in sales, the advent of social distancing is likely to force changes even after states reopen, experts say. Salespeople will have to become adept at working across “a combination of personal, virtual, and digital” interactions, says Khedkar. “Sales reps are still valuable, and will still be there, but their job will have to change. It’s a big change for pharma, to be very frank.”

Executives at U.S. drug giant Bristol-Myers Squibb Co., which has been investing in digital marketing platforms since about 2013, believe they’re well-prepared for virtual sales. As of March 12, when the company grounded its entire U.S. sales

▼ Share of emails sent by pharmaceutical sales reps that were opened, four-week rolling average



force, many of its employees had already been deploying those platforms “for years, not months,” says Chief Commercial Officer Chris Boerner.

Still, the company has had to remain flexible. Some doctors want to use its new in-house digital capabilities, while others have said, “I’m not going to mess with that, just call me,” says Marty Whalen, head of oncology sales. “You’ve got to meet them where they are,” Boerner says, whether it’s by phone, email, FaceTime, Zoom, or another method.

Bristol-Myers has conducted workshops with virtual role-playing to train reps to be more effective answering questions and making sales pitches on camera. It’s also using data analytics to determine which virtual channels fare best with certain customers, Boerner says.

Not everything works as well remotely, though, including presenting completely new, complicated information to customers who may already be distracted by the public-health crisis, Bristol-Myers has found. After data showed fewer patients were starting treatment on new drugs in March and April, the company postponed the release of its multiple sclerosis medicine, Zeposia, to June. The plan is to start using remote marketing and, over time, add in-person pitches to physicians and hospitals, Boerner says.

When Covid-19 shut down most scheduled medical procedures earlier this year, dermatology drugmaker Galderma Pharma SA saw about 93% of the U.S. medical spas and clinics that buy its aesthetics products—such as fillers, a Botox competitor, and a collagen booster—suddenly go on hiatus. Figuring that clients had plenty of time on their hands, company sales reps ramped up their virtual programming.

The drug manufacturer organized 22 webinars, which some 25,000 doctors, nurses, and other providers have attended, for training that otherwise would’ve happened in person. Some taught anatomy, to better help clients identify where and how Galderma products could lift or shape a patient’s face, says Craig Donghia, a senior regional sales manager for aesthetics who’s based in Florida. Company-affiliated physicians virtually trained other doctors on how to inject the products. Galderma has also taken to Instagram, where executive Alisa Lask hosts a weekly live session with a cast of different medical providers called *Lask Call*.

During the shutdowns, Galderma began preparing to launch a lip filler called Restylane Kysse. Sales reps scheduled educational webinars at different times for various time zones to get clients up to speed, says Carrie Liakos, an Arizona-based senior account manager in the aesthetics and



corrective division. “It’s going to be hard to go back to something different at this point, because ultimately we had every injector business owner trained at once,” she says.

Now that states are reopening, some sales visits to doctor’s offices have also restarted, albeit with masks, regular symptom and temperature checks, and other restrictions. Some practices are meeting marketing reps outdoors to reduce risk, or having them wait in their cars until a scheduled appointment time. Drugmakers are distributing fewer pamphlets, and samples are often shipped instead of being hand-delivered by a sales rep.

Bristol-Myers’s Boerner says digital marketing will remain a valuable tool. But “the reality is, health care relies on significant in-person engagements, whether between the health-care provider and patients or between the industry and key parts of the health-care system,” he says. “I don’t see that fundamentally changing.” —*Emma Court*

THE BOTTOM LINE America’s 65,000 pharmaceutical reps do everything from helping train doctors to handing out samples. Now they’re learning how to pitch pills from a distance.

Facebook's Ranks Hit The Unlike Button



● Zuckerberg is bracing for further internal unrest over his handling of Trump's post

After Facebook decided not to take down the incendiary looting-and-shooting post by President Trump, its employees took to rival platform Twitter to voice displeasure with Chief Executive Officer Mark Zuckerberg. Alan Zeino, a software engineer who works at Facebook-owned Instagram, said he was “utterly ashamed.” Wesley Dickens, a data analyst, declared Facebook “on the wrong side of history.” Another software engineer, Dan Abramov, said his team was joining a virtual walkout “in solidarity with the black community.”

The outpouring of dissent was loud and unprecedented. Hundreds of employees participated in the walkout, which, since everyone was working from home, just meant telling their managers they were taking the day off. Even more changed their corporate profile pictures to all-black, or a black-and-white fist with a heart in it and the hashtag #takeaction.

Facebook Inc. executives are bracing for more. Managers say this is just the beginning and things are likely to escalate in the lead-up to the U.S. presidential election in November. Since Trump's victory in 2016, Zuckerberg has promised to take a more serious look at how Facebook stokes divisions in society, particularly through the spread of misinformation and viral polarizing posts. Several employees who spoke with *Bloomberg Businessweek* on the condition of anonymity see his inaction on Trump's post as breaking that promise. In a statement, Facebook said it gives “serious attention to the ideas we're hearing, especially those from our Black community. This is a time not just to listen but to act.”

On Friday, May 29, Zuckerberg woke to an email from his policy team about Trump's post on Facebook and Instagram that said “when the looting starts, the shooting starts.” Twitter Inc. had slapped a warning on the message on its site; Zuckerberg spent hours deliberating over whether Facebook could justify removing it. He spoke with Trump later that day and told the president that his missive was divisive and unhelpful, but it would remain.

Edited by Katrina Nicholas

ZUCKERBERG: TOBIAS HASE/PICTURE ALLIANCE/GETTY IMAGES

Like most Americans, Facebook employees were watching protests and police violence occur around the country. They started opposing their employer's decision via comments on the internal version of Facebook. Over the weekend, posts about the CEO's decision received thousands of comments, according to people familiar with the matter. Some defended Zuckerberg, echoing his argument that on the whole, Facebook, which employs around 48,000, is positive for society. Others cited a favorite company philosophy that colleagues should always "assume good intent" of the person offending them. The saying started as a tool for employees to process blunt feedback from engineers; now some employees felt it was being used to silence dissenters.

Facebook's corporate environment doesn't breed rebellion. When employees join, they receive friend requests from all their co-workers, and their personal and work lives start to merge. Zuckerberg also hosts a weekly question-and-answer session with staff, which usually helps them feel their concerns are being heard.

But many employees felt brave enough to speak up. When Zuckerberg took employee questions via a split-screen video on June 2, they pressured management on whether black leaders in Facebook were involved with the decision not to interfere with Trump's post, and whether the company was being transparent and honest about its actions. (Zuckerberg had a call with civil rights leaders the day before that he said went well; the civil rights leaders said it was a disaster.) Zuckerberg told the Facebookers things might get worse: "There may be a somewhat prolonged period of civil unrest here in the U.S." The company said staffers didn't need to use a personal vacation day for their virtual walkouts.

Earlier this year, employees were upset when Facebook indicated it would allow politicians to lie in their advertisements, despite a commitment to culling election misinformation. Zuckerberg didn't back down, saying Facebook shouldn't be the arbiter of what's acceptable in political speech. And in October 2018, employees rallied against Joel Kaplan, Facebook's vice president for public policy, who directly supported Brett Kavanaugh's confirmation as a Supreme Court justice. As Kavanaugh answered congressional questions about whether he committed a sexual assault, Kaplan sat right behind him—angering employees who thought Facebook should at least appear neutral. Despite internal calls for his resignation, Kaplan remained—and was one of the executives advising Zuckerberg on what action to take over Trump's looting post.

Lowered Esteem

The best large U.S. companies to work for, ranked by Glassdoor, a Yelp-like job search engine*

	2017	2018	2019	2020
#1	Bain & Co.	Facebook	Bain & Co.	HubSpot
2	Facebook	Bain & Co.	Zoom	Bain & Co.
3	BCG	BCG	In-N-Out Burger	DocuSign
4	Google	In-N-Out Burger	Procore	In-N-Out Burger
5	WWT	Google	BCG	Sammons Financial
6	Fast Enterprises	Lululemon	LinkedIn	Lawrence Livermore
7	In-N-Out Burger	HubSpot	Facebook	Intuitive Surgical
8	LinkedIn	WWT	Google	Ultimate Software
9	Adobe	St. Jude's	Lululemon	VIPKid
10	Power HRG	Ultimate Software	Southwest Airlines	Southwest Airlines

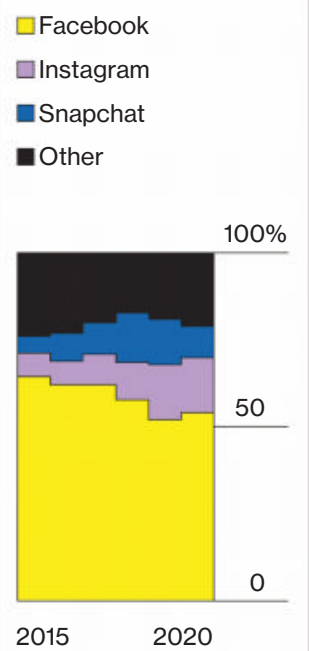
Many employees say there's a greater urgency to their complaints as the Black Lives Matter demonstrations grow and Trump grows more hard-line. They feel that by trying to be nonpartisan, the company ended up appearing pro-Trump. Former employees supported the virtual walk-out with an open letter to Zuckerberg, published in the *New York Times*. Zuckerberg had always defended Facebook's inaction by saying the company shouldn't wield so much power over society. But Facebook already has that power, the former employees noted in the letter. It's already an arbiter of truth, and it's never been neutral. They expressed "shared heartbreak" that the thing they helped build is stoking division in society. "I think the fear of losing one's country overrides the fear of losing one's job," says Bobby Goodlatte, the co-founder of Form Capital and a former Facebook designer, who signed the letter.

Even before the Trump tweet, Zuckerberg was defending Facebook's neutrality on Fox News: "We have a different policy, I think, than Twitter on this. You know, I just believe strongly that Facebook shouldn't be the arbiter of truth of everything that people say online." He also tried hard to remind people of the good work he's been able to do because of Facebook, such as the Chan Zuckerberg Initiative's philanthropic investments. But even that group was rattled. On June 6, 143 scientists funded by CZI sent him a letter, saying the organization's mission to "build a more inclusive, just and healthy future for everyone" doesn't align with Facebook's actions.

Facebook's founder kicked off 2020 by declaring that he was going to stop trying to make everyone happy. "My goal for this next decade isn't to be liked, but to be understood," he said in January. He's been promising employees and other critics greater transparency, but not acquiescence. Facebook has said it will look into supporting

23 Facebook

▼ Social media brand most often used in the U.S., in an Edison Research survey



*BASED ON U.S. EMPLOYEE FEEDBACK FROM THE PRIOR YEAR, THROUGH OCTOBER. DATA: GLASSDOOR, EDISON RESEARCH AND TRITON DIGITAL

◀ racial justice causes and commit to building a hub of vetted information for the coming election.

Zuckerberg has increased his grip over operations, and executives who used to challenge him have quit or been pushed out. Several long-standing board members are also gone. “Nobody can shape Mark,” says a former close associate who wasn’t authorized to speak publicly and asked not to be named. “Nobody can convince him of anything.”

That may be true, but hundreds are now determined, and angry enough, to try. “Mark always told us that he would draw the line at speech that calls for violence,” says Timothy Aveni, an employee who resigned from the company in protest over the Trump post. “He showed us this was a lie.” —*Sarah Frier*

THE BOTTOM LINE Facebook’s CEO has been promising a more serious look at how the company stokes divisions in society. He may not be able to deliver before employees revolt.

The Little Canadian Company Powering Online Shopping

● Shopify powers more than 1 million merchants globally. Its shares have almost doubled this year, adding to its founder’s fortune

In early April, as British consumers struggled to buy pantry staples amid the pandemic, Heinz decided to open its first-ever online store. Within days, the 151-year-old food brand had a website selling an assortment of beans, pasta hoops, and tomato soup for home delivery across the U.K. The virtual shop did so well that Heinz quickly expanded to offer its trademark condiments and baby food.

Behind the speedy e-commerce pivot was Shopify Inc., a Canadian company that’s remained mostly invisible to consumers but has become the platform of choice for businesses seeking to get online quickly and cheaply. A monthly fee starting at \$29 buys a virtual shop and all that’s needed to run it, including the e-tools required to manage such things as payments, inventory levels, and shipping.

In the U.S., the world’s biggest e-commerce market after China, any purchase not made on Amazon.com Inc. is probably done via a website powered by Shopify. The Ottawa-based company

claimed the second-largest share of online retail sales in the U.S. last year. Globally, it powers more than 1 million merchants across 175 countries, from Victoria Beckham’s clothing line to megabrands such as Heineken and PepsiCo. All told, Shopify helped flog \$61 billion of goods in 2019.

This year, the coronavirus has given Shopify—and online retail—a huge push. Whether the behavior shift is permanent remains to be seen, but it’s put a tech company few had heard of into the spotlight.

Since January, Shopify’s share price has almost doubled. Its \$88 billion market value exceeds that of Target, Uber Technologies, or General Electric. Since May, it’s been vying with the venerable Royal Bank of Canada as the country’s largest publicly listed company.

Early on in the crisis, Tobi Lutke, Shopify’s convention-bucking chief executive officer and founder, told staff to “delete all our existing plans and re-derive them from this new reality.” For three days, employees dropped their usual jobs and focused on identifying what small businesses needed most to survive. In subsequent weeks, Shopify rushed out features to help merchants set up curbside pickup and local delivery. It announced new partnerships with Facebook Inc. and Pinterest Inc. to expand social media as a shopping tool. According to Chief Technology Officer Jean-Michel Lemieux, Shopify was seeing “Black Friday-level traffic every day” in April. As brick-and-mortar stalwarts such as J.C. Penney Co. and Neiman Marcus Group Inc. tipped into bankruptcy, Shopify saw a 62% surge in store creations over a six-week period.

“The future of retail is everywhere,” says Shopify Chief Operating Officer Harley Finkelstein. It’s the kind of anywhere-and-everywhere retail that Shopify has aimed for since it was founded in 2006. Traditionally, merchants cobbled together applications to manage different channels. Shopify reduces that to a single platform. “The idea is no matter where or how you sell, it all feeds into one centralized back office where you can see and run the entirety of your business,” says Finkelstein.



● Lutke

On the Money

Richest Canadian citizens as of June 5, 2020

	Company	Global rank	Net worth
Joseph Tsai	Alibaba Group	117	\$12.5b
Sherry Brydson	Thomson Reuters	175	9.5
Galen Weston	George Weston	223	7.9
Arthur Irving	Irving Oil	248	7.2
Tobi Lutke	Shopify	296	6.3
David Thomson	Thomson Reuters	325	6.0

Shopify's share surge added \$2.9 billion this year to Lutke's wealth, making him, at \$6.3 billion, Canada's fifth-richest person, according to the Bloomberg Billionaires Index. Not that he's checking. Company policy says anyone caught talking about the stock price has to buy their team a batch of doughnuts from Canadian cult fave Tim Hortons Inc.

The German-born 39-year-old, who dropped out of high school at 16, has a penchant for going against the grain. He started an e-commerce business in the wake of the dot-com bust, refusing to move the headquarters out of the sleepy Canadian capital. He likes to spend his Saturday nights hacking the company's systems to test their security, if his chief technology officer permits it.

In 2004, Lutke tried to sell snowboards online, but he found the software "incredibly expensive, unnecessarily complex, and infuriatingly inflexible." He wrote some better code himself, quickly realizing the improved software was more valuable than the snow gear. In 2006, Shopify was launched as a simple tool for businesses to set up a homepage, and it evolved from there.

Shopify's scale has meant an entire industry has sprung up around the company—smaller tech companies selling tools and templates that enhance a shopper's experience. One, for example, has developed an app that automatically converts prices into the local currency of the person browsing, increasing the chance of a purchase. Shopify, in turn, has visibility across all its merchants on what's trending and which themes and apps lead to sales—a treasure trove of data that helps small businesses boost their online odds.

That's created a competitive moat around the company, making it harder for rivals to take it on. "That application ecosystem is very, very hard to break once it starts going," says Gus Papageorgiou, head of research at PI Financial Corp. in Toronto. "You have scale, the data, and the ecosystem. I just don't see who could break that at this stage."

"My investment hypothesis on Shopify has been pretty easy," says Papageorgiou. "Its competitive position is unassailable, the market is almost immeasurable, and the business model is highly compelling." And there's room to grow: Online spending accounted for just 16% of U.S. retail sales in 2019. According to Finkelstein, the percentage of online spending spiked significantly in March and April.

Still, the company's stellar run has been hard to justify by traditional measures. Shopify has eked out a profit just once since it went public in 2015. At current prices, investors are paying more than \$40 for every dollar in revenue the company generates—a multiple reminiscent of the

dot-com bubble's frothiest period. "It's certainly a story stock," says Julian Klymochko, CEO of Calgary-based investment firm Accelerate Financial Technologies. "It captures the mindset of investors," which helps to push the share price up without any grounding in reality, he says.

The risk with stories, though, is they can get ahead of themselves. Canadians would know. Shopify's rise recalls that of BlackBerry maker Research In Motion Ltd. and Nortel Networks Corp., which were also global tech giants and Canada's most-valuable companies at their peaks. Both tumbled, the latter into bankruptcy, as the internet and mobile device revolutions played out. "Will Shopify be dominating e-commerce 20 years out? That's a tough call," says Klymochko.

Consumer spending may yet collapse as econ-



▲ Employees at the Shopify office in Waterloo, Ont.

omies struggle to recover from a surge in unemployment. Shopify's skeptics question how much of the pandemic-induced rush online would have happened anyway, or whether the company is merely borrowing against future growth. Perhaps more important, how many of the small merchants using Shopify will survive? (After the global financial crisis, thousands never recovered.) "It's just not clear that Shopify will be larger or more profitable than it would have been absent Covid-19," says Chris Silvestre, an analyst at Veritas Investment Research.

Still, whatever size the online retail pie ends up being, Shopify just grabbed a much larger share. The company's biggest risk may be meeting investors' lofty expectations. "It's an incredible amount of pressure," says Silvestre. "And it's largely out of their control." —*Natalie Obiko Pearson, with Divya Balji*

THE BOTTOM LINE Shopify is only 14 years old, and it's already taking on Amazon. Does it have staying power, or is it just too good a story?



What Are Investors Thinking?

● The U.S. stock market has climbed back even with the country in crisis. Psychology is part of the story

Americans are applying for jobless benefits by the millions, the economy is in recession, and cities across the U.S. have seen some of the largest protests in decades in response to police violence. Covid-19 deaths have topped 110,000, and the virus is still very much with us, not only in the U.S. but across the world.

And still: As of June 10, the S&P 500 was up almost 43% from its March low. Since the bottom, stocks around the world have recovered more than \$20 trillion in value. And the tech-heavy Nasdaq has risen more than 11% in 2020. Wall Street strategists—who are as flabbergasted as the journalists—have found with vivid hindsight the obvious explanations in the numbers. They’ve pointed to a surprise uptick in jobs, interest rates plunging, cheap valuations on certain kinds of stocks, and short sellers being

forced to buy shares as they scramble to cover their too-pessimistic bets.

But none of that fully explains what’s happening in the minds and emotions of investors. How do you press the “buy” button at the same time you see mass protests and a painful economic shutdown? Part of the answer is that many financial pros are relatively distant from these events. But even the market hobbyists who populate Reddit, Stocktwits, and Twitter and the everyday individual investors who’ve opened record numbers of new brokerage accounts have trained themselves to disconnect stock prices from the world outside their own doors.

