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Bloomberg Businessweek

November 9, 2020

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Combating Covid-19

Taiwan Can Help



A democratic model of pandemic management

Through transparency, we win trust.
Through public-private partnerships, we build solidarity.
Recover better together. Health for all.

Support Taiwan's Participation in the World Health Organization.

Taiwan's Effective Response to the Pandemic Creates a Model for the World

Taiwan has kept Covid-19 cases to a remarkable minimum. After the SARS epidemic of 2002–2004, the country thoroughly prepared for the next viral outbreak. Very early in the emerging Covid pandemic, Taiwan distributed face masks to its 23.6 million people, enacted regulations and traveler screenings, and developed apps and communication platforms.



convenience stores, apps were quickly developed to show local real-time PPE inventory and online ordering was added.

Entry into Taiwan remains tightly controlled, and arriving travelers take “epidemic prevention taxis” to quarantine hotels. Cellphone GPS tracking of quarantined individuals is supported by daily calls from local officials. Temperature checks at many buildings are standard, and careful records are kept to expedite contact tracing. Big Data and artificial intelligence have been leveraged by interdisciplinary teams drawn from business and government to monitor travelers and those in quarantine, distribute PPE and explore effective treatments.

The “Taiwan Model” of combating Covid-19, developed jointly by the authorities, private enterprises and civil society, has limited the country’s cases to under 550, with seven deaths, as of October 2020—the lowest rates per capita of any industrialized country.

The government’s notable transparency into its decisive efforts to contain the coronavirus has encouraged public trust and cooperation. A lockdown has been avoided, and schools and most businesses have remained open. Taiwan’s economy remains relatively unscathed.

A key to Taiwan’s successful containment was prompt action. On Dec. 31, 2019, in response to reports of a SARS-like virus, Taiwan immediately sent emails to inform the World Health Organization (WHO) and implemented border screening and quarantine measures, and a month later centralized the manufacture of face masks in partnership with dozens of companies. Masks were distributed through thousands of pharmacies and



The stunningly successful pandemic practices of Taiwan—a technologically advanced democracy with electronics and IT as primary exports—are instructive for the world as it faces the huge Covid-19 challenge. Taiwan wants to help, and is offering its expertise.

“Taiwan cannot stand by when other countries are in great danger,” says Chen Chien-jen, a Johns Hopkins-trained epidemiologist and former health minister who coordinated Taiwan’s pandemic response as Vice President.

On April 1, President Tsai Ing-wen announced that Taiwan would donate

9 million masks to medical workers in the U.S. and Europe, and on Aug. 11, Taiwan’s Foreign Minister, Joseph Wu, stated that more than 50 million masks had been donated to Covid hotspots around the world. But the country’s careful methods could become its most valuable contribution.



Taiwan has created innovative controls and achieved some of the world’s lowest Covid-19 rates. Amid the challenges of the ongoing pandemic, the country’s impressive results offer compelling proof of the effectiveness of its Covid prevention protocols.

However, the island nation continues to be barred from global health discussions. Taiwan was invited to attend the World Health Organization’s annual assembly as an observer every year from 2009 to 2016, but the invitations stopped coming in 2017. For the world to recover better, this has to change.

“No country can fight against Covid-19 alone,” said Chen in an April 24 webcast hosted by the Johns Hopkins Bloomberg School of Public Health. “Taiwan is willing to share its experience with other countries and continues to support medical personnel in seriously affected countries. I would like to assure that Taiwan can help, and Taiwan is helping—an answer to an urgent call of greater international cooperation.”

Legal Notice

If You Transacted in SSA Bonds Between January 1, 2005 and March 6, 2019, You May Be Affected by Class Action Settlements

I. THIS NOTICE

This Notice is to alert you to three proposed settlements reached with Defendants Bank of America Corporation, Bank of America, N.A., Merrill Lynch International, Bank of America Merrill Lynch International Limited, Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively “Bank of America”), Deutsche Bank AG, Deutsche Bank Securities Inc. (collectively “Deutsche Bank”), HSBC Securities (USA) Inc. and HSBC Bank plc (collectively “HSBC,” and together with Bank of America and Deutsche Bank, “Settling Defendants”) in a class action against the Settling Defendants, and Barclays Bank plc, Barclays Capital Inc., Barclays Services Limited, Barclays Capital Securities Limited, BNP Paribas S.A., BNP Paribas Securities Corp., Citigroup Inc., Citibank N.A., Citigroup Global Markets Inc., Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Credit Suisse AG, Credit Suisse Securities (USA) LLC, Credit Suisse Securities (Europe) Limited, Credit Suisse International, Nomura Securities International, Inc., Nomura International plc, Royal Bank of Canada, RBC Capital Markets, LLC, RBC Europe Limited, The Toronto-Dominion Bank, and TD Securities (USA) LLC, Hiren Gudka, Bhardeep Singh Heer, Amandeep Singh Manku, Gary McDonald, and Shailen Pau (“Non-Settling Defendants,” and together with Settling Defendants, “Defendants”).

The lawsuit alleges that the Defendants engaged in anticompetitive acts that affected the market for SSA Bonds in violation of Section 1 of the Sherman Act, 15 U.S.C. §1. The lawsuit was brought by, and on behalf of, certain persons or entities (together, “Persons”) who transacted in SSA Bonds. The Defendants deny any wrongdoing.

Settlements have been reached with each of the Settling Defendants. Plaintiffs’ claims against the Non-Settling Defendants have been dismissed, and Plaintiffs filed an appeal on September 14, 2020. The Settling Defendants have agreed to pay \$95.5 million (the “Settlement Fund”). The United States District Court for the Southern District of New York (“Court”) authorized this notice. Before any money is paid, the Court will hold a hearing to decide whether to approve the settlements. Approval of these settlements by the Court will resolve this lawsuit in its entirety with respect to the Settling Defendants.

II. WHO IS A MEMBER OF A SETTLEMENT CLASS?

There are three Settlement Classes. Subject to certain exceptions, the Settlement Classes include certain Persons

who, from January 1, 2005 through March 6, 2019, transacted in SSA Bonds with a Defendant.

If you are unsure if you are a member of a Settlement Class, more information, including a detailed notice, is available at www.SSABondsAntitrustSettlement.com or by calling +1 (855) 966-3307.

III. WILL I GET A PAYMENT?

If you are a member of a Settlement Class and do not opt out, you will be eligible to file a proof of Claim Form. The amount of your payment will be determined by a Plan of Allocation. Details about the Plan of Allocation are available at www.SSABondsAntitrustSettlement.com. A date for distribution of the Settlement Fund has not been set. Proof of claim forms must be submitted by April 16, 2021.

IV. WHAT ARE MY RIGHTS AS A CLASS MEMBER?

If you are a member of a Settlement Class and do not opt out, you will release certain legal rights against the Settling Defendants and the Released Parties, as explained in the detailed notice and settlement agreements, available at www.SSABondsAntitrustSettlement.com. If you do not want to take part in the proposed settlements, you must opt out by February 1, 2021.

You may, but do not have to, object to the proposed settlements, the Plan of Allocation, or Co-Lead Class Counsel’s application to the Court for an award of attorneys’ fees, expenses, and service awards to the Class Plaintiffs for representing the Settlement Classes. To do so, you must file your objections by February 1, 2021.

Information on how to opt out or file objections is in the detailed notice available at www.SSABondsAntitrustSettlement.com.

V. WHEN IS THE FAIRNESS HEARING?

The Court will hold a hearing on April 2, 2021, at 11:30 a.m., at the United States District Court for the Southern District of New York, Thurgood Marshall United States Courthouse, 40 Foley Square, Courtroom 619, New York, New York 10007, to consider whether to approve the proposed settlements, the Plan of Allocation, and Co-Lead Class Counsel’s application for an award of attorneys’ fees, expenses, and service awards to the Class Plaintiffs. You or your lawyer may ask to appear and speak at the hearing at your own expense, but you do not have to.

The Court has appointed the lawyers listed below to represent the Settlement Classes in this lawsuit:

Daniel L. Brockett
Quinn Emanuel Urquhart & Sullivan, LLP
51 Madison Avenue, 22nd Floor
New York, NY 10010

David W. Mitchell
Robbins Geller Rudman & Dowd, LLP
655 West Broadway, Suite 1900
San Diego, CA 92101



◀The White House on Election Day

■ ELECTION

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■ LAST THING 72 The polls are closed. The disinformation endures

CORRECTION

“A Race to the Bottom” (Technology, Oct. 26) omitted the names of Sea-Kit’s partners in winning the Ocean Discovery XPrize. It was won by GEBCO-NF, a 14-nation team that used a Sea-Kit vessel. It also stated incorrectly that Sea-Kit worked with Teledyne Caris to analyze data. Teledyne Caris did the analysis.

■ COVER TRAIL

How the cover gets made

❶

“So this week the cover will be about the election!”

“What election?”

“...”

“I’m joking! Wow, you really think I’m that bad?”

“Sorry. Kind of high-strung right now. Really thinking [redacted] takes it.”

“What?! [Redacted] is totally going to take it.”

“OK, agree to disagree! Also, did I mention we have to close this page by Wednesday morning?”

“Nope. Failed to mention that one. But we at least get a few more hours, right?”

“Sure! Noon?”

“Uh, OK. Do you think we’ll know the outcome by then?”

“Maybe! Maybe not!”

“So... what do we talk about here, then?”

“How about all the ways the cover is gonna be brilliant! As usual. That work?”

“Well, glad we at least agree on something.”



Cover:
Photograph by
Marshall Scheuttle

How to Contact *Bloomberg Businessweek*

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Inside the most successful supply chains are intricately engineered processes and solutions created to overcome any disruption, meet consumer demand, and foster business growth. At Ryder, we work behind the scenes creating the most detailed and smoothest running supply chains with customized warehousing, transportation services, e-commerce fulfillment, last mile delivery, and innovative technology. This way, you can focus on creating your products as we design ways to get them to market quicker. Discover how Ryder Supply Chain Solutions can make your operation *Ever better*™ at ryder.com/everbetter.



SO, THAT HAP



▲ On Election Day, photographers captured America at the polls. At a Moose Lodge in Kenosha, Wis., Ann Mingilino works a voter registration table



PENED

It's fitting—scary, but fitting—that the chaotic year of 2020 would lurch toward its end with a contested presidential election. At the center of the chaos was President Trump, who declared victory at 2:30 a.m. on election night with ballots in battleground states still being counted, demanded a stop to “all voting,” even though voting was already over, and then tweeted, “We are up BIG, but they are trying to STEAL the Election. We will never let them do it.”

Even if Trump hadn't alleged fraud, a long vote count in the swing states would have been stressful. Bush-Gore in 2000, which came down to hanging chads in Florida, was a doozy. But that time both candidates honored the process. This time, the combination of the president's conspiracy theories and a protracted count was like a hurricane that wouldn't budge, causing more damage to democratic institutions as the hours went by.

While Joe Biden led in the vote counting, the Senate appeared likely to stay in Republican hands. Democrats picked up seats in Colorado and Arizona but lost one in Alabama. That left them only a small chance, with several races still undecided, to gain control of the upper chamber. So even if Biden does win, it will be hard for him to advance the Democratic agenda.

The Standard & Poor's 500 index rose 2.2% and the tech-heavy Nasdaq Composite Index rose 3.9% on Nov. 4 as investors appeared to bet a divided government wouldn't roll back the Trump tax cuts that have boosted corporate profits. That offset concerns that a political split between a Democrat in the White House and a Republican majority in the Senate would produce a smaller coronavirus relief package.

Win or lose, Trump showed he had more staying power than many pundits gave him credit for. You couldn't make up the kind of year he's had. He was tried by the Senate on impeachment charges. He was acquitted. He brushed off the virus, then caught the virus, then was hospitalized, then got better. He presided over the steepest decline in quarterly economic growth on record, immediately followed by the steepest increase. He raged against street protests, even peaceful ones, ridiculed mask-wearing, and egged on right-wing supporters. He sank in the polls like a punctured parade float, then shocked the supposed experts on Election Day.

Stoking the cynicism of his base may have helped Trump politically, but it's corroded democracy. A Gallup Poll in September found that faith in government institutions was low and colored by politics. There was a record 85-percentage-point gap between Republicans' trust in the executive branch (91%) and Democrats' (6%). Just 56% of respondents expressed faith in “the American people,” tying the 2016 low.

Kofi Annan, the Ghanaian diplomat who served as United Nations secretary-general from 1997 to 2006, worked on electoral reform through the Kofi Annan Foundation until his death two years ago. “Legitimacy is the crucial currency of government in our democratic age,” he wrote in a policy brief. “Victory without legitimacy is no victory at all.” —*Peter Coy*



▲ Voters in line in Fort Myers, Fla.



▲ At the Moose Lodge in Kenosha



▲ A boy runs with a Blue Lives Matter flag in Bedford, N.H.



▲ Disinfecting a voting machine in Indianapolis

THIS SPREAD: FLORIDA: ADAM WEST/USA TODAY NETWORK; NEW HAMPSHIRE: KATE WARREN; WISCONSIN: PHOTOGRAPH BY LUCY HEWETT FOR BLOOMBERG BUSINESSWEEK; INDIANA: JASON BERGMAN

► Portraits on Election Day from across the U.S.



▲ Brandon Wade Allen with his daughter Trudy in Houston



▲ Abraham Jordan in Philadelphia



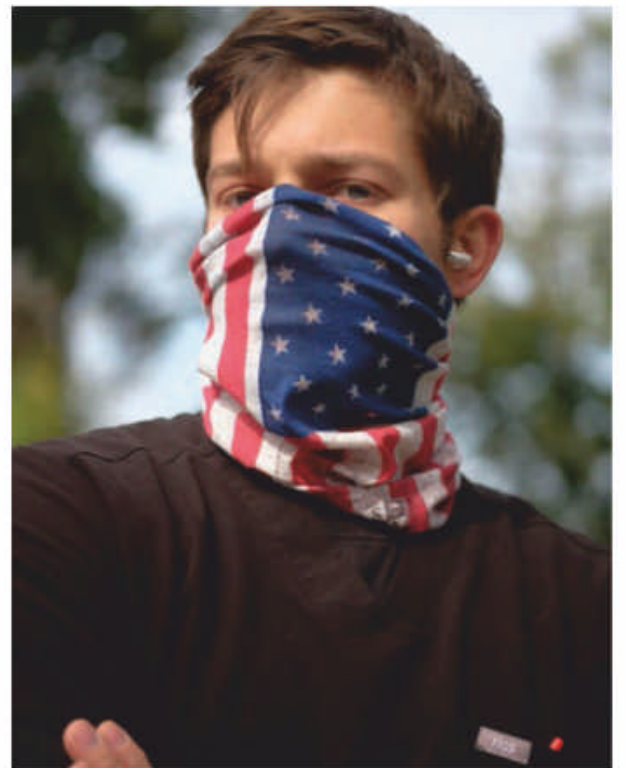
▲ Jennifer Korthase and her son Sebastian in Pleasant Prairie, Wis.



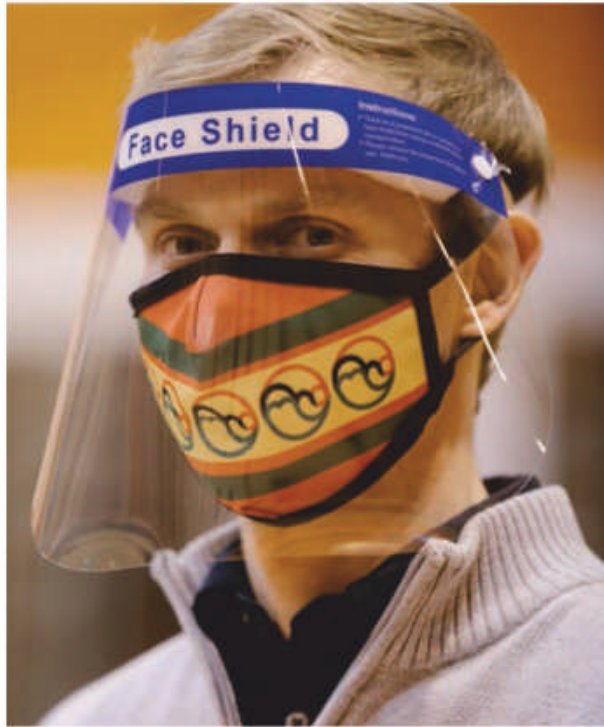
▲ Elizabeth Najera in Tempe, Ariz.



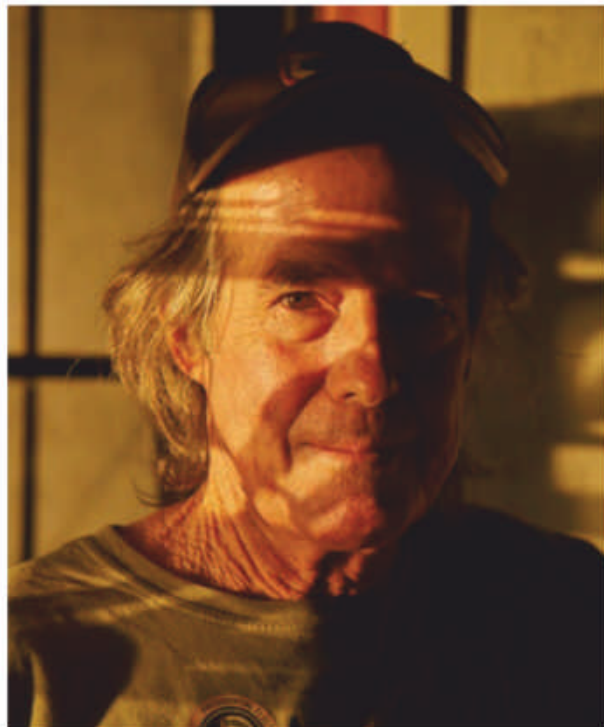
▲ Humbertina Guzman and her granddaughter Roxana Lopez in Houston



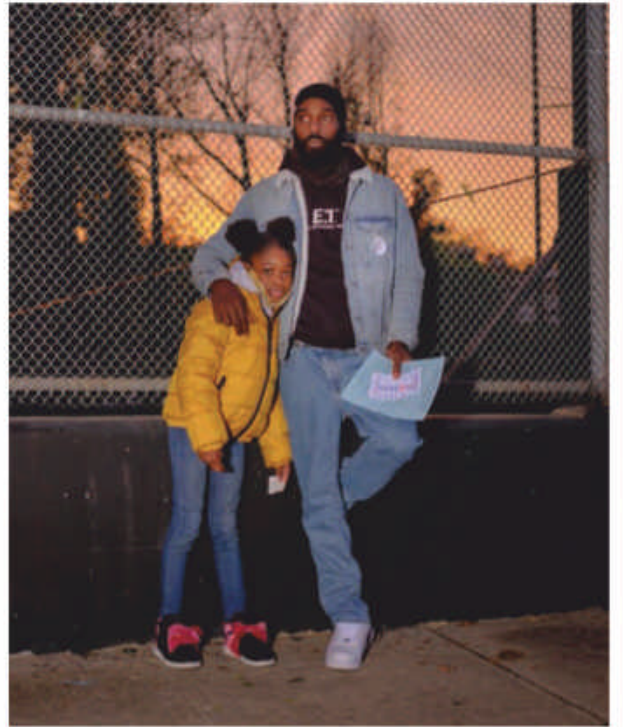
▲ Steve Brennan in Media, Pa.



▲ Bill Christianson in Milwaukee



▲ Mark Goggans in Nokomis, Fla.



▲ Ricky Hainey and Ka'nyla Hainey in Philadelphia



▲ Paige Anding with her son Isaiah Martinez in Houston



▲ David Nash in Surprise, Ariz.



▲ Ja Koenklang in Durham, N.H.

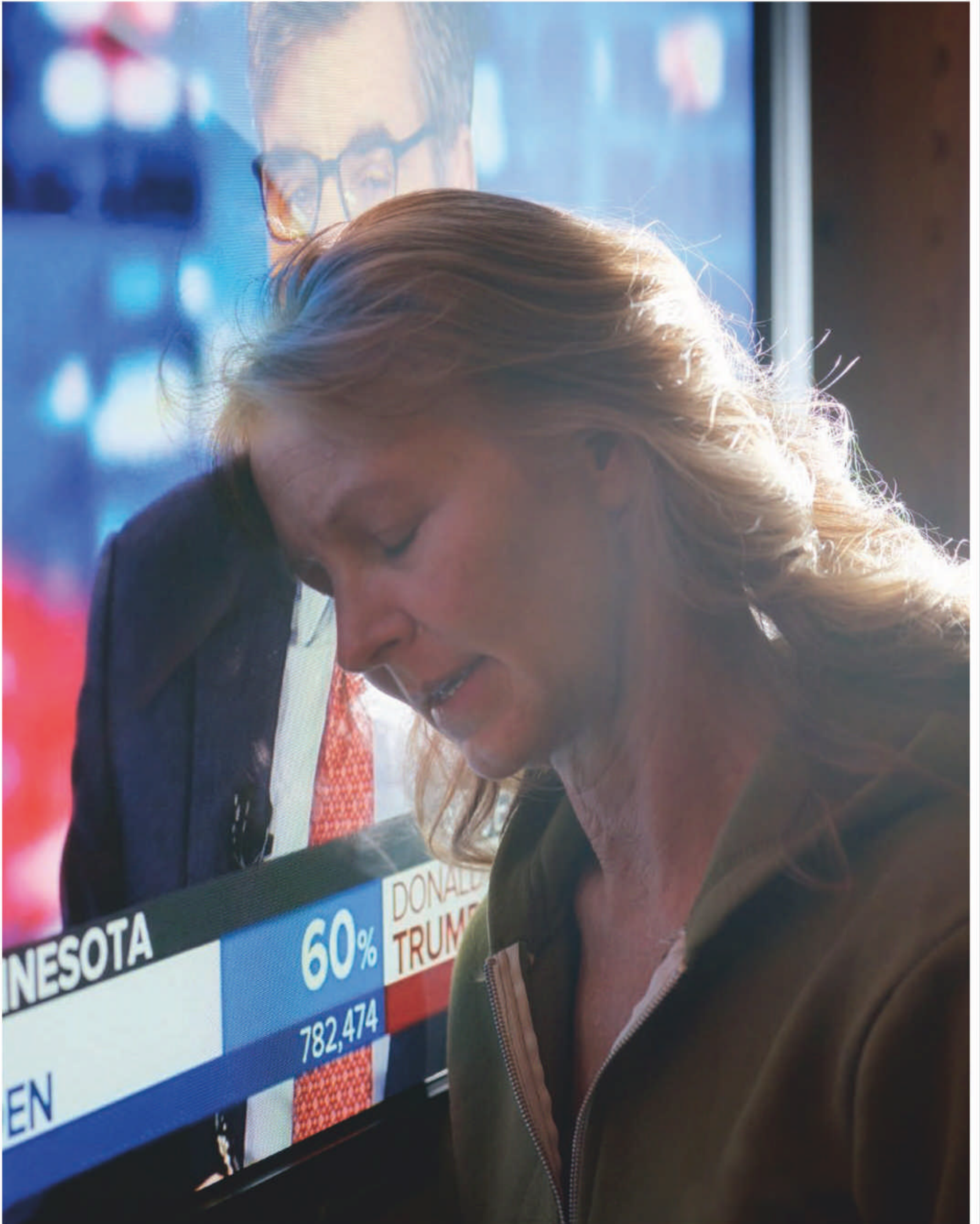


▲ Donna, a poll greeter in Enka, N.C.



▲ The Blevin family in Middletown Township, Pa.

THIS SPREAD: AZ: PHOTOGRAPH BY CASSIDY AZZARIA FOR BLOOMBERG BUSINESSWEEK; FL: MIKE ADNO; NC: CLARK HODGIN; NH: KATE WARREN; PA: PHOTOGRAPHS BY CHRISTOPHER LEMAN FOR BLOOMBERG BUSINESSWEEK (4); TX: PHOTOGRAPHS BY ERIN TRIEB FOR BLOOMBERG BUSINESSWEEK (3); WI: PHOTOGRAPHS BY LUCY HEWETT FOR BLOOMBERG BUSINESSWEEK (2)



▲ Robin Molnar watching results in San Luis Obispo, Calif.



OPPOSITE PAGE: RYAN MOLNAR. THIS PAGE: PHOTOGRAPH BY JARED SOARES FOR BLOOMBERG BUSINESSWEEK

▲ Sunrise on Election Day at the U.S. Capitol in Washington

TRUMPISM ISN'T GOING AWAY

► Neither is Trump. If he's defeated this time, he could even run again in 2024

As the ballot-counting drags on at press time, President Trump's fate looks grim but is still unsettled. The fate of Trumpism, on the other hand, is clear: It isn't going away. And Trump himself may remain in the political spotlight even if he loses.

As the Electoral College battle extends into overtime, the results already highlight the ways in which Trump's four years in office have imprinted his stamp on the American political map. Even if he squeaks through with just enough support to secure another term, he's changed U.S. politics in a way that is perilous for the Republican Party—and will be difficult to undo.

Whatever the GOP once stood for, voters today associate it with one thing: Donald Trump. Democrats went into the election believing this would be an unalloyed disaster for Republicans' fortunes. It wasn't. Instead of a "blue wave," the result was a roiling cross-current that drove GOP gains in the House of Representatives and limited Democrats' advances in the Senate, even as it shifted key states in the electoral map to Joe Biden.

The clearest sign of why that's a problem for Republicans comes in the races that have been called. The election results confirmed the movement of suburban voters away from the GOP, even though it retreated in some places from 2018. Regardless of the outcome,

the realignment of the suburbs from red to blue has picked up astonishing speed during Trump's tumultuous tenure.

In 2016, even while losing to Trump, Hillary Clinton bested Barack Obama's performance in the suburb-heavy states of Arizona and Texas. In 2018, voters ousted Republican incumbents in suburban areas around Dallas-Fort Worth, Denver, the District of Columbia (Northern Virginia), Minneapolis, New York (northern New Jersey), and Philadelphia, handing Democrats control of the House of Representatives. That eroding Republican support, especially among white, college-educated professionals, looked to be a bad omen for Trump—but no one could be certain. "In 2018 it wasn't really apparent how unpopular Trump was in those suburbs because there was no presidential race that was being tested on the ballot," says David Wasserman of the nonpartisan *Cook Political Report*. On Nov. 3 there was, and the verdict wasn't great.

The suburban revolt against Trump and the GOP held up in most of the areas Democrats won two years ago. But it didn't extend to the smaller, red-leaning metro areas such as Cincinnati, Indianapolis, and St. Louis that they hoped to add this cycle, or reach House districts in Texas they'd expected to gain. And the blue wave from 2018 ebbed, costing Democrats seats in suburban districts like Oklahoma's 5th and

South Carolina's 1st, where Republicans regained control. After the 2018 election, a popular refrain among Republican strategists was that suburban voters may not love Trump, but they were happy to cast a ballot for their local Republican representative. At least in red states, that still appears to be true.

Nevertheless, over four years, Trump has driven the Republican Party to near extinction in suburbs across America because most voters there find him repellent. This trend is most pronounced in the areas of the country that are growing the fastest—places such as Arizona's Maricopa County, which encompasses the Phoenix suburbs. In 2012, Mitt Romney beat Barack Obama there by 147,000 votes. In 2016, Trump edged Clinton by 41,000. This year, when all the ballots are counted, Biden could cement Arizona, a bedrock of the Republican electoral coalition for decades, as a new battleground state.

Republicans can't build a solid governing coalition without first figuring out how to fix their suburban problem. "It's simple to say, harder to do," says Kirk Adams, the Republican former speaker of the Arizona House of Representatives, who represented a suburban Phoenix district. "People in the suburbs want government to work. They want it to be effective and to solve problems. They don't want to be associated with anything that has even a tinge of racism. For the GOP to win them back is going to require candidates who speak to issues that they care about and do it in a way that is civil and smart."

But for the last four years, all the momentum has gone the other way. Republican politicians at every level have learned that the path to success in the Trump era entails praising and emulating the president. And Nov. 3's better-than-expected results are unlikely to drive a reform movement. Breaking away from him now—even if he loses—may be impossible. Currently, many Republican voters evince more excitement about QAnon, the pro-Trump, anti-Democratic conspiracy theory, than for returning to the sober competence of



► Trump supporters in Miami on Nov. 3

a Mitt Romney. Trump's approval rating with GOP voters hovers around 90%, and the moderates and #NeverTrump conservatives who oppose him have either left or been driven out of the party. There isn't an obvious candidate to steer the GOP back to the center.

Recent history already includes one attempt at broad-scale rehabilitation that failed. After Romney's loss in the 2012 presidential race, the Republican National Committee conducted an "autopsy" of what had driven the loss and how the party could recover. Its conclusion—that the GOP should embrace immigration reform and present a softer, more welcoming image to attract minorities, millennials, and LGBTQ people—was roundly ignored. Instead, Trump emerged as the galvanizing figure, yanking the party in the opposite direction. It's a role he seems unlikely to yield, regardless of this year's outcome.

"I don't see any appetite for an autopsy, not for the old one or for a new one," says Tim Miller, a former top strategist for Jeb Bush. "I think there'll be a very slim minority of

pencil-heads in D.C. and a handful of people in Congress who want to look at how the party can revamp and broaden its appeal. But all the incentives in the small-dollar donor world, on Fox News, and on Twitter still point toward Trump's formula of doubling down on white grievance, 'owning the libs,' and pushing anti-elite populist nonsense. There's just no appetite for reform."

A party that remains in thrall to Trump's peculiar obsessions (antipathy to masks; Hunter Biden's laptop; Kamala Harris's alleged socialism) isn't likely to have an easy time coaxing back the voters it's driven away. Whether Republicans can correct course and appeal to suburban women and others who've switched over to the Democrats will depend on how the party comes to understand its plight.

Even a Trump loss doesn't ensure that the GOP will embark on the process of making the necessary adjustments. "When a party loses, especially when it loses big, the question is what becomes the dominant interpretation within the party of why they lost," says David Hopkins, a professor of political science

at Boston College. "When Democrats lost four years ago, the dominant interpretation they took away was 'Don't nominate a woman.' With Trump, I think the question will become, was it a personal disaster particular to the candidate? Or will the interpretation be that Trump was a martyr to the Left—destroyed by the media, the deep state, the phony mail-in ballots, China, and so on—and the lesson is to fight even harder and go further than he did?"

The biggest wild card in the GOP's future is Trump himself and what path he chooses next. If he loses, he stands to be robbed of the spotlight he's commanded with punishing consistency since he became a candidate five years ago. For someone who craves attention and relevancy the way Trump does, that has to be a painful thought. But there's a simple way to avoid oblivion: He could turn around and immediately file to run for president again, in 2024. (Back in 2017, he filed to run for reelection on the day he was inaugurated.) Doing that would guarantee him a platform, since he has enough support to credibly pursue the nomination and ►

◀ would present a daunting obstacle for any other Republican hopefuls.

“Defining Trump’s base is tricky, but there’s a clear group of die-hards,” says John Sides, a political scientist at Vanderbilt University who helps oversee the Democracy Fund-UCLA Nationscape poll. “We’ve been interviewing the same people over time, and those who have a consistently high view of Trump is maybe 20% of respondents.” That’s more support than any other Republican has.

Declaring his candidacy could also appeal to Trump for reasons that have nothing to do with wanting to get back to the White House. He has privately expressed anxiety to allies about scrutiny from prosecutors in New York and possible federal probes into his business empire that could arise once he leaves office. One Democratic lawyer notes that if Trump were to lose and declare himself a candidate for 2024, he could claim that any investigation was politically motivated and designed to thwart his return to the presidency.

Some Trump allies envision no scenario where he willingly leaves the stage, regardless of the election outcome—a possibility that would greatly complicate the party’s effort to move beyond him and renew its appeal to the broad swaths of the electorate that have defected to Democrats. “Only two things can happen—Trump wins or it’s stolen,” says Steve Bannon, Trump’s chief strategist in the 2016 election. “[Presumed Republican presidential hopefuls] Josh Hawley, Tom Cotton, Nikki Haley, and Mike Pompeo may not realize it, but they’re running for VP on Trump’s ticket in 2024.”

Without a crystal ball, no one can know if Trump will return to the White House next year or in the future, or if he’ll even try. Bannon has added incentive to tout Trump’s strength and belittle his rivals, since he was indicted for fraud in August and would benefit from a Trump pardon. But one prediction from him seems like a safe bet, and one sure to induce migraines in Republican leaders eager to move on from Trump: “He’s not going away.” —*Joshua Green*

WILL IT BE CALM OR CHAOS?

▶ Trump promises more of the same, while Biden hopes to be a healer

Political scientists like to say campaigns are decided by personality more than policy. That’s never been truer than it is this year. President Trump ran for reelection on his track record and on being his own fabulous self, scarcely laying out a second-term agenda. “He has no economic plan. I don’t mean that I don’t like it. It doesn’t exist,” says Glenn Hubbard, a Columbia University economist who was chairman of President George W. Bush’s Council of Economic Advisers.

Former Vice President Joe Biden, Trump’s Democratic challenger, does have an agenda, but it came second during the campaign to his message of reconciliation. “I am running as a proud Democrat, but I will govern as an American president,” he said in Gettysburg, Pa., on Oct. 6. But when it’s all over but the shouting, policies will matter again, especially for businesspeople who have political preferences but who most of all just want to know what kind of environment they’ll be operating in for the next four years.

Under a President Biden, the next four years would most likely be a period of convalescence. Americans elected Barack Obama in 2008 because they wanted one kind of change and Trump in 2016 because they wanted a different kind. This time many would settle for sanity, calm, and the normal functioning of a normal government.

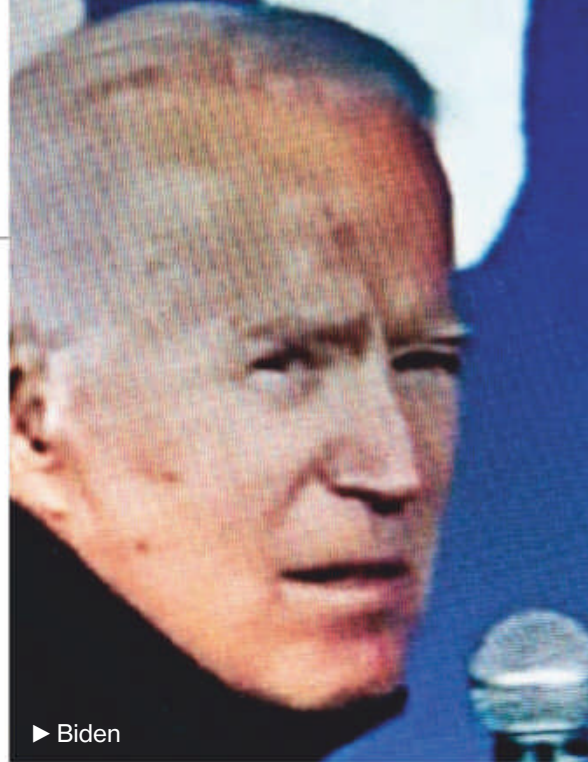
For business, a middle-of-the-road Biden administration could hit the sweet spot. Biden wouldn’t attempt to undo all of Trump’s legacy. He’d likely leave in place some, though not all, of the tax cuts and deregulation that led many executives to support Trump despite his

manifest faults. Biden would try to repair trade relations with allies that Trump sundered with such ill-advised gambits as tariffs on their products in the name of U.S. national security. He would rejoin the Paris climate accord, but, to the consternation of his green supporters, he says he wouldn’t try to shut down fracking for shale oil and natural gas or adopt the Green New Deal. He might step up antitrust enforcement, which might be bad for some giant companies but potentially good for their smaller rivals.

Biden’s earliest priority would be getting a grip on the pandemic. Trump’s greatest failing as a manager was to prioritize economic growth over human lives by playing down the coronavirus. That had the unintended consequence of harming both lives and livelihoods: Businesses ranging from restaurants to airlines are in worse shape than they would have been if the administration had beaten back the virus through aggressive early action.

True, Trump struck a chord with his base, particularly in South Florida, when he said Biden “has handed control to the socialists and Marxists and left-wing extremists like his vice presidential candidate.” But the accusation didn’t ring true with a majority of voters, including some crossover Republicans, who sense that Biden is a moderate and that his running mate, Senator Kamala Harris of California, while unabashedly liberal, is a team player. Among Biden’s most trusted aides are holdovers from the Obama administration such as Bruce Reed, Tony Blinken, Jake Sullivan, and Anita Dunn. Not a socialist in the bunch.

In fact, the notion that Biden



would put his energy into winning over Republicans deeply worries the Democratic Party’s liberal wing. The tenuous coalition of environmentalists and labor leaders who support his energy and green agendas could unravel if he prioritizes jobs in the fossil fuel industry over saving the planet. Progressives are beginning to air disagreements with him that they kept sub rosa for most of the campaign. There would be pressure on Biden to give cabinet seats to allies of Bernie Sanders of Vermont, the democratic socialist who finished second in the primaries, and Elizabeth Warren of Massachusetts, whose demands for tough financial regulations worry Wall Street, if not the senators themselves.

Liberals say the perception that Obama saved the banks in 2008 and 2009 while letting homeowners go bust sowed the seeds of Trumpism. “One of the things Democrats have learned is that unless there is real change, that working people really do feel a difference, we would be setting the stage for another Trump. A different Trump, but another Trump,” says Heidi Shierholz, senior economist and director of policy at the Economic Policy Institute in Washington. “It is really important that economic growth is more broadly shared.”

To the extent that Trump has enunciated a plan for the next four years, it’s more of the same: more tax cuts, more deregulation, more “America First” foreign policy and trade relations. Trump argued—correctly, for the most part—that things were going well before Covid-19

hit early this year. The U.S. economy was running strong, corporate profits were high, and unemployment rates were at half-century lows. A year ago the jobless rate for Black men touched 5.1%, the lowest since monthly record keeping began in 1972. That’s what economists call a “high-pressure economy.” When employers’ preferred hiring pool runs dry, they reach out to people they’d normally overlook. Whether a Republican or a Democrat is in the White House, strong economic growth is the most powerful force for equal opportunity.

Democrats argue that the Trump expansion was merely a continuation of Obama’s, but that’s not entirely fair. The unemployment rate is like a spring—easier to compress when it’s high than when it’s already been pushed down. An overall rate of 3.5%, the level as recently as February, is an undeniable success. While Trump doesn’t deserve all the credit, the tax cut he signed in December 2017 did contribute to the growth spurt by leaving more money in the pockets of Americans of all income levels (though the rich got the biggest

breaks) and reducing the taxation of corporate income, to 21% from 35%.

Democrats agree with Trump that a tax cut was needed. Their complaint is that the 2017 bill showered too much of the benefits on rich individuals and big companies. Biden wants to eliminate the cuts for individuals earning more than \$400,000 a year and raise the corporate income tax rate to 28%—rolling back half of Trump’s cut.

One thing Biden could learn from Trump, though he’s also seen it firsthand, is that the four years of a president’s term go by in a flash. For Trump, most of 2017 was consumed with getting the tax cut passed. In Years 2 and 3 he pivoted to relations with China, Iran, North Korea, and Syria; a new trade agreement with Canada and Mexico; fighting off impeachment; and a stalemate with Congress over funding of the Southwestern border wall, which led to a 35-day government shutdown, the longest ever. This year, as soon as he was acquitted by the Senate in February, he was consumed by the pandemic, Black Lives Matter street protests, and his faltering reelection campaign. Presidents come into office intending to set the agenda, but the stream of history finds its own channel.

That said, Trump did get a lot done in the past four years, and though he’ll be remembered as the king of chaos, much of his agenda was conventionally Republican. His team managed to push deregulation of everything from internet privacy to nursing homes (albeit without managing to shrink the ▶

WHAT THEY INHERITED

Conditions just before the president took office

		Government debt as a share of GDP	S&P 500 p-e ratio	Birthrate per 1,000 population	Share of population with college degree*	Share of national income held by top 1%	Unemployment rate	Consumer confidence	Satisfied with how things are going in the U.S.
	2021	80.5%	26.9	12.4	36.0%	20.5%	7.9%	101	28%
Trump	2017	76.4%	20.5	12.2	33.4%	19.6%	4.7%	113	26%
Obama	2009	39.4%	16.8	14.0	29.4%	19.4%	7.3%	39	13%
Bush	2001	33.7%	24.0	14.4	25.6%	18.4%	3.9%	129	56%
Clinton	1993	46.8%	24.4	15.9	21.4%	15.3%	7.4%	78	29%
Bush	1989	39.9%	12.2	16.0	20.3%	15.3%	5.3%	119	56%
Reagan	1981	25.5%	9.1	15.9	17.0%	11.2%	7.2%	79	17%

2021 NUMBERS ARE THE MOST RECENT AVAILABLE. *PEOPLE 25 YEARS OR OLDER. DATA: U.S. OFFICE OF MANAGEMENT AND BUDGET, CENSUS BUREAU, BUREAU OF LABOR STATISTICS, WORLD INEQUALITY DATABASE, BLOOMBERG

◀ Code of Federal Regulations). They won support for reform of federal sentencing guidelines—a rare bipartisan measure. They gained Senate confirmation of three conservative Supreme Court justices and more than 200 other federal judges. They raised military spending, reduced environmental protections, throttled back immigration and asylum—in particular from Muslim nations—streamlined drug approval, and eliminated the tax penalty for not having health insurance.

Trump wasn't able to achieve everything he wanted. Only a fraction of the promised border wall is built, and Mexico isn't paying for it. American troops are still in Afghanistan. There's been no big infrastructure bill, even though both parties say they want one. And he's promised a "phenomenal" replacement for the Affordable Care Act so many times without delivering, it's become a standing joke even among fellow Republicans.

Roughly speaking, the Trump term started strong and finished weak. "I would say that some of the biggest positive effect he had was literally right at the beginning," when "businesspeople picked up their animal spirits," says Hubbard, the Columbia economist. He says Trump was correct to push China harder than his predecessors had done but erred by trying to do it alone, pulling out of the Trans-Pacific Partnership

talks and then levying steel and aluminum tariffs not only on China but also on Canada, Mexico, and Europe. Hubbard gives Trump especially poor marks for his response this year to the economic damage done by the pandemic. He says the White House left it to Congress to draft the Coronavirus Aid, Relief, and Economic Security Act, poorly executed the Paycheck Protection Program, and quixotically pushed for a postponement of payroll tax deductions that big employers largely ignored.

"I would give Trump, in terms of his economic performance, a mixed grade from a business standpoint," says Nathan Sheets, who served as undersecretary for international affairs in Obama's Treasury Department and is now chief economist of PGIM Fixed Income. "Probably in the B, B- range."

Biden, if elected, won't find things any easier. First, there's the struggle for the soul of the Democratic Party. Then there's Republican opposition. Mitch McConnell said in 2010, "The single most important thing we want to achieve is for President Obama to be a one-term president," and he hasn't gotten more cooperative since. Even if Democrats do manage to take the Senate, which appears unlikely, Republicans will be able to block much of the Biden agenda unless Democrats kill the filibuster. And Biden, a longtime senator with deep respect for the body's traditions, seems unlikely to push for a change in the rules—unless the Republicans he pledges to work with drive him to it.

Biden promises he'd reverse Trump's visa restrictions, reinstate protections against housing discrimination that Trump suspended, toughen gun laws, and build on Obamacare by adding a public health insurance option.

But he isn't that far apart from Trump on some other key issues, including rebuilding the U.S. manufacturing base and relations with China, which may be the most important matter, foreign or domestic, for the U.S. for years to come. There are differences, to be sure: Biden would likely be more predictable than Trump with respect to China and work through established multilateral

organizations, such as the World Trade Organization and the United Nations. On the other hand, he'd almost certainly confront China on human-rights issues—in its Xinjiang Uighur Autonomous Region, for one—that were of little interest to Trump.