“I lived through the 2008 financial crisis,” says John Keh, 33, of Richmond, Calif., who’s been buying technology stocks recently on ETrade. “So I understand stocks will rebound.” He figures that in a crisis, the stock market spins on government stimulus—of which there’s plenty, for now—and the fate of big, resilient corporations.

Nobel laureate economist Robert Shiller thinks analysts don’t pay enough attention to how narratives drive markets. One story in investors’ heads is that fortunes can be made from “buying the dip.”

That drove Jack McCann, a 25-year-old in England, to purchase aerospace stocks in April, after seeing what he thought might be “the biggest hit” to markets in his lifetime. He’s reaped a 24% gain.

Shiller says that thanks to the post-2008 bull run, as well as the bounce back from the Christmas trough of 2018, a V-shaped recovery has come to dominate the memories of most investors. “We were saved by our central banks—that’s the narrative right now,” the Yale professor says. “March of this year is considered similar to 2009 when the stock market bottomed out.”

That episode taught many to bifurcate their CNN-watching and market-tracking brains. Such cognitive dissonance is nothing new to Tina Byles Williams, chief executive officer of Xponance, a \$10 billion asset manager in Philadelphia. In a week when her decision to buy stocks in March seemed all the more prescient, Byles Williams, who is black, penned a public letter about the killing of George Floyd by a Minneapolis police officer. She had observed the cycle of anger, despair, and numbness among her staff. “Wall Street has been in many ways disconnected with Main Street for a while, and it’s even less connected with the black and brown Main Street,” she says. “I see them as parallel universes.”

Seshu Badrinath, a 51-year-old photographer in Avon, Conn., says many of his clients have had to push back appointments because of the coronavirus crisis. But he’s also been trading on his Robinhood account. “It’s on the back of my mind, like ‘How are stock investors making all this money with all this going on in the streets?’” he says. “At the same time, people are aching to find economic solutions to these problems we’re having.” He says he feels an obligation to give back: Earlier this week, he donated to the Equal Justice Initiative.

As much as the pandemic and protests have ravaged any sense of normalcy, many investors still don’t see the world diverging much from the status quo. They assume that we will take cruises again and that governments won’t let major airlines fail. That oil can’t be worthless. Many of the stocks that are soaring were hit hard by the lockdowns, and retail investors were quick to embrace them. American Airlines Group, United Airlines Holdings, and Carnival are among the most popular stocks on the Robinhood brokerage app.

Kurtis Vu, a 19-year-old student and sales associate in Huntington Beach, Calif., sounds almost philosophical explaining his call to buy cruise and airline stocks. “Looking at the news, you’re taken aback, you’re on edge,” he says. “You don’t know what’s going to happen tomorrow or the day after, but you have to take advantage of what you can.”

Then there’s the army of individual investors who

have just stuck to their buy-and-hold plans, perhaps putting some money in stocks automatically with each paycheck. Paul Nolte, a portfolio manager at Kingsview Investment Management, suspects retail investors may have learned to stay put rather than worry about every peak and trough of the market. In a survey of Vanguard clients through the crash and rally, four economists found that investors’ short-term market and economic expectations turned more pessimistic after the crash, but their long-run predictions stayed the same or even improved.

It’s a popular truism that the stock market is not the economy. The point, usually, is to dismiss the importance of the S&P 500 or the Dow. But it works the other way, too: Investors are often willing to ignore what’s happening in the world they experience every day. “The stock market is just that—it’s a market for shares of companies,” says Shiller. “It does have some relation to the economy, but it’s not as strong as people think. It depends on the story, and the story’s always changing.” —*Justina Lee and Vildana Hajric*

THE BOTTOM LINE Investors learned from the 2008 financial crisis that markets can come back from devastating news. Many bet on the same thing happening this time.

“I lived through the 2008 financial crisis”

A Great and Awful Bull

- You aren’t alone if you have mixed feelings about the rebound

The U.S. stock market’s rally since late March has been hard to take for many people—including those professional investors who stayed pessimistic too long and missed out on much of it.

There’s a rueful saying among traders that markets will move in whatever direction that will cause them the most pain. Pros who mistrusted the rally have performed worse since the March low than the so-called dumb money—buy-and-hold investors who rode the market down and right back up. “The people who hate the rally are the people who are market gurus, because it makes it seem like their expertise is useless. And guess what? It is useless,” says Aswath Damodaran, an expert on valuation at New York University’s Stern School of Business. “Those people exist to make soothsayers look good.”

The stocks that the pros picked to do the worst have performed better than the market averages. Goldman Sachs Group Inc. maintains a basket of the 50 companies with more than \$1 billion ▶

◀ each in market value that have the most short interest—i.e., bets that they’ll fall—as a share of their value. The basket’s membership changes once a month, and each stock is given the same weight. Its value has risen 73% since March 23. Undoubtedly, some of the rise was caused by investors who had to buy shares to get out of their negative bets.

This isn’t quite the most hated rally ever. That honor probably belongs to the one in 2009 that followed the financial crisis, according to an interpretation of data by Mark Hulbert, president and founder of Hulbert Financial Digest. He looked at recommendations by market-timing newsletters. These are a notorious contrarian indicator; when they’re maximally bearish, it’s a good time to buy. Indeed, in 2009 and this year, the average newsletter was telling its readers to go short—i.e., bet on a further decline—right when the market was at its low. But newsletters became bullish earlier in this rally than they did in 2009, according to Hulbert’s calculations. As of June 8, their bullishness on stocks was stronger than the average has been on 91% of trading days since 2000. That could mean it’s a good time to bail out.

The Federal Reserve put a floor under the market in March—snatching away the opportunity to get stocks at bargain prices—by liberally making loans and buying bonds. That mattered more to investors than record job losses did. “The data’s out there. Nobody cares. The only thing they see is the Fed is buying financial assets,” says Charles Sizemore, chief investment officer of Dallas-based Sizemore Capital Management LLC.

To be fair to the skeptical pros, loading up on stocks on March 23 may look smart in hindsight but would have been rash given what people believed at the time about the global spread of Covid-19. “Our approach was it’s a safer bet to be in bonds than stocks,” says Timothy Hayes, chief investment strategist for Ned Davis Research Inc. in Venice, Fla.

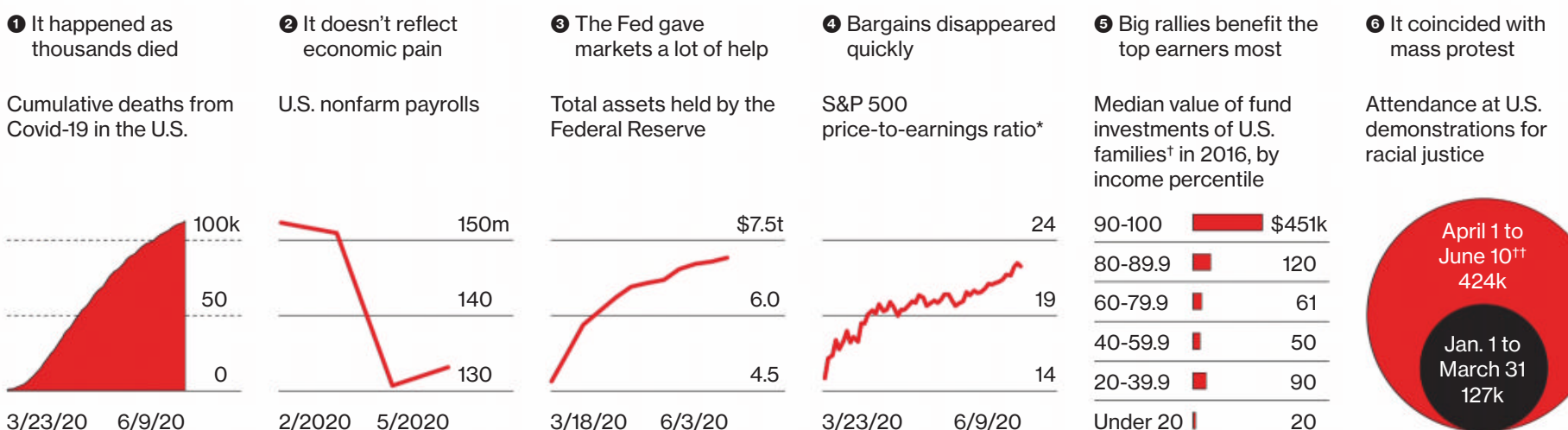


The company has since raised its target allocation for stocks to 55% from 40%.

The case for today’s valuations is that corporate profits will snap back as the economy reopens and that the Fed will continue to keep interest rates low, spurring growth and making stocks look attractive in relation to interest-earning securities such as Treasury bonds. NYU’s Damodaran says the S&P 500 is probably fairly valued at 2,900 to 3,000 based on projected earnings, interest rates, and other factors, but its current level of about 3,200 is “not so wildly inconsistent where you’d say it makes no sense.”

There are deeper reasons to worry about this rally. If it holds, it will exacerbate the inequality brought into view by the crises of recent months. For some, the restoration of 401(k) balances is splendid. But the Fed’s latest *Survey of Consumer Finances* in 2016 found that just over half of Americans reported having retirement accounts, and half of those who did had less than \$60,000 in them. Hispanics and black people were half as likely as non-Hispanic whites to have retirement accounts, and the accounts’ median value was one-quarter that of whites’, the survey found.

Why This Rally Is So Unloved



Meanwhile, 6.5% of households don't even have bank accounts, let alone brokerage accounts, according to the Federal Deposit Insurance Corp. So their \$1,200 stimulus checks are delayed by weeks or months, says Tyrone Ross Jr., a financial consultant and founder of 401stc LLC. "You're sick, your neighborhood is torn down, and the news leads with 'the stock market is up 300 points today,'" Ross says. "That can be a very frustrating thing,"

For pros, a surprise bull market is humbling. But for many ordinary Americans, it may feel like a dismissal. —Peter Coy

THE BOTTOM LINE Wall Street traders who were waiting for stocks to get seriously cheap seem to have missed their chance. But ordinary Americans without portfolios are ever further behind.

Don't Get Complacent

● Things could get ugly quick if policymakers pull back the stimulus



Could the stock market rebound lull the ruling class to sleep? That, in essence, is the biggest worry of Peter Tchir, head of macro strategy at Academy Securities. He's turned outright bearish on equities, concerned the government will quickly lose interest in pumping more stimulus into the economy in the presence of a surging stock market.

You can always find market pundits who see the downside of everything, including a recovering economy. But Tchir was bullish before the S&P 500 began its 40% climb from its March lows. And he isn't the only one who's worried.

"There's an inverse relationship between the level of the S&P 500 and willingness for policymakers to come together to arrive at some sort of solution," says Willie Delwiche, an investment strategist at Baird. "If the market stays up, chances of deals in Congress this year are likely to go down and are likely to approach zero."

Anything that weakens the flow of stimulus is of concern to investors in a rally this forceful. "The market has been relying on another stimulus package coming," says Kathy Jones, chief fixed-income strategist for the Schwab Center for Financial

Research. But if stock investors are pricing in a strong recovery, the actual U.S. jobs numbers are offering just the first glimmer of hope. Despite 2.5 million being added to payrolls in May, unemployment still sits at more than 13%. A measure of U.S. manufacturing showed it beginning to stabilize, but it's still at depressed levels.

"Every 1% the S&P 500 rallies reduces the chances that a stimulus bill actually gets passed," says Tom Essaye, a former Merrill Lynch trader who publishes a markets newsletter. The current unemployment benefit boost created by the Cares Act is due to expire at the end of July.

The Trump administration often wields the level of the Dow Jones Industrial Average as a measure of its success. (It's even thought to have played a role in the dialing up and down of the U.S.-China trade war.) The president has touted the stock gains, tweeting on June 3: "Next year will be one of the best ever, and look at the Stock Market NOW!"

To be sure, while Republicans in Congress pointed to the market's big gains before the crisis as evidence of the strong economy under Trump, they haven't suggested the recent rebound is a reason to delay further action on stimulus. As of now, talks for another round are ongoing. Administration officials see the next package unleashing as much as an additional \$1 trillion in aid, Bloomberg News reported. But nothing is set in stone, and that amount is already lower than numbers discussed earlier.

There's a similar issue with monetary policy. The U.S. Federal Reserve has been seen by some as making the equity market its "third mandate," alongside jobs and price stability. The rebound takes some pressure off it. Chair Jerome Powell has made it clear the central bank isn't in a hurry to withdraw measures in place, but there's already a chorus of voices urging him to be cautious. High-profile market watchers including Scott Minerd of Guggenheim Investments and former Federal Reserve Bank of New York President William Dudley have expressed concern that the Fed's recent interventions in the bond market may be encouraging too much risk taking.

Mohamed El-Erian, chief economic adviser at Allianz and a Bloomberg Opinion columnist, recently told Bloomberg TV that there are three major dangers for the economy right now. The first is that the latest jobs data could prove to be an aberration. The second is that "the Fed feels that its job is done." The third? "That the urgency for stimulus goes out the window. Do people think you don't need any more relief?" —Sarah Ponczek

THE BOTTOM LINE Investors are excited about a quick economic turnaround, but they're still counting on sustained help from Washington.

"Every 1% the S&P 500 rallies reduces the chances that a stimulus bill actually gets passed"



The Shrimp Are Going Online

- Small European companies that have embraced e-commerce have better odds of surviving the crisis

Juan Manuel Caro Márquez used to spend his weekdays driving across southern Spain to his favorite fish supplier in the town of Ayamonte, where he would check out the day's catch, place his bids at the auction, and then haul thousands of kilos of fresh seafood back to his hometown to sell to restaurants.

The stringent lockdown measures Spain instituted in mid-March to combat a surge in Covid-19 cases forced him to stop driving 3,500 kilometers (2,175 miles) each week to pick up and deliver the Atlantic Ocean shellfish. For the first time in his three decades as a fishmonger, Caro Márquez spends his mornings at home in the city of Málaga and uses the fish market's revamped online auction to bid on shrimp and langoustines.

Even as Spain slowly relaxes confinement measures, Caro Márquez says he's continued to work from home two days a week, saving himself about 20 hours of driving. He's been so thoroughly converted to e-commerce that he spends the additional time building his own website to sell fish directly to consumers. "It's innovate or die," he says. "This crisis is going to be the push that people need to start selling online. We're years behind the U.S."

The threat from the coronavirus crisis has been particularly acute for businesses in Spain, where 4 out of 5 small and medium-sized (SME) businesses aren't equipped to sell online. Per capita sales over the internet amounted to \$275 last year, according to market research provider Euromonitor International, compared with \$813 in Germany and \$1,552 in the U.S.

In Spain and other parts of the continent, the coronavirus outbreak has accelerated what had been a hesitant embrace of e-commerce. Just 17% of businesses with 249 or fewer employees sell online in the European Union, according to Eurostat.

To help speed the transition, European officials are earmarking part of a proposed €750 billion (\$847 billion) economic rescue package for investments in artificial intelligence, data and cloud infrastructure, and 5G mobile networks. "It's an absolute necessity to invest in the digitalization of companies so that they are more competitive," European Central Bank Vice President Luis de Guindos said in May.

Europe has a lot riding on the survival of its small businesses. Ninety-three percent of



made him good at his job: talking in person with the fishermen about the day's catch and sizing up the shrimp and langoustines with his own eyes.

Alonso Abreu, manager of the fish market in Ayamonte, says that's a common attitude among his clients and part of the reason he was never able to make inroads with the online auction before the coronavirus. "The world of fish markets is very traditional. It's passed down from father to son in a lot of cases," he says. "It's really difficult to break with the system and put new technologies in place."

Businesses that have added e-commerce capabilities may draw a more youthful clientele and become better able to weather the recession. The cumulative effect of these investments may, in time, nudge up productivity growth, which has been sluggish across much of Europe.

Manel Rodríguez, who helps manage more than a dozen municipal food markets in Barcelona, says he'd been warning vendors before the coronavirus crisis that they risked losing a generation of younger shoppers if they didn't set up e-commerce platforms.

When the pandemic hit, the four markets that already had been selling online saw an average 15% increase in total sales compared with a year earlier, thanks to a big boost in online purchases, in part from younger families who'd previously shopped at supermarkets or dined out regularly.

Meanwhile, the vendors at the 12 markets that didn't have e-commerce had to scramble to coordinate sales with clients via telephone or WhatsApp or turn to existing platforms that charge commissions of 12% to 35% per transaction, so their sales were much weaker. "The municipal markets that hadn't bet on online before—obviously, now they regret it," Rodríguez says. "It was expected that online sales would come to ►

◀ Some of the daily catch at the fish market in Ayamonte

▼ E-commerce spending per capita in selected nations, 2019



▼ Abreu

businesses in the EU employ nine or fewer people; in the U.S., that figure is about 80%. The greater number of companies that go under, the higher the risk of an even deeper economic downturn that Europe can ill afford. The International Monetary Fund expects the EU economy to shrink 7.1% this year, more than any other region.

Companies with a digital presence have a distinct advantage during a pandemic that's forced millions of people to stay home, and they will continue to have a leg up as social distancing restrictions limit daily interactions for months to come. "We have clear evidence that businesses that were already digitally enabled, even with the basic use of platforms or tools, are weathering the crisis better," says Lucia Cusmano, who heads the Organization for Economic Cooperation and Development's SMEs and Entrepreneurship division. Economists at Spain's central bank say online purchases as a percentage of total sales rose to 22%, from 15%, during the country's confinement.

Caro Márquez says he never considered using his fish market's rudimentary online auction because he thought it would undermine what



◀ the food sector, just not so quickly.”

Rodriguez says he doesn't foresee an enduring shift among Barcelona's food shoppers. Elderly clients, who surprised vendors by quickly pivoting to digital shopping, are likely to forsake online purchases when Spain's lockdown is fully lifted, he says. Many of them live alone, and their daily outings to buy Spanish ham and fresh vegetables are a vital part of their social life.

Still, he anticipates that some of the younger buyers who've been introduced to the appeal of Barcelona's traditional markets will stick around. And those *mercados* that have reaped the benefits of online sales have been emboldened to keep improving their e-commerce platforms. "It's given us the opportunity to compete against Amazon," he says. "Many small businesses thought it was a lost cause."

At many family-run companies in Spain and elsewhere in Europe, the Covid-19 crisis has triggered a shift in control from the older generation to the younger, more digitally savvy one. In Manlleu, a town of just under 21,000 residents about an hour's drive north of Barcelona, Clara Bujons set up a website for her family's restaurant in about two and a half weeks to ensure they would have some



▲ Wholesalers at the daily auction in Ayamonte

revenue during the lockdown and in the aftermath, as social distancing requirements continue to limit sales in their 40-person locale.

"If we don't do it now, we'll never do it," the 22-year-old Bujons says she told her parents. Takeaway and delivery orders from L'Origen, which is known for the paellas that Bujons's father makes, have been a bit better than what she and her parents expected. "It's not enough to make you say, 'Wow!' But we're taking it one step at a time," she says. "We can't close any doors."

—*Jeannette Neumann*

THE BOTTOM LINE Just 17% of businesses with fewer than 250 employees sell online in the EU. Lockdowns and social distancing measures are helping speed the transition.

South Korea Bets On 'Untact'

- It seeks to lead in technologies that eliminate the need for person-to-person interaction

South Korea is making a national push to reshape its economy around a concept called "untact." Developed by a group of local consumer science gurus in 2017, untact envisions a future where people increasingly interact online and companies replace humans with machines to immunize themselves against the effects of rising wages and a rapidly aging workforce.