Biden's first test, even before taking office, would be his ability to help congressional Democrats cut a deal with the GOP on coronavirus relief. Bloomberg Economics calculated on Nov. 4 that, assuming Biden wins, the package could be \$2 trillion if Democrats control the Senate—but only \$500 billion or so if Republicans maintain control, as appears likely. Whatever happens with the vote count, it feels like we're in for a long four years. —Peter Coy

A COMEBACK FOR GOP WOMEN

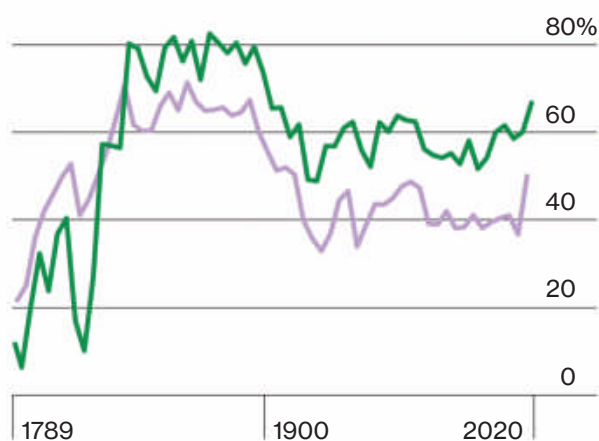
► The Republican Party will look a little less male in the next Congress

At least 30 Republican women will make their way to Congress come January, potentially surpassing a record set in 2006. As of Nov. 4 there were 12 Republican women in races that hadn't yet been called. The mini-swell will add a sliver of gender diversity to a party overwhelmingly run by White men. (By contrast, the 117th Congress will have at least 96 Democratic women.) "There is no doubt about it. Last night was truly the night of Republican women," tweeted New York Representative Elise Stefanik, who runs a PAC to get more Republican women elected.

Going into the election, it was all but certain the GOP's female delegate count would grow. That feat alone wouldn't have been too impressive—the party lost female representation in 2018, leaving 13 women in the House and 7 in the Senate. Still, its candidates did better

TURNOUT THROUGH U.S. HISTORY

Share of voting-eligible population that voted
 Presidential election Midterm election



DATA: UNITED STATES ELECTIONS PROJECT. 2020 IS PRELIMINARY



▶ Stefaniak

than expected. The big surprises came from first-time candidates prevailing in swing districts expected to go to Democrats. Maria Salazar of Florida and Nicole Malliotakis of New York both ousted incumbents, and Iowa will send an all-female delegation to Congress led by Senator Joni Ernst, who fended off a well-funded challenger.

“One of the lessons is that in order to see gains in representation, you

need more women on the ballot,” says Kelly Dittmar, director of research at the Center for American Women and Politics. The problem is, Republican women traditionally have had a hard time making it that far. Some 250 ran for office this year, a record. But only 102 squeaked through the primaries. The GOP, as a rule, doesn’t get involved in contested primaries, especially not to push through a candidate of a certain

gender. “It shouldn’t be based on looking for a specific set of ingredients—gender, race, religion,” National Republican Congressional Committee Chairman Tom Emmer has said.

Democrats have a well-funded and well-oiled system to elect female lawmakers up and down the ballot. Emily’s List, which supports female Democrats in favor of abortion rights, raised 75 times more money than Stefaniak’s E-PAC this cycle.

After the 2018 rout for Republican women, Stefaniak pledged to play more aggressively in primaries, and actively recruited and supported at least 12 women who’ve won races this cycle. So far, the party apparatus hasn’t followed her lead. But the Nov. 3 election results suggest that if it did, gender diversity would follow. At stake isn’t just a more representative governing body, but also the support of those suburban moms whom Trump, and the party, want desperately to like them. —*Rebecca Greenfield*

A RED FORTRESS, NOT A BLUE WAVE

Republicans are likely to extend their six-year control of the U.S. Senate even after polls, the pandemic, and heaps of campaign cash had Democrats expecting victory heading into the election. Although Democrats picked up seats in Colorado and Arizona, there were few other bright spots on the map for the party. At press time, several Senate races remained outstanding, leaving both parties with hope of further gains.

A Republican Senate would have the power to cripple the agenda of a President Joe Biden. It would mean an end to pre-election discussion of sweeping progressive social, economic, and environmental measures, as well as any potential expansion of the Supreme Court.

With Trump-nominated Justice Amy Coney Barrett having bolstered a conservative majority on the Supreme Court, Democrats also would lack legislative recourse to address any rulings that would reshape abortion rights or health care.

The outlook for a huge stimulus package is murky: The Trump administration and House Democrats had been negotiating roughly \$2 trillion of pandemic relief before Election Day, but Senate Majority Leader Mitch McConnell said the Republicans wouldn’t support a package that costly.

The exact balance of power in the Senate won’t be known until January, when at least one race in Georgia will head to a runoff. —*Steven T. Dennis and Amanda Kolson Hurley*



▶ MARK KELLY
▷ MARTHA MCSALLY

Former Navy pilot and astronaut Mark Kelly, a Democrat, unseated McSally, marking a leftward turn in the former GOP stronghold of Arizona.



▶ JOHN HICKENLOOPER
▷ CORY GARDNER

Former Colorado Governor (and 2020 presidential candidate) Hickenlooper won back a seat Democrats lost in 2014, defeating one-term Republican incumbent Gardner.



▶ SUSAN COLLINS
▷ SARA GIDEON

The centrist Republican prevailed over Gideon, speaker of Maine’s House of Representatives, to secure a fifth term in the Senate.



▶ JONI ERNST
▷ THERESA GREENFIELD

A tight race in Iowa between incumbent Ernst and businesswoman Greenfield ended with Ernst’s victory, keeping the seat in the Republican column.



▶ LINDSEY GRAHAM
▷ JAIME HARRISON

Fueled by a late surge in donations and a climb in the polls, Democrat Harrison aimed to pull off the upset of 2020 against three-term incumbent Graham—but fell short.



▶ STEVE DAINES
▷ STEVE BULLOCK

Montana’s closely fought “Battle of the Steves” culminated in Republican Daines successfully defending his seat from a challenge by Bullock, the state’s Democratic sitting governor.



▶ TOMMY TUBERVILLE
▷ DOUG JONES

The improbable 2017 win of Jones, a Democrat, in deep-red Alabama was largely due to his then-opponent, Roy Moore, being mired in a sexual misconduct scandal. As expected, Jones lost his seat to former Auburn University football coach Tuberville, a pickup for Republicans.



▶ KELLY LOEFFLER
▷ RAPHAEL WARNOCK

In Georgia’s free-for-all special election for the Senate seat currently held by Republican Loeffler, Warnock, a Democratic pastor and activist, came out ahead—but not by enough to avoid a runoff against second-place Loeffler in January.

UBER SCORES A VICTORY

► California voters passed a proposal by app-based companies to keep drivers as contractors

Voters in California handily passed a ballot measure backed by Uber Technologies Inc. and Lyft Inc. to enshrine the status of app-based drivers as independent contractors rather than employees. The decision may shape the future of the U.S. gig economy as lawmakers in Illinois, New York, and elsewhere consider greater labor protections for the growing ranks of gig workers.

The vote exempts app-based ride-hailing and delivery companies from having to treat drivers as employees, though they must now offer some modest benefits, such as minimum pay while riders are in drivers' cars and health-care subsidies. A Morgan Stanley analyst estimated these new perks will raise Uber's labor costs by about 5%.

The app-based companies have argued the initiative, Proposition 22, will preserve flexibility for drivers and keep fares from rising for customers. Labor groups and other critics say it allows companies to deny drivers their right to substantial benefits and wages.

Uber, Lyft, DoorDash, Instacart, Postmates, and other supporters poured a record \$206 million into the "yes" campaign, about 10 times what the "no" side spent. "These companies are the new robber barons, and they're using the system to establish a privileged status for themselves," says William Gould, a law professor at Stanford and former chairman of the National Labor Relations Board under President Bill Clinton. "Two hundred million-plus is much cheaper from their perspective than paying the employees these benefits that the legislature has established for them."

The state tally shows about 58% of voters supported the measure. Prop 22 was born out of a state bill known as AB 5 the legislature passed last year that took effect in January, which sets higher standards for workers to be classified as independent contractors. The proposition would be difficult to reverse. Amending it—in a way that doesn't change its original meaning—would require a $\frac{7}{8}$ supermajority in the legislature. Overturning it would require a new ballot measure. —*Joel Rosenblatt, Robert Iafolla, and Erin Mulvaney*

WEED WAS A CLEAR WINNER

► Legalization victories in five states could speed the march toward national acceptance

Marijuana measures passed in all five states that had them on the ballot on Nov. 3—even in deeply red parts of the country. The victories will legalize recreational use in Arizona, Montana, New Jersey, and South Dakota, as well as medical use in Mississippi and South Dakota. "Cannabis won, and won big," says Boris Jordan, executive chairman of Curaleaf Holdings Inc., one of the largest U.S. cannabis companies. "It's a green landslide."

Cowen & Co. analyst Vivien Azer says the change could boost the annual market for cannabis producers by more than \$3 billion. Pot could bring much-needed revenue for states that are suffering from coronavirus-caused slumps in employment and tax receipts.

The latest results mean recreational marijuana is legal in 15 states and approved for medical purposes almost nationwide. Still, the likelihood that Republicans retain control of the Senate dims the prospects for federal legalization. The MORE Act, which

would remove cannabis from the list of federally controlled substances, is probably off the table. Instead, legal change will more likely happen under the less expansive States Act, which would leave legalization issues to states.

Election Day wasn't only about weed. Oregon agreed to decriminalize possession of small quantities of heroin, meth, and other street drugs and allowed medical use of psilocybin, or "magic mushrooms." Voters in Washington, D.C., passed a measure to lower the police enforcement priority for personal use of entheogenic plants and fungi, such as psilocybin mushrooms and ayahuasca.

The politics of pot had become entwined with the social justice wave sweeping across the nation this year. New Jersey Governor Phil Murphy encouraged voters to legalize recreational cannabis, citing the disproportionate impact of marijuana-related arrests on communities of color. In Oregon, a portion of tax revenue from marijuana sales will be used to fund addiction recovery centers. Montana's initiative will let people convicted of marijuana offenses apply for resentencing or the expunging of records; Arizona's includes a process to expunge pot offenses as well.

Some proponents of the ballot measures used the expected tax revenue from legal pot as part of their successful pitches. Arizona's proposal would levy a 16% excise tax on retail sales of marijuana. Although steep, that pales in comparison to the 37% excise tax Washington state imposes on legal pot, which is also subject to the state's 8% sales tax.

The passage of recreational legalization in New Jersey will pressure politicians in neighboring New York and Pennsylvania to follow suit. With New York struggling to fill a \$13 billion budget gap, "the temptation of up to \$300 million in annual revenue from legal marijuana may prove too strong to resist," Eric Kazatsky, senior U.S. municipals strategist at Bloomberg Intelligence, wrote in an analysis of the ballot wins. —*Tiffany Kary and Brenna Goth, with Kristine Ogram*

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INSIDE L.A.'S BALLOTPLEX

► In a Pomona warehouse, millions of mail-in votes make the journey through sorting, signature validation, and “extraction”

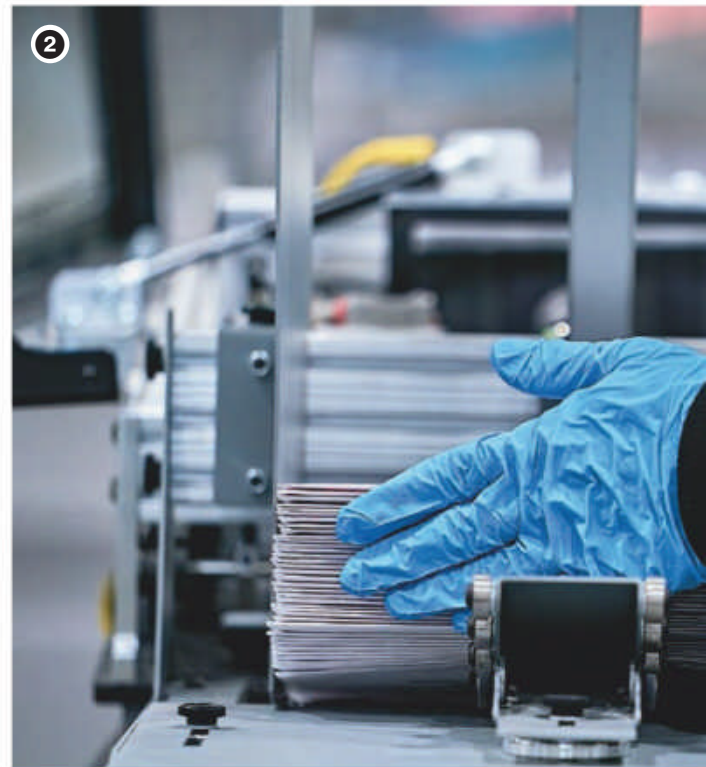
► By Amanda Kolson Hurley
 ► Photographs by Peter Adams

Los Angeles County, the most populous county in the U.S., has more registered voters—5.6 million—than the entire populations of Mississippi, Rhode Island, Vermont, and Wyoming combined. Because of the pandemic, the county sent mail-in ballots to all registered voters for the 2020 election, a first.

When ballots were returned, they ended up inside a vast warehouse on the Fairplex fairgrounds in Pomona, Calif. Before the ballots are sent off to be counted, more than 200 workers, in day and night shifts, put them through a multistep process. Officials chose Fairplex—which hosts the L.A. County Fair in

nonpandemic years—as a temporary site to accommodate the mail-in ballots and to give workers space for social distancing.

As of Nov. 2, almost 2.9 million ballots had been returned in Los Angeles County, or 50% of those mailed out. Among registered Democrats, 55% had submitted their ballots, compared with 52% of registered Republicans and 41% of independents and members of other parties. Presumably, some of the voters who hadn’t returned their mail ballots decided to vote in person instead.

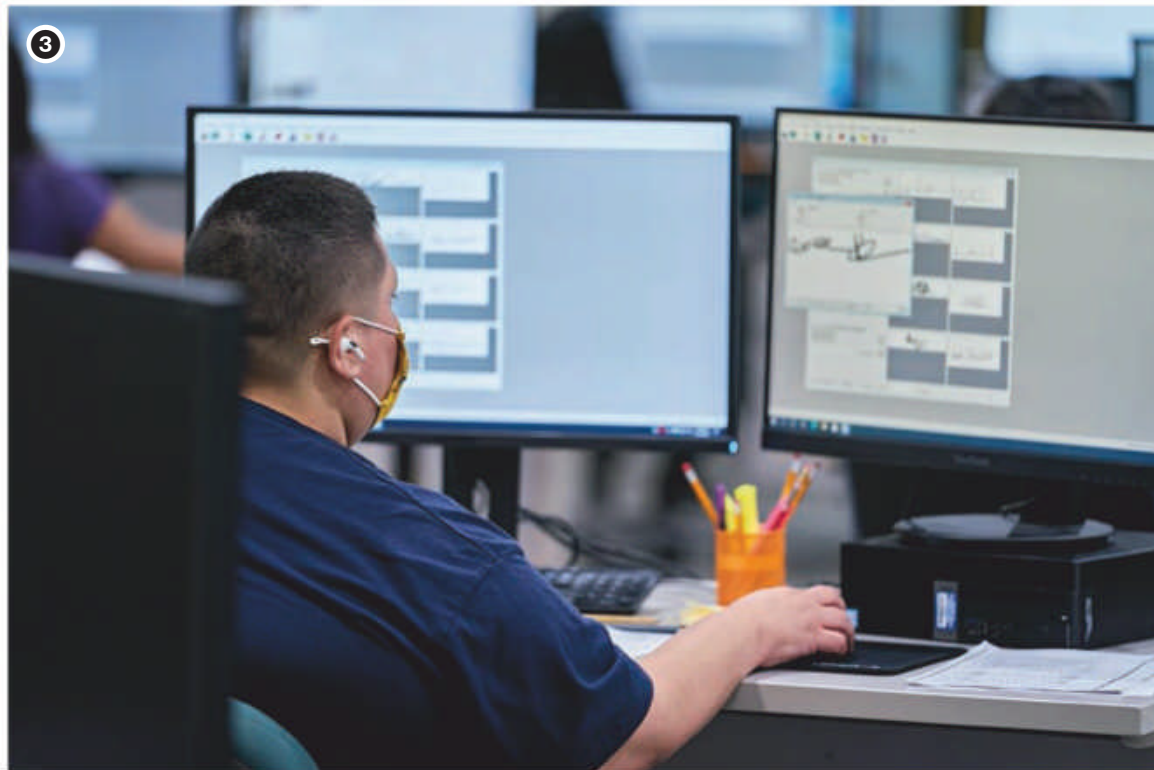




1 Step 1 is inspection of incoming ballot envelopes. Envelopes collected from the U.S. Postal Service or from drop boxes are sorted by postmark and inspected for the required signature and any signs of tampering.

2 Workers then run the ballot envelopes through automated scanners to validate that the signature on the envelope matches the signature of the voter on file with the county.

3 The third step is only for ballot envelopes that failed the automated signature validation. Multiple workers review the signatures on these envelopes; they can check against an expanded set of signatures for each voter. If the signature still can't be verified, election officials will contact the voter to get a signature verification statement.



4 Next is “ballot extraction”—ballot envelopes are sliced open so workers can take out the ballots.

5 Workers then “remake” ballots that have readability problems or that voters made a mistake on and tried to correct—as long as the intention of the voter can be understood—so the ballots can be read by tabulation machines. The original ballot is attached to the remade ballot for auditing purposes. Remaking is performed by a two-person team; the partner of the worker pictured here is off camera because of social distancing.



6 Finally, ballots are placed in tally boxes equipped with tamper-evident seals. The boxes are taken to the county's tally operations center, where votes will be counted.

THERE'S GOT TO BE A BETTER WAY

► The U.S. could adopt a few easy reforms—and a few tough ones—to take the drama out of its democracy

► By Marc Champion

Canadians voted for a new parliament last year in a poll organized—from sea to shining sea—by a single, nonpartisan federal agency known as Elections Canada. Lines outside polling stations in ethnic minority communities weren't hours longer than elsewhere. There were no opaque torrents of cash flowing into unlimited campaign coffers, no warnings of mass fraud, no confusion over varied voting rules, no toxic debates about voter ID requirements. It was, in a word, dull. That's something few would say of the presidential vote next door in the U.S. And when it comes to the internal mechanics of democratic elections, dull is good.

Americans take pride in having the world's oldest constitutional democracy. But even if Donald Trump's threats to challenge the count or its outcome should go unfulfilled, the 2020 presidential election has cruelly exposed structural flaws that mark the U.S. electoral system as among the weakest of any advanced democracy. If that sounds unduly harsh, it shouldn't. A surprising amount of data gets collected on the wider process of holding elections, and for Americans, it makes brutal reading.

The most detailed index, by a Harvard-based nonprofit called the Electoral Integrity Project, ranks elections based on 49 criteria—including dispute resolution and the accuracy of voter rolls—as perceived by a mix of local and foreign ►



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◀ election specialists. The latest 2019 index placed the U.S. 57th in the world. Among core Western democracies, it came in at rock bottom. As older and newer democracies have raced ahead, “America hasn’t wanted to learn and hasn’t felt the need to learn,” says Pippa Norris, a lecturer in comparative politics at Harvard, who runs the project. “It doesn’t even look across the border at Canada or Mexico, at how other countries have run elections very efficiently.”

For sure, there’s no such thing as a perfect electoral system, and the U.S. is hardly alone in struggling to manage challenges to its democracy right now. Yet improving the way U.S. presidents and legislators are chosen matters for more reasons than just ensuring the majority of voters get the leaders they want. A stronger electoral system would make the U.S. less vulnerable to manipulation by Russia and other geopolitical adversaries as they exploit weaknesses to destabilize and distract what remains the world’s only military and economic superpower.

A better system would also help cement trust in state institutions, the essential element without which governments tend to fail, says Ivan Krastev, a Bulgarian political scientist whose book on the Covid-19 pandemic, *Is It Tomorrow Yet?*, was released on Oct. 29. Many of the Western democracies that score worst for their electoral processes—including the U.S., the U.K., Italy, and Spain—also score poorly in terms of their handling of the coronavirus, as measured by deaths per 100,000 of population to date. “If there is no trust, you can achieve nothing, because politics is about collective action,” Krastev says, pointing to the resistance many Americans have shown to advice from the Centers for Disease Control and Prevention on wearing masks.

So what would a good, dull U.S. election process look like? For one thing, it would be uniform, making the voting access, experience, and power of a citizen in Georgia a lot more like one in Maine as they cast ballots for the same presidential candidates. That’s something other nations with federal systems, such as Germany, have managed to achieve, but not the U.S. In fact, the electoral systems of America’s 50 states have been diverging, something that’s having consequences again. Most states allowed counting of early ballots to start before polls closed on Nov. 3, but a handful of battleground states didn’t. That delayed the overall result and opened space for Trump to call for those later counts to be stopped.

The Federal Election Commission, a central, bipartisan body formed in 1974 to rein in campaign finance abuse, has become gridlocked as the wider political environment has grown polarized. There were efforts again at incremental change after the “hanging chad” debacle of 2000, when George W. Bush lost the popular vote but won the White House, thanks to a mere 537 ballots in Florida, after the U.S. Supreme Court intervened to block a recount. More recently, the Trump administration’s perceived encroachment on democratic conventions has fueled a new—albeit partisan—drive for improvements. The Democratic-controlled House of Representatives last year drafted H.R. 1, a sweeping electoral

reform bill named the For the People Act. It passed the House but stalled in the Republican-dominated Senate.

Some states haven’t waited. Vermont is among several that rank higher than Canada on the Electoral Integrity Project’s latest indexes, scoring 82 out of 100 to Canada’s 75. Other U.S. states have been sliding backward, including Georgia, which with only 49 points scored measurably worse than its post-Soviet cognate on the Black Sea.

Despite all the constitutional and political barriers to change, some fixes could be made. An easy one would be to follow other nations in declaring federal elections a national holiday, so those who work aren’t penalized or discouraged by the need to wait in line. A tougher call: The U.S. could make voting mandatory, as it is in Australia, where turnout is routinely above 90%. Turnout for Nov. 3’s U.S. election was almost 67%, yet that makes it an outlier, the largest since 1900 and a good 10 percentage points more than in 2016.

The U.S. could also join the mainstream of democracies by introducing nationwide automatic voter registration. Although exact data are hard to come by, as many as 24% of eligible U.S. voters—about 50 million people—were unregistered as of 2012. Since then, 19 states plus the District of Columbia have adopted versions of automatic registration, but most still haven’t. That’s something H.R. 1 seeks to fix—together with ensuring full enfranchisement for ex-felons no longer in prison and statehood for the Democratic-leaning residents of D.C.