When the Covid-19 pandemic hit, that future became the present: Untact has become a key plank of President Moon Jae-in's 76 trillion won (\$62 billion) "New Deal" program. The name is of course a nod to the patchwork of stimulus measures that helped the U.S. overcome the Great Depression. While South Korea hasn't experienced a slump of that magnitude, economic growth has been sluggish in recent years, averaging 2.9% a year since 2010, compared with 4.4% annually from 2000 to 2009. The government anticipates

growth of 0.1% in 2020, but the central bank and private economists are forecasting a contraction, the first since the Asian financial crisis in the 1990s.

A 136-page report released this month detailing Moon's program mentions untact 47 times. Pledging to create 550,000 jobs, the plan envisions investments in remote work systems for 160,000 companies, a high-speed internet infrastructure to connect 1,300 farming and fishing villages, and tablet PCs for 240,000 students. The report also calls for further investment in robots, drones, self-driving vehicles, and other technologies that will reduce the need for person-to-person contact.

While other governments are ramping up spending to revive their economies, South Korea wants to leverage stimulus to improve its competitive position, particularly vis-a-vis China. The country's policymakers and business leaders have a history of working together to stake out key positions in

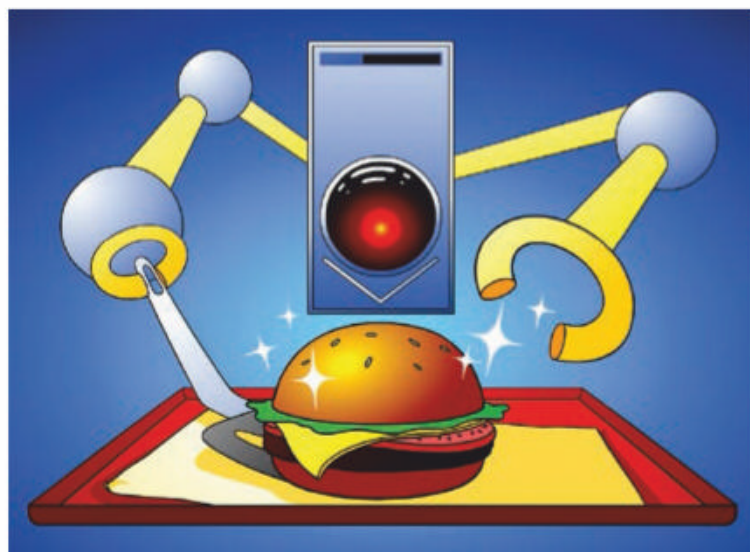
global supply chains, often by claiming territory ceded by other countries.

Cars are a case in point. In the 1980s, when automakers in Japan and Germany went upscale, partly in response to U.S. import quotas, South Korean peers such as Hyundai Motor Co. stuck with making small, affordable, fuel-efficient cars that slowly but surely accumulated market share as their reliability improved. Something similar happened with memory chips. As makers of semiconductors in the U.S. and Japan migrated away from what had become a low-margin segment, South Korean companies like Samsung Electronics Co. and SK Hynix Inc. moved in. Both profited greatly from the surge in demand for memory chips when sales of mobile phones took off.

More recently, China has muscled into industries where South Korea is strong, including TVs, semiconductors, mobile phones, and shipbuilding. China's leadership is also doling out generous incentives as part of a plan to achieve dominance in leading-edge sectors such as artificial intelligence and alternative fuel vehicles by 2025.

Beijing's ambitions have provoked tensions in Washington and other capitals. Moon's economic program includes policies to reduce South Korea's reliance on China as an export market and offers incentives to Korean companies for "reshoring." Some elements of the plan also seem designed to stir up nationalistic sentiment, such as the pledge to raise an army of 100,000 specialists in AI. That harkens back to an oft-told tale of how a king five centuries ago didn't heed a warning from a scholar to train an army of 100,000 soldiers, enabling Japanese samurai warriors to rampage across the land.

Kim Rando, a professor of consumer science



at Seoul National University who led the team that coined the term "untact," says South Korea's record of embracing new technologies and its relatively small size may allow it to quickly become a leader in the emerging field. "What is a niche often becomes mainstream sooner or later," he says.

"Covid-19 will probably compel many nations that have been nonchalant about untacting technology to take this trend seriously."

South Korea already ranks No. 2 worldwide in the density of robots in manufacturing, according to the International Federation of Robotics, with 774 installed for every 10,000 workers. The comparable figure for Germany is 338, and in the U.S. it's 217. Moon's goal of raising the minimum wage to 10,000 won an hour (vs. 8,590 won now) has spurred fast-food restaurants and convenience store operators to dial up investment in automation. Lotteria, the top hamburger chain in the country, has installed self-ordering kiosks at more than half its locations, while retailers Emart24 and Korea Seven have been experimenting with cashierless outlets for a few years.

Moon has political and economic capital on his side. His coalition scored a landslide victory in parliamentary elections in April, which makes passage of a supplementary budget to fund the New Deal likely. The administration has already secured approval for some 24 trillion won in nonbudgeted spending this year.

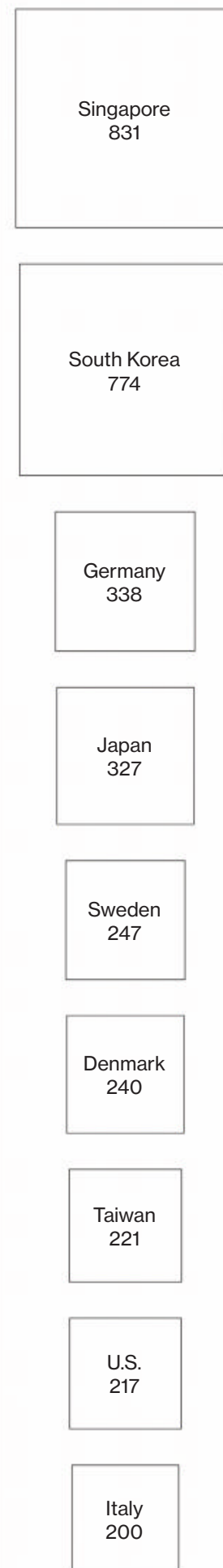
South Korea is expected to post a deficit equal to 4% of GDP this year, the first shortfall since the global financial crisis. The central bank has slashed interest rates to a record low of 0.5% and is gearing up to absorb trillions of won in government bonds to back Moon's initiatives.

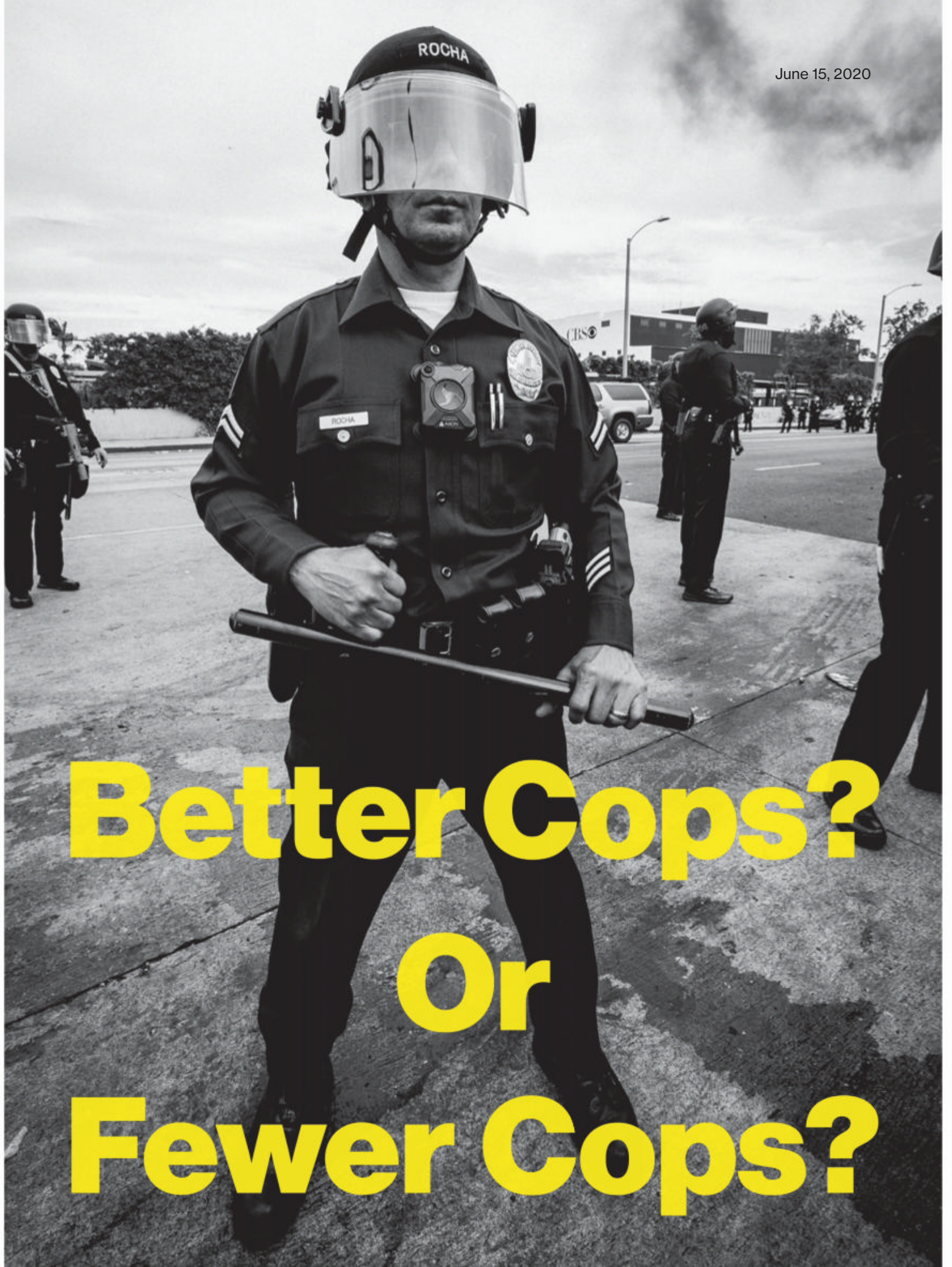
The private sector is getting in on the act, too: There's now an investment fund with "untact" in its name run by an affiliate of the country's biggest conglomerate. "Untact sums up the direction in which the world is changing fundamentally," says Jeong Dae-ho, who runs the fund at Samsung Asset Management Co. "The coronavirus will accelerate the shift to a so-called remote world."

One company Jeong is keeping an eye on is Seoul-based Rsupport Co., which has the largest share of the market for remote working software in South Korea and Japan. The company says use of its service has multiplied as much as 44 times this year, and its share price has tripled. "The coronavirus demands the world accelerate its transition to a contactless society because it will never be the same even after it returns to normal," says Seo Hyung-su, Rsupport's founder and chief executive officer. "With just enough government support, untact could be the stepping stone for a variety of technology businesses to go mainstream." —*Sam Kim*

THE BOTTOM LINE With an edge in robotics and telecommunications, South Korea seeks to position itself in remote work via a massive new spending plan.

▼ Number of robots per 10,000 employees in manufacturing, 2018





● Sweeping proposed reforms of American policing vie with calls to defund it

“We need to stand up and say that black lives matter,” Mitt Romney, one of Utah’s Republican senators, declared on June 7 as he marched in Washington with a crowd of thousands protesting police brutality against black people. Days earlier, in a photo with community leaders in Wilmington, Del., presumptive Democratic presidential nominee

Joe Biden took a knee—a symbolic gesture of support for protesters’ demand to end police abuses.

Gestures are one thing; actions are another. After the killing of George Floyd, a black man, by a white Minneapolis police officer on May 25 spawned nationwide protests, politicians are scrambling to respond with proposals to curb the power of the police. But the means by which they would do so differ starkly.

At the federal and state levels, measures focus on reform: strengthening rules around misconduct and bringing more accountability and transparency to police departments.

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On June 8, Democrats on Capitol Hill introduced a sweeping bill that could make it easier to prosecute and sue law enforcement officers. The Justice in Policing Act would tighten the definition of criminal misconduct for police, establish a national misconduct registry, and require state and local law enforcement agencies to report disaggregated use-of-force data, among other measures. The bill would also curtail qualified immunity, a legal defense that helps police officers evade lawsuits for civil rights violations. (Four days earlier, Michigan Representative Justin Amash, a Libertarian, and Massachusetts Representative Ayanna Pressley, a Democrat, had introduced their own bill to end qualified immunity.)

Such expansive police reform in Congress has a rocky path forward, but Senate Republicans led by South Carolina’s Tim Scott are working on their own more limited set of proposals. White House spokeswoman Kayleigh McEnany said on June 8 that reducing qualified immunity would be a nonstarter for President Trump.

At the state level, New York lawmakers on June 8 began voting on a package of 10 bills ranging from a ban on chokeholds to the repeal of a statute that blocks police disciplinary records from public view. Democratic Governor Andrew Cuomo has said he will sign the legislation. The Democrat-led Colorado Senate passed a police reform bill 32-1 on June 9.

In many cities, activists are pushing not for reforms—which they say have already been tried and failed—but for slashing police budgets and reallocating the money to social services, schools, and other uses. “Defund the police” has become their slogan.

In Minneapolis, where outrage over Floyd’s death triggered the first protests, most members of the City Council have said they want to dismantle the police department. City Council President Lisa Bender tweeted on June 4 that they would “replace it with a transformative new model of public safety.” Protesters chanted “Shame” and “Go home” at Minneapolis Mayor Jacob Frey after he said he didn’t support abolishing the police. The 2020 budget for police in Minneapolis is \$194 million, which activists had asked to cut by \$45 million before the council’s announcement.

Police budgets have long been sacrosanct. City leaders (and their constituents) want to keep crime low, and police unions wield considerable power. But the protests, coupled with gaping budget shortfalls caused by pandemic shutdowns, are changing the political calculus. In Los Angeles, the police department’s budget was set to increase by 7%, to \$1.86 billion, for the fiscal year beginning in July. Instead, Mayor Eric Garcetti said the city would cut it to come up with \$250 million in programs for

communities of color. New York City Mayor Bill de Blasio, pressured by activists, said on June 7 that he would divert funding from the city’s massive police force into youth and social services programs.

The cost of policing swelled to \$114.5 billion in 2017 from \$42.3 billion in 1977, according to an analysis of U.S. Census Bureau data conducted by the Urban Institute. Despite the rising dollar amounts, policing has consistently made up about 3.7% of state and local budgets since the 1970s. However, crime has been trending downward for years.

In Nashville a June 3 City Council meeting on the budget went past 4 a.m. as activists pressed leaders to pull back on police funding. The city-county government, like others, is confronting a fiscal crisis. Mayor John Cooper has sought to address it with a property-tax hike and spending cuts; his budget allocated about \$218 million for the metro police for fiscal year 2021, mostly steady from the previous year.

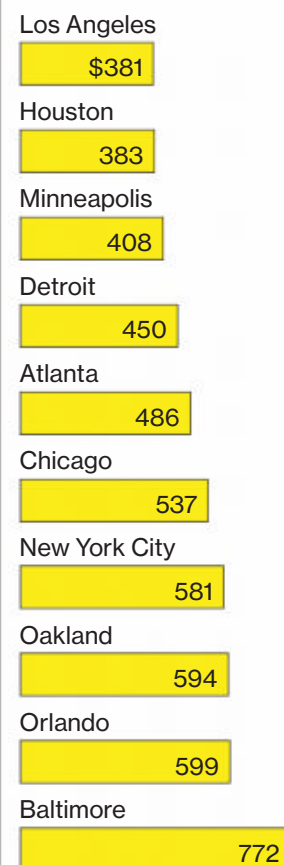
The Nashville People’s Budget Coalition, an advocacy group, has criticized the mayor’s plans, noting in a report that the budget would replace two police helicopters but wouldn’t restore funding cut from affordable housing. Erica Perry, an organizer with the group, says the city is relying on police to respond to issues such as homelessness. “They want to use police to address social issues—which has not worked and won’t work,” she says.

However these policy efforts fare, the protests that spurred them will leave their mark on U.S. politics. Biden’s plan to invest \$300 million in community policing will please some reformers but not those seeking more radical changes—including some progressives in his own party. Trump is trying to tie his rival to the “defund” camp regardless. Yet his own law-and-order message is proving less popular than he and his advisers had anticipated.

In 1968, after police beat and tear-gassed antiwar protesters in Chicago, Republican Richard Nixon took advantage of fears over rising crime to win election by a narrow margin, says Steven Barkan, a sociologist at the University of Maine. But today police abuses are being filmed and widely distributed, making them harder to ignore. “We’re really talking about police in a very different way,” Barkan says. “There’s increasing recognition of police misconduct, not just among the public but among city officials and the mainstream Democratic Party.” Whether that will prompt either presidential candidate to rethink his stance on policing before November is unclear. —*Amanda Albright, with Erik Wasson, Romy Varghese, and Polly Mosendz*

“They want to use police to address social issues—which has not worked and won’t work”

▼ Annual police spending per capita



THE BOTTOM LINE Protests over George Floyd’s killing have spurred a wave of proposals to stop police brutality, split between two very different approaches: reform and defunding.

How to Stage a Virtual Convention

● Peloton classes and the 2020 NFL draft are models for energizing people remotely

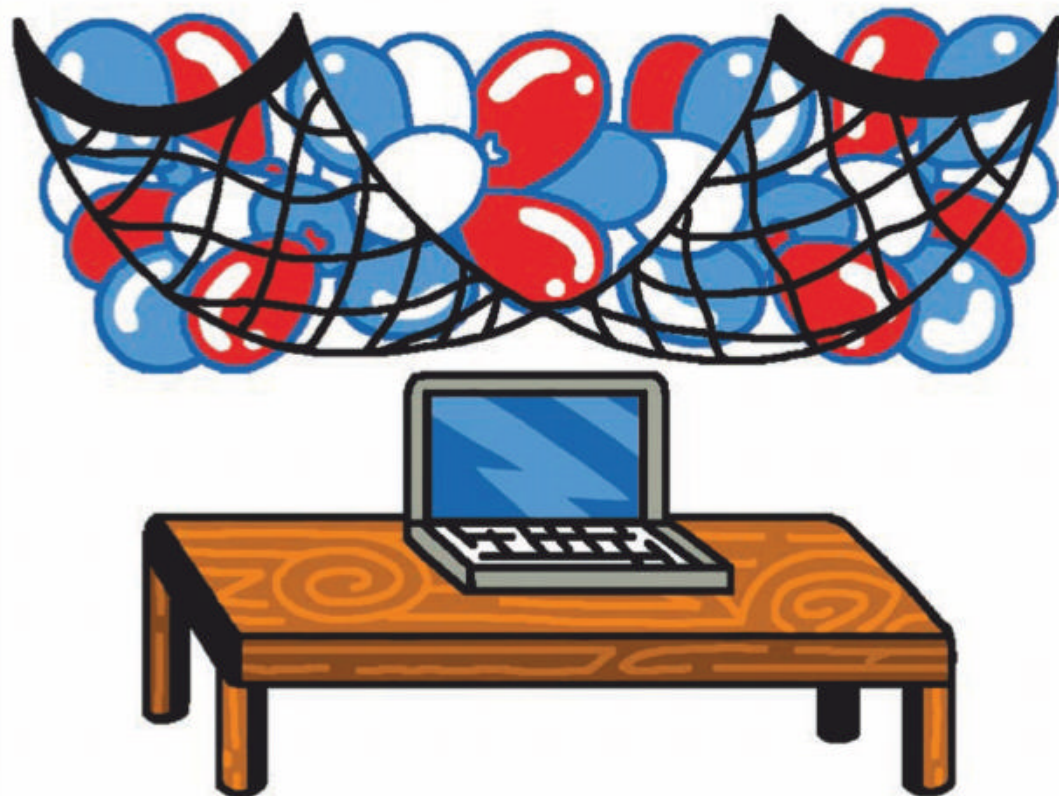
It's the summer of a presidential election year: That means America's major political parties will throw big pep rallies where 50,000 or more people gather to network, don cheesy stars-and-stripes apparel, and get pumped up for Election Day.