India, like the U.S. a highly decentralized federal state, registers all eligible voters when they turn 18. The Election Commission of India then mails out a free voter ID card with a photo that’s matched to electoral rolls. Adopting a similar system would at a stroke eliminate the poisonous debate over America’s patchwork of sometimes discriminatory voter ID requirements. “If India can do it, with 800 million people going to the polls in hugely complicated elections, so can the U.S.,” says Norris of the Electoral Integrity Project.

Another practice to follow would be appointing independent bodies to decide boundaries in elections to the House of Representatives, something California has already done. That would do away with the grotesque gerrymandering both political parties practice in some states as they try to tilt electoral arithmetic in their favor. H.R. 1 includes measures to do just that. And it would tighten campaign finance laws to enforce donor transparency on the so-called super PACs and dark-money pools that allow wealthy U.S. executives and corporations—and potentially, foreign interests—to make anonymous and effectively limitless donations to the campaigns of future U.S. presidents.

Transparency alone may not be enough to end the corrosive perception that the highest bidders can buy U.S. politicians and their lawmaking. A common way to address that problem is to cap what candidates can spend to get elected. Canada sets the cap at about C\$100,000 (\$76,100) per candidate, with extra for the parties and TV advertising. In France, which has a presidential system not unlike that of the U.S., the 2017 campaign

budgets for Emmanuel Macron and his opponent Marine Le Pen were limited to €16.85 million (\$19.73 million) each in the first round vote and €22.5 million for the runoff two weeks later. Trump, by contrast, spent \$647 million to win the White House in 2016, one of the cheapest U.S. presidential campaigns on record; Hillary Clinton spent \$1.2 billion. Adjusted for population size, that gave cash about four times as big a role to play as in Macron's election.

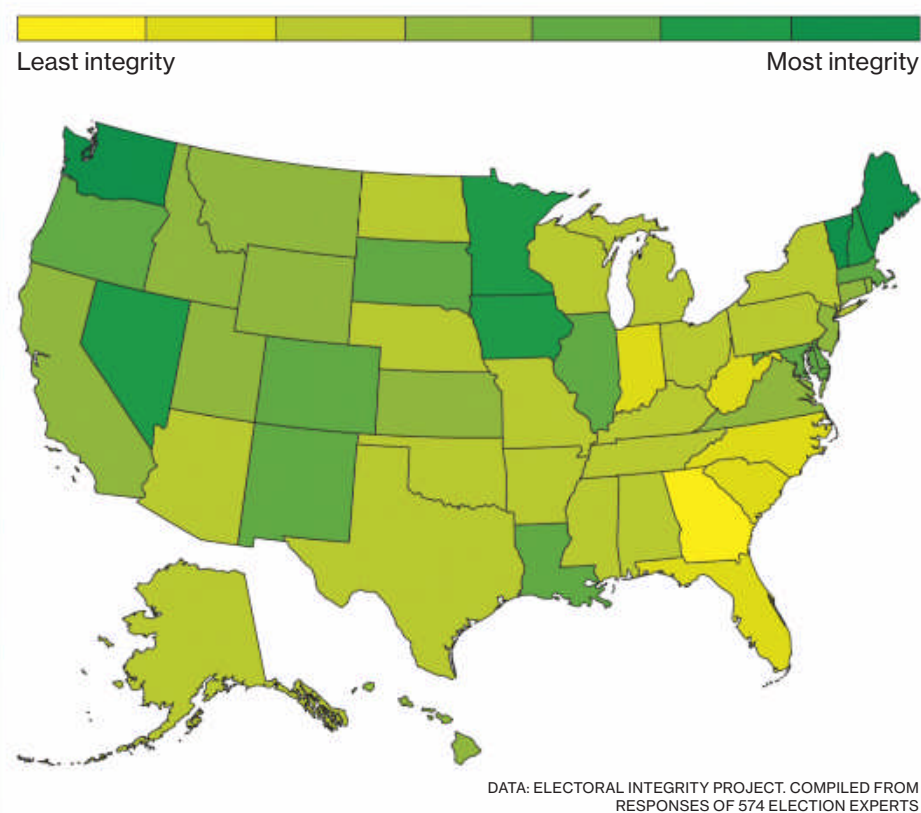
There should be less disparity between the weight a vote for the Senate carries in different states, now at levels never envisaged by the founders, says Laura Thornton, director for global programs at the International Institute for Democracy and Electoral Assistance (IDEA), an intergovernmental organization based in Stockholm. One solution would be to add senators for the biggest states, such as California, where a vote has almost 89 times less representative power than in Wyoming. The target for international monitors appraising elections worldwide is to keep such discrepancies to 10%, she says.

For similar one-person-one-vote reasons, a good U.S. presidential election would have no Electoral College, an institution for which the vast majority of other nations with popularly elected presidents have no equivalent. That's a change that may not come anytime soon, because of the extreme difficulty of amending the 233-year-old U.S. Constitution. Fourteen states have acted to minimize the potential for the Electoral College to distort outcomes by agreeing to back whichever candidate wins the popular vote nationwide. On Nov. 3, Colorado voted to join them. Yet the piecemeal approach to reform is again causing divergence in what it means to vote for the same presidential candidate in different parts of the country.

"Part of the problem is just that it's old," Thornton says of the Constitution, noting that at the time it was drafted "there were no women judges, there were slaves, and California didn't exist." The document emerged as a series of compromises made in the struggle to form a federal republic rather than as a blueprint for democracy, she says. In fact, the big debate among the founders was how far to go in giving an equal vote to Americans who didn't have property. It took until 1920 for an amendment to give women the right to vote. The Constitution now governs a nation that would be both geographically and demographically unrecognizable to Thomas Jefferson.

But probably the most meaningful, if unlikely, change the U.S. could introduce is the one Canada made in 1920, Australia in 1984, and the U.K. in 2001. Namely, to put an independent electoral commission in charge of running the nation's federal elections, from soup to nuts, across the country. Doing so would go a long way to take partisan politics out of boundary making, polling station allocation, ballot design and counting, voter ID rules, and dispute resolution, in much the same way central bank independence helped take some of the politics out of setting monetary policy. By altogether removing election administration from the hands of local politicians, it also could obviate the need to restore

Perceptions of Electoral Integrity Index, 2018



the antidiscrimination protections of the 1965 Voting Rights Act, which were lost seven years ago when the Supreme Court voted 5-4 to invalidate its key provisions.

The U.S. still has a functioning democracy and until now, at least, performed well when it came to counting votes accurately and honoring the result—two broad ravines that separate democracies in need of a fix from the kinds of cynical electoral theater seen in such countries as Belarus. There, elections serve as tools to legitimize the retention of power rather than to enable populations to change their leaders. As the recently poisoned Russian opposition figure Alexey Navalny put it in a tweet on Nov. 4: "Woke up and looked on Twitter to see who had won. Nothing was clear yet. Now that's an election."

Yet there's no disguising that something serious is amiss in the fragmented, politicized U.S. electoral system, which seems weighed down by unscrapped barnacles of the past. Paradoxically, America's long-held status as leader of the free world also may have contributed to this ossification. After emerging on the winning side of World War II and then the Cold War, it seemed natural for the U.S. to offer advice around the world on how to build democratic institutions and improve elections as democracies grew from 26% of nations in 1997 to 62% in 2019, according to IDEA's Global State of Democracy index. America's own institutions got a pass.

"As a German, of course I grew up admiring U.S. democracy, but after coming here, that's been replaced by real shock," says Michael Bröning, who in June moved from Berlin to New York as executive director of the Friedrich-Erhard-Stiftung, a German political think tank. From campaign finance to acceptance of the result, every layer of the electoral process seems dysfunctional, he says. "It's like watching someone try to win a Formula One race with a horse-drawn carriage that was made in the 19th century." **B**



How U.S. Colleges Are Keeping China's Lucrative Students

● With travel thwarted, students enroll at partner campuses in Shanghai and other cities

Neveah Sun was looking forward to studying at New York University this fall, majoring in psychology and journalism while experiencing life in the middle of Manhattan's Greenwich Village. Instead, the 19-year-old from the Chinese city of Suzhou spends her days at a WeWork office in Shanghai that NYU has converted into classrooms for a new program catering to students who can't get U.S. visas because of Covid-19. "At first I thought it was a little weird, but I'm getting accustomed

to it," she says. "Also, we have a fantastic view."

NYU can accommodate students in Shanghai thanks to a joint venture it formed there in 2012 with East China Normal University. A separate degree-granting institution with its own admissions procedures, administrators, and almost 2,000 students, NYU Shanghai shares some faculty members with the New York school and sends many of its undergraduates to study there as exchange students. Now, NYU Shanghai is temporarily home to more than 2,800 additional students, most of them Chinese enrolled at the New York campus but unable to travel.

Other parts of Asia have seen foreign universities set up campuses with local schools, commercial companies, or investors in search of profit. But that

business model doesn't work well in China, where the government is more protectionist, says Michael Bartlett, a partner at Singapore-based Alumno, an international education consultant. Instead, he says, many Western schools benefit from having Chinese affiliates, which can help them gain better scores in global rankings and greater opportunities for professors and students. "For some, it's about the reputation, having a name, and being able to punch above their weight in a key market," Bartlett says.

By hosting students like Sun who can't go abroad, those partnerships are helping foreign schools hold on to a good chunk of revenue: Chinese students typically pay full tuition, because they don't usually qualify for financial aid. And students being hosted by affiliated schools in China don't have to attend Zoom classes in the middle of the night because their professors are in a time zone half a world away. In China, where the virus is largely contained, schools are having in-person classes. "My friends at other universities are a bit envious," says NYU Shanghai Vice Chancellor Jeffrey Lehman. "Their students who are blocked from entering are taking all of their classes remotely, while our students are able to avoid that and feel a sense of community."

China accounted for one-third of the 1.1 million foreign students in the U.S. in the 2018-19 school year, the most recent data available, and those Chinese students generated \$14 billion in revenue for U.S. colleges and universities, says Rahul Choudaha, director of research at the Graduate Management Admission Council. Fewer students from China, he says, could cost U.S. higher education—already in a funding crisis—\$700 million this year. Enrollment for international undergrads attending U.S. colleges has dropped 14% from last fall, according to data from the National Student Clearinghouse Research Center.

Having an affiliate campus in China can help U.S. schools provide temporary homes for students and retain the thousands of dollars in fees each one pays. At Duke Kunshan University, a venture near Suzhou between Duke and Wuhan universities, about 120 students who were supposed to be in North Carolina are taking a mix of in-person and remote classes. Several dozen University of Connecticut students unable to travel are studying at a Chinese campus of the University of Nottingham in Ningbo, which in normal years is the site of a study-abroad program for UConn students. A venture between England's University of Liverpool and a Chinese partner has added students at a campus in Suzhou, too. "China-based schools are increasingly attractive, because students can be in class without the threat of infection," says John Darwin Van Fleet,

director of corporate globalization at Shanghai Jiao Tong University's business school. "This is a very good moment to be operating these campuses."

Kean University has had to close some facilities at its Union, N.J., campus to address a budget shortfall caused by a Covid-related decline in enrollment this fall. But the number of students is up at Wenzhou-Kean University, its joint venture in eastern China. WKU this semester added about 100 students who'd planned to attend other foreign schools, as well as some WKU students who would have spent the year in New Jersey. Kean gets 9% of tuition revenue generated by the venture: "Any revenue coming in would be very helpful," says President Lamont Repollet.

For NYU, which last school year had a budget of \$3.5 billion (not counting its big hospital and medical school), the importance of the Shanghai campus is not whether it can generate a few million dollars of revenue but whether it can help build its global profile and compete for talent against Ivy League schools such as New York rival Columbia, which is much richer. NYU Shanghai says it sends some money to New York, reimbursing costs incurred when NYU hosts exchange students, but is independent financially and doesn't share profits or receive subsidies with its U.S. co-founder. NYU has about a dozen locations worldwide, including academic centers in Africa, Australia, Europe, the Middle East, and South America, as well as a degree-granting campus in Abu Dhabi.

The worldwide outposts help improve the appeal of NYU back in New York, says Robert Kelchen, an associate professor of higher education at Seton Hall University in South Orange, N.J. Indeed, even though Chinese students enrolled at NYU Shanghai get a break on tuition thanks to government subsidies, the joint venture hasn't hurt the flagship's ability to attract students from China. NYU had more than 8,700 students from the People's Republic in 2018-19, according to data from the university, up from about 2,100 in 2012.

The latest U.S. institution to expand in China is New York's Juilliard School, the renowned arts institution, which opened a branch in Tianjin in September. China's Ministry of Education in March also approved a partnership between Georgia Tech and Tianjin University scheduled to open in the southern Chinese city of Shenzhen next year.

Critics wonder if foreign schools are paying too high a price for exposure to the Chinese student pool. China scholar Jerome Cohen, founder and faculty director emeritus of the U.S.-Asia Law Institute at NYU's law school, warned on his blog in January of the threat to academic freedom on China's ►

◀ NYU Shanghai this year has about 2,800 extra students—mostly undergrads unable to travel to New York

▼ NYU Shanghai
Pre-pandemic student population

1.9k

Covid cases*

2

▼ NYU New York
Pre-pandemic student population

58k

Covid cases*

452

◀ campuses from tighter controls by government, including changes to university charters to promote the role of the Communist Party. Foreign universities operating in the country should “expose the realities of contemporary education in China for world consideration,” Cohen wrote.

NYU Shanghai last year began mandating Chinese students take a “civic education” course, similar to mandatory political education classes at other Chinese universities. (Non-Chinese students, who account for half of the school’s undergraduates, don’t have to take the class.) “You need to have political literacy in order to survive as a Chinese citizen in China,” explains NYU Shanghai Chancellor Tong Shijun, previously the Communist Party secretary at East China Normal University. “That’s an essential part of the Chinese education for Chinese students.”

When it comes to its core values, NYU Shanghai maintains academic freedom and emphasizes that message with professors, says NYU Shanghai Provost Joanna Waley-Cohen, who’s also a history professor at NYU in New York. “We tell them to teach and adhere to the standards of academic rigor that they always have,” she says.

Still, despite the benefits, other schools have had second thoughts. Wesleyan University in 2019 ended efforts to open a joint venture in Shanghai, soon after the Middletown, Conn., school’s president warned of “serious concerns about academic freedom and a host of related issues.” And, in 2018, the University of Groningen in the Netherlands scrapped plans for a Chinese campus, citing insufficient support within the University Council, composed of students, faculty, and staff.

With relations between China and Western countries deteriorating and Chinese president Xi Jinping tightening the government’s control over higher education, the climate is worsening for joint ventures with ties to both sides, says Philip Altbach, founding director of Boston College’s Center for International Higher Education. Universities thinking about expanding in China “are going to be much more careful,” he says. “There’s going to be a major rethinking of how foreign institutions engage with Chinese universities.”

For now, having a Chinese campus is paying off for NYU. “I want to go to New York so bad,” says Cecilia Yiyue Chen, a 19-year-old sophomore at the Shanghai program for visa-less students. But with Covid cases surging in the U.S., “my family thinks Shanghai is way safer.” —*Bruce Einhorn and Allen Wan, with Janet Lorin*

THE BOTTOM LINE China accounts for a third of the 1.1 million foreign students in the U.S. Colleges are temporarily hosting some of them at satellites in China during the pandemic.

Can a Covid Vaccine Be Too Perfect?

● The lack of serious side effects in China’s big trials is raising concerns about transparency

Chinese companies’ seemingly remarkable progress has them leading the race for a coronavirus vaccine. Their speedy ascent has been unhindered by common scientific setbacks being reported by Western rivals, however, raising questions about how stringently they’re vetting results and reporting potential safety issues.

China has the largest number of candidates in late-stage vaccine trials, and its shots could be used by millions worldwide because President Xi Jinping has pledged to share successful ones overseas. But there is concern about Chinese developers’ standards and safeguards, because some of their vaccines are being distributed in the country under an emergency use program before getting full regulatory approval.

AstraZeneca Plc and Johnson & Johnson temporarily halted testing earlier this year in the U.K. and the U.S., respectively, after a single participant in each trial got sick. In contrast, China’s science ministry has said its companies have inoculated about 60,000 volunteers in final-stage trials, but there have been no reports of serious adverse events.

One front-runner, China National Biotec Group Co., has said it’s vaccinated hundreds of thousands of people under the emergency use program, a sign of how widely Chinese shots are being administered without reports of serious adverse events. Yet scientists say the discovery of health problems is inevitable when so many people of all ages and with varying conditions are tested—even if the vaccine isn’t causing the illness.

“Biology is fundamentally messy, and you will always get heart attacks, neurological events, and other toxicities by pure random chance,” says Michael Kinch, a vaccine specialist at Washington University in St. Louis. “In a large enough population you’re going to see that, and so it seems odd, maybe even suspicious, that nothing has been reported at all.”

Kinch says he’d be concerned about data that are “really, really clean.” He pointed to research published in 2015 in the journal *BMC Medicine* that examined 202 late-stage trials and found that only about 10% didn’t mention serious adverse effects.

“It seems odd, maybe even suspicious, that nothing has been reported at all”

China's companies say their vaccines have been found safe in their published research and late-stage human studies. The drugmakers have said they've seen only mild effects, such as a low fever, pain at the injection site, itchiness, fatigue, and dizziness, symptoms consistent with a regular flu vaccine. A spokesman at Sinovac Biotech Ltd. says the lack of any reports of serious side effects doesn't mean the company isn't being transparent. He points to comments from the Instituto Butantan, Sinovac's trial partner in Brazil, which has said fewer adverse reactions were seen in its coronavirus vaccine than in others tested there.

Different methods being used to develop vaccines are leading to the variations in adverse events, the Sinovac spokesman says. Based on its early-stage studies, inactivated vaccines—a traditional technology, employed by Sinovac, that uses a killed version of the pathogen—have been shown to have a low incidence of adverse events, he says.

CanSino Biologics Inc., a Chinese company developing a shot using a cold-causing adenovirus, declined to comment. In a statement in late October, it said its vaccine has good tolerability and safety, and there were no serious adverse reactions among participants in trials. China National Biotec Group didn't respond to a request for comment.

Some scientists are skeptical. "Any statement that says when you vaccinated over 100,000 people and see no serious or severe effects cannot be true," says William Haseltine, a former Harvard Medical School researcher who chairs the nonprofit Access Health International and has been a key player in understanding novel viruses, including HIV. "If they want their vaccines to receive international credibility, they've got to be forthcoming."

Vaccines typically take years to develop, but with Covid that process is being compressed to months globally. Yet Kinch says it can sometimes take the immune system three or four months, and in rare cases years, to show the effects of toxicity and any damage caused by the vaccination.

China's latest rules require that suspected and unexpected serious adverse events in clinical trials be reported to regulators. But it isn't mandatory for a Chinese company to communicate such problems or related trial pauses to the general public. Neither is that a common practice in the U.S., though the Food and Drug Administration would definitely be made aware, Haseltine says.

China's expanded emergency use program, introduced in July, is also raising questions. Originally intended for front-line workers—such as medical staff treating Covid patients or customs officers—the use of shots from China National

Biotec and Sinovac has since been expanded to employees of state-owned companies who travel overseas. Discussions are under way to offer them to students headed abroad. Local media are now reporting that ordinary people can sign up.

That has researchers wondering how such large numbers of people are being tracked. Ding Sheng, director of the Beijing-based Global Health Drug Discovery Institute, which has received funding from the Bill & Melinda Gates Foundation, says the absence of severe adverse effects shouldn't be seen as a bad thing. Ding says that emergency use



programs differ from controlled trials and that distributing the vaccines widely "doesn't necessarily mean bad things will happen." Yet he had questions about how people in the emergency program were being assessed. "This is a huge number of people, but they are not in clinical trials. How exactly these people are being followed up is unknown," Ding says. "If they could be more transparent about how they do that, that'll probably be a better assurance."
—Rachel Chang, Michelle Fay Cortez, and Anjali Cordeiro, with Jinshan Hong and Riley Griffin

▲ A Sinovac engineer works on a coronavirus vaccine in Beijing in September

THE BOTTOM LINE Researchers have found that about 90% of late-stage drug trials show at least some adverse events. China's Covid vaccine trials have not, causing some to question their rigor.

Startups With an Unusual Fight

- Often targeted by police, Nigeria's tech industry works on ways to help protesters

Last year, Aubrey Hruby took two Egyptian venture capitalists on a tour of Nigeria's technology startup scene. After five days of meetings with top entrepreneurs, she was convinced the trip was a success. Hruby, co-founder of Tofino Capital, a U.S. fund that helps tech companies in emerging markets, hired a taxi to take the visitors back to the Lagos airport. On the way, police pulled over the driver for not using his turn signal and impounded the car. A second Uber ride was also stopped, and this time officers accused the investors of being terrorists. They searched their suitcases and found \$1,000 in cash, which the police refused to give back. "They eventually let them go, and they made their flights, but they were so traumatized," says Hruby, who's also a senior fellow with the Atlantic Council's Africa Center. "I don't know if they will ever come back."

For those working in Nigeria's startup industry, experiences of this nature are wearily familiar. Their efforts to push back have put the sector at the heart of widespread protests against police brutality that have swept the country since early October. The government's move to quell the demonstrations has resulted in the deaths of about 70 people, according to the state. A round-the-clock curfew was imposed for three days in late October in Lagos, Africa's biggest city. It's since been relaxed, though a previous late-night ban on movement to help contain the novel coronavirus remains in place. The Office of the Inspector General of Police in a statement on Oct. 30 defended the behavior of police, who it says have faced "imminent threats to their lives" while trying to control protesters. Nigerian police spokesman Frank Mba didn't reply to multiple phone calls.



The tech sector has contributed money and services to support the demonstrations. Those include Justin Irabor, a co-founder of Eden, a Lagos-based online platform that lets you hire people to help with housework, who says his company donated about \$1,300. "As someone born and raised in Lagos, I've had firsthand experiences with this city's boons and vices," he says. "Young people like me have to grapple with harassment and threats to life from the police when we are perceived to be unconventional." The call for donations has even attracted the attention of Twitter Inc. Chief Executive Officer Jack Dorsey, who joined Google Africa in sending a series of supportive tweets using the movement's #EndSARS hashtag, which refers to the Special Anti-Robbery Squad at the heart of the protests. The show of solidarity came after Dorsey visited



Nigeria in 2019 to meet with the founders of several tech startups. (The government disbanded SARS on Oct. 11. Two days later the police announced the unit would be replaced by the newly formed Special Weapons and Tactics Team, or SWAT.)