Or they would if there weren't the coronavirus pandemic and social distancing to reckon with.

In the "before times," Democrats were planning to hold their national convention in Milwaukee in mid-July. They postponed the event until mid-August, and presumptive party nominee Joe Biden has raised the possibility that it will be at least partly virtual. Last month, the Democratic National Committee passed rule changes to allow for remote voting by delegates.

Democratic National Convention Committee spokeswoman Katie Peters said in a statement that organizers "will continue to monitor the impact Covid-19 is having on our country and to follow the guidance of public-health experts" as they formulate plans.

Republicans have marched on undaunted with their schedule for a fully in-person national convention in August. The host city was supposed to be Charlotte, N.C. President Trump threatened to pull the convention out of the state after Democratic Governor Roy Cooper said the event would have to be scaled back and abide by social distancing guidelines. On June 3, the Republican National Committee confirmed it was seeking another site for Trump to accept the party's nomination for president, with procedural business remaining in Charlotte. The RNC didn't respond to requests for comment.



For Democrats then, a packed arena and speeches in front of roaring crowds are unlikely in 2020. Even for Republicans, there's no guarantee of a good turnout with the spread of the coronavirus and a potential switch of venue. Organizers of both conventions will have to change their playbooks.

Television pros have some suggestions. Dan Abrams, a former MSNBC anchor and founder of Mediaite LLC, says a successful virtual approach to amping up voter energy will "feel like a Peloton class," referring to the stationary-bike brand that's been a popular quarantine purchase. In those classes, the instructor pedals in a dark room with mood lighting while exercisers following at home can watch their progress on a leaderboard, videoconference with others, or send each other virtual high-fives.

Convention organizers could, hypothetically, replace the Peloton instructor with the candidate, the dark room with the Grand Canyon or a Black Lives Matter protest, the music with clapping sounds, and the leaderboard with scrolling reaction tweets. Done well, it would feel participatory and alive. (Done wrong, though, it could be "pretty bad," Abrams concedes.)

Tim Brooks, an entertainment historian and former executive at the Lifetime network,

● Number of viewers who watched the 2020 NFL draft

55m



speculates that the prime-time speeches might take a cue from the videoconferenced 2020 NFL draft, during which league Chairman Roger Goodell called out the names of selected athletes in his basement. Behind him was a large TV screen displaying a grid that looked like the title sequence of *The Brady Bunch*, with about a dozen people dialed in and clapping to the camera. More than 55 million viewers watched the three-day event, according to the NFL.

Technology opens up more options than were available even for the 2016 conventions. Producers are able to splice live feeds of people from different locations into one smooth picture that can be streamed to a television, tablet, or smartphone. Vizrt, a Norwegian media company, developed a method to make a person in one country appear on camera with a person in another as if they are sitting in the same room. Convention organizers could use this kind of technology and scale it up, making it look like delegates all over the U.S. are voting together.

“My sense is there’s going to be a certain amount of symbolic activity that can also be pre-produced and taped that’s around individual delegates voting and announcing,” says Michael Hirschorn, an Emmy-winning TV producer. “The pseudo-sense of hundreds of members in delegation voting in unison, I think, can have quite a pop.” Poignant and stirring video clips with the candidates could be produced before the event as they have been done in the past.

This time around, the Democratic Party will have to plan an unconventional debut for Biden’s running mate. In 2008, Republican candidate John McCain had plucked his vice presidential pick, Alaska’s then-Governor Sarah Palin, from near obscurity. She gave a rousing speech during the Republican National Convention about breaking glass ceilings, earning a minutes-long standing ovation. Biden’s running mate won’t get that reception from a big, in-person crowd, however rousing her speech might be. (Biden has said he will choose a woman.)

Prime-time convention speeches don’t get as much traction on TV as they used to. In 2016 about 32 million people watched Trump accept the Republican nomination; he got 7 million fewer viewers than McCain eight years earlier, according to ratings consultant Nielsen. With conventions now livestreamed on YouTube and key moments consumed via clips on social media, producers are incentivized to keep things fast-paced and engaging. But that’s where media was headed even before social distancing.



“On some level this is just pushing things toward a logical conclusion,” says Hirschorn. “And I think that there are going to be new and interesting aesthetics that emerge out of this moment.”
—*Kelly Gilblom, with Greg Giroux, a reporter for Bloomberg Government*

THE BOTTOM LINE Covid-19 will likely force both parties to depart from a traditional convention. That will hasten a shift from made-for-TV production values toward content suited to the social media age.

U.S.-China Sparring Thwarts the UN

● Reaching consensus was never easy, but now a superpower feud is freezing the UN Security Council

As hostility rises between the world’s two biggest economies, the business of the United Nations is increasingly falling prey to their competition. The U.S. and China have been feuding over everything from the novel coronavirus to 5G networks to Hong Kong, and tensions are spilling into UN meetings, adding a layer of difficulty in a place where getting things done is already hard enough. The two countries wield veto powers as permanent members of the UN Security Council, along with the U.K., France, and Russia.

“Even one or two years ago, U.S. diplomats described the Chinese as reasonably pragmatic in the Security Council, despite big differences over issues like Syria,” says Richard Gowan, UN director at the Crisis Group, a Brussels think tank. “Relations between Chinese and U.S. diplomats have cooled shockingly fast.” ▶

◀ In the early months of Donald Trump's presidency, the countries managed to get over disagreements to pass tough new sanctions on North Korea, wind down some UN peacekeeping missions that were seen as costly and ineffective, and work toward stability throughout Africa. But relations have soured as the Trump administration hammers Beijing for its early response to the coronavirus, its heavy hand toward protests in Hong Kong, and its increasing assertiveness in vying for leadership of global bodies such as the World Intellectual Property Organization.

"The Security Council was frozen between 1945 and 1990 because of the Cold War," says France's ambassador to the UN, Nicolas de Rivière. "And the last thing that we want now is to see that happen again."

More recently, an uncontroversial effort to call for a cease-fire in conflict zones during the pandemic stalled out as the two countries sparred. Looking ahead, the Security Council will face decisions about extending an arms embargo on Iran, keeping humanitarian aid flowing into Syria, and renewing a mandate for a mission in Afghanistan to support human rights and lay the groundwork for peace.

The tensions aren't new. Even before the pandemic, the U.S. fought to block Chinese officials from obtaining top jobs at UN agencies and went so far as to create a new role in the State Department to counter Beijing's rise at multilateral institutions. China, for its part, has sided with Russia to block U.S. and other Western efforts to dislodge President Nicolás Maduro in Venezuela and to provide much-needed humanitarian aid for the Syrian people.

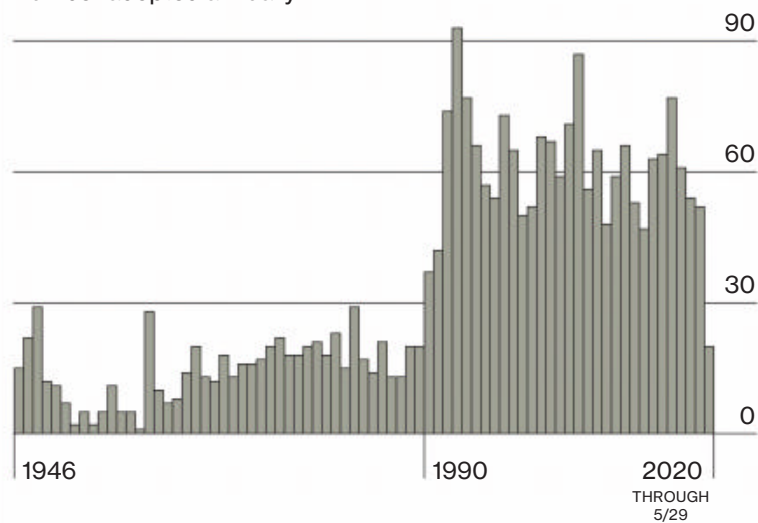
To be sure, some diplomacy still takes place. Even now, as the U.S. and China trade barbs in public and private, they're continuing to quietly reach understandings. When the U.S. sought to extend an arms embargo on South Sudan in late May to nudge the African country toward peace, China expressed disagreement but chose to abstain from voting, allowing the resolution to move ahead. Likewise, the Security Council came together earlier this month to extend the same measure on Libya.

But President Trump's decision to terminate U.S. ties with the World Health Organization, a UN agency, shows how fraught multilateral diplomacy has become. The pandemic has turbocharged an increasingly adversarial relationship as Trump and Chinese President Xi Jinping both focus on ramping up their domestic support.

Breaking with precedent, the U.S. and the U.K.

UN Security Council Resolutions

Number adopted annually



pushed the Security Council to discuss Hong Kong following Beijing's proposal of a national security law there. That infuriated China's ambassador, Zhang Jun, who argued in a closed meeting that Western interference in Hong Kong is akin to China interfering with U.S. protests against the police killing of George Floyd.

That sort of bombast is a shift from recent years, in which Chinese and U.S. officials sought to engage in constructive dialogue behind closed doors. Diplomats often noted that while the Russians were always eager to subvert Western efforts, China attempted to find middle ground in cases where its interests weren't directly threatened.

De Rivière, the French UN ambassador, saw this change firsthand as he shuttled between the U.S. and China in recent weeks in an effort to get the Security Council to endorse UN Secretary-General Antonio Guterres's call for a global cease-fire. The French-Tunisian initiative foundered when the U.S. sought to insert language blaming China for the pandemic, and Beijing fought back by seeking language in support of the WHO.

Perhaps the biggest test will be whether the U.S. and China, together with Russia, can avert a crisis on Iran. The Trump administration walked away from the 2015 nuclear accord signed by President Barack Obama. But now, through an opaque legal argument, it's threatening to terminate the accord unless the rest of the Security Council goes along with its call to extend an arms embargo on Tehran. China and Russia argue that they will fight the U.S. position tooth and nail.

Whether there will be any goodwill left to find an interim solution remains to be seen. Gowan, the UN expert, is skeptical. "Trust," he says, "seems to have evaporated." —David Wainer

THE BOTTOM LINE U.S.-China relations have stymied the UN Security Council, jeopardizing its decision-making over Syria and Afghanistan and threatening to reach a crisis point over Iran.



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Twitter Storm

Twitter CEO Jack Dorsey has chosen an interesting time to pick a fight with his most important user
By Kurt Wagner Photo Illustration by Justin Metz

Jack Dorsey eats around 6:30 p.m. each night, a meal typically consisting of meat or fish, greens, berries, chocolate, and a multivitamin, with red wine. For breakfast, he drinks 28 ounces of water. For lunch, he has more water. He's been known to go entire weekends on water alone.

When it comes to human contact, Dorsey's tastes also tend to the ascetic: He attends 10-day silent retreats where even reading and eye contact are forbidden. Before the pandemic forced everyone to stay home, he would often complete the five-mile commute from his house to the San Francisco headquarters of Twitter Inc. on foot, even in the rain, and usually wearing sandals.

"I learn the most when I make myself—I wouldn't say suffer, but when I make myself feel uncomfortable," Dorsey said on a podcast earlier this year.

If that's true, Dorsey must be loving life right now. Twitter, where he serves as chief executive officer (a part-time job, since he's also CEO of the payments company Square Inc.), has become a favorite target of President Trump. The president has raged against the company since May 26, when Twitter attempted to fact-check two of his tweets about mail-in voting, and, a few days later, suppressed another that seemed to incite violence. "When the looting starts, the shooting starts," Trump wrote, referring to the fatal shooting of a suspected looter by a Minneapolis pawnshop owner during protests, among other violent incidents around the country. Twitter left the implied threat up, but forced readers to click on a message that said the post was a violation of its rules that prohibit "glorifying violence" before they could see it.

Whatever your opinion of Trump's rhetorical body of work, these latest tweets aren't hugely different from his usual stream of threats, boasts, conspiracy theories, and general vitriol. Trump, who has 82 million followers, used Twitter to call a former female employee a "dog" in 2018. In May, he baselessly intimated that Joe Scarborough, the MSNBC host, had murdered a congressional staffer, Lori Klausutis, who died in 2001. Klausutis died because she had an undiagnosed heart condition that caused her to pass out and hit her head, according to the

medical examiner. Scarborough was nearly 1,000 miles away when the accident happened. "The President of the United States has taken something that does not belong to him—the memory of my dead wife—and perverted it for perceived political gain," Timothy Klausutis, her widower, wrote in a letter to Dorsey. Twitter left Trump's statements unchallenged.

In this context, adding a fact-check link at the bottom of a tweet about mail-in voting might seem mild, but Trump took it as a provocation. The company was censoring conservatives, he claimed, and he was to use the power of the presidency to stop it. "Twitter is completely stifling FREE SPEECH," Trump tweeted. He promised to "regulate" social media "or close them down." He also singled out Twitter's head of site integrity, Yoel Roth, calling him a "hater." Trump's senior adviser, Kellyanne Conway, followed up in an interview on *Fox & Friends* by spelling out Roth's Twitter handle on air, apparently urging Trump supporters to harass him. "Somebody in San Francisco, go wake him up and tell him he's about to get more followers," she said.

The next day, Trump signed an executive order aimed at "preventing online censorship." If it survives legal challenges, the order could cause Twitter, Facebook, YouTube, and other social media sites to lose some protection from lawsuits they've enjoyed under Section 230 of the Communications Decency Act. Some in the tech industry have warned that this would force the big social media companies to employ armies of editors and might even push smaller ones out of business.

Dorsey's defense was measured but firm. "Our intention is to connect the dots of conflicting statements and show the information in dispute so people can judge for themselves," he wrote on Twitter. He asked followers to leave Roth alone. "There is someone ultimately accountable for our actions as a company," Dorsey wrote. "And that's me."

In the 14 years since he co-founded the company, Twitter has been more extreme on free speech than its much larger rival Facebook Inc., which has also been accused of enabling racism, violence, and all manner of fake news. Twitter is ▶

◀ “the free speech wing of the free speech party,” as its former CEO Dick Costolo once put it. In taking a stand—even a mild one—Dorsey, who declined to comment for this story, has picked a fight with the service’s single most important user.

This is, as Andrew Yang, the former presidential hopeful who’s friendly with Dorsey, points out, not the obvious move for an embattled CEO who was recently fighting off a challenge from powerful activist investor (and prominent conservative political donor) Paul Singer. Republicans, to borrow the old aphorism attributed to Michael Jordan, tweet too. “The last thing you want to do is antagonize the president of the United States,” Yang says. “But, you know, Jack is not a conventional CEO.”

Not long after Trump announced his candidacy in 2015, Twitter welcomed him to its New York City office for a tour and to help put on a video Q&A with his followers. Adam Sharp, a midlevel executive who managed the company’s relationships with news organizations and political campaigns, helped show him around.

“What was most striking about that visit was the extent to which he was not thinking like a candidate,” Sharp recalls. Hillary Clinton and John McCain, among other politicians, had also toured Twitter’s offices over the years. Unlike those other visitors, who asked questions about Twitter’s operations, the New York real estate mogul and reality-TV star pointed out Twitter’s fire doors, which he thought were inadequate. He fixated on the concrete, too. Who had supplied it, he asked?

This punchy unpredictability was central to Trump’s charm, of course, and it was also why he was amazing at Twitter. At the time, Twitter gave political candidates a sort of digital guidebook designed to help them use the service (and hopefully buy some ads). But Trump, who first started tweeting to promote *The Apprentice*, was already employing many of these best practices. He was routinely responding to and retweeting his supporters, and, whereas most candidates were relying on social media managers and committees of PR professionals to calibrate their messages, he wrote his own tweets, complete with malapropisms, misspellings, and Unpredictable USAGE of capital Letters.

Trump also intuited that the service was not just a way to directly reach an audience; it was, first and foremost, a way to reach producers and reporters. “He uses Twitter as an artery to get to cable news,” says Nu Wexler, a former member of Twitter’s policy communications team who has also worked at Google and Facebook. “He’s discovered that he can pull his phone out and tweet something and see it on *Fox & Friends* within minutes.”

Although Twitter was more freewheeling than Facebook—the bigger social network forces people to use their real names, while Twitter doesn’t—it did have a few rules, even

if they weren’t always uniformly enforced. One of these was that users were not allowed to promote violence. But in September 2017, Trump wrote that North Korea “won’t be around much longer,” which some perceived as a threat to use nuclear weapons on the rogue regime. Then, in November of that year, Trump called Massachusetts Senator Elizabeth Warren “Pocahontas” in a tweet, which seemed to break another rule: no racism.

In both cases—and in fact, in every case of perceived harassment or disinformation up to now involving Trump—Dorsey declined to act, even as pressure built from people inside and outside the company who said Trump’s speech was incendiary. In early 2018, he again taunted North Korea’s Kim Jong Un. “Will someone from his depleted and food starved regime please inform him that I too have a Nuclear Button,” Trump tweeted, “but it is a much bigger & more powerful one than his, and my Button works!” To justify its inaction, Twitter sometimes cited its “newsworthiness” policy, which allowed it to leave up offending tweets from well-known politicians because they were too important to take down.

Another long-standing difference with Facebook was that Twitter had no rule against lying, or spreading the lies of others, so long as it wasn’t a direct threat to user safety. But in March, Twitter began fact-checking and labeling tweets that included so-called deepfakes, or digitally altered videos. In early May, the company expanded that policy to include Covid-related material. The day the company labeled Trump’s posts on mail-in ballots, it also announced it would begin fact-checking tweets about voting.

It was under this rule that Twitter added a link offering users to “Get the facts” about mail-in ballots underneath Trump’s May 26 warning about a “rigged election.” If you clicked the link, you saw a message that said, “Trump falsely claimed that mail-in ballots would lead to ‘a Rigged Election.’ However, fact-checkers say there is no evidence that mail-in ballots are linked to voter fraud.”

Trump took this as a challenge and wrote that Twitter was “interfering in the 2020 election.” The provocation deepened before the nationwide protests that followed a Minneapolis police officer’s alleged murder of George Floyd. That’s when Trump tweeted, “when the looting starts, the shooting starts,” a phrase generally attributed to a 1960s Miami police chief who’d boasted, “we don’t mind being accused of police brutality.” It was also used by the pro-segregation presidential candidate George Wallace, according to NPR.

Twitter, like many companies, relies partly on a user reporting system, where regular people report content that may violate the law or company policies. Trump’s tweet was flagged almost immediately, and members of Twitter’s Trust and Safety team gathered on Slack to discuss what to do. Senior lawyers and policy executives were alerted, according

They’d known for years that Trump might cross the line. Would the CEO approve of partially censoring the president of the U.S.? Dorsey said yes

to a person familiar with the process, and they decided that Trump had glorified violence. The group understood the significance of the moment: They'd known for years that Trump might eventually cross the line. They recommended to Dorsey that the company add a label to the tweet and cut its reach. Would the CEO approve of partially censoring the president of the U.S.? Dorsey said yes.

"I thought it was long overdue," says DeRay Mckesson of Twitter's action against Trump. Mckesson, the civil rights activist and a de facto leader of the Black Lives Matter movement, is a friend of Dorsey's. They met in 2014 following Ferguson police protests in Dorsey's home state of Missouri. "I had given up," Mckesson says. "I didn't think it was ever going to happen. So when it happened I was like, 'OK! Well, never say never.'"