Although Nigeria has struggled for years with endemic corruption, members of the country's tech industry complain they're now being singled out. They're seen as easy targets, because they tend to carry expensive laptops and other gadgets and there's a perception they may be well-off, says Oo Nwoye, founder of Lagos advisory firm TechCircle.

The situation could take a toll on this booming Nigerian sector. Some would-be entrepreneurs are considering whether to emigrate to safer countries, Nwoye says. The country's tech companies raised about \$122 million last year, compared with almost \$500 million for the whole continent, according to

a report by *Disrupt Africa*, a tech startup news site.

Adedeji Olowe, CEO of Trium Networks, a venture capital firm in Lagos, has been active in the technology sector for almost two decades. Olowe says he was stopped and searched by SARS in January. "I feared for my life, knowing that getting shot would see no one held accountable," he says.

The scale and duration of the upheaval has put pressure on the stock and international bond markets. The International Monetary Fund had forecast that gross domestic product was already set to contract 4.3% this year because of the Covid-19 pandemic, and the Lagos Chamber of Commerce and Industry has estimated lost output as a result of the protests of at least 700 billion naira (\$1.8 billion). The information and communication technology sector generates 10% of the country's economic output, making it one of the fastest-growing ►

▲ Protesters in southwestern Nigeria rally in October against the Special Anti-Robbery Squad

◀ sectors, and it's been a magnet for investors, according to the Center for Global Development. In the latest major investment, Stripe Inc., the U.S. payment-services giant, agreed in October to pay \$200 million to acquire Lagos-based Paystack to jump-start expansion in Africa.

Although tech companies fear the potential withdrawal of international investors because of the protests, many are focusing on using their skills to help those harmed by the unrest. Applications and websites have been developed to document police brutalities, and some startups are working on a program that will block prosecuted officers from using platforms created by Nigerian developers, according to TechCircle's Nwoye.

Citizens' Gavel, a Lagos-based group that provides legal representation for victims of police brutality, is also developing software to highlight good police officers and to shame bad ones, founder Nelson Olanipekun says. Its work comes as a Nigerian judicial panel was appointed to identify gunmen in military uniforms who fired on demonstrators. "When you celebrate officers that are doing well, it is expected that they would also influence the system positively," Olanipekun says. "At present, there is no encouragement for doing good in the police force." —*Tope Alake and Ruth Olurounbi*

THE BOTTOM LINE Nigeria's budding tech sector, which drew \$122 million in investment last year, is fighting back against alleged corruption and police brutality by taking part in nationwide protests.

An Epic Phone-a-Thon

● India's smartphone shoppers will be spoiled for choice this festive season

Brands including Apple and Huawei are releasing almost a hundred smartphone models ahead of India's Diwali shopping bonanza, an unprecedented rollout for companies looking to capture a bigger chunk of the world's second-largest mobile market.

More than a dozen foreign and local smartphone makers will vie for attention around the Hindu Festival of Lights on Nov. 14, which ushers in an annual gifting spree that can make an American Christmas seem subdued. South Korea's Samsung Electronics Co. introduced twice its usual number of devices, while Cupertino, Calif.-based Apple Inc. showcased its smaller and more affordable iPhone 12 mini. Even Shenzhen-based Huawei Technologies Inc. pulled out the stops with three new designs, despite renewed Indian-Chinese military tensions over their contested border. (The dispute led Indian traders to call for a boycott of Chinese goods.) The lineup also includes phones custom-designed for the Indian market, geared toward everything from gaming to studying. There have even been zany promos like Xiaomi Corp. India chief Manu Jain starring in a rap video and mobile stores on wheels roaming the countryside.

India's smartphone penetration rate, which is the share of the population that uses a phone, is about 32%, compared with 61% in China and

the U.S.'s 82%, according to data from the 2020 Newzoo Global Mobile Market report—suggesting significant growth potential. "India offers a large and untapped opportunity for smartphone companies," Bloomberg Intelligence technology analysts Matthew Kanterman and Nathan Naidu said in a note to clients last month. The combination of "cheap data packages, recent 4G rollout, development of diverse local content, and digital payments may further boost the country's smartphone users."

Sales leader Samsung, runner-up Xiaomi, and others hope to catch the recovery in Indian consumption since the initial Covid-19 lockdown, one that's already driven an 8% rise in third-quarter phone shipments, according to market researcher Canalys. The increase marks a stark reversal from a 51% plummet in the previous three months, when the lockdown closed shops and disrupted supply chains. Some of the pent-up demand has been fed by growth in the WhatsApp messaging service and content streaming via YouTube. At the same time, students and employees have learned to rely on mobile devices for study and work.

"This year's going to be different going by the velocity of launches," says Asim Warsi, senior vice president of Samsung's Indian unit. The company has introduced a dozen new models in the runup to Diwali. The cheapest is a M01 Core at

"This year's going to be different going by the velocity of launches"

4,999 rupees (\$67), while the most expensive is the Galaxy Z Fold2 at 149,999 rupees. “It’s a very strong comeback, and our outlook is 40% growth in Q4,” Warsi says.

Fifth-generation technology will be put on display. China’s OnePlus Technology will be touting its OnePlus 8T 5G device, and Lenovo Group’s Motorola Razr 5G will offer foldable phone competition. Xiaomi will have its budget-friendly Poco C3; Asustek Computer Inc. will court gamers with its ROG Phone 3. Xiaomi said that it had already sold 5 million phones in the week of Oct. 15 via Amazon.com Inc., Walmart Inc.’s Flipkart, and its

languages—with iPhone 11 purchases. Within the first two hours, Apple had to halt the offer abruptly after running out of stock. The company set a “September quarter record in India, thanks in part to a very strong reception to this quarter’s launch of our online store in the country,” CEO Tim Cook said during the recent earnings conference.

Even long-dormant homegrown brands, decimated by Chinese competitors, are making inroads. Gurgaon-based Micromax Informatics Ltd., once a favorite for its affordable gadgets, launched a new series on Nov. 3. In another pre-Diwali promotion, Xiaomi fashioned a traveling store-on-wheels to



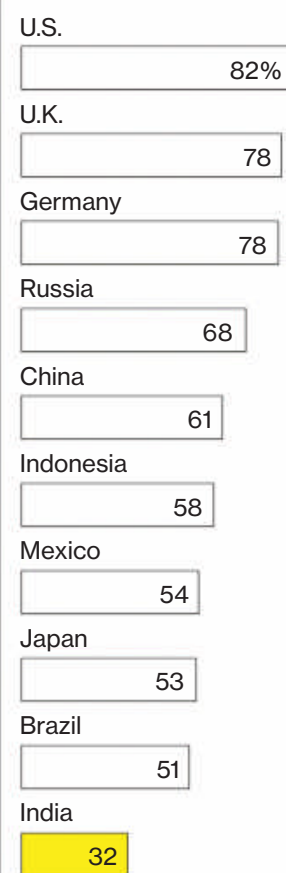
own website. A contraction in India’s smartphone market “in the pandemic-struck first half of 2020 has made it an intensely competitive festival season,” says Anshul Gupta, research director at Gartner India. “Vendors are lining up models to appeal to every type of buyer.”

Apple, which in years past was effectively priced out of India’s market, is going big in 2020. The company is increasingly turning its focus toward the country to reduce its dependence on China both as a market and as a manufacturing base amid escalating tensions between Washington and Beijing. Apple opened its Indian online store in September with a special offer of free AirPods and personalized engravings—in a choice of seven local

reach semi-urban and rural shoppers by showing up at weekly street fairs. Still, it’s uncertain how the festivities will pan out given that India, much like the rest of the world, is wrestling with economic uncertainty during the Covid-19 pandemic. While the country has the second-highest number of coronavirus infections after the U.S., the number of new cases has steadily declined since a record high in September. “Going into the high season of 2020, we have rolled the dice,” says Warsi, of Samsung. “We want to cater to every buyer looking to upgrade their phone.” —*Saritha Rai*

THE BOTTOM LINE India’s low smartphone penetration rate is a growth opportunity for makers of the devices, which are unveiling dozens of models ahead of India’s biggest shopping season.

▼ Share of population that uses a smartphone



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The Year of Tech, Tumult,

And

Cathie Wood





● With help from Tesla, the money manager could be the first star of exchange-traded funds

The tech sector is having a blistering rally this year, and Cathie Wood has been one of the biggest beneficiaries. The head of Ark Investment Management has made a name for herself as a skilled, stock-picking fund manager at a time when almost nobody gets famous that way anymore. Moreover, she's done so while managing exchange-traded funds. The vast majority of ETFs passively track indexes of stocks. Ark offers five actively managed U.S. ETFs, and Wood runs all of them.

Even before the coronavirus pandemic forced a huge portion of Americans to rely on technologies enabling virtual work and life, Wood made huge bets on companies working in artificial intelligence, genomics, and gaming, among others.

She runs 3 of the 10 best-performing exchange-traded funds so far in 2020, with her largest one, Ark Innovation ETF, returning 86%, compared with about 6% for the S&P 500 and 30% for the tech-driven Nasdaq 100. The fund now manages almost \$10 billion in assets, after attracting more than \$5 billion in new money this year. One other way Wood's funds stand out from the ETF crowd is cost: The five funds carry expenses of about 0.75% of assets per year. That's not high for active funds, but many index ETFs these days cost less than 0.1% of assets a year, one reason for the category's explosive popularity.

"We're the closest you'll come to a venture capital fund in the public market," she told Bloomberg News in August. "The way we learn is, hey, what is the venture capital world looking at? Is that investable now? We do what the venture capital world does not do, we figure out the underlying technology."

Perhaps Wood's biggest bet is Tesla Inc., the Innovation fund's top holding, at more than 10% of assets. It's up 400% this year. Wood's wildly bullish price target for the company's stock price—\$7,000 by 2024, from \$424 today—has been enough to grab headlines by itself. "We do think Tesla has entered exponential growth territory," she said in an interview in September. When Tesla plunged that month after it wasn't included in the S&P 500, Wood bought more. Her logic: The company can grow beyond making electric cars and into ►

"They're swinging to the fences"

ride-hailing and autonomous vehicles, where she believes profit margins will be much higher.

Wood's performance doesn't depend on Tesla alone. Her fund that invests in companies involved in genomics—a field that includes genetic medicines and testing—has returned about 100% this year. But all the Ark funds lean into industries where investors have been willing to pay high valuations on the hope of explosive future growth. Along with genomics, there are themed Ark ETFs for financial technology companies, next generation internet, and autonomous tech and robotics. In an email, Wood wrote that as the economy recovers from the pandemic shock, the market may start to reward value stocks—those companies from traditional industries that generally don't command high prices relative to earnings. But she still sees plenty of potential in her funds' picks. "Innovation takes root and typically gains significant market share during and after tumultuous times," she wrote.

In the great tech investing boom of the 1990s, plenty of fund managers rose to fame after making big bets on a few stocks that caught the public's imagination, and almost as many fell to earth again. Fund experts caution that you can't count on any manager's past performance continuing. The Innovation fund's success this year "isn't going to be duplicated in 2021," says Todd Rosenbluth, director of ETF research for CFRA Research. "Being concentrated in these long-term plays, they're swinging to the fences, and there will be times they make great contact, there will be times they strike out. If we get a rotation into more value-oriented strategies, this fund is going to struggle."

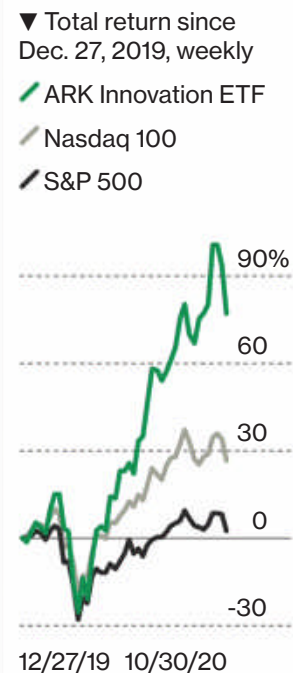
Now, after big tech names powered the market back to all-time highs, there's skepticism that technology and innovation-related companies can continue expanding at such a rapid pace. Apple Inc. and Twitter Inc. disappointed investors with their recent earnings results, and their stocks dropped sharply. Whether there's more upside for tech depends on a dizzying array of factors, including the course of a rapidly spreading virus, vaccine developments, what happens in the aftermath of a contentious presidential election, and antitrust inquiries. But comparisons to the dot-com bubble seem to grow stronger each day, and hardly anyone can forget the lessons from that episode about the dangers of lofty expectations.

Wood, Ark's chief executive officer, launched the company in 2014 after running more than \$5 billion of assets at AllianceBernstein. Almost none of Ark's analysts have a finance background,

which Wood has said helps them stay up-to-date with developments across different fields. The 27-person team—one-quarter of whom are people of color, 30% women, and most in their 20s—includes a cancer researcher and even a sailboat captain. Analyst James Wang, who focuses on AI, previously worked for the technology company Nvidia Corp. and wrote tech columns for an Australian magazine.

To help spark more discussion, Ark publishes much of its research on its site, hosts a podcast, and promotes its ideas on social media. One oddity of an actively managed ETF is that its daily holdings usually have to be in the open to ensure that the share price is in line with the value of the stocks it holds. (A few new "nontransparent" ETFs have worked out a way around this.) Managers of traditional mutual funds have to publish their holdings less frequently, and many guard their ideas in search of a short-term trading edge. But this matters less for funds like Ark's, which seek to win with big, if risky, long-term bets. —*Claire Ballentine*

THE BOTTOM LINE ETFs have long been known mostly for low costs and index tracking. Wood is making her name and drawing in assets with active picks.



Jack Ma's \$35 Billion Blunder

● A blunt speech about China's financial system may have spurred the cancellation of Ant's IPO

Jack Ma is a very busy man: He's been busy preparing for Alibaba Group Holding Ltd.'s grandest four-day Double Eleven shopping extravaganza, and busy readying Alibaba's fintech giant Ant Group Co. for a potentially record-setting initial public offering. Yet last month, Ma somehow found the time to opine on China's banking system at a high-profile financial forum in Shanghai, once again throwing himself into the center of a controversy.

In that speech, in addition to labeling the global banking regulators behind the Basel Accords an “old people’s club,” Ma said “systemic risk” is not the issue in China. Rather, the country’s biggest threat is that it “lacks a financial ecosystem.” Chinese banks are like “pawn shops,” where collateral and guarantees are the hard currencies. As a result, some borrowers decided to get so big they are not allowed to fail. “As the Chinese like to say, if you borrow 100,000 yuan from the bank, you are a bit scared; if you borrow a million yuan, both you and the bank are a little nervous; but if you take a 1 billion yuan loan, you are not scared at all, the bank is,” Ma said.

The consequences came swiftly. On Nov. 2, Beijing’s top financial watchdogs summoned the billionaire and dressed him down. The authorities also issued draft rules on online microlending, stipulating that some of Ant’s consumer credit businesses must have stricter capital requirements and operational rules. But the shocker came on the night of Nov. 3. The Shanghai Stock Exchange suspended Ant’s listing on its Star board, citing the watchdog meeting and subsequent regulatory changes. Ant then said in a filing that it would suspend its Hong Kong IPO as well. The fintech giant had been scheduled to start trading Nov. 5. The news sparked a slide in Alibaba’s shares in New York and dragged down other Chinese companies’ U.S.-listed stocks.

What Ma said was a bit sensational, perhaps. But he was right—China’s bankers are so averse to extending credit to smaller borrowers that Beijing redefined “inclusive financing” to make its banks’ loan books look prettier. In fact, it’s been so difficult for small businesses to obtain bank credit in the last decade that they have given

up on trying to invest for the future. The latest bit of evidence: In the third quarter, even as China’s economy recovered and 86% of 300 smaller manufacturers surveyed by broker CLSA became profitable, most of the banks remained wary. A record-breaking 59% of their capital expenses went into mere “regular maintenance,” the brokerage found.

Ma’s words were blunt, but the phrases he used, such as “pawn shops,” are not his concoctions. Bureaucrats at the People’s Bank of China, for instance, have used the same words themselves. So why is Ma being singled out? Could it be that Ant is too profitable and is now being targeted? Ant planned to raise at least \$34.5 billion in an IPO that had attracted more than \$3 trillion of retail orders. Meanwhile, the country’s regional banks are struggling and sometimes being restructured because they lack enough capital.

When banks lend money, they must put aside cash in case some loans go sour. Ant serves as more of a matchmaker between borrowers and lenders, and it therefore doesn’t have to set aside reserves for bad loans. Commercial banks have been complaining that fintech giants are making much more money than they are.

Ant’s vast consumer base appreciates its small loan offerings. But, to appease the big banks, Beijing may want to level the regulatory playing field. For instance, Ant may no longer operate as just a matchmaker; it might be asked to keep 30% of the loans on its balance sheet, compared with only about 2% now.

At the opening of his speech, Ma said he’d been conflicted about whether to attend the forum and speak out. Now he probably regrets it. But if China is serious about financial innovation, “inclusive financing,” or the digital yuan, it needs to let the man who pioneered the business and made billions along the way share his experiences and thoughts. He knows where the real problems are and could be part of the solution. —*Shuli Ren*
Ren is a columnist for Bloomberg Opinion

THE BOTTOM LINE Beijing may have penalized Jack Ma for criticizing the financial system, but the problems he points to are real and need addressing.

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Europe Begins Lockdown 2.0

Governments order limited closures, seeking to avoid widespread pain

It's 5:45 p.m., and a small square close to Rome's Spanish Steps is full of the sounds of alfresco diners and children playing. Twenty minutes later, all that can be heard is the scraping of metal chairs on cobblestones as waiters close up for the night, the piazza darkening as they turn off the lights.

To curb the resurgent coronavirus, Italy has mandated bars and restaurants close at 6 p.m., sending customers back to their homes. It's not a lockdown—yet—but for Romans it might as well be. It “feels like 2 a.m., not 6 p.m.,” complains Angela Dimauro, pulling her jacket closed and her mask higher as she leaves the square.

An early-evening end to meals out isn't the Italian way, but the change is spreading across the continent. Germany is shuttering its beer taverns and eateries, and France has mandated even stricter measures. As winter approaches, Europe is locking down again.

With virus cases and deaths rising at a faster rate in France, Italy, and Spain than in the U.S., governments are electing to take measures they hope will quickly curb contagion while inflicting less damage on the economy than the first wave of closures did in the spring.

As a result, restrictions are focusing on places



▲ Le Petit Panisse in Paris has shut its doors until Dec. 1



where citizens let their guard down and open their mouths, such as bars, restaurants, and nightclubs. Switzerland, where one superspreading event was linked to a yodeling session, has banned performances by amateur choirs.

Even with closures of limited scope, for the final quarter of 2020, Goldman Sachs Group Inc. forecasts a contraction of euro area gross domestic product of 2.3%, following a 12.7% rebound in the previous three months. Europe may already be on its way to a double-dip recession.

For people working in the hospitality or tourism industries, a disastrous year has just become worse. Enterprises that may have survived the first wave by downsizing, using government payroll subsidies and running down cash reserves, are facing what may be the terminal blow, even if they can access government support.

“We can’t stay above water with what we’re getting,” says Husseyin Guleryuz, who owns a cafe called Estate Coffee in Berlin’s trendy Kreuzberg district. “I still want to thank the government for all the help it’s trying to provide to help us stand on our feet, but our existence is threatened if this continues.” He says that while he employed six people before the pandemic, he can now afford only one. A lack of tourists and work-lunch customers has left him strapped for cash for months, and the closures that started on Nov. 2 could be the final straw.

The difference with lockdown 2.0 is that factories and non-hospitality businesses are largely allowed to continue to operate. The calculation is that even though the restrictions will hurt, the damage won’t

be of the same order of magnitude. France’s finance minister, Bruno Le Maire, estimates the curbs will cause output to sink 15% below normal levels, compared with a 30% hit in the spring.

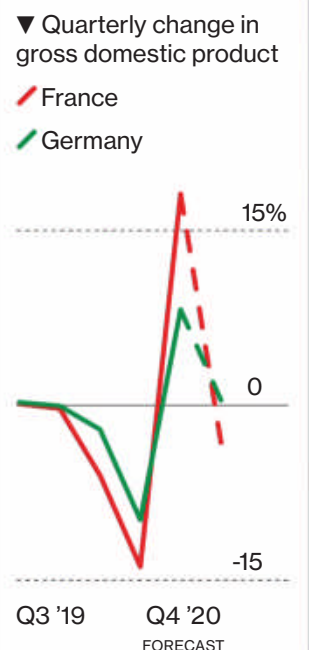
For those establishments not under new restrictions, the sense of emergency during this lockdown may be less pronounced. VDMA, a body that represents the German machinery industry, says that while November will be “threatening,” the sector can go on much as before. An October survey of purchasing managers shows the manufacturing sector firmly expanding.

Claas KGaA mbH, a maker of tractors and combine harvesters based in western Germany, says it’s used lessons from supply chain interruptions in the spring to make sure production won’t be interrupted now. “Despite new restrictions, we have good orders for our products now, and all we need to do is to make sure that we can work to meet that demand,” spokesman Wolfram Eberhardt says.

Even with such optimism, “lockdown light” is still a risky strategy for governments. Restaurants, bars, and catering companies are big employers, and closures have knock-on effects on suppliers and others.

Politicians are signing off on financial aid packages to compensate owners of affected businesses for losses and to keep workers on payrolls. Germany is offering to cover as much as 75% of the revenue an establishment got in the same month last year as part of a €10 billion (\$11.6 billion) package announced at the end of October. Even relatively cash-strapped Italy is readying ▶

▲ Restaurateurs in Paris will be able to offer only takeaway during November



◀ new relief funding of at least €1.5 billion. These efforts are being supported by a European Central Bank pledge to keep borrowing costs low and add stimulus.

Governments are having to pick winners and losers as they patch up their economies on the fly, and subsidizing bankrupt industries can't go on indefinitely. Amid pandemic fatigue, discontent is building. Germany has seen anti-lockdown protests, and riots have taken place in a dozen Italian cities. In France, local politicians and businesses have defied orders to close small shops that sell items deemed nonessential during a pandemic, such as clothes, books, flowers, and toys.