Donald Trump is both the best and the worst thing that's happened to social media companies. Twitter and Facebook are essential parts of the national discourse. There's an entire genre of news articles that consist, more or less, of a date, a time, and the text from Trump's latest digital outrage. Twitter's user growth, once a major problem for the company, has increased steadily over the past few years. Twitter had 166 million daily users at the end of March, 32 million more than a year prior. But at the same time that Trump has done wonders for Twitter's popularity, his posts regularly test the rules set by the company, as well as the normal bounds of civil conversation. The effect on employees has been frustration. "There's no precedent for private-sector companies to, in effect, serve as oversight to the president of the United States," says a senior communications adviser to a major tech company. "It's trial and error."

Facebook, with nearly 14 times as many users, a market value that's 23 times bigger than Twitter's, and a looming possibility of a federal antitrust inquiry, has generally sought accommodation rather than confrontation with the Trump administration. After Trump's campaign ran ads on Facebook that included lies about Democratic rival Joe Biden last October, the company said that while it fact-checks ads generally, it won't do so for political ads from candidates. Shortly after, Trump had dinner with Mark Zuckerberg at the White House.

Facebook's deference to Trump may help explain why Dorsey, who banned political advertising from candidates or their campaigns after the Facebook controversy, has been willing to fight the president. A former Twitter employee who also worked at Facebook says that staff at Twitter feel "that they're the indie rock punk band, and Facebook is the pop radio sellout." Of course, as Sharp, Trump's 2015 tour guide, points out, it's easy to play the cool kid when you have nothing to lose. "There is pride in being the scrappy individualist," he says. "But it's a lot easier to do that when that's sort of where the market has put you."

In early 2019, Dorsey mocked Zuckerberg as a poseur, telling *Rolling Stone* about a visit to Zuckerberg's house during the year in which the Facebook founder and CEO had vowed

only to eat meat that he killed himself. Zuckerberg prepared goat, which he'd killed using a "stun gun," and then a knife, but Dorsey recalled that he'd served it extremely rare. "We go in the dining room. He puts the goat down. It was cold. That was memorable," Dorsey told the magazine. "I don't know if it went back in the oven. I just ate my salad." Facebook declined to comment.

A few months later, Zuckerberg took a swipe at Twitter when he said that Facebook's budget for safety and security "is greater than Twitter's whole revenue this year." And after Dorsey came under fire for fact-checking the president, Zuckerberg highlighted the contrast during a Fox News appearance, saying Facebook had a "different policy." "I just believe strongly that Facebook shouldn't be the arbiter of truth of everything that people say online," he told Fox's Dana Perino.

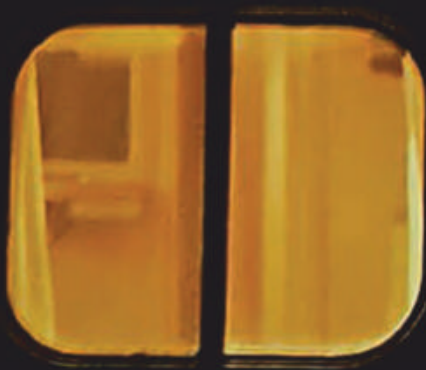
Trump hasn't been Dorsey's only headache. Earlier this year, Elliott Management Corp., the firm founded by Singer, took a sizable stake in Twitter with the hope of pushing Dorsey out of his job in favor of a more efficient leader. Given Singer's political track record—he reportedly donated \$1 million to Trump's inaugural committee—some suspected Elliott's motivations might be political.

Twitter worked out a deal with Singer, giving his firm a board seat and committing to a performance plan, though the firm has said its board member won't have any control over Twitter's content policies. Some investors and former employees still say the company could be better run by a more conventional CEO, with only one job. On Twitter's first-quarter earnings call, its messaging certainly felt more conventional; it said that improving its ad products was now "top priority," after years of saying the service's "health" was its main focus.

Critics point out that Dorsey's decision to fact-check Trump has been similarly late in coming. If the company is worried about misinformation, why did it spend years doing nothing? On the other hand, there may be a method to Dorsey's madness. With five months to go before the U.S. election, and at a time of maximum scrutiny on Trump, the company has never been more relevant. It says that while it won't be able to fact-check everything on its service, it plans to continue scrutinizing misinformation in certain categories for accounts with a large "reach and scale," which includes Trump.

On June 4 it removed a video tribute to George Floyd from one of Trump's campaign accounts, narrated by Trump, that also included complaints about "Antifa and other radical left-wing groups." Twitter says the removal was over a copyright claim, though the video remains on YouTube. The Trump campaign immediately went on the attack, accusing Dorsey of "censoring this uplifting and unifying message."

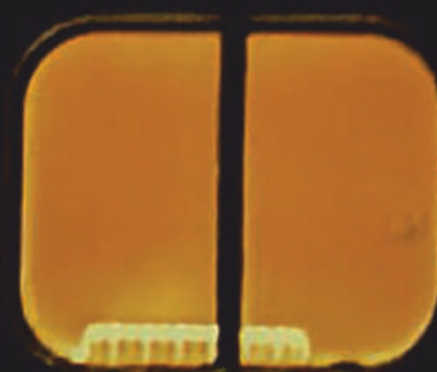
The attacks will continue, which by the twisted logic of social media and as Trump no doubt fully understands, is probably a good thing for Twitter, ensuring a lot of attention and continuous shoutouts on Fox News. Trump probably can't "close them down," as he threatened on May 27, but he doesn't even seem to want to. Since delivering that warning, as of June 9, he'd sent 726 more tweets. **E** — *With Scott Deveau*



The cruise industry was already in a Covid-19 crisis when the *MS Zaandam* set sail. Yet Holland America was unprepared when people began to fall sick and country after country turned the ship away



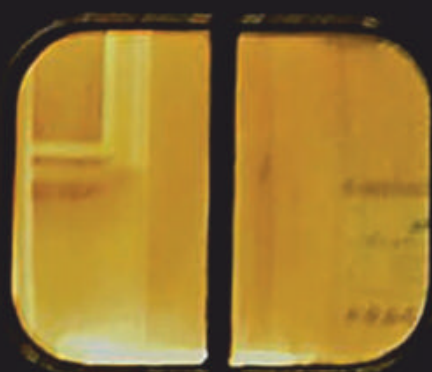
THE PARIAH SHIP



43

By Michael Smith, Drake Bennett, and K. Oanh Ha

The Zaandam passes through the Panama Canal



On March 28 the *MS Zaandam* sat at anchor off the coast of Panama, its sun decks and swimming pools deserted, the lounges and casino quiet. For the seventh straight day, passengers were confined to their cabins with one of the few things cruises endeavor not to abundantly provide: time alone with dark thoughts. Crew members moved through the narrow hallways delivering meals and medication. Periodically, a doctor or nurse brought another passenger to the *Zaandam*'s small medical center. As its reception area filled, coughing patients stood in the corridor.

The previous day Captain Ane Smit had come over the intercom and announced what most of his listeners already suspected: Covid-19 was on the ship. Two people had tested positive so far, and four passengers had died. (One of those deaths, according to the U.S. Centers for Disease Control and Prevention, would turn out not to be from the coronavirus.) In addition, because the ship was carrying the disease, its request to pass through the Panama Canal into the Caribbean had been denied. As Smit made his announcement, 53 passengers and 85 crew members were sick. The ship had been in limbo for almost two weeks, but until now it had at least been moving—up the entire Pacific coast of South America as nation after nation refused to let the passengers ashore. Now it had come to rest. A small Panamanian patrol boat loitered nearby.

Among the *Zaandam*'s 1,200 passengers were two Americans from Missouri. Sitting in their cabin, looking out their sealed porthole at Panama City's palisade of skyscrapers, Clive and Sharon Hutton found themselves veering from hope to dread—and then regret. A few hundred yards away, the Huttons could see the *MS Rotterdam*, which had arrived two days earlier. It was a foot shorter than the *Zaandam*, at 780 feet, but otherwise almost identical—both vessels had the navy blue hull, teak decks, and white superstructure of a Holland America Line ship. The Huttons watched as two orange-and-white tenders shuttled between the ships. The covered boats were bringing over much-needed protective gear and Covid tests, along with doctors, nurses, and crew members who'd volunteered to reinforce their colleagues on the *Zaandam*. And they were carrying away passengers deemed Covid-free. With each trip, they were separating more of the healthy from the unwell.

That morning, medical personnel in masks, gloves, and gowns had appeared at the Huttons' cabin on the Dolphin Deck to take their temperatures and have them fill out a questionnaire. Passengers who passed this cursory check were eligible to transfer to the *Rotterdam*. As far as the couple knew, they'd passed—both were fever-free and felt fine, and people over age 70, as they were, were being given priority. Then, hours later, the medical staff came back and told them to unpack. Lance, as everyone called him, had divulged on his questionnaire that he used a CPAP machine, a device to treat sleep apnea. For reasons he couldn't understand, that was disqualifying. They had to remain on “the sick ship,” as Lance had started calling it.

The Huttons, from the small town of Foristell, had bought their tickets many months in advance. They'd fly to Buenos Aires, spend a couple days in the city, then set sail down the

east coast of South America, around Cape Horn, and back up the other side. And, because they had sprung for the extended 31-day option, they'd continue after the first leg ended in San Antonio, Chile, all the way up to the Panama Canal and on to Port Everglades in Fort Lauderdale, Fla. The capstone for Lance would be an excursion to Machu Picchu, the 15th century Incan ruin in the Peruvian Andes.

In the weeks before their departure, Lance had monitored the spread of the coronavirus and begun to worry about the trip. He'd followed the cruise ship outbreaks—first on the *Diamond Princess* in February and then on the *Grand Princess* days before his own voyage. Princess Cruises, like Holland America, is part of the giant cruise operator Carnival Corp. At 80 and 79 years old, respectively, he and Sharon were squarely in the at-risk population for Covid-19. Lance had wanted to cancel, but Holland America sent him an email on Feb. 26 specifying that refunds were limited to customers who could prove they'd had contact with someone who had the virus or had recently traveled to China. On March 5 he checked again, but the policy hadn't changed. (On March 6, the day before the *Zaandam*'s passengers began boarding, Holland America did loosen its cancellation policy. Lance never learned of it.)

And so the couple had gone ahead with the trip. Throwing away \$20,000 just felt too extravagant to a retired school superintendent. “I'm sure many people on board felt the same,” he said, speaking by phone as the ship sat in Panama Bay. “If they'd had a chance, they would have gotten out of it.” Now the Huttons just wanted to get home. Word of the deaths had rattled the couple. Lance was particularly worried about Sharon, his wife of 56 years. She had bronchiectasis, a chronic condition that made her susceptible to airway infections. And he'd lost faith in the company that, he now painfully realized, he'd trusted with their lives. “I just don't think they thought about this very well,” he said. “That's the only complaint I have.”

By the time the *Zaandam* made it to port on April 2, its passengers would be some of the only cruisers left on Earth. Some would still be very sick, and not all of them would survive. Two months later, the cruise industry remains shut down and economically staggered—a no-sail order issued by the CDC six days after the *Zaandam*'s departure has since been renewed through the end of July. But Carnival and Royal Caribbean International, the industry's two dominant players, tentatively plan to start cruising again on Aug. 1. If the industry keeps to this timeline, ships will be departing and moving thousands from port to port while Covid clusters still burn around the world and a vaccine remains notional. To help customers swallow any misgivings, Carnival has offered rates as low as \$28 a day, including food.

The company says it's learned from its first deadly wave of Covid-19 outbreaks. In announcing its plans, Carnival promised to “use this additional time to continue to engage experts, government officials, and stakeholders on additional protocols and procedures to protect the health and safety of our guests, crew, and the communities we serve.” Of course, the company had time to do all of that before the *Zaandam* departed, too: The *Diamond Princess* outbreak, which sickened more than 700 and

“I’M SURE MANY PEOPLE ON BOARD FELT THE SAME. IF THEY’D HAD A CHANCE, THEY WOULD HAVE GOTTEN OUT OF IT”

killed at least 13 on an East Asian cruise, happened a full month before. And yet the accounts of those on the *Zaandam*—and those outside Holland America and Carnival who stepped in to help get the vessel home—suggest that the company squandered that time. Its executives badly underestimated the virus. They assumed the *Zaandam* was safe because it was traveling through a part of the world with relatively few Covid-19 cases, and they assumed protocols created for past onboard disease outbreaks could contain the new one, too. When neither of those things turned out to be true, they assumed someone would help them. “At the end of the day, those issues had to resolve. That ship couldn’t sit off the coast of any of those countries indefinitely,” says Orlando Ashford, who resigned as president of Holland America on June 1. “We had to end up someplace. So it was just a function of who was going to go and step up.” In a sense, the *Zaandam*’s odyssey is a dark parable of what economists call socializing losses: A company takes on risks it cannot handle itself, knowing that if things go awry the public will be forced to rescue it. In the *Zaandam*’s case, the rescue was literal, and the losses measured in more than money.

Claudia Osiani and her husband, Juan Henning, who reached the *Zaandam* on the afternoon of March 7, were only a five-hour car ride from their home in the Argentine resort city of Mar del Plata. The cruise was Henning’s gift to his wife for her 64th birthday. One of the *Zaandam*’s first ports of call was the Falkland Islands, whose penguin rookeries and quaint, incongruously British towns are the prime attraction for most visitors. Argentines have a different relationship to the Islas Malvinas, as they call them, shaped by a disastrous 1982 war with the U.K. over the remote colonial outpost. Osiani, a psychologist, had treated veterans of the Falklands War for post-traumatic stress disorder as a young resident at a naval hospital, and since then she’d dreamed of seeing where they had fought.

As experienced cruisers, Osiani and Henning knew Holland America’s reputation for luxury at prices below those of the top-end lines. With berths for 1,432 passengers and 615 crew, the *Zaandam* is midsize (some newer ships accommodate four times that number), with the sedate vibe of an ocean liner rather than a Cancún bacchanal. A rococo pipe organ dominates the atrium, and music-themed memorabilia throughout the ship—guitars autographed by the members of the Rolling Stones and Queen, a saxophone signed by Bill Clinton—evoke the bygone rock ’n’ roll youth of the mostly older passengers.

Osiani didn’t want to seem ungrateful for her husband’s lavish gift, but like Lance Hutton, she was uneasy. On the drive to Buenos Aires, the couple assured each other that the cruise would probably be mostly locals—Argentina had just 17 confirmed Covid-19 cases and one death at the time. “We said, no, we’re going so far south,” she recalls. “It’s just going to

be a bunch of Argentines, and maybe some Chileans.” When they got to the ship terminal, though, they found themselves in a sea of Europeans and Americans. “All those people from where the pandemic was.”

The next day, passengers settled into their cabins or explored Buenos Aires. At 4:44 p.m. local time, with the crew making final preparations to embark, the U.S. Department of State’s Bureau of Consular Affairs announced a travel advisory via Twitter. “U.S. citizens, especially with underlying conditions, should not travel by cruise ship,” the tweet warned. “#CDC notes increased risk of #COVID19 on cruises. Many countries have implemented screening procedures, denied port entry rights to ships and prevented disembarking.” A little more than an hour later, the *Zaandam* cast off into the broad mouth of the Río de la Plata and headed east. Montevideo, Uruguay, was to be its first port of call.

According to Ashford, the State Department advisory didn’t warrant canceling the *Zaandam*’s trip. “These things ebbed and flowed,” he says. “It was not clear. There were a lot of statements.” At that point, the priority was making sure passengers who’d paid for a premium cruise got their money’s worth. “We’re trying to protect and deliver a wonderful ▶

The Cruise to Nowhere



The voyage of the *Zaandam*, through the photos of passengers Rick and Wendy de Pinho



DAY 2 Posing dockside in Montevideo, the first port of call.

“guest experience, a wonderful vacation experience,” Ashford says. “And that’s what this business is engineered to do.”

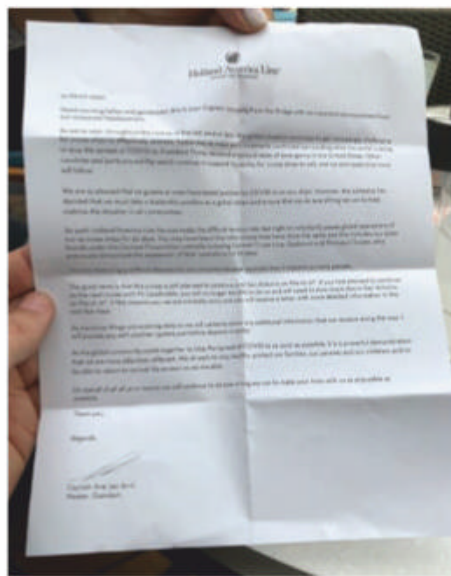
Protecting the guests from the accelerating epidemic was not something he thought he would have to worry about. “It was on the other side of the world,” he says. As the *Zaandam* set sail, Ashford’s own wife and teenage son were in the middle of a four-month world cruise on the *MS Amsterdam*. Ashford wasn’t frightened for his family. “I had a conversation with my wife,” he recalls. “Will I take you off a ship where no one has Covid and fly you to Seattle, which was a hot spot at the time?” No, he told her, “You are on the safest place.” According to Holland America spokesman Erik Elvejord, the cruise line made sure to follow the CDC’s recommendations at that time, adding cleaning procedures and giving health surveys to embarking passengers.

On the *Zaandam*, Osiani did feel relatively safe for the first few days of the journey. She and Henning befriended a few Argentine and Uruguayan couples, and after Montevideo and two days in the South Atlantic, the ship arrived at the Falklands. An old friend who lived there met the couple and guided them around the four-decade-old battlefields. “It was wonderful being there finally,” Osiani says. But if visiting the end of the world made the pandemic feel distant to the ship’s passengers, their hosts saw things differently. The World Health Organization had just declared Covid-19 a pandemic. Kim du Toit, a 26-year-old South African who worked on the *Zaandam* as an assistant shore excursion manager, says that as she was loading the vans for a penguin tour, she noticed the local drivers were fearful—at that time there were no known cases on the Falklands. “They would tell us, ‘If you want to blow your nose, throw it in this packet right away, and we’ll seal it up and throw it away,’” du Toit says. “They were nervous about ships coming in.”

They had reason to be. The *Zaandam*’s next stop was Punta Arenas, Chile, a city as close to Antarctica as it is to the Chilean capital of Santiago. Each year during the austral



DAY 7 In Patagonia on March 14.



DAY 7 A note from the captain saying the cruise will end early, in Chile. It didn’t.



DAY 8 Guests learn that, while they slept, the ship returned to Punta Arenas.



DAY 10 Shipboard breakfast, next port of call unknown.

summer, cruises visit it more than 100 times, disgorging tourists who spend money in local shops and restaurants and gaze across the Strait of Magellan at Tierra del Fuego, the archipelago where South America ends. On March 7 an 83-year-old Briton on a small luxury cruise ship called the *Silver Explorer* had gotten off in town for a half-day tour of the area. Five days later, the ship stopped at Caleta Tortel, an isolated coastal village of stilt houses and wooden walkways, and the passenger began showing symptoms of Covid-19. He was taken to a hospital, where he tested positive for the disease, then airlifted to Santiago. Punta Arenas’s mayor, Claudio Radonich, is convinced the man was patient zero for the region. “We believe this came with tourists,” he says. When news of the diagnosis got out, Caleta Tortel barricaded the single road into town, and Radonich begged the Punta Arenas port director to ban cruise ships.