In an attempt to calm protests, the French government said it would ban supermarkets that remain open from selling those goods sold by the shuttered stores. That's led to further confusion, including a minister debating on a radio show whether toothpaste or makeup were more essential.

For the maintenance of Europe's social fabric, as well as its economy, policymakers are banking on this lockdown being a short one. —*Alessandra Migliaccio, Carolyn Look, and Piotr Skolimowski, with Jana Randow*

THE BOTTOM LINE Partial lockdowns in France, Germany, Italy, and Spain to contain rapidly rising virus counts have increased the likelihood that Europe will experience a double-dip recession.

Stingy Putin

● The Kremlin has money to spend but wants to keep it in reserve in case it faces new sanctions

During his decade-plus tenure as finance minister, Alexei Kudrin became President Vladimir Putin's most trusted economist by keeping a lid on spending and salting away hundreds of billions of dollars in a rainy day fund that helped the Kremlin weather economic crises with confidence. Now the fiscal conservative says Russia should be spending more.

The Kremlin is turning a deaf ear, despite a 40% rise in the value of Russia's National Wellbeing Fund this year. Putin doesn't want to risk running down his savings now, even if it means starving the economy during the pandemic. That's because after more than five years of escalating tensions with

the U.S. and Europe, including countless rounds of sanctions, the Kremlin is digging in for more.

"The fund was set up to accumulate proceeds from high oil prices so that it could be used in difficult times," Kudrin, who was finance minister until 2011 and now heads a government audit agency, said in an interview. "A pandemic is exactly that kind of situation."

After Russia's 2014 annexation of Crimea, Kudrin was one of the few voices among the country's elite arguing that the Kremlin should tone down its confrontational line to reduce the economic cost of an interventionist foreign policy that's led to standoffs with the West over its meddling in the affairs of its neighbors, the Middle East, and foreign elections. But Putin wasn't swayed—not even when Kudrin gave him a PowerPoint presentation showing the country risked slipping in rankings of global economies.

Putin brushed off Kudrin's criticism again when asked about it at an investor conference on Oct. 29, saying any increases in spending would be done "very carefully" in order not to run down the country's foreign exchange reserves. Unlike other major economies, "we can't just hold out our hand for more money," he said.

Putin spent most of his first decade in office paying down Russia's foreign debt, in part to prevent creditors from using it for political leverage over the Kremlin. Lately the U.S. and the European Union have used sanctions to restrict borrowing by the government and state companies.

Russia dodged the worst of the coronavirus recession, thanks to an economy dependent on exports of commodities such as oil, gas, steel, and coal, which were unencumbered by lockdowns in cities. But the economic cost of Putin's foreign policy is becoming clearer by the day as the government holds back on spending.

The government has boasted that fiscal stimulus this year amounts to almost 10% of gross domestic product. But Kudrin and other economists say the number is closer to 3%, making Russia one of the most frugal major economies in pandemic outlays. Much of the spending has been funded by borrowing from domestic banks, even as a slump in the ruble has boosted export revenue. As a result, savings in the government's rainy day fund have climbed to \$172 billion. The government plans to cut back borrowing in 2021 to tighten the budget, which has moved into deficit following three years of surpluses.

By contrast, ordinary Russians had to dig deep into savings to survive a six-week lockdown that ended in mid-May. By then, almost



● Kudrin

half of households had either no savings or just enough to cover expenses for four weeks, according to a survey by Moscow's Centre for Strategic Research. Nochlezhka, a charity that hands out free meals from night buses in Moscow and St. Petersburg, says demand doubled in the spring and has stayed high ever since. Director Grigory Sverdlin says he isn't optimistic the situation will improve anytime soon.

"Russia is now one of the only major economies pursuing austerity, and it's pursuing it for the wrong reasons," says Sergei Guriev, former chief economist at the European Bank for Reconstruction and Development. Spending on health care and education as a share of overall public expenditure declined in the three years before the pandemic. Major infrastructure projects have also suffered from a lack of funding, especially in regions far from Moscow. Residents of Yakutia, in the far northeast of the country, have been waiting for 30 years for a bridge the Kremlin promised to build over Russia's third-biggest river. Every year more than 600,000 people get stranded on one side when the winter ice gets too thin to drive on. Money that was meant to have been allocated for it got diverted to fund a \$3.5 billion bridge to Crimea that was finished two years ago.

High oil prices helped Putin oversee a surge in living standards and average annual growth of 7% during his first eight years in power in the early 2000s. But the boom has given way to stagnation in the past decade. Since the Crimea crisis, the economy has expanded at an average annual rate of just 0.7%.

Putin started this year with a promise to give back a portion of the money that's been squirreled away by spending about 2.1 trillion rubles (\$27 billion) on infrastructure projects and benefits for the poor. Then the pandemic hit, and some of that money was channeled into support for industries affected by lockdowns.

The Kremlin has met with very little pushback, in large part because it's careful to control the narrative on state TV that the policy of saving rather than spending is necessary to protect Russia from outside threats. When Putin's approval ratings dropped to a record low of 59% during the lockdown, the government eased the restrictions instead of increasing financial support. "It's almost like the politicians want to keep people poor so that all of their energy is focused on surviving, leaving no time to protest," says Alexandra Suslina, a budget specialist at the Economic Expert Group, a Moscow think tank.

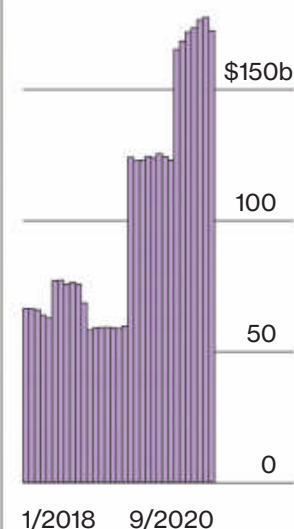
"Improving living standards just isn't a priority."

Putin's ratings improved with the economy over the summer, but now the government is facing another spike in coronavirus infections that's threatening to run out of control in the absence of a new round of restrictions.

Meanwhile, the risk of new U.S. sanctions has increased. In the last debate before the Nov. 3 U.S. presidential election, Democratic candidate Joe Biden warned that any country interfering in the vote will "pay a price," adding there was already evidence of Russian meddling.

Successive rounds of punitive measures since the annexation of Crimea mean there isn't much left for the U.S. to target in Russia. One proposal put forward by a bipartisan group of U.S. senators would bar American money managers from taking part in auctions of sovereign ruble debt, limiting the pool of Russia's potential investors to Europe and Asia and potentially increasing borrowing costs for the country. The International Monetary Fund and major credit rating companies have heaped praise on Russia in recent years for keeping debt levels among the lowest in the world and foreign exchange reserves among the highest. But Kudrin says that by maintaining that level of prudence in a crisis, the government

▼ Value of Russia's National Wellbeing Fund



▲ A Nochlezhka bus distributing food in St. Petersburg

risks dragging out the economic pain for years to come. "I imagine that they are being cautious with spending because they're worried about future risks," he says. "But it will be much harder to revive the economy later if it's badly damaged." —*Natasha Doff and Evgenia Pismennaya, with Anya Andrianova and Aine Quinn*

THE BOTTOM LINE Putin has been loath to sharply ramp up spending, despite a 40% increase in Russia's rainy day fund this year.

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Should insurers have to compensate businesses for coronavirus lockdowns?

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BY DAVID YAFFE-BELLANY
PHOTOGRAPHS BY DAYMON GARDNER

HOUGHTALING AT HIS MANSION
IN NEW ORLEANS

This lawyer says



John Houghtaling was working in the second-floor den of his mansion near the Garden District in New Orleans when a legal memo arrived in his email inbox. It was mid-March, not long before the pandemic shut down much of the U.S., and cooks in white aprons were downstairs preparing an extravagant dinner: lobster casserole, veal chops, seared foie gras. The celebrity chef Jérôme Bocuse, a close friend, would be attending that evening, along with two dozen other guests.

Seated on a velvet couch beneath an 18th century painting of Louis XV, Houghtaling, a plaintiffs' lawyer who's long specialized in suing the insurance industry, scanned the memo on his screen, growing increasingly agitated. The 10-page document, compiled by a law firm that represents major insurance carriers, was circulating among industry insiders who were anticipating that local governments would soon begin shutting down commerce because of the novel coronavirus. The memo outlined a series of arguments the providers planned to make to avoid paying virus-related claims from business-interruption coverage—policies companies purchase to hedge against fires and other catastrophes.

The chefs downstairs might soon lose their livelihoods, Houghtaling realized, and the insurance industry would refuse to help. His next thought was, he admits, a selfish one: "This party is gonna f---ing suck."

Sure enough, early in the evening, Chef Bocuse got a call: His two restaurants at Walt Disney World were being shut down. When he hung up, however, he was sanguine. "We checked the policy," he assured Houghtaling. "We're good."

Houghtaling was skeptical. "They're not going to pay," he said.

"Yeah, yeah," Bocuse replied. "You always say they're not gonna pay."

The next few days passed in a series of frantic phone calls. Other celebrity chefs, including Daniel Boulud, another friend of Houghtaling's, vowed to examine their policies and discuss the issue with colleagues. On March 16, less than a week after the dinner party, Houghtaling filed a petition in state court in Louisiana on behalf of the New Orleans restaurant Oceana Grill, asking a judge to declare preemptively that its insurance policy would cover damage caused by the virus.

The suit represented the opening salvo in what has become the single biggest legal battle to emerge from the pandemic. Faced with the worst business interruption in living memory, the insurance giants have, by and large, refused to pay business-interruption claims. U.S. plaintiffs' lawyers have filed more than 1,100 complaints against insurers, according to a tally by Tom Baker, a law professor at the University of Pennsylvania.

The stakes are enormous. Business owners from small restaurants to major retailers say they could go bankrupt unless they're paid. Insurance companies say the payouts could cripple them—one industry estimate looking at just U.S. small businesses with fewer than 100 employees places the total monthly cost of reimbursing their pandemic losses at between \$52 billion and \$223 billion. The dispute is also playing out in Congress and

state legislatures, where bills have been introduced requiring insurers to pay for pandemic-related losses.

"The word 'unprecedented' is probably overused in this, but I don't think I have another word for it," says Henry Daar, an executive vice president who oversees property claims for insurance broker Willis Towers Watson. "There have been huge insurable events in the past, with billions of dollars at issue. All of those involved situations that affected a discrete area and a discrete number of companies. This pandemic has affected everybody."

Houghtaling has spearheaded the legal offensive from his mansion. Since March he's challenged three major companies in court and formed a lobbying coalition called the Business Interruption Group, which is pressing lawmakers in Congress to pass a bill requiring insurers to pay certain virus-related claims. His Oceana Grill case is scheduled to go to trial on Nov. 16, in one of the first major tests of Covid insurance law.

A bow-tie-wearing 49-year-old bon vivant with slicked-back hair, Houghtaling has a taste for luxury and a penchant for grandiosity. He often toggles between metaphors to describe his fights with the insurance industry, as if groping for an appropriately epic comparison. Sometimes he's David, valiantly challenging Goliath. Other times he's Batman, battling villains in Gotham City.

The night of the party, he says, he felt more like a passenger on the *Titanic*. He sat next to Bocuse at a long mahogany table, a candlelit chandelier hanging overhead. There were towering flower arrangements and a cake shaped like a go-kart helmet in honor of Bocuse's son, a professional racer. A band marched through the house, singing and dancing.

Houghtaling could already tell it was the last party he'd host for a long time. "The whole thing is sinking," he thought.

About a decade before Covid-19 upended daily life, Doug and Gayle Mellin moved into a condominium in the small town of Epping, N.H. They soon encountered a problem: the pervasive stench of cat urine. The smell originated in a downstairs unit and rose through the plumbing system, drifting into the Mellins' apartment from behind a set of kitchen cabinets. The couple sold the condo at a loss and went to court to force their insurer, Northern Security Insurance Co., to cover the difference, arguing that the odor constituted "direct physical loss to the property."

For years, insurance companies and policyholders have debated the meaning of the phrases "physical loss" and "physical damage," the standard formulations governing which types of harm are covered. In 2015 the Supreme Court of New Hampshire found that the Mellins' property had suffered physical loss, ruling that such harm can exist even "in the absence of structural damage." But in other states, courts have adopted much narrower interpretations, arguing that "intangible harms" like a stench don't amount to physical contaminants.

Arcane contractual disputes such as this could now determine the survival of thousands of American businesses. If courts

rule that the presence of a virus inside a building entails physical loss or damage, then business-interruption policyholders might have valid insurance claims. In the memo Houghtaling received in March, Shannon O'Malley, a lawyer for the law firm Zelle, predicted that “creative policyholders and their attorneys may try to link the virus and physical property damage.” She argued that because the virus “may be cleaned without essentially altering the property is evidence that there is no initial damage.”

In the Oceana Grill case, Houghtaling did exactly as O'Malley had envisioned, casting the coronavirus as a physical threat—a web of microscopic particles that comes to rest on surfaces, rendering property unusable. And anticipating the industry's legal strategy, he and other advocates successfully lobbied public officials in New York City and elsewhere to include phrases such as “physical loss” and “physical damage” in shutdown orders requiring businesses to close.

To Houghtaling, there's no question the industry's position is self-serving. “If you ask them, ‘Is contamination physical?’ they start getting into arcane things like cat piss,” he says. “Do you need to? Something that is small, that can go through the air and contaminate and get into your nose and get you very sick or kill your mother and father...it's physical.”

Since March scores of lawyers have made similar arguments, demanding payouts for restaurants, studios, tattoo parlors, salons, casinos, theaters, retailers, and sports franchises. But not all business-interruption policies are the same, and many of the lawsuits face considerable obstacles. John Ellison, an insurance litigator who represents policyholders, estimates that from half to two-thirds of business-interruption policies contain “virus exclusions”—contract language stipulating that losses caused by viruses aren't covered. On their face, the exclusions appear to rule out insurance payments for businesses that close because of a pandemic. But in a lawsuit filed in California, Ellison is arguing that such exclusions should be unenforceable.

This type of language dates to the SARS outbreak in the early 2000s, when some insurers were forced to make expensive payouts to businesses in Asia that closed, such as the \$16 million paid to the Mandarin Oriental hotel chain. Afterward, representatives for the insurance industry got permission from state regulators to add policy language explicitly excluding viruses and other “disease-causing agents” from insurance plans. They assured the regulators that the new language would not limit the scope of coverage but merely clarify its original intent.

Ellison calls that request deliberately misleading—a ruse to trick regulators into approving downgraded insurance plans without requiring providers to lower prices accordingly. “You didn't reduce the premium, you didn't provide the coverage that you should have, by virtue of the misrepresentation,” he says. “So we're asking one court already, and we're going to be asking other courts, to not allow the insurers to rely on

exclusions that they obtained through a misrepresentation.”

The industry has responded aggressively to Ellison and other litigators, hiring expensive law firms and deploying its lobbyists to urge state legislators to abandon efforts to force payouts. The Insurance Information Institute, a trade group, introduced a website arguing that it would violate contract law to force insurers to pay pandemic claims. “The plaintiffs' bar is always looking to expand coverage beyond what's covered in the policy language,” says David Sampson, chief executive officer of the American Property Casualty Insurance Association, another trade group.

In April, Evan Greenberg, CEO of Chubb Ltd., one of the world's largest insurers, published an op-ed in the *Wall Street Journal* arguing that lawsuits “won't cure corona.” Houghtaling was outraged. “He called us beggars,” he says, his voice rising. “That was too much for us.”

Greenberg, who declined to comment, had actually written something much milder—that the litigation would repeat the “beggar-thy-neighbor mistakes of the Great Depression.” Still, in pursuit of vengeance, Houghtaling strategized with the Simon Wiesenthal Center, a Holocaust research and advocacy organization with an insurance policy from Chubb. The group's mission has a personal connection for Greenberg, whose father, former American International Group Chairman Maurice Greenberg, helped liberate the Dachau concentration camp during World War II.

On behalf of the center, Houghtaling sued Chubb in federal court in California on April 29, the 75th anniversary of Dachau's liberation. “We found it very ironic,” he says. “That was really a message we wanted to send to Evan Greenberg personally.”

While attending law school at Loyola University New Orleans, Houghtaling worked as an assistant at Gauthier & Murphy, the local firm that spearheaded the tobacco litigation of the 1990s. One of the partners, Bob Murphy, remembers asking Houghtaling to spruce up a 55-gallon chemical drum Murphy planned to present at trial. It was menial work, but Houghtaling managed to inject it with glamour. Leaving the office one evening, Murphy ran into Houghtaling in the parking lot, where he was spray-painting the drum, his suit jacket draped over the door of a bright red Mercedes. “He definitely got my attention,” Murphy says.

Houghtaling ultimately became one of the most successful trial lawyers at the firm, raking in tens of millions of dollars from wrongful death and personal injury cases. He represented a police officer disfigured by a fireworks explosion on New Year's Eve and handled the litigation stemming from a deadly boat accident on the Mississippi River. By ►

Something “that can go through the air and contaminate and get into your nose ... it's physical”

Some of the lawyers filing suits “are making arguments that are completely stupid”

◀ 2005, Houghtaling was wealthy enough that he was able to purchase Gauthier & Murphy outright.

He didn't start to focus on property-damage lawsuits until Hurricane Katrina, six months after he bought the firm. In the wake of the storm, he worked with Louisiana's attorney general to represent policyholders who were being undercut by the insurance industry. Houghtaling played a similar role after Superstorm Sandy ripped into New York and New Jersey in 2012, uncovering evidence of forged storm-damage reports that the carriers were using to lowball homeowners. The storm cases turned him into one of the country's most prominent property-damage litigators.

Houghtaling has since parlayed his national profile into other business pursuits. Six years ago he started an oil and gas company called American Ethane, investing in an industry he'd explored as a possible litigation target during the cleanup of the BP Plc oil spill in the Gulf of Mexico. In 2017, American Ethane secured a multibillion-dollar contract to export liquid ethane to China, finalized in a signing ceremony attended by President Trump and Chinese President Xi Jinping. Houghtaling says he started the company partly because he wanted to become a billionaire—a goal he has yet to reach. When a group of his business partners flew into New Orleans on an extravagant Gulfstream G650, he worried that his own private jet would seem shabby in comparison: “I called my pilot, and I said, ‘You want to help them land, but don't point out my jet, because it'll be embarrassing,’” he says.

In 2010 he bought the nine-bedroom, 22,000-square-foot mansion on St. Charles Avenue, which is furnished with paintings, tapestries, and a bed once owned by Marie Antoinette. He was single when he moved in, but in 2012 he married the Russian model and pop star Yulia Timonina, with whom he now has two children.

Houghtaling has also amassed a collection of luxury cars. For years he'd saved a dog-eared Lamborghini catalog he enjoyed reading as a child, and in the mid-2000s he decided to buy one of the models. Then he bought a second. “I kept making more money,” he recalls. “And I said, ‘OK, I'll buy another one.’ Another one. Another one. And then I thought, ‘OK, I'll buy every Lamborghini in that book.’” That was 17 Lamborghinis.

Nevertheless, Houghtaling is

sensitive about being seen as the stereotypical plaintiffs' lawyer, who exploits catastrophe to finance a lavish lifestyle. His role in the Covid litigation isn't primarily about money, he says. He's fronting more than \$1 million a month for the legal battle and the associated lobbying campaign. Because he's paid on contingency, he'll make money only if he wins in court. It's worth the risk, Houghtaling says, because the fight feels personal. Some of his closest friends are chefs who've had to shut down their restaurants. And he's always appalled when insurers refuse to pay claims for disasters. After Sandy, he says, lawyers for the industry “personally had a hand in destroying people's lives.”

Since 2018, Houghtaling has appeared at a series of trade shows sponsored by the contracting industry, debating Steven Badger, a partner at Zelle who's represented insurance companies since the early 1990s. Over the years, Badger's ferocious advocacy has earned him the nickname Darth Vader, and he leans into the moniker. At the trade shows, costumed Stormtroopers sometimes escort him around, and he keeps a Vader helmet on a shelf in his law office—a gift from Houghtaling, who owns a collection of vintage *Star Wars* memorabilia.

Their debates tend to follow a pattern. As the crowd cheers him on, Houghtaling grows increasingly theatrical, prowling the stage or bellowing into his microphone. He compares elements of property-insurance law to the gravest injustices in



HOUGHTALING'S HOME
IN NEW ORLEANS

human history, from the slave trade to the Holocaust. “I let him rant and rave,” Badger says. “I’ll jump in when I have a point to make.” Before the pandemic, Houghtaling held tutorials for lawyers and contractors, teaching them how to avoid what he terms “Badger traps”—clever maneuvers Badger and other industry lawyers use to win cases. But the pair have also become friends, and these days they speak sometimes multiple times a week, discussing the business-interruption dispute.

The litigation has been a boon for Zelle. In the early weeks of the pandemic, Houghtaling spread the word to reporters and government officials about the memo describing the insurance industry’s plans to fight business-interruption claims. “It was great marketing for us,” Badger says. “People called us up wanting the paper.” In the spring and summer, the firm went on a hiring spree, adding eight attorneys to its 75-person legal staff.

Houghtaling says he’s unhappy about the thousand-plus surge of cases. Many of them, in his view, make flimsy arguments centered on policies with virus exclusions, giving the industry a chance to notch wins that could influence judges in future cases or discourage policyholders from filing claims. When he sees a flawed suit, he calls the lawyers who filed it, urging them to reconsider. This rarely goes well. “Some of them are making arguments that are completely stupid,” Houghtaling says. “I don’t have control, as much as I’ve tried to.”

Over the summer, a group of plaintiffs’ attorneys, including some from well-established firms, sought to consolidate hundreds of the suits in one federal court. The tactic is often used by plaintiffs’ lawyers, with the aim of limiting costs and pressuring defendants. Unsurprisingly, the industry fought the consolidation. But it had some strange bedfellows: Houghtaling and other veteran coverage litigators, some of whom argued in court that variations in how business-interruption policies are written made it unfeasible to consolidate so many disparate cases.

“It was very weird,” says Amy Bach, executive director of United Policyholders, an advocacy group that usually battles insurers. “We were on the same side as the insurance companies. We’re surgeons on my team. We knew that there’s no way it’s going to benefit policyholders to have everything consolidated.” A panel of judges rejected the consolidation effort, though they ultimately approved a much narrower grouping of some of the lawsuits.

Houghtaling says litigation is only one piece of his broader strategy. He even withdrew the suit against Chubb (which had filed a motion to dismiss) after the Simon Wiesenthal Center decided to wait and see whether the company would make a payment. In recent months, he’s been trying to persuade Badger to work with him on a compromise—what he calls “my grand scheme.” He’d like the insurance industry to support legislation proposed by U.S. Representative Mike Thompson, a Democrat from California, calling for the federal government to reimburse insurers for business-interruption payouts. “I want to convince Steve that HR7412 is good for him and his clients—and good for everybody,” Houghtaling says.

Passing such legislation would be an uphill battle under a Congress that hasn’t even been able to agree on a new

pandemic relief package. In any case, Badger isn’t interested in the compromise. “I applaud John’s efforts to try to look for some broader solution, but that solution cannot involve the insurance industry agreeing to pay clients that are not otherwise covered,” he says. “Every plaintiffs’ lawyer works on a contingency fee, so if there is a program where the insurance industry is paying claims that are not covered and they’re getting reimbursed, there’s no doubt a percentage of that would go to plaintiffs’ lawyers. Is that good policy?”

Houghtaling suspects the industry’s reluctance to compromise stems from its early success in some of the litigation. Over the past few months, federal judges in California, Texas, and several other states have dismissed business-interruption lawsuits, albeit mostly ones involving virus-exclusion clauses. He’s ebullient, though, about one recent success: In August a federal judge in Missouri rejected an effort by Cincinnati Insurance Co. to dismiss a business-interruption case, ruling that a group of plaintiffs led by the Studio 417 hair salon in Springfield had “adequately stated a claim for direct physical loss.” When he saw the ruling, Houghtaling texted Badger the iconic “Show me the money” clip from *Jerry Maguire*.

Badger and Houghtaling agree that it will be a few more months before it’s truly clear which side has the upper hand, as more judges reach decisions in the first wave of cases. “If the insurance industry wins most of them, I think that’ll take the wind out of the sails of the plaintiffs’ lawyers, and it’ll probably go away fairly quickly,” Badger says. “If the plaintiffs’ lawyers start to get traction with victories, it could drag on for years.”

A yearslong legal battle might not be much help to struggling businesses. In September, the New York retail chain Century 21 Stores filed for bankruptcy, citing its insurance provider’s refusal to pay \$175 million in business-interruption claims. And almost 20,000 restaurants have already closed permanently because of the pandemic, according to data compiled by Yelp. “It saddens me to death,” says Thomas Keller, a renowned chef in California who’s sued his insurer over business-interruption coverage. “It’s an enormous amount of employees in businesses in dire need of some type of protection.”

The pandemic has also taken a toll on some major insurance companies. Chubb, for example, reported \$1.2 billion in second-quarter losses stemming from the crisis. Others are faring better. Travelers Cos. said in October that its pandemic-related losses were being offset by favorable trends linked to lockdowns, as people stayed at home and got into fewer car accidents. And Cincinnati Financial Corp., the parent company of Cincinnati Insurance, announced profits of \$484 million for the third quarter, almost double what it earned over the same period last year.

For all his personal wealth, Houghtaling considers himself the underdog in this fight. “If I hit them 1%—enough to buy a fleet of Ferraris and a private jet and houses all over and a humongous mansion with tens of millions in antiques in it—they don’t care. It’s a drop in the bucket,” he says. “I’m a nobody. I’m not a microscopic something on a gnat. I’m nothing.” **B**

—With Katherine Chiglinsky



**Hims Makes Online
Prescriptions Easy—**

Maybe **TOO Easy**



The \$1.6 billion telehealth startup is about to go public. Is anybody going to rein it in?

By Kristen V. Brown and Gerrit De Vynck
Illustration by Khylin Woodrow

Against all odds, the box of pills is cute. On one side of its winsome cardboard shell, a custom typeface spells out the brand name, Hims, in all lowercase, giving off a vibe somewhere between an e.e. cummings poem and a retro zine. A pamphlet that comes with the drug—Addyi, a controversial pill that aims to increase female libido—trades in millennial-empowerment language worthy of Goop. “Future you thanks you,” it begins, followed by a string of rah-rah slogans like “balance is everything” and “you’re not alone.” Also included: a stylized postcard of a woman joyfully watering plants in a pair of clogs. The minimalist white pill bottle would blend in on a shelf at an Apple Store.

Hims Inc. is a 3-year-old telehealth company in San Francisco. This year, as the pandemic created a surge of demand for online medical care, the startup began providing Covid-19 tests as well as primary care and mental health services. Mostly, though, it’s known for offering generic prescription drugs to treat erectile dysfunction and hair loss. Customers fill out an online questionnaire, perhaps exchange a few messages with a prescribing physician, then get the medication shipped to their homes without having to take a separate trip to the doctor. For this service, Hims charges a premium. It sells a month’s worth of a generic version of Viagra for \$4 per 40-milligram pill; at local pharmacies, a larger 50mg dose costs as little as \$1.70 each with a coupon.

In Hims ads and on the company’s website, the products’ relevant medical information is scattered among hyperphallic cacti, eggplant emojis, and a cartoon Snoop Dogg. As with other mail-order brands of the past decade, such as Casper and Warby Parker—which sell mattresses and eyeglasses, respectively—the packaging is central to the sales pitch. In an interview conducted pre-Covid, Chief Executive Officer Andrew Dudum says his goal was to build a health-care delivery system with the inviting gloss of Instagram. “When you use it, endorphins are rushing through your body,” Dudum says of the photo-sharing site. “That currently doesn’t happen in the health system, which is a big problem. It’s an ugly experience.”

Insufficiently grabby marketing of white-label libido pills wouldn’t top many lists of problems with U.S. health care. The country’s 330 million citizens pay at least twice the going global rates for most pharmaceuticals. And for the roughly 30 million who lack health insurance, costs are usually far higher.

Still, as the pandemic has widened the gaping holes in

America’s fragile health-care system, Hims has capitalized on priorities further up Maslow’s hierarchy of needs. Its shiny veneer, wellness lingo, and ability to prescribe over the internet have helped attract more than a quarter-million subscribers to its upmarket commodities over the past three years. It says it’s profitable and on track to bring in \$138 million in revenue this year, up 66% from 2019. In October, Hims announced plans to go public by the end of the year through a merger with a special-purpose acquisition company spun out of Oaktree Capital Management, a deal that values Hims at about \$1.6 billion. To date, investors have supplied Hims with more than \$200 million in venture funding.

The Oaktree timetable means that Hims will likely be the first of a slew of similar telemedicine companies to join the public markets as the need for remote doctoring grows. These businesses market treatments for everything from ADHD to aging. Dudum says he’s interested in expanding into such conditions as diabetes, hypertension, high cholesterol, insomnia, and infertility in the coming years, bringing the company’s marketing expertise to a much wider range of chronic conditions. “We’re at the beginning of what I believe is 10, 20 years of growth for this company,” he says, adding that Hims is “on the forefront of innovation and health care.”

And yet Hims’s real innovation isn’t in destigmatizing embarrassing medical conditions. It’s in making prescriptions extremely easy to get—maybe too easy, critics say. Interviews with six current and former Hims doctors, as well as interviews with other employees and recordings of company phone calls shared with *Bloomberg Businessweek*, suggest that Hims has pushed the bounds of medical ethics. Each of its 200-odd doctors sees hundreds of patients a week. Often, doctors prescribe Hims drugs for uses the U.S. Food and Drug Administration hasn’t approved. (In one ad, which Hims says it’s removed from its social media campaigns, it pitched a blood-pressure drug, sometimes prescribed for anxiety, as a way to calm down before a big date.) U.S. doctors are allowed to prescribe drugs at their discretion, but pharmaceutical companies aren’t allowed to market medications for off-label uses, and it’s unclear whether such rules might apply to Hims. Many states also forbid companies from instructing doctors on how to do their jobs.

The current and former Hims doctors, most of whom spoke on condition of anonymity for fear of reprisal, say Hims managers and customer service reps made clear the company saw them as salespeople and pressured them to keep their numbers up. “You’re leasing your license for \$100 an hour,” one says. “I don’t feel like I’m practicing medicine. I’m just serving the company, selling their products.” Several of the current and former doctors question whether Hims does enough to screen out people with conditions that might conflict with the drugs—or, for that matter, scammers who just want to abuse them.

Hims denies requiring or encouraging doctors to prescribe medications, and says that it’s focused on providing high-quality care and that those standards continue to improve. “We’re immensely proud of the quality and safety protocols in place today,” the company said in a statement. ►

◀ “This includes strict procedures to ensure that all clinical decision-making is conducted solely by the providers.” It also says it’s merely a platform connecting doctors and patients. Technically, Hims doctors are contractors employed by separate staffing firms under the name Bailey Health, but according to company filings, those firms have been run by Dudum and other Hims employees and seem to operate more like subsidiaries.

Hims said in its statement that “it is inaccurate to claim that Bailey and Hims were/are one organization.” It said that the businesses are affiliated and that Hims provides administrative support, including data, research, and expertise.

It took *Bloomberg Businessweek* 10 minutes to fill out a 23-question form and obtain a prescription for Addyi. (Hims says it has stopped selling Addyi because of low demand.) *Businessweek* also received a prescription for sertraline, a generic version of the antidepressant Zoloft that Hims markets as a treatment for premature ejaculation. The sign-up process for sertraline included a recommendation to try a topical spray before the antidepressant, but a Hims doctor issued the prescription even after *Businessweek* disclosed that it hadn’t done so. When *Businessweek* left the Hims browser tab open for a while without completing the order, the company began sending a steady stream of reminder emails with subject lines like “Bueller? Your doctor is waiting” and “Action needed: it’ll be quick, we swear!”

Hims said in a statement that the prescription didn’t contradict its policies. “Sertraline can be used as a first treatment if the provider decides it is appropriate,” the company said.

Most of the medications Hims and similar companies sell right now are relatively low-risk. People rarely get addicted to Viagra or die from complications with Rogaine. But every prescription drug has a measure of risk, one that can spike if a patient has unreported comorbidities such as a heart condition or diabetes. And if the future of U.S. health care looks a lot more like Hims, as Dudum is fond of saying, it may be a future in which doctors no longer stand between drug sellers and patients to make sure people don’t take risks with treatments they don’t need. “If these companies were marketing opioids,” says Nathan Cortez, an expert on health law at Southern Methodist University, “probably very few people would think this was a good idea.”

In another life, Dudum could have made a living modeling Hims’s line of over-the-counter skin serums and wrinkle creams. He’s 32 and glows like someone who’s been regularly moisturizing for a long, long time. When he was a kid, his two sisters sometimes forced him to dress up in girls’ clothes—he was the middle child—but they also helped him learn the secrets of unguents. At the University of Pennsylvania’s Wharton School, his friends made fun of his fastidiousness and his fancy French moisturizer. A few years later, after he’d moved to San Francisco and co-founded the incubator Atomic Labs, they were texting him for toiletries recs. Some were also starting to lose their hair and other things, and had trouble talking about it.

Dudum credits his siblings with pushing him to develop Hims, stressing the value of a company that could allay the anxieties of men like his former dorm-mates and make them more comfortable dealing with health issues. Long before he hired a chief medical officer for the fledgling business, Dudum went to work figuring out the branding. By 2017 he had a website up and running and had established a supply chain for cheap, generic hair-loss and erection drugs. “Taking care of yourself doesn’t have to feel like a chore,” an early Hims landing page chirped. The company began selling its generic Viagra and Rogaine, as well as some moisturizer, in November 2017—and says it made \$1 million in its first week.

Hims drew in prescribing doctors with promises of a casual, flexible work schedule, with no rushing between exam rooms. “There’s a lot of physician burnout” in the broader medical field, says Brian Williams, a Hims prescriber who started in 2017 and today also manages other Hims doctors. “It’s a huge thing now.” It would be a stretch to call Williams’s schedule casual—he sees 200 to 300 patients a week through Hims, while the average American physician examines about 100—but with short, virtual examinations arranged to fit his schedule, he says, he’s been better able to balance work and child care.

In 2018, with a fresh round of capital from investors including the venture arm of drug distributor McKesson Corp., Dudum began pouring money into suggestive ad campaigns on Facebook, Instagram, TV, and in subway stations and sports stadiums. Hims eventually added drugs for premature ejaculation, anxiety, and acne, and started pitching some of the latter products to women, too, along with birth control pills and Addyi under a sister brand, Hers. In the middle of that year, the company hired as its vice president for medical affairs Adrian Rawlinson, a British doctor with experience in telemedicine.

To comply with local laws, Hims set up separate companies in various states under Bailey Health to contract its doctors. In California, Rawlinson took over as Bailey Health’s CEO; a Bailey counterpart in another state named Dudum as its manager. By then, some doctors were already starting to worry about precautions. A copy of prescribing guidelines shared with *Businessweek* urged doctors not to deny a patient a prescription outright, instead recommending that they refer the patient to another Hims physician for a second opinion. One former Hims physician says doctors with low prescribing rates received messages telling them to pick it up. Hims said in a statement that the doctors make the ultimate decisions, that its guidelines are consistent with industry standards, and that patients with conditions such as diabetes or hypertension must demonstrate their condition is under control. The company also said it has never set a prescribing quota for doctors, but might flag for review a physician who prescribed wildly less or more often than the average.

“My job is not to push to be a pill factory,” Rawlinson told doctors during introductory August 2018 conference calls, recordings of which were later shared with *Businessweek*. Having said that, Rawlinson, who also joined Hims’s medical review board, stressed that the doctors’ priority should be to

say yes as often and as quickly as possible. Hims wanted to make sure each prescription application received a decision in less than 24 hours, he said, and he planned to “relax” the guidelines for prescribing erectile dysfunction and hair-loss meds, which sometimes denied patients with other health conditions or who were taking certain other drugs.

“You will find, most likely, that you’re going to be accepting a lot more prescriptions than denying,” Rawlinson said on one of the 2018 calls. “We’re getting a lot of, I wouldn’t say complaints, but a lot of concern from a lot of patients asking why they were denied.” At that time, about 80% of patients seeking treatment for erectile dysfunction and hair-loss drugs were being approved, according to a slide in a Hims presentation later seen by *Businessweek*, but the company wanted to bump up that number. One doctor says that when Rawlinson came on board, he asked physicians to issue prescriptions to patients they had previously denied. Under Rawlinson’s relaxed rules, the doctor says, a patient with diabetes, for example, might no longer be told to seek an in-person evaluation to receive erectile dysfunction medications.

Hims said in a statement that its prescribing guidelines were updated because the initial rules were “incredibly conservative” and that no guideline changes lowered its standards for patient care. The company said each medical condition has its own set of guidelines in keeping with accepted clinical practices.

In the calls, Rawlinson told doctors they could always cancel the prescription later if there was some problem.

“You don’t see what we’re seeing,” one of the doctors on that call told him. The patients she was seeing via Hims were much more prone to lying about their medical histories to make sure they got their prescriptions, sometimes omitting serious complicating conditions like diabetes. One patient she’d denied for such a reason just that morning, she said, had told her, “I’ll just go to your competitor and not tell them I have this.”

“There’s no way to stop that, unfortunately,” Rawlinson replied.

When one physician on the same call demanded clearer independence for Bailey Health, so the doctors could develop their own more stringent protocols, Rawlinson told the doctors that wasn’t going to happen. “I look at Hims and Bailey as kind of one organization,” he said.

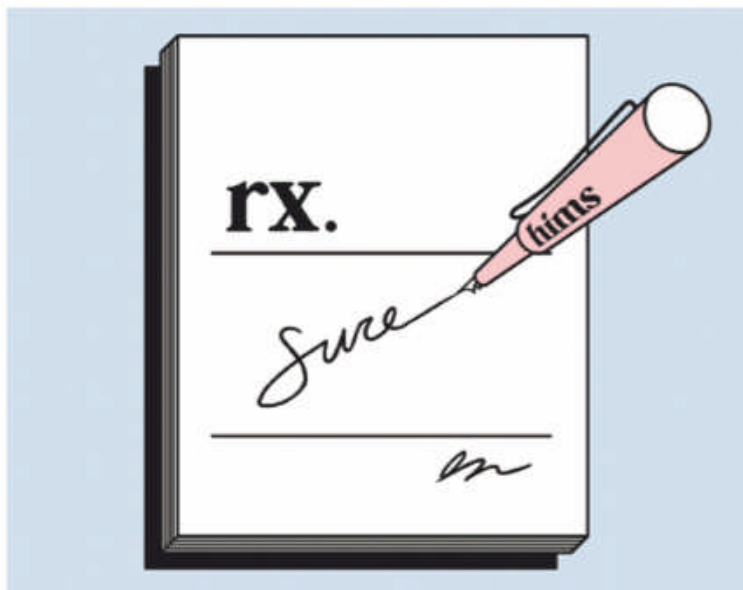
In a statement, Hims again emphasized that the companies are distinct, and said it requires doctors to respond to patient requests with due speed but not necessarily to prescribe.

By the end of 2019, as Hims prepared to start selling more serious medications, it eliminated Rawlinson’s VP job from its payroll, though he remained a member of Hims’s medical board through August. The company hired Chief Medical Officer Patrick Carroll, a primary care physician who previously

oversaw Walgreens’s retail clinics. Hims began offering primary care and talk therapy around the time Covid lockdowns began in the U.S. in March. It rolled out an at-home coronavirus test in May. Free Covid tests are readily available; Hims’s costs \$150.

In the first six months of this year, Hims says, its telehealth sessions almost doubled its total for all of 2019. In its most recent quarter, it processed close to 600,000 orders. Sexual health products still account for most of its business, but Dudum says the pandemic put the company years ahead of schedule in its push toward treatments for more conventional chronic illnesses. In an unusual vote of confidence, all of Hims’s investors said in October that they plan to roll almost all their equity into its public listing rather than cash out, according to Alex Taubman, the president of Oaktree’s venture arm.

Even so, Hims is operating in unsettled legal territory. Telemedicine is governed by a thicket of largely outdated state and federal rules. The FDA doesn’t regulate the practice of medicine—that’s left to state-level medical boards,

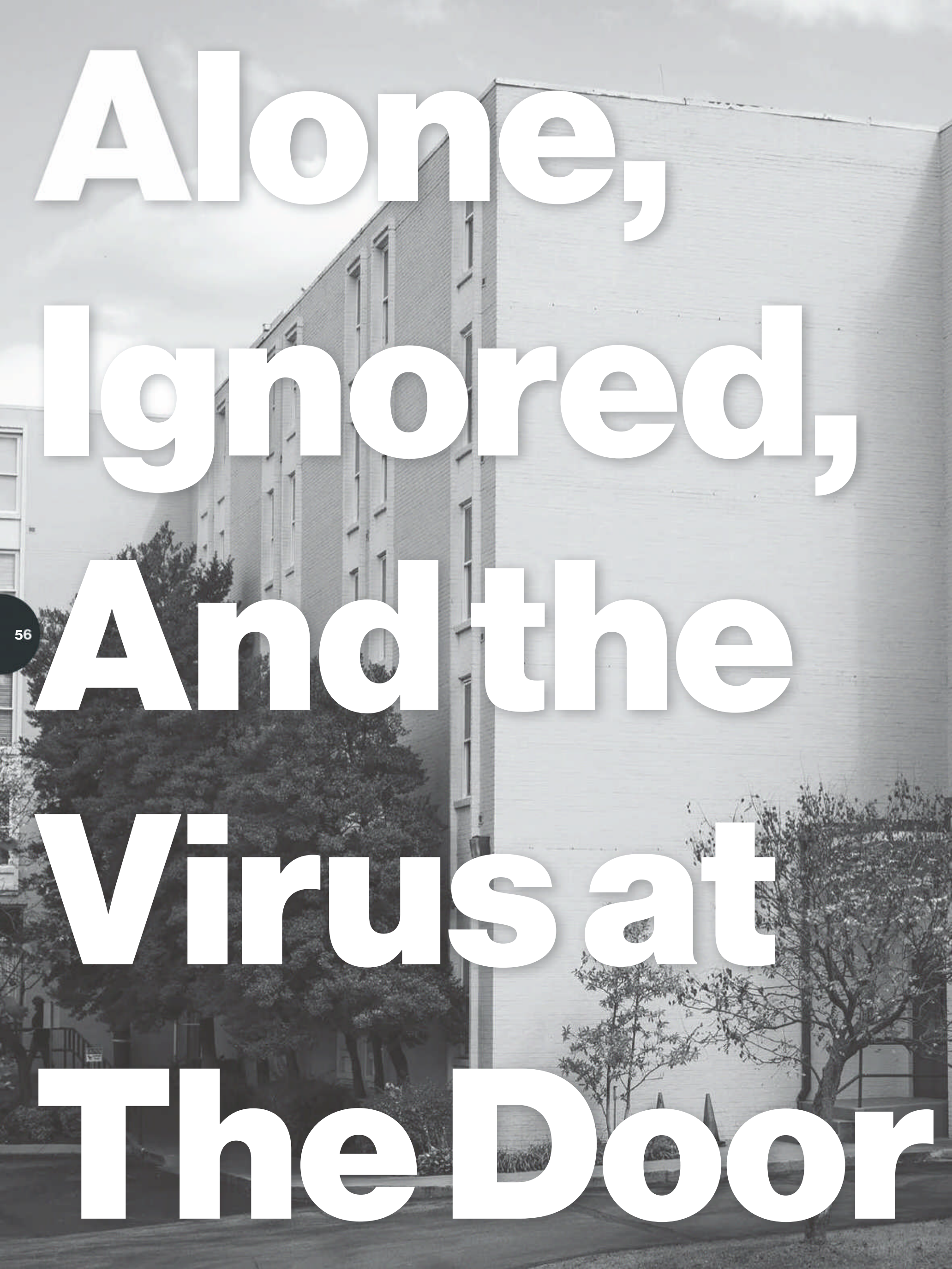


which generally investigate only when there’s been a complaint—but the federal agency could step in and limit some kinds of telehealth marketing. Regulators could also target prescribing doctors. The California medical board last year revoked the medical license of a doctor it said prescribed Viagra through a site called KwikMed.com without examining the patient.

During the pandemic, however, many state-level restrictions on telemedicine have all but evaporated,

and it may be much tougher to meaningfully regulate the industry. The stakes will get higher as Hims, and likely other telehealth companies, continue offering tests and prescribing medications for more serious conditions. Hims says it expects a big slice of its future business to come from antidepressants, which many patient advocates already view as overprescribed. “We tend to think about physicians making decisions based on the individualized interest of the patient, but if they’re making decisions based on a company incentivized to sell drugs, that’s a problem,” says Patricia Zettler, a former FDA attorney who teaches law at Ohio State University.