When the *Zaandam* arrived on March 14, the port was still open, and residents were starting to get sick. Chilean authorities required temperature checks for everyone getting off the ship to explore the town. “It was very ugly. You could feel people staring, just wanting us out,” Osiani recalls. The sense of foreboding was heightened by the news that the extended leg of the voyage had been canceled—everyone would disembark a week later in San Antonio. Countries were closing their borders, and Holland America wanted to ensure that passengers could get home.

That day, March 14, was also when the CDC ordered all cruise ship departures to stop. In justifying the measure, the no-sail order laid out some of the characteristics that made the vessels particularly vulnerable to the new disease: “The dynamics of passenger-to-passenger, passenger-to-crew,

crew-to-passenger, and crew-to-crew intermingling in a semiclosed setting are particularly conducive to SARS-CoV-2 spread, resulting in high transmission rates.” A packed theater or a crowded excursion van is an ideal environment for



DAY 13 Unable to dock at Valparaíso.

a virus that spreads through respiratory droplets. Confined quarters increase the odds it will spread between cabin mates—especially among crew sleeping several to a room and eating in packed mess halls. The older demographic of the

ship easily, and is easily transmitted from person-to-person.”

The day before the CDC no-sail order, the member companies of the Cruise Lines International Association, including Holland America and the other major lines, had announced the voluntary suspension of all departures from U.S. ports. Before that, however, they’d lobbied heavily against restrictions on cruising. On March 6 the CLIA issued a statement saying, “Any action to restrict cruising is unwarranted, and at odds with the World Health Organization.” The group warned of “possibly irreversible” effects on the national and local economies dependent on cruise tourism. On March 7 the chief executive officers of Carnival, Royal Caribbean, and Norwegian Cruise Line Holdings met with Vice President Mike Pence at Port Everglades, after which Pence touted their new plans for quarantining passengers who became ill at sea.

Weeks later, the CEO of Carnival, Holland America’s parent company, was still assuring the public that it could protect those already aboard its ships. “We do things you don’t see in the general public,” Arnold Donald said in a *Bloomberg Businessweek* interview on April 1, the day before the *Zaandam* was finally able to dock in Florida. “We do temperature scans. We do



DAY 14 The *Zaandam* takes on stores while at sea.

clientele makes them more likely to get severe cases of the disease. And with each port it visits, a cruise ship releases its passengers into a new community.

The CDC began working with global cruise companies to harden their fleets against disease in the early 2000s, after a series of high-profile gastrointestinal outbreaks on ships. The *Zaandam* is flagged in the Netherlands, but like the rest of the 100 or so cruise ships calling on American ports, it’s subject to two surprise inspections a year by U.S. authorities. Since its christening in 2000, the *Zaandam*’s inspection scores in the CDC’s Vessel Sanitation Program have averaged 95.5 out of 100—in 2013 it got a perfect 100. This hasn’t, however, translated into actual perfection. According to the VSP database, the *Zaandam* has reported five disease outbreaks—four norovirus and one “unknown”—since 2006, an unusually high rate. Holland America has more reported disease outbreaks than any other cruise line, VSP data show. “As indicated by the VSP scores, *Zaandam* maintains a high level of attention to guest health and sanitation,” Holland America’s Elvejord wrote in an email. Norovirus “is very common shoreside and can be brought to a



DAY 14 More stores. Resupplying is typically done dockside.

medical records. We have a medical on board. We do deep cleanings. Because you have to keep in mind, we sail around the world all the time. There’s been Ebola, Zika, SARS, MERS, so we have to deal with this stuff all the time.”

CDC officials say the cruise industry ignored recommendations to act sooner. “We have told them time and again to ►

“stop sailing,” said Cindy Friedman, an epidemiologist who leads the CDC’s cruise ship coronavirus response task force, in an April 10 interview. Dealing with the outbreaks on the *Princess* ships had been costly and complex, involving doctors, health officials, diplomats, and military logisticians on multiple continents. “The sooner these ships stop sailing, the better for protection of public health, and to preserve resources that could be used elsewhere,” Friedman said.



DAY 19 The coughing is everywhere.

After leaving Punta Arenas, the *Zaandam* steamed toward Ushuaia, Argentina, 380 miles to the southeast. Some passengers went to bed early to make sure they were up the next morning to savor the passage down “glacier alley” in



DAY 20 The *Rotterdam*, which just arrived from Mexico, is refueled.



DAY 26 A pilot boat brings the *Rotterdam* into Port Everglades.

the Beagle Channel (named for the ship that first mapped it, with Charles Darwin aboard). Amanda Bogen was up late. The 27-year-old worked on the cruise as an entertainment host, organizing and emceeing trivia nights, magic shows, scavenger hunts, and, on this particular night, the Orange Party, a celebration of the cruise line’s home country. Circulating among the orange-clad guests, Bogen wasn’t thinking about the pandemic, and none of her supervisors had told her she should be.



DAY 27 On the bus to the airport.



DAY 27 The charter flight, bound for Atlanta.

“We were at the very bottom of South America, so far away from everything that was happening,” she says. The idea that the coronavirus would reach the ship “just seemed impossible.”

During the party, Bogen felt the floor tilting. It was unusual to be so aware of the ship turning. Later she made her way down to the officers’ bar and met some friends, and they explained that the ship had turned around. Argentina was shutting its ports against the pandemic. Chile, too, was preparing to close its borders, banning cruise ships as of 8 the next morning. So the ship was racing back to Punta Arenas.

The *Zaandam* arrived well before dawn, and guests received a note from Ashford under their doors. “[O]ur current sailing will now terminate in Punta Arenas, Chile, where we have arrived today,” it read. “We are sincerely sorry that your voyage

has come to such an abrupt end.” There were instructions about rebooking flights and a section on refunds. But the note was wrong. Chile, it turned out, had closed the port early, and when the sun came up passengers saw a navy cutter between the *Zaandam* and shore. At nightfall, with the ship anchored in the harbor, residents gathered for impromptu protests, blaring their car horns and screaming angrily across the water.

The next evening, March 16, Captain Smit announced that negotiations between Holland America and Chilean health officials had broken down. The *Zaandam* was headed back to sea. “The only thing the captain could tell us is we’re going north,” says Rick de Pinho, a New Jersey patent attorney who was on board with his wife, Wendy. In the absence of a sure thing, the navigation officer plotted courses to three possible ports: San Diego, Fort Lauderdale, and Puerto Vallarta, Mexico. On the night of March 21, de Pinho says, the cruise director

addressed the audience at a comedy show. “I really don’t know where we are going,” he remembers the man saying. “It’s the voyage to nowhere.”

A cruise to nowhere was still a cruise. “We tried to pack every day with as many fun activities as we could,” says Bogen. Corporate had given them the go-ahead to do anything they could. “Anything to keep them, I guess, just happy and distracted.” There were extra trivia contests and a twist-off dance



DAY 27 On the shuttle to the terminal in Atlanta.

party. The casino, bars, and hot tubs were full. An English tenor sang to a crowded theater, joking between numbers about how the ship felt like a “hostage situation.” At one point, Osiani, convinced that more people were coughing as each day passed, went to the reception desk and asked the attendant why the ship wasn’t prohibiting large gatherings. “He looked at me and asked, ‘Why should we do that when the boat is safe?’” she says.

There were some precautions. Cruisers are typically passionate about the self-service buffets. Now, larger plastic shields had appeared along the food stations, and attendants were ladling out the portions. Osiani made a point of asking them why they weren’t wearing masks or gloves and was told repeatedly that there weren’t enough to go around. A member of the cleaning staff interviewed for this story, who didn’t want his name used for fear of losing his job, gave a different reason—his supervisor discouraged masks, saying they would spook the passengers.

On March 17 the ship heard from a Swedish travel agency. One of its customers, a 79-year-old widower named Bengt Wernersson, was on board alone, and his daughter in Stockholm, Shanty Wernersson Dahl, hadn’t heard from him in two days. The crew found him in his cabin, not feeling well, with a fever and a slight cough. Dahl was worried enough to make arrangements through a company called International SOS for an ambulance to be waiting to take her father to a hospital when the *Zaandam*, having been refused entry at San Antonio, arrived at nearby Valparaíso. Dahl’s arrangements were in vain—Chile refused to let the *Zaandam* dock at Valparaíso either.

On March 21, a 51-year-old housekeeping supervisor named Wiwit Widarto spoke by phone with his wife, Anny Doko, back in Batam, Indonesia. He complained of a headache, a bitter taste in his mouth, and a sore tongue. Widarto didn’t think he had Covid-19, but even if he did, he wouldn’t have been able to confirm it then. Until linking up with the *Rotterdam*, the *Zaandam* didn’t have tests aboard. Asked why, Ashford said tests in early March were in short supply and could be unreliable. “So, we just assumed if you had flu-like symptoms, we, in an overabundance of caution, we assumed Covid. To be safer.”

The next day, the ship went into lockdown. Captain Smit announced that multiple passengers and crew with “influenza-like respiratory illness symptoms” had reported to the medical center. “Out of an abundance of caution we must ask at this time that everyone return to your staterooms, as soon as you are done with lunch,” he continued, “where regrettably we are going to have to ask you to remain.”

The ship moved north past Peru and Ecuador toward Colombia—all three had closed their ports. The Huttons were allowed to leave their cabin once in six days for a 30-minute

walk on deck, chaperoned by crew members dressed in what Lance thought looked like hazmat suits.

Around 9 o’clock the night of the 25th, de Pinho, tracking the ship’s progress on marinetraffic.com, noticed it suddenly head east. As Captain Smit announced the next morning, they’d made an unannounced stop off Manta, Ecuador, to meet a boat carrying supplies. The nighttime resupply had been kept secret from the passengers “for fear of protests in the port, and for fear of jeopardizing this operation,” the captain apologetically explained. “You all know how fast things can go by social media.” Along with other medical supplies, the boxes loaded onto the ship contained masks, which were distributed to passengers with breakfast. “All that time until the 26th, they obviously didn’t have masks for everybody on the ship,” de Pinho says. “We went to great lengths to acquire masks for guests and crew mid-voyage,” Holland America’s Elvejord wrote.

A few days earlier, shortly before passengers were confined to their cabins, du Toit, the South African shore excursion manager, had been asked to start performing crew temperature checks. A member of the medical staff had explained how she and a few colleagues were to work their way down lists of everyone in food and beverage and housekeeping. Anyone with a fever was sent back to their cabin to self-isolate, along with anyone sharing their room.

The first morning du Toit reported to the medical center to get her files and protective gear, she was alarmed at what she saw. “There’s a reception area,” she recalls. “There were probably at least 10 guests in there. Then about six to eight crew lining the wall. That was just in the beginning. Already the next day, we had one of the guests there so sick that he was getting oxygen and on a ventilator.” The protective gear kept proliferating—first she was given masks and gloves, then scrubs, plastic aprons, and goggles. Like others, she recalls being told at first not to wear the gear in the guest areas.

It’s likely that one of the passengers du Toit saw in the medical center was Wernersson. By March 22 he was on oxygen. When he spoke with his daughter in Stockholm, “he had a dry kind of voice,” she recalls. “I knew what was going to happen.” On March 26 he died. The day before, Dahl had called Holland America and asked that a note be relayed to him. “We miss you. We love you lots. We hope to get you back home soon,” it read. “I just hope that someone read that to him,” Dahl says. “Because I know he was alone.” After his death, testing revealed that Wernersson had Covid-19.

Crew members began to get sick in alarming numbers. The stepped-up sanitation regime was grueling for Widarto and the rest of the dwindling staff, as was the sudden shift ►

“I REALLY DON’T KNOW WHERE WE ARE GOING.
IT’S THE VOYAGE TO NOWHERE”

“IN THE MORNING THEY WERE TREATING US WITH HAZMAT SUITS, AND NOW WE’RE SITTING AT A BAR EATING BURGERS”

◀ to delivering meals to 700 cabins. Bogen recalls a dinner companion in the crew dining area one night breaking down in tears. “He was crying from exhaustion,” she recalls. The next morning the man went into isolation as a suspected Covid-19 case. On March 27, du Toit’s boyfriend, who also worked on the ship, spiked a fever. The pair began to self-isolate in their cabin, and soon du Toit had a fever, too.

The tally of Covid cases on the *Zaandam* and the *Rotterdam* may never be known. *Businessweek*’s reporting uncovered 16 passengers who claim to have tested positive for the coronavirus or its antibodies. The CDC says more than 250 people “reported illness consistent with Covid-19,” but Holland America hasn’t revealed how many of them were actually tested for the disease. Several passengers interviewed by *Businessweek* who tested positive did so only after leaving the ship.

By this point in the voyage, various governments had become involved. Eventually Port Everglades was identified as the best port for the ship, if it could somehow make it through the Panama Canal. The issue wasn’t just transiting the canal. Holland America was also hoping to fly medical supplies and personnel into the country, load them onto the stricken ship, and fly out the very ill. Panama was intransigent, and officials at the U.S. Embassy there urged the company to explore other options. One was to replace the airlift with a ship. The fastest in the fleet, the *Rotterdam*, was docked at Puerto Vallarta with no passengers and could reach the canal in less than four days. On March 22, Holland America decided to dispatch it.

The *Rotterdam* came within sight of the *Zaandam* on the evening of March 26 after a tumultuous voyage. It was only after it had departed that much of the crew learned of plans to bring aboard passengers from the *Zaandam*, and many threatened to barricade themselves in their cabins rather than interact with the potentially ill guests. Ashford and Carnival’s chief medical officer, Grant Tarling, had to call in to a 90-minute, all-hands meeting in the ship’s theater to try to quell the unrest. Ashford says he gave crew members the option to stay in their cabins, but appealed for their help: “I said, if the tides were turned and the situations were reversed, I’m sure you would want the *Zaandam* to come to your aid,” he says. Most agreed to work.

On March 27, with negotiations over the canal still going on, the transfer of passengers began. Osiani and Henning were among the 808 *Zaandam* passengers cleared to go across. A crew member in a mask, gloves, and protective gown led the couple down to a hatchway in the side of the ship, where one of the orange-and-white tenders bobbed on the waves. As they climbed aboard the *Rotterdam*, they and their luggage were fogged down with disinfectant. The couple were assigned the cabin corresponding exactly to the one they had left.

Late on the 28th, the U.S. State Department-led diplomatic effort bore fruit, and Panama agreed to let the *Zaandam* and the *Rotterdam* through the canal. The next evening, the passenger

transfer complete, crews disinfected the bridges of the ships so the canal authority’s specially trained pilots could come aboard. A single pilot, in full-body protective gear, boarded each vessel and over the next seven hours maneuvered it through the canal’s tricky series of locks and waterways. Passengers were told to turn down their lights and draw their curtains. If they had a balcony, they were to stay inside: In some stretches of the canal, Panamanian soil was just a few feet away. The pilots, as soon as they left the ships, went into quarantine.

As the two ships headed up through the Caribbean toward Florida, new cases appeared—on the *Rotterdam* as well as the *Zaandam*. On March 29, Widarto, the housekeeping supervisor, told his wife that he still had a headache and a cough was coming on. She remembers trying to switch their call to a video chat so she could have a look at him, but he quickly switched it back. He was still at work, he told her, and very busy. The Huttons, too, began to get sick. Their symptoms—diarrhea, nausea, lack of appetite—didn’t match what medical authorities were attributing to Covid-19 at the time, but Sharon was alarmed enough to call the *Zaandam*’s guest services line. Even after multiple tries, no one came to the room or called back, so the couple took Imodium and waited. Their symptoms worsened. Sharon developed a cough, then Lance did, too.

Even as they headed for Florida, it was still far from certain the two ships would be able to dock when they arrived. The state’s governor, Ron DeSantis, among others, had come out against it. “We cannot afford to have people who are not even Floridians dumped into South Florida using up those valuable resources,” he said in a Fox News interview. Officials in Broward County, where Port Everglades is located, were inundated with emails—many from residents horrified by the prospect of an influx of sick passengers; many others from people with friends or relatives on the ships, equally horrified by the prospect of leaving them at sea.

On March 30 a plaintive op-ed by Ashford was published in the *South Florida Sun Sentinel*. “The international community, consistently generous and helpful in the face of human suffering, shut itself off to *Zaandam* leaving her to fend for herself,” he wrote. His company had done nothing wrong, he insisted; the ship had been the victim of unforeseen circumstances and uncaring governments. “It’s tempting,” he went on, “to speculate about the illnesses that may have been avoided or lives saved if we’d gotten the assistance we sought weeks ago.”

As the piece was being published, Glenn Wiltshire, the Port Everglades director, along with representatives from the CDC, the U.S. Coast Guard, the Florida Department of Health, and the Broward County Sheriff’s Office, had to come up with a plan for Holland America and Carnival to offload the passengers without spreading disease or panic throughout South Florida. Even after the *Princess* outbreaks, Carnival didn’t

have protocols ready to unload a coronavirus-infected ship at Port Everglades. Government officials repeatedly pressed Carnival and Holland America executives for more detail on how the company planned to get people off the ship and out of Florida, and at its own expense. On April 2 the parties reached a deal allowing the two ships to dock. The majority of passengers—those judged to be healthy, 1,164 in all—would board buses at the port and be taken directly to the tarmac of the Fort Lauderdale airport to be flown out on five chartered flights across the U.S., Canada, and Europe. Thirteen passengers would be cared for in local hospitals. “It’s the humanitarian thing to do,” the governor told Fox News.

Late that afternoon, greeted by a line of 13 ambulances, the *Zaandam* docked for the first time since Punta Arenas, followed by the *Rotterdam*. Teams of doctors and nurses came aboard to see which passengers were fit to travel home on their own. Still unable to get through to the medical center by phone, the Huttons made their way to the examination area. A week before, they’d felt fine but were kept aboard the *Zaandam*. This time, weak and in pain, they were cleared to travel—their temperatures were normal.

By the next morning, though, Sharon was unable to leave their cabin. This time when Lance called for help, a nurse came. Alarmed at Sharon’s condition, the nurse asked why they hadn’t called sooner, then rushed Sharon to the medical center to be put on oxygen and antibiotics. Lance was at first deemed well enough to fly home later that day, but within hours he’d deteriorated enough that he was kept aboard the emptying ship in his cabin, alone. “He is still not feeling well and is stuck in his same room for an indefinite period of time,” Amy Hutton, their daughter, posted on Facebook that day. “Again, I am helpless and so are they. Please continue to pray.”

The ship’s medical personnel finally gave Sharon a Covid-19 test, which came back positive. Her coughing fits were driving her blood oxygen to dangerously low levels. An increasingly desperate Amy was finally able to reach someone at a Holland America emergency hotline, who got a doctor to check on Lance. On April 5, Sharon was flown to Orlando, where she was placed in a special Covid-19 ward in an intensive care unit. Lance, whose Covid test had also come back positive, soon followed her. The couple were placed on ventilators.

For days the couple lay across the hall from each other. Slowly, Lance began to improve. Sharon’s body, though, was shutting down. The following weekend she seemed a little better, and Amy arranged a video call. But a few hours later Sharon went into shock. A nurse put a cellphone to her ear, with Amy on the line. “I was at least able to tell her goodbye,” Amy says, “and tell her it was OK to go.” She died at 11:01 p.m. on April 11 of acute respiratory distress caused by Covid-19 and pneumonia, according to the medical examiner.

A few days earlier, Widarto had also died. The day before the *Zaandam* docked, Holland America had informed his wife that he’d been admitted to the ship’s medical center with shortness of breath. The next day, she heard that one crew member had been admitted to a Florida hospital, and she soon learned

that it was her husband. Because he was in isolation, sedated and on a ventilator, it was hard for her to speak to him, but in video calls with hospital staff she was able to at least see him. She plans to place his ashes in his parents’ tomb in Jakarta.

The majority of the sick passengers were deemed recovered and fit to travel by company medical staff when the ships docked in Florida. Carnival and Holland America, as promised, flew almost all of them out of the state within a day, though for a few the journey stretched on much longer: Osiani and Henning would languish on the *Rotterdam* for another three and a half weeks, waiting for approval from the Argentine government for their charter flight. The ship sat at port, then cruised around the Caribbean with a skeleton crew of similarly marooned employees and passengers before the couple was moved to another cruise ship and, finally, put on a flight home.

The de Pinhos were among the passengers who disembarked on April 3. At 9:45 a.m., in their masks, they walked down the *Rotterdam*’s gangway and onto specially sealed buses. Police cars and motorcycles were waiting to escort them to the airport. As the couple were boarding the crowded coach, they met a woman who was also headed back to their hometown of Warren Township, N.J. The three were all on the same 12:15 p.m. charter flight to Atlanta, and when it landed they found themselves not in a sealed bus but a bustling international airport. They were starving and had a few hours before their commercial flight to New York City.

In a daze, wearing their masks and cheap surgical gloves, they sat at a bar and ordered burgers. Rick made sure to warn their waiter, Tony, where they’d come from. “We’re in the general population, no one’s wearing masks,” Rick remembers. As far as Holland America was concerned, “it was as if we somehow got cleansed of the virus when we were up in the air.” Ashford defends the use of commercial flights, not just because the cruise line followed CDC guidelines. “In contrast to random people on a flight, who do you think is safer? They were in their room for two weeks, checked, with all the protocols we had,” he says. “That’s about the safest group on the plane, in my opinion.” To Rick de Pinho, though, it felt jarring and irresponsible. “In the morning they were treating us with hazmat suits,” he remembers thinking, “and now we’re sitting at a bar eating burgers.” The CDC would change its guidance the next day, forbidding the use of commercial flights or public transportation to get passengers home. Cruise lines have yet to find a way to repatriate the tens of thousands of crew members still languishing on its ships.

Over the next few weeks, Rick would wonder whether he’d gotten Covid-19 on the cruise. He hadn’t felt ill at any point, but he knew cases could be asymptomatic, and five of the six friends he had kept in touch with from the *Zaandam* ended up testing positive. He wondered about the people who sat near him on the flight to New York. He tried, unsuccessfully, to contact Tony at the airport bar to make sure he hadn’t since gotten sick. In late April, he and Wendy got Covid-19 antibody tests to see if they’d had the disease. Both came back positive. **B**

—With Austin Carr, Jonathan Levin, and Tassia Sipahutar

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Bloomberg

When travel is limited, and public places are, too, your personal outdoor space may just be your best friend. Here's our guide to making the most of it this summer

An Isla hammock from Lujo Living (\$3,990) in its new Gilver pattern

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The dirt on rich soil

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Where lawn meets lounge

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The ultimate shade thrower

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DON'T
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DAD!**
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P U R S U I T

Bliss In Your Own Backyard

June 15, 2020

Edited by
Chris Rovzar

Businessweek.com

Zen and the Art of The Build-Your-Own Grill

Mastering the science of open-flame cooking comes with the side benefit of bringing people together

By Matthew Kronsberg

For every backyard chef there is, it seems, a grill. For those whose budget and ambition stop at the occasional hot dog or hamburger, a compact \$35 Weber Smokey Joe fits the bill. Technophiles, on the other hand, can thrill to Traeger's sensor-packed \$800 Pro 575, which automatically feeds wood pellets into its fire for precise, app-monitored meat. For those seeking the instant gratification of gas—and a bit of stainless-steel backyard bling—Fire Magic's Echelon Diamond grills start at \$6,440.

Chef Eric Werner has a different suggestion. In this spring's *The Outdoor Kitchen* (\$35, Ten Speed Press), he suggests building your own grill—or more realistically, having a welder or metal fabricator do it. “It’s the best kind of DIY project because...you don’t do it yourself,” he writes.

The grill Werner had made, and the one he encourages readers to emulate, is a backyard-friendly version of the ones he uses at Hartwood, the 10-year-old restaurant in Tulum, Mexico, he owns with his partner, Mya Henry. There, nestled into the jungle across the street from the beach, he grills fresh-caught fish over fruitwood fires and makes ceviches and cocktails with produce grown within walking distance. The food and open-air setting have earned the adoration of many of the world’s leading chefs. René Redzepi of Noma in Copenhagen, who had a 2017 pop-up nearby, and Francis Mallmann, the Argentine chef and bon

vivant who’s fully embraced open-fire cooking, both count themselves as fans.

Werner isn’t the only one to include metalworking in a new cookbook. Texas brisket master Aaron Franklin also offers suggestions for a DIY project in *Franklin Steak: Dry-Aged. Live-*

Fired. Pure Beef (\$30, Ten Speed Press). In his case he includes plans for a small but mighty “hybrid hibachi”—the height of the grate is adjustable—that you can build or contract out to a welder.

Both grills highlight materials as much as the design. Rather than the thin stainless steel of many commercial options, Werner calls for $\frac{3}{16}$ -inch mild, or low-carbon, steel, which is heavy enough to withstand repeated heating and cooling cycles without warping.

Likewise, the grates are made of $\frac{1}{8}$ -inch-thick strips of iron. They retain heat better than those of most consumer grills—key to getting the kind of sear on food that backyard heroes crave but rarely achieve without overcooking.

Werner’s design itself is simple, spacious, and sturdy. A rectangle 36 inches wide

by 20 inches deep, with a mere 8 inches from the bottom of the firebox to the top of the grate, it keeps food and fire in close proximity. His fixed-height grill is based on the idea that moving logs and coals is the best way to control heat. It has 720 square inches of surface area, which is enough for two dozen burgers at a time. Franklin’s grill, at only about



Werner's grill in *The Outdoor Kitchen*

ADVENTUROUS SIZZLIN'

Every cow contains hidden treasures. Some cuts are the product of international differences in butchering styles; others are not as well known, but they're no less delicious. Supplies of commodity beef are straining under reduced supply, but smaller ranchers and processors are running at maximum output. Use this time to expand your appetite and find a new favorite name on your tongue.



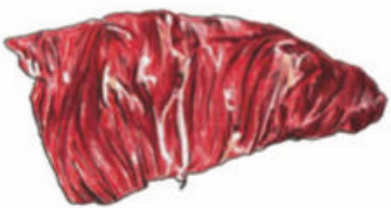
ZABUTON

The name, which means “cushion” or “pillow” in Japanese, describes the simple rectangular shape of this cut. Also known as the Denver steak, the particular muscle is the under blade of the chuck area. It's a supporting player in a hardworking group, which translates to intense flavor without all the toughness. From \$34 for 8 oz. at Mishima Reserve



PICANHA

This Latin American favorite, sometimes called the culotte or the rump cap, is covered with a layer of fat that adds tremendous flavor. Order one from grass-fed cows organically raised in Uruguay. From \$55.59 for a 2½-lb. steak at Gaucho Ranch



BAVETTE

Don't let the fancy French name fool you into thinking you're in for something delicate or eye-wateringly expensive. This

toothsome cut from beneath the sirloin is, according to influential Austin pitmaster Aaron Franklin, the “apex of the flavor and price ratio.” \$19.75 for 1¼-lb. sirloin flap at Crowd Cow



RIB-EYE CAP

It's often referred to by its Latin name, *spinalis dorsis*, but meat freaks simply call it “the best cut on the cow.” The rib-eye cap has the flavor intensity of a rib steak but the tenderness of a fillet, and because it's relatively thin, a hard sear over the hottest part of your fire is all it needs. \$89 for 18 oz. at Snake River Farms



BIFE DE CHORIZO DE ARGENTINA

Despite the name, this loin cut has nothing to do with sausage. Slice it into what are essentially New York strip steaks and then grill. For added authenticity with this Argentinian classic, seek out beef from cows raised on the Pampas plains. \$24 per lb. at La Carniceria Buenos Aires

200 square inches, is too small to create temperature zones. But along with its adjustable height mechanism, it also integrates a steel cage that can house additional hot coals.

Ventilation on Werner's grill comes courtesy of three business-card-size openings on the back and a swing-down door that runs the length of the front. That sort of arrangement gives the fire enough air for proper combustion while also giving home cooks enough room to manipulate it.

Talk to Werner for any length of time, and it quickly becomes apparent that he sees building a grill—and cooking on it over a real wood fire—as a path not only to dinner but also to an expanded sense of community. The important thing, he says, is that live fire cooking gives you the freedom “to hang out with your friends and talk about ... your grill.”

His version cost roughly \$800 and took three weeks using an ironworker in Pine Island, N.Y., near the Catskill Mountains. “The whole point of this is to incorporate the community,” the author says, talking about the relationship you might develop with a local artisan, rather than a big-box store. “Start speaking with somebody and learning about something that you might not really know.”

They may also end up learning something about you. You can ask them to “weld any pattern onto it, or even add your initials, your grandmother's ladle, or devil horns,” he writes. “Grilling is about connecting and bringing people together in ways that other cooking methods don't. Building this grill creates a connection before you even make your first meal.”

He does recommend a few unexpected ways to use the fire for more advanced—or more adventurous—types, whether roasting vegetables directly in the embers or using the grill as a stove to make chicken stock or ingredients for smoke-tinged bloody marys.

Use a wood-fired grill for a while, Werner says, and “you become connected to it in a way that you know exactly what it's feeling. You know exactly what it's doing, you know exactly how to work with it, how to fix it, how to help it. And ultimately, how to, I would say, 50% to 70% control it.”

Cooking over a wood fire causes a person to “develop a sense of time inside of your mind,” he continues. “I don't wear a watch. You develop a certain understanding of where things are at. When to throw an extra log on, when not to throw a log on. The temperature of the air outside, the moisture of the air outside. All these things are so related to cooking with fire. It kind of forces you to be connected, to go outside of your busy mind. It's very grounding.”

The idea that open-flame cooking can produce a meditative effect is as old as cooking itself. “I think when you're building a fire and you've dedicated a certain amount of time for the grill, or for a longer cook on the smoker, it's like a forced downtime,” Franklin says. “A little mini vacation while you're watching the fire.”

Achieving this kind of mindful state is something we all could use more of in our life right now. After all, it's impossible to be angry when you're sitting beside a crackling fire. Right? “Oh, no,” Franklin says, laughing. “It's very possible.” **B**

Filthy, Stinking, Rich Dirt



WORM CASTINGS**COCO COIR****KELP MEAL****ALFALFA MEAL****GREENSAND****ZEOLITE****AZOMITE****LANGBEINITE**

Dig into these amendments to turn garden-variety soil into gold

By Heather Arndt Anderson
Photograph by Joyce Lee

WORM CASTINGS

OK, so you aren't ready to go all-in on a worm bin. But your plants can still benefit from the wrigglers' manure. Combine it with your soil mixture or with water to make a compost tea—a brown fertilizer liquor of sorts—to spray onto leaves.

Best for: Potted plants, which are more easily burned by chemical fertilizers. \$36.86 for 30 lb. at *Hydrobuilder*

COCO COIR

The inner husks of coconuts improve drainage by creating air pockets while simultaneously sponging up moisture in otherwise quick-draining, sandy soils. Coco coir is also a sustainable and pH-neutral alternative to peat moss, which is highly acidic and takes centuries to replenish.

Best for: Herbs. Coco coir doesn't add any nutrients, but most herbs taste better grown in nutrient-poor soils anyway. \$36.95 for an 11-lb. block at *Eartheasy*

KELP MEAL

This dried and pulverized form of seaweed adds organic matter to soil and delivers minerals and enzymes. It swells up when wet, helping dirt retain moisture. Think of it as an investment, not

a quick fix, to improve the quality of soil over time.

Best for: Lettuce, potatoes, and other potassium-loving plants. \$29.95 for 4 lb. at *Gardener's Supply Co.*

ALFALFA MEAL

Because it pulls nitrogen out of the air and fixes it in the soil—a neat trick of pea family plants—alfalfa is often used as a cover crop. In dried and powdered form, it's just as effective at adding nitrogen and trace minerals.

Best for: Roses. Alfalfa meal contains triacontanol, a growth hormone that's especially effective on the flowers—and thus, on others in their family, such as strawberries, blackberries, pomes, and stone fruits. \$14 per lb. at *Greenway Biotech*

GREENSAND

An outstanding amendment (and indeed, a lovely shade of green) that sometimes goes by the name glauconite, this iron silicate is a great source of potassium to make most plants more vigorous. It can also improve the texture of a heavy clay soil, helping it retain moisture better.

Best for: Cucumbers and melons. The potassium helps them produce fruit. \$26.95 for 6 lb. at *Woodies Garden Goods*

ZEOLITE

If you have a set-it-and-

forget-it mentality, this all-around soil savior is for you. It reduces the need for water by improving moisture retention in sandy soils and aeration in heavy ones.

Best for: Plants that are sensitive to heat stress, like pumpkins, squash, and beans, which prefer the cooler temperatures of damp soil. \$16.97 for 5 lb. at *Home Depot*

AZOMITE

If sea minerals mixed with ancient volcanic dust sound like something you'd pay a lot to soak in, think how your heirloom varieties will feel.

Best for: Peppers. Studies show that Early Perfect Italian and other roasting varieties had significantly higher yields when azomite was added to the soil. \$14 per lb. at *Greenway Biotech*

LANGBEINITE

Often labeled as sul-po-mag, it's found in ancient ocean beds in the Southwest. The mineral provides a unique source of sulfur, potassium, and magnesium, useful when you need a micronutrient boost without adding calcium or changing the soil's pH balance.

Best for: Salt-sensitive pansies and zinnias, which respond to added calcium with wimpier, weaker blooms. \$13.39 for 5 lb. at *Arbico Organics*

Give Dad A Hand...

For Father's Day this year, sharpen up his skills and style with products from black creators and black-owned businesses. *By Chris Rovzar*

...Cooking

- **Blk & Bold World's Best Dad steeped coffee care package**

Quality coffee gets repacked in tea bags, making for an ultraquick steep-and-go caffeine fix. What's more, Blk & Bold is donating coffee kits to frontline workers during the pandemic. \$22; blkandbold.com

- **Karibe two-piece cast-iron skillet**

These handsome skillets, arriving in two all-purpose sizes (8- and 10-inch), are nonstick-coated for added versatility. \$160; karibecompany.com

- **8-inch chef's knife by Quentin Middleton**

A handle carved from black curly maple will give any chef more confidence in the kitchen. \$440; middletonmadeknives.bigcartel.com

- **Jones Bar-B-Q sauce**

This tangy-sweet sauce is one secret to the success of the Kansas City, Kan., barbecue joint run by sisters Deborah "Little" and Mary "Shorty" Jones. \$19 for three 15-oz. bottles; jonesbbqkc.com

- **Herban Farm Super Hot Honey set**

Dads are gonna grill, right? \$25; herbanfarmonline.com

...Dressing

- **Brooklyn Circus varsity jacket**

This menswear brand has an online editorial presence highlighting black culture and other designers. It also offers a buyback program for the handsome jackets. \$495; thebkcircus.com

Ten to One rum



- **Chris Aire Niger Delta rose-gold studs and cuff links**

Your dad has probably lost one of his boring old studs over the years. Solve that problem with these flashy rose-gold ones, strung together by a slim rose-gold chain. The cuff links match. \$19,450; chrisaire.com

- **FlameKeepers Hat Club Duo C&C two-tone fedora**

This classic model is handcrafted and made fresh with a unique colorway. \$250; flamekeepershatclub.com

- **Ron Donovan made-to-order Milano monk straps in blue**

They'll fit like gloves for his feet, and you can personalize them for his style, too. \$775; rondonovandesigns.com

- **Ozward Boateng handkerchief**

After a decade on London's Savile Row, Boateng opened a shop in New York's Harlem neighborhood last year. \$69; ozwardboateng.co.uk

...Drinking

- **Loft & Bear vodka**

Notes of lemon and vanilla make this small-batch vodka, distilled with California spring water, rich and refreshing. \$40; loftandbear.com

- **Ten to One rum**

A blend of Dominican column still rum and

FlameKeepers fedora



Zaaf Collection weekender bag



Quentin Middleton chef's knife



Chris Aire cuff link



Jamaican pot still rum, it's finished in bourbon casks, which leave notes of banana and pineapple. \$32; tentoonerum.com

● **Uncle Nearest 1856 premium aged whiskey**

This caramel-and-spice dram is blended in Tennessee from whiskeys aged 8 to 14 years. \$65; unclenearest.com

● **Calabash Tea & Tonic subscription**

A monthly shipment of this

famed Washington, D.C., shop's seasonal immune-boosting products, teas, or herbal infusions is just the thing for an earthy dad these days. \$40 per month; calabashtea.com

● **Ginjan**

A traditional West African beverage made with ginger, cold-pressed pineapple juice, lemons, vanilla, and anise, ginjan is great hot, cold, or in a cocktail. \$30 for a six-pack; drinkginjan.com

... Decorating

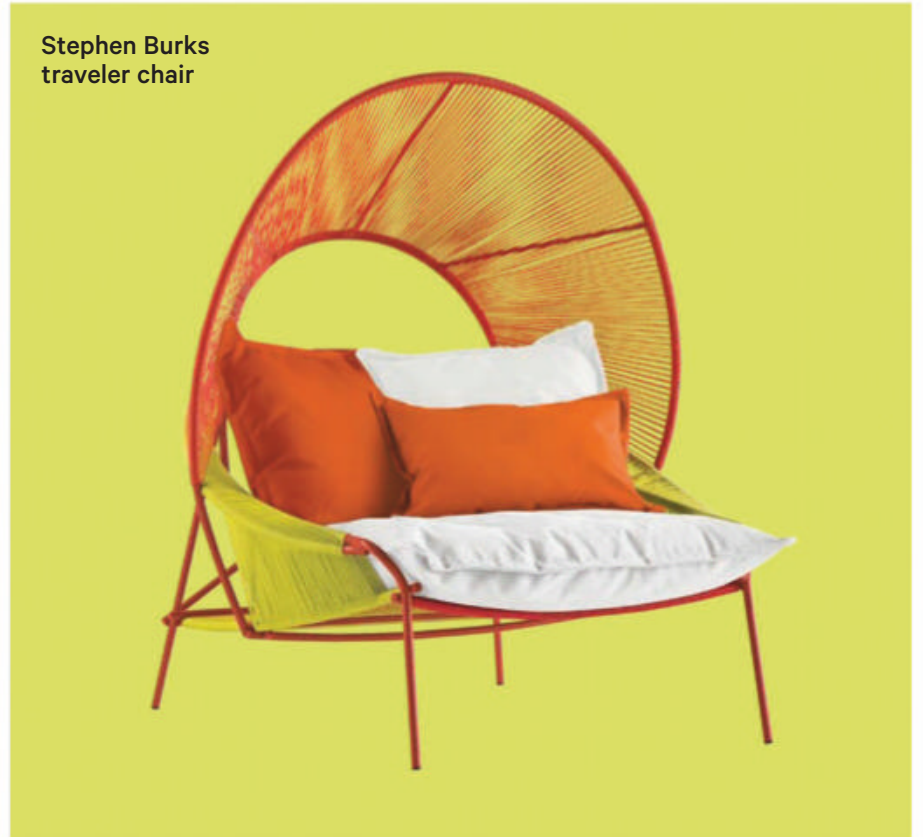
● **Rattlesnake plant from Grounded Plants**

Have Dad get his hands dirty with a beautiful, graphic, leafy bush that's easy to maintain. \$30; grounded-plants.com

A rattlesnake plant from Grounded Plants



Stephen Burks traveler chair



● **Blue soapstone bookends**

Playful but sensible, these are handcarved by Gusii artisans in western Kenya, then colorfully finished in Nairobi. \$48; mandinkastyle.com

● **Stephen Burks traveler chair**

A canopied wire chair with soft cushions is the perfect combo of architectural function and comfort. \$3,830; roche-bobois.com

● **Soyful Aromas car diffuser**

Want to freshen up Dad's car but *dread* those cloying pine tree air fresheners? These lovely essential oils come in a square glass bottle. \$10; soyfularomas.com

... Grooming

● **Klur Gentle Matter daily moisture cleanser**

Two steps in one—cleaning and moisturizing—offer a foolproof, feel-good routine. \$40; klur.co

● **Plant Apothecary travel-size grooming kit**

The cheery labels—such as “Wakey Wakey” and “Start Happy”—on these organic products will pick him up in the morning wherever he uses them, be it at home or (someday) on the road. \$35; plantapothecary.com

... And Getting Out Of Town

● **Made Leather Co. Voyager backpack in cognac**

This Atlanta-based company has its distressed, elegant, vegetable-tanned leather goods handcrafted in Morocco. \$310; madeleathercompany.com

● **Zaaf Collection classic weekender bag**

Made in Africa, sold out of Washington, D.C., and ready to help Dad take on the world. \$562; zaafcollection.com

Lawn, Meet Chair

The Terra! v2.0 provides the ideal landscape for lounging. *By Mark Ellwood*

Part recliner, part land art, the Terra! is your very own backyard throne. Here's how it works: The seat's cardboard skeleton is delivered flat, by mail, for owners to build themselves. Pick a plot of land where the soil is level and erect the infrastructure of jigsawlike corrugated pieces. Fill the center with rocks or clay for stability; you'll need about 50 gallons of nonporous material. Then it's time for the organic upholstery, roughly 90 gallons of sandy soil packed around the frame until it resembles a recliner. (Moisten the soil a bit if it won't settle into the shape you want.) Scatter grass seed over the surface. Water daily, and within a week and a half, shoots should appear. Terra! will be ready for lounging in about two months—just a couple of weeks longer than it takes a Chia Pet to grow.