Hims says it’s working firmly within the bounds of the medical system, providing “access to treatment for conditions that the medical community has established can be safely and effectively treated via telehealth.” The company recently partnered with Privia Health, a network of more than 2,600 doctors across multiple states, to begin offering in-person consultations as well as virtual ones. Dudum says salesmanship can still change U.S. health care for the better, and he’s committed to working in the field until those changes are manifest. “Ten years from now,” he says, “the health system is going to look and feel more like consumer brands than hospitals.” **B**



Alone, Ignored, And the Virus at The Door



TREVECCA CENTER FOR REHABILITATION & HEALING



Employees say Nashville's Trevecca Center left staff and residents, like Anna Ruth McGill, vulnerable to Covid

Nursing homes responded to the pandemic by blame-shifting, but an investigation into a troubled chain suggests the industry could have done more to stop outbreaks

By Ben Elgin

Photographs by Tamara Reynolds

In early April the Trevecca Center for Rehabilitation & Healing in Nashville received an urgent call. At the time, Tennessee had only 3,000 coronavirus cases, compared with more than 100,000 in the state of New York. But the caller, the nursing director at a nearby kidney dialysis center, was worried. She said one of the home's residents had been given a routine test before an appointment and had tested positive for the coronavirus. She said she believed that Trevecca, a 240-bed nursing home, might have an outbreak on its hands. Trevecca's managers were busy, she was told, so she left a message.

Two days later, the caller tried again, insisting that this was serious and asking to speak with the home's administrator, Carl Young. But she didn't get through to Young—nor did people from a second dialysis center with an identical warning, say four current and former Trevecca employees familiar with the calls.

The dialysis workers weren't the only ones worried that something was wrong at the facility. Nashville's Metro Public Health Department had also gotten a report from a Trevecca contractor who was helping oversee its ventilator unit. The contractor said a Trevecca manager had warned him that sick residents weren't being tested for Covid. "This just does not seem right clinically or ethically," wrote the contractor in an email, which was first reported by the city's NewsChannel 5.

Metro health officials spent several days trying unsuccessfully to reach Young. On Saturday, April 4, Michael Caldwell, the department's director, drove to Trevecca's five-story facility and left his card, imploring Young to get back to him immediately. That evening, Young finally did call, assuring Caldwell that everything was under control, according to health department officials. He said no residents were showing symptoms of the virus, and there was no need for tests. (Young didn't respond to requests for comment.)

It would be another 18 days before health officials came in to test all of Trevecca's patients and many of its workers. By the time that finally happened, ►

◀ on April 22, the disease had spread widely. More than 45 out of about 300 tests came back positive. In the coming weeks, more than 100 additional residents and staff would be infected. Six would die, including Charles Horton, an 82-year-old former police officer. He'd first showed symptoms, including shortness of breath, in mid-April.

The facility had previously told his son, Tim Horton, that his dad was negative for the virus. But Charles's symptoms worsened, and he was rushed to the hospital in late April, where he tested positive. He died on May 2. Tim thinks if management had tested the entire building sooner, his dad might still be alive. "These people have shown neglect," says Tim, who isn't sure whether his dad was actually tested earlier. He's hired an attorney to pursue a lawsuit against Trevecca's owners. "It ain't right."

Trevecca is one of nine Tennessee nursing homes acquired over the past four years by CareRite Centers LLC, a chain based in Englewood Cliffs, N.J. In response to a detailed list of questions, Ashley Romano, CareRite's chief experience officer, said in a written statement that the company has "worked diligently to go above and beyond what is recommended by regulatory bodies to ensure the health and safety of our residents and staff," including setting up isolation zones, discontinuing communal dining and activities, and supplying protective equipment before it was required. Romano added that CareRite's facilities, including Trevecca, passed infection-control inspections since the pandemic began. "Our company was founded by people who care deeply about our work and the residents and families we serve," she said.

Two of Tennessee's three largest outbreaks at nursing

homes to date have been at CareRite homes, Trevecca and the nearby Gallatin Center for Rehabilitation & Healing, and two other CareRite facilities are among the top 15 in Covid cases statewide. As of early October, the company operated 4% of the state's nursing home beds but accounted for 10% of cases and 11% of fatalities, or 71 deaths in total. The numbers are similarly elevated when compared with facilities around Nashville, a virus hot spot. CareRite's five homes within 25 miles of the city center suffered an infection rate more than three times that of the metro area's 26 other homes.

Romano says CareRite has detected a high number of cases because it proactively tested residents and staff "whether or not they are showing symptoms." She adds: "These measures undoubtedly showcased higher numbers but most importantly allowed us to separate the sick from the well and celebrate countless recoveries."

But many employees say these high infection rates were entirely predictable, caused by a lack of supplies and a blinkered attitude about the risks the virus posed. "It was a hot mess," says Tika Johnson, a 45-year-old nurse practitioner who worked as a contractor at Trevecca and spent seven days in intensive care after testing positive on April 24. (She stopped working in CareRite homes not long after she recovered.) "They weren't prepared for what was coming," she says.

Outbreaks at nursing homes have become achingly familiar across the U.S., beginning with the one in February in Kirkland, Wash., that killed 35 elderly residents of the Life Care Center. Only 0.6% of the total U.S. population lives in nursing homes and assisted living facilities, but they account for 40% of Covid fatalities, according to data from the Kaiser Family Foundation. Put more simply: Residents

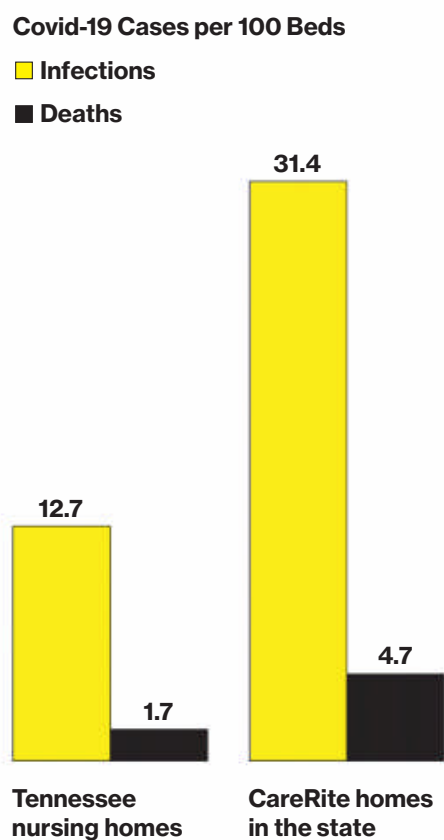
of long-term-care facilities are about 100 times more likely to die from Covid than members of the general population. More than 450 nursing homes, out of 15,000 nationwide, have suffered outbreaks that infected 100 or more people.

As industry executives point out, some of the reasons for these high death rates have nothing to do with the homes themselves. Old people who become infected with the coronavirus are much more likely to die from it, and anyone who lives in close quarters with others is at greater risk of infection. "Unfortunately this virus does not discriminate," said Richard Feifer, chief medical officer of Genesis Healthcare, the nation's largest nursing home chain, in a May investor call. "It has impacted five-star and one-star centers alike."

Early research led by David Grabowski of Harvard Medical School seemed to support the idea that nursing homes were powerless to stop outbreaks. Grabowski found no apparent correlation between facilities that became virus hot spots and those that scored low on traditional quality metrics, including past infection-control violations or whether the facility was owned by a for-profit business. Instead, he found, the two most critical factors were beyond any home's control: a facility's location (whether the surrounding community has a high rate of infection) and its size (the bigger the building, the larger the staff—and the higher the likelihood someone will carry the virus inside). "It's much more about where you are and not who you are," Grabowski said during an online seminar in May. "I don't think this is a bad-apple problem. This is a system problem."

The research gave the industry ammunition to argue that Covid deaths weren't its responsibility. "It's been said that blame is a person's way of making sense of chaos," wrote New York nursing home lobbyist Stephen Hanse in an op-ed in the *Buffalo News* in May. "Outbreaks of Covid-19 are not the result of inattentiveness or shortcomings in long-term care facilities."

Meanwhile, some governors, such as New York's Andrew Cuomo, may





Tika Johnson

have erred when they sought to free up hospital space by requiring nursing homes to accept Covid patients who were medically stable. “Most homes weren’t prepared to manage these patients,” says Michael Wasserman, a geriatrician and, until recently, president of the California Association of Long Term Care Medicine. It’s not clear whether infected staff and residents, or these new patients, many of whom were likely no longer contagious, were the main vector for transmission inside the state’s nursing homes.

Even so, President Trump jumped to blame the scale of the outbreaks on missteps by Democratic governors. “11,000 people alone died in Nursing Homes because of [Cuomo’s] incompetence!” he tweeted on Sept. 3. Around the same time, the U.S. Department of Justice announced it was considering investigations into New York and three other Democratic-led states that issued similar directives. (Cuomo rescinded New York’s order in May.) Amid the political scum, nursing homes have largely evaded responsibility. In fact, at least 26 states, including Tennessee, have granted nursing homes some level of immunity from Covid-related lawsuits.

But there are strong indications that nursing homes aren’t just blameless victims and that the industry has, by lobbying against stricter federal rules and cutting staff sizes, likely helped

accelerate outbreaks. Last year, at the urging of industry groups, the White House proposed easing rules enacted by President Obama that would have required each facility to hire a dedicated infection prevention expert. Trump’s proposal received praise from the American Health Care Association, the main industry trade group that argued for it, and some homes postponed hiring these experts until the rules were finalized. “Failure to have this position fully implemented has proven to be a costly mistake,” says Debra Fey, an infection

prevention nurse and consultant for the long-term-care industry.

Moreover, since Grabowski’s initial research was published, four more papers have found that certain quality metrics do matter in outbreaks. Yue Li, a professor at the University of Rochester Medical Center, for instance, examined data from nursing home

“Nothing we wrote said that nursing homes shouldn’t be accountable. No one should get a get-out-of-jail-free card”

infections in Connecticut through mid-April and compared the homes’ rate of infections to the number of registered nurses they employed. The industry tracks nursing staffing in terms of minutes worked by RNs, per resident per day. Li found that among homes with at least one infection, every 20 minutes of additional RN staffing time was associated with a 22% decrease in Covid cases. Charlene Harrington, of the University of California at San Francisco, found a similar link for homes in California. RNs are “the only ones really trained in infection control,” she says.

Of course, nurses are expensive, and CareRite, like many other large operators, has financial incentives to employ fewer of them. The company’s four facilities in Tennessee with more than 100 infections apiece averaged only 22 minutes of RN time per resident each

day, about half the national average of 41 minutes, according to data compiled by the U.S. government for the fourth quarter of 2019. CareRite’s five other Tennessee facilities fared somewhat better, averaging 38 minutes of RN time and ranging from 25 to 61 infections each.

Meanwhile, nursing aides at CareRite facilities spent 14% fewer hours per resident per day, compared with other facilities in the country. That statistic could also be seen as troubling. A paper published by University of Chicago researchers in August found that higher numbers of hours worked by aides, who are responsible for changing, bathing, and feeding residents, correlated with a lower probability of an outbreak. “Having enough nurse aides to implement virus containment will be crucial if deaths are to be averted,” they wrote.

Grabowski, the Harvard professor whose research was touted by the industry, says he believes the new findings. Although he maintains that location is still the strongest predictor of an outbreak, “staffing does limit the size of

an outbreak and the number of deaths.” He adds that though all nursing homes are susceptible to the virus, the industry glommed onto only certain parts of his initial findings. “Nothing we wrote said that nursing homes shouldn’t be accountable,” he says. “No one should get a get-out-of-jail-free card.”

Before CareRite came along, Trevecca and the nearby Bethany Center for Rehabilitation & Healing were owned by Emily Whitcomb, whose family had operated the two nursing homes since 1994. Whitcomb moved her own parents into Trevecca when they became too old to care for themselves. Her motto was “happy residents, happy employees, and stay in the black,” according to a former Trevecca manager who worked for both owners. “She believed that if you provided good patient ▶

◀ care, profit would follow,” this person says. Whitcomb, who usually turned a modest profit at the homes, decided to sell them to CareRite in 2017 amid the chain’s statewide expansion.

CareRite was founded in 2011 by entrepreneurs Mark Friedman and Neal Einhorn, who had bigger ambitions. Starting with homes in New York, they built a national network that relied on polished marketing—early brochures

“They were putting me in danger, and I was putting the residents in danger”

promoted a “dynamic fusion of luxury and service”—and, at least in Tennessee, cost-cutting, according to interviews with 29 current and former employees at the CareRite homes in the state. After the company bought Whitcomb’s homes, it eliminated yearend bonuses of a few hundred dollars per employee. Orders for supplies were trimmed, sometimes leaving the buildings short on gloves and gowns. Nurses were occasionally told to tape together residents’ colostomy bags so they didn’t leak because they didn’t have the right sizes in stock, says Amanda Shannon, a supply manager who worked at Trevecca for four years before quitting in 2019. “We went from having everything we needed to having not enough,” she says.

As CareRite has expanded its business to include 29 homes in Florida, New Jersey, New York, and Tennessee, some attorneys specializing in cases of alleged nursing home neglect have become familiar with the company. “What we see over and over again is the lack of staffing and the lack of supplies,” says Cameron Jehl, an attorney in Memphis, who’s filed at least five lawsuits against CareRite in Tennessee, alleging that cutbacks contributed to residents’ health problems. One of his suits was filed on behalf of a woman at Bethany Center who developed bedsores and also fractured her hip in a fall last year. In legal filings, CareRite’s lawyers have denied allegations of substandard care.

After CareRite acquired Trevecca, employees say it slashed the budget

to keep the facility clean, reducing spending on linens, towels, and blankets by more than 50%. Nurse’s aides sometimes had to cut old sheets into pieces to use them as washcloths for residents. Meanwhile, several housekeepers were laid off, often leaving one person to clean 30 rooms on a floor during an eight-hour shift, when before there’d been two. Workers say the building fell into disrepair. Blankets wore so

thin that a staff member recalls holding one up and reading the time off a clock through it. The lobby was adorned with big potted plants and plush upholstered chairs, but the cream-colored carpet accumulated an ever-expanding collection of stains.

Few departments were as badly depleted as housekeeping. When residents are moved within a facility, a standard practice among nursing homes is to disinfect the rooms thoroughly, conducting what is known as a “terminal cleaning.” This includes spraying down the mattress, scrubbing the

surfaces, and swapping out the privacy curtain. After Trevecca started turning up positive cases in late April, the home had to move dozens of residents around to create isolation units. Employees say that some of these moves happened without the disinfection process, potentially exposing healthy residents to the virus. “We didn’t have enough people to do it,” says Daisy Shipp, who worked as a housekeeper at Trevecca for 12 years before leaving in May. “Sometimes the mattresses wouldn’t get cleaned.”

Even though we now know the virus is spread mostly through the air rather than on surfaces, the failure to disinfect rooms is a major misstep, according to infection-control experts. “It’s a very big deal,” says Dolly Greene, chief executive officer of Infection Prevention & Control Resources, which trains nursing home workers. “The environment can be a source of transmission.”

Ten miles away at Bethany Center, a two-story brick building capable of housing 180 people, supplies were stretched so thin that nurse’s aides would scramble at the beginning of each shift to gather up the few clean towels they could find. Workers, such as

Woldemariam Fersha, a nurse’s aide who started there in 2005, would come home and complain about it. “He was frustrated,” says Yerom Eshete, his wife. “They don’t provide workers everything they need to take care of patients.”

Another Bethany Center aide, April Avery, was assigned to work the home’s isolation unit. But the bins that were supposed to contain gowns, gloves, and other protective equipment were frequently empty, she says. Patients in the rooms still needed help, so aides would simply go in and out



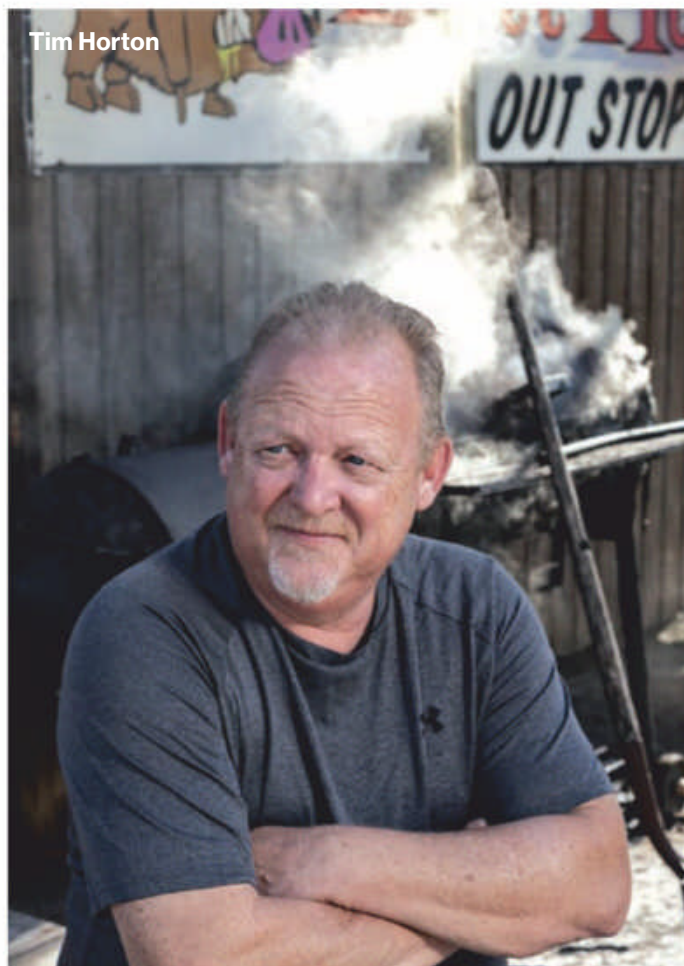
April Avery

without the proper equipment. Then they'd go work in other parts of the building. "I felt like they were putting me in danger, and I was putting the residents in danger," Avery says. She quit her job in mid-April.

Later that month, after the first cases were detected at Bethany, Fersha was given only two disposable surgical masks to reuse. Eventually some employees received higher-end N95 masks, which can filter out virus particles. But, according to four staff members, the masks were never fit-tested, a critical step to make sure a proper seal has been established. Two of the workers say they were asked to sign documents that falsely claimed they'd received a fit test. "N95s don't do what they're meant to do unless you get fit-tested," says Greene, the infection-control expert. Bethany Center would eventually record 133 infections and 18 deaths.

More than 300 CareRite workers in Tennessee have contracted the virus so far. Some who reported feeling ill say they came into work at their managers' request anyway. Two such employees say they had little choice: CareRite offered no Covid-specific sick leave. If an infected worker wanted to be paid while recuperating, they had to dip into their paid time off, or PTO, account. After coming in to save PTO days, one tested negative for the virus. The other was positive, potentially spreading it to residents and colleagues.

As states have attempted to restart their economies, and schools reopen to students for in-person classes, the outlook for nursing homes is as challenging as ever. Infections are soaring among children and younger adults, with the median age falling from 46 in May to 38 in August, according to the Centers for Disease Control and Prevention. But a spike among young adults typically leads to an increase among their elders, according to the CDC. Sick kids inevitably infect their parents and grandparents.



The spread of the virus is especially troubling for CareRite given its recent track record. In New York, for instance, where it operates more than 3,000 beds at 15 homes, the company's 336 Covid-related deaths represent a fatality rate that's 75% higher than the average for nursing homes in the state. In Florida its 73 fatalities at four homes is also above the average. Across all of its facilities, at least 499 people living or working at CareRite have died from the virus.

Even so, CareRite's Tennessee facilities are now pitching themselves as virus experts. On July 17, Trevecca Center announced it would begin taking in Covid-positive patients from a nearby assisted living facility. "As a trusted partner of the Tennessee Department of Health, we have had the opportunity to showcase our outstanding clinical capabilities throughout the Covid-19 pandemic," declared Trevecca's Young in a press release. A health department spokesman says the department isn't aware of any partnership.

The decision to take in Covid patients perplexes Cliff McGill, whose 93-year-old mother, Anna Ruth, has been at Trevecca for the past three years and has tested negative for the virus so far. Even before the virus hit, McGill

worried about his mom. The facility had seemed short-staffed. Sometimes her fingernails would be filthy or they'd forget her milk at lunch. When the virus struck, communication was lacking. "We learned about the infections on the news," he says. Later the home moved Anna Ruth to another room without telling him, leaving him unable to reach her for a while. The prospect of Trevecca seeking out more Covid patients worries him. Says McGill: "I want to know they can take care of the people who are already there."

At CareRite's Bethany Center, some employees and their families say his concern is well-founded—and not just for residents. After Fersha, the nurse's aide, was assigned to work with Covid patients, he felt fine at first. He even got a thank-you card from his superiors praising his teamwork and calling him a "superhero." But at the end of May, he had aches and a bad cough. He stopped going to work and began dipping into the PTO he'd accrued over the years.

Eventually, his wife, Eshete, took him to a drive-thru testing center. Fersha was positive. Over the next few days his condition worsened, and on June 10 he and Eshete called CareRite to let the company know. Eshete says her normally soft-spoken husband, a devout Christian who spent much of his free time reading the Bible, lost his composure. "You did me like this," he told his supervisor. "Every time, you sent me to work with the Covid patients. You didn't rotate me."

"I'm so sorry, I'm so sorry," the supervisor answered, according to Eshete. By the following day, Fersha was struggling to breathe and was admitted to a hospital. He remained there, running through most of what was left of his PTO. On July 7, he died.

After Fersha's death, Bethany Center gave Eshete \$1,500, and a manager urged her to call if she needed anything. Eshete called a couple of weeks later to say she was struggling to pay her bills on the \$16.58 per hour she made as a machine operator. The manager apologized and said CareRite wouldn't be able to help with that. **B**



Thank you



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★ ICE CUBE ★ OPTIONAL ★



Town Branch bourbon in a Saban whiskey glass

We asked 16 drinks professionals to tell us how they'll toast the end of a long campaign—and the start of a new one. *By Kate Krader*
Photograph by Gabriela Herman

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November 9, 