The concept for the chair was developed two decades ago by Studio Nucleo, a design collective based in Turin, Italy. According to co-founder Piergiorgio Robino, the first Terra! (yes, its name always had that exclamation point) was a promotional project for a trade show. "People were starting to talk about sustainability then," he says. "We didn't want to use plastic on any chairs in the garden, but create something that was totally part of the ground." The chair was so popular that Studio Nucleo produced 1,000 in a limited edition at

museum stores worldwide. Although it sold well, the chair was cost-prohibitive to produce long term at the then-price of €49 (\$55).

Changes in manufacturing allowed Studio Nucleo to reintroduce it four years ago. Terra! v2.0 was produced on demand using a computer-controlled cutting machine; the designers tweaked the dimensions to allow it to be

scaled up or down at the push of a button. Customers could order a sofa, a kid's chair, or even a desktop version—a nod to the miniature collectible chairs produced by Swiss furniture maker Vitra.

To celebrate the project's 20th anniversary, Robino plans to return to the initial design's focus on sustainability, which is now completely mainstream. This fall, he'll request donations on a crowdfunding site—likely about \$10 each—and when the goal is met, he'll upload the instruc-

tions free to the internet. This turns the idea into an open source project, allowing anyone to print and cut the lawn furniture at home; without shipping, Terra! becomes virtually carbon neutral. "We want to move away from the product to the value of the idea," Robino says, "and make the success something that's free for everyone."

The final thing you'll need to supply: a blanket or pillow to protect from grass stains. **B**



Fill the cardboard infrastructure with rocks or clay to help it keep its form for years

The Original Sunblock

Even a small backyard can achieve a luxurious poolside vibe with an Apogee umbrella
Photograph by Hannah Whitaker

Providing shade isn't the only duty of an outdoor umbrella. It must also withstand the elements, open and close easily, and, of course, look good. All these factors come together in Giat's Apogee, a parasol constructed of sturdy, warm teak in a design that oozes California cool. And at a little more than 7 feet wide, this shade thrower can squeeze into a Lilliputian space without overwhelming the setting.

THE COMPETITION

- Tuuci's Ocean Master Max Nautical Teak, which was introduced this spring, starts at \$4,000. It uses a proprietary telescoping crank that keeps the canopy raised above tables and chairs when it opens and closes.
- On the Cirque umbrella (\$3,900) by Santa Barbara Designs, the solid teak frame comes adorned with a playful valance that hangs at the edge of the fabric.
- Designed by founder Stephane de Winter, Manutti's anodized-aluminum umbrella (price on request) can extend to almost 10 feet wide, and its square shape provides ample coverage.

THE CASE

As the brand of choice at Wynn Las Vegas and Four Seasons Resort Hualalai in Hawaii, Giat has made Apogee to all but eliminate the typical foibles of outdoor umbrellas. Its solid brass reinforcements make the arms durable, and the upper and lower hubs feature an integrated retention ring to hold up no matter the weather. The mast resists warping thanks to finger joints that bind two pieces of wood together, and the pin-and-pulley device eliminates mechanical issues that can sometimes plague cranks.
*From \$2,400;
212 758-0472*

Black Rainbow

Artist Kevin Claiborne turns his photographs of New York City protests into an emotional record

By James Tarmy

On May 30, Kevin Claiborne, a 31-year-old artist enrolled in Columbia's visual arts MFA program, was on a Manhattan sidewalk photographing his fellow marchers when a police officer approached him with a baton. "He swung at my face, knees, and camera, even though I'd put my hands up," Claiborne says. "And then ran away back into the crowd of police." After he was beaten, Claiborne says, he was maced. (The NYPD did not supply comment when asked about this incident.) The experience, he notes, "was a prime example for why these things need to be documented and shared."

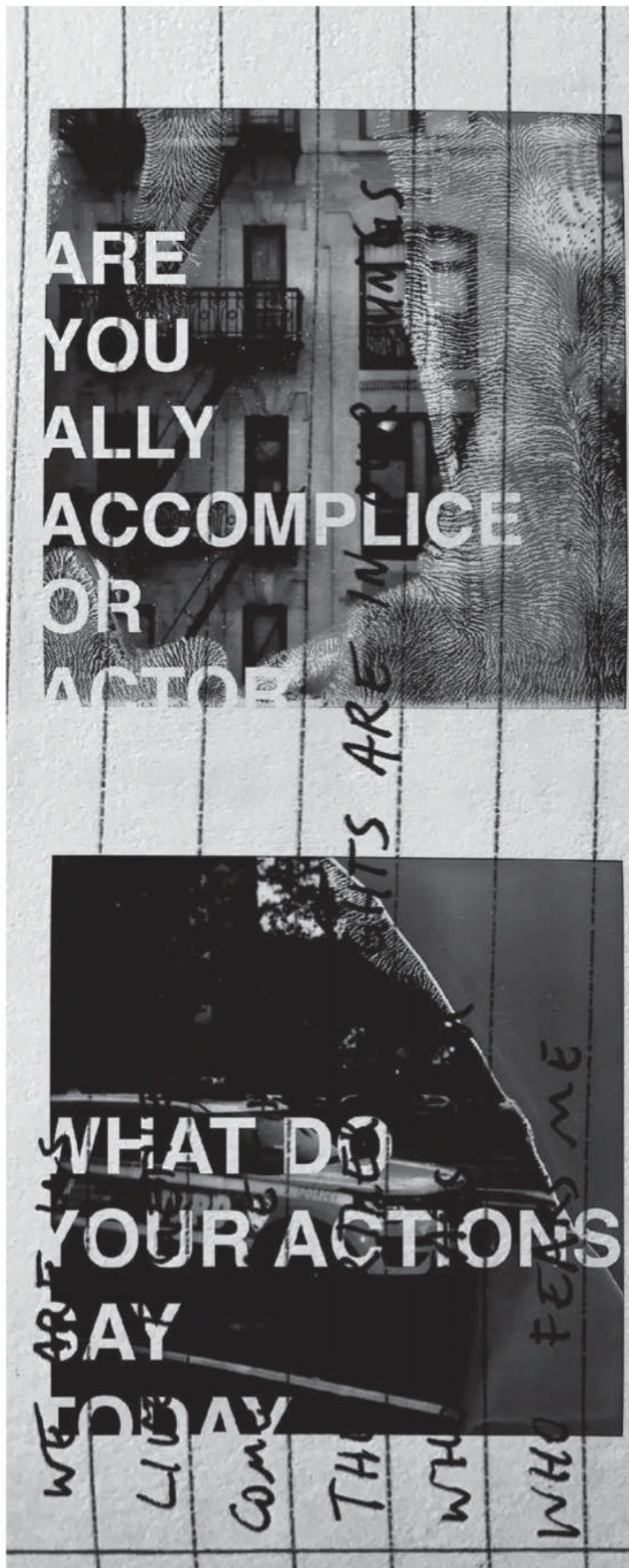
Claiborne was born on Andrews Air Force Base in Maryland—both of his parents were in the service—and his background is in math and education. He entered Columbia with a concentration in photography, "but I consider myself a conceptual artist," he says.

His 2019 project *Untitled (A Void: Me)*, for instance, is a series of black-and-white self-portraits depicting his own death on the street, calling to mind police brutality, depression, and abandonment. "It's about how living in a racialized system affects stress, anxiety, depression," he says. "I'm using personal experience to inform the work."

Claiborne began to join demonstrations as soon as videos of George Floyd's killing were made public. "I bring my signs to the protests, but I also bring my camera," he says.

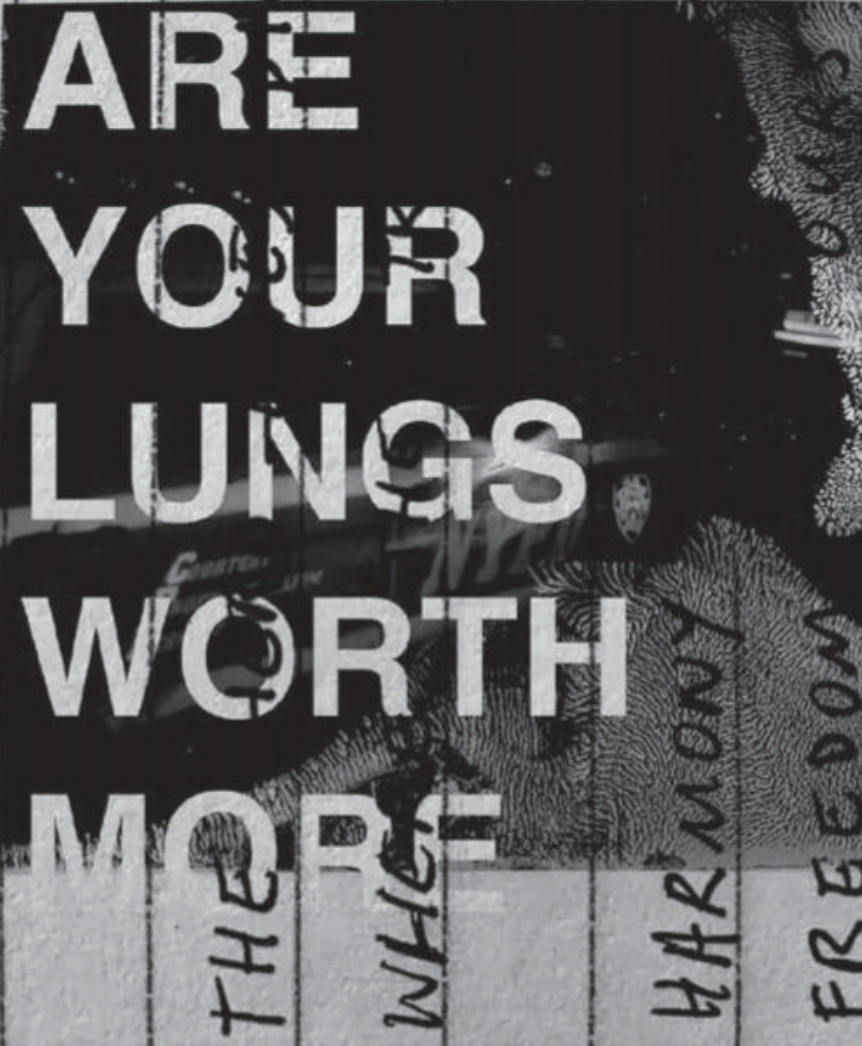
The art here is part of *Black Rainbow* (working title), a series using Polaroids that he began taking during the first two weeks of the protests. "I was looking for the environment and periphery of these locations of violence and uprising," he says. "When you're in the middle of an uprising, what do you see when you look up? When you look out, when you look around?"

As the Polaroids developed, Claiborne modified them with his fingers, imprinting his physical presence on the scenes of unrest. He then overlaid the images with questions he wrote in his diary after each day's protest. (Each image's title is its overlaid text.) For this work, Claiborne has mounted the six pieces on a free-form poem he wrote. "It's a direct response to some of the violence that's been going on against black communities in our country," he says. "It's violence against black bodies, trans bodies, and the queer community as well." **B**





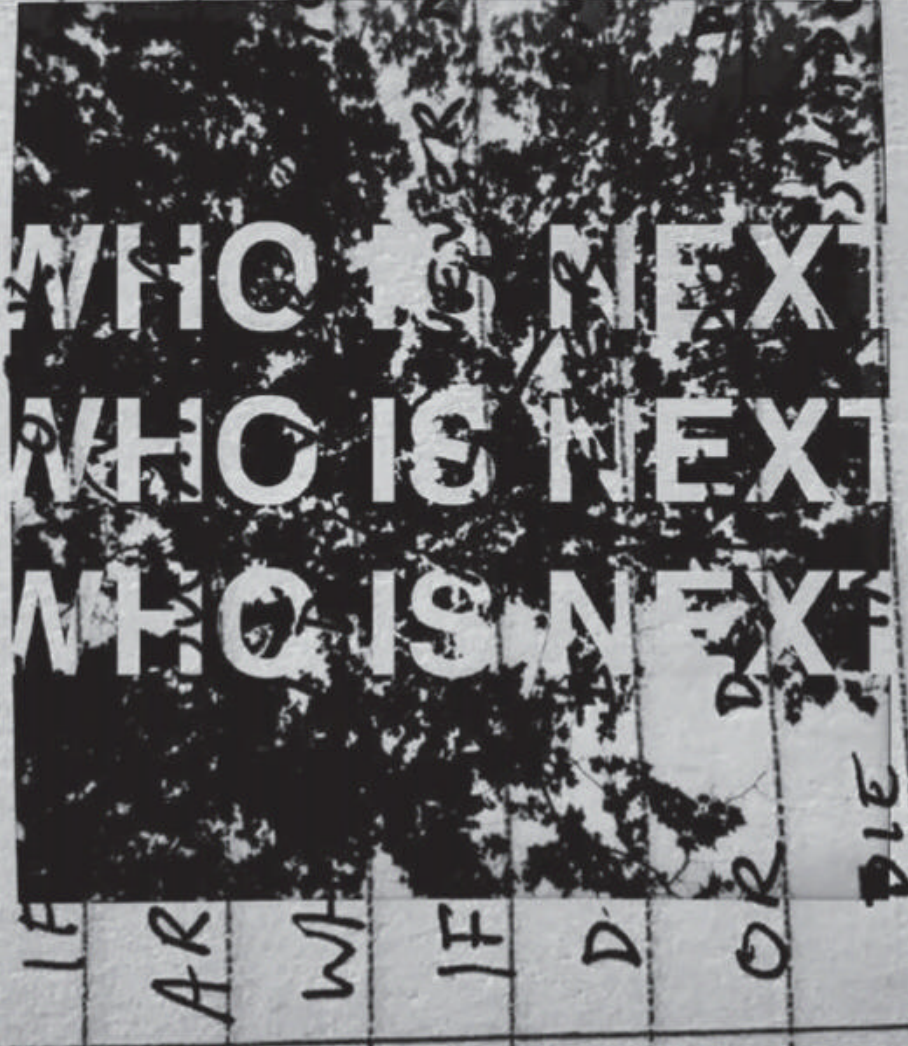
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An 'Ill-Conceived' Megamerger Looks Smart Now

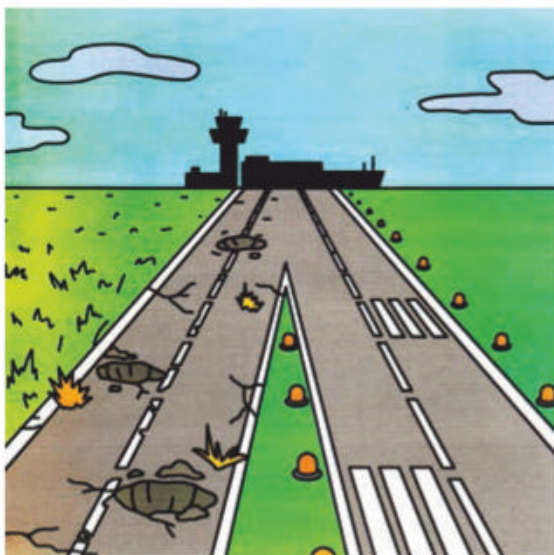
By Brooke Sutherland

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Around this time last year, United Technologies Corp. and Raytheon Co. announced their plans to create an aerospace and defense behemoth with about \$75 billion in sales. In short order, activist investor Bill Ackman declared he couldn't "comprehend the strategic logic" of pairing the UTC airplane parts divisions with Raytheon weapons businesses that he deemed "of inferior quality." Fellow UTC shareholder Dan Loeb followed with his own blast, calling the deal "ill-conceived" and "motivated by empire building."

Today, shareholders have to be feeling pretty grateful they didn't listen to Ackman or Loeb and instead approved the all-stock deal that created Raytheon Technologies Corp. earlier this year.

The argument against the merger was that it would turn United Technologies back into a conglomerate just after it had at long last agreed to unwind its sprawling structure through the spinoffs of its Carrier climate control and Otis elevator units. That critique felt off the mark: Sure, jet engines and missiles are different businesses, but the markets are complementary, have similar capital requirements and profit margins, and are followed by many of the same Wall Street analysts. In an interview at last year's Paris Air Show, Toby O'Brien—now chief financial officer of Raytheon Technologies—cast the deal as a way to make the combined businesses more resilient in the event of a downturn. At the time, the commercial aerospace and



defense industries were both seeing robust growth. But it's rare for the two to move in tandem, and eventually that dynamic would end, O'Brien said.

And end it did. While no one could have predicted the coronavirus pandemic, the merger's benefits are more apparent than ever. In comparison with a commercial aerospace sector that's been rocked by a precipitous drop-off in air travel, the legacy Raytheon defense businesses have remained healthy as cash continues to flow from

governments committed to supporting critical infrastructure investments. "We generally see the year playing out consistent with how we saw it at the beginning of the year," O'Brien said of the defense divisions on June 2 at a UBS Group AG conference. How many other businesses can say they're still more or less where they expected to be in January?

That's an asset for Raytheon's financials: The defense businesses should generate about \$3.5 billion of free cash flow this year, O'Brien said, helping offset what's expected to be a break-even performance from the legacy UTC aerospace units. But it also helps the company's workforce. Whereas rival General Electric Co. is cutting about 25% of its aviation unit employees, Raytheon has so far managed to avoid mass layoffs, in part because it can reallocate workers to its healthier defense businesses. **B** —Sutherland is a columnist covering industrial companies and mergers and acquisitions for Bloomberg Opinion



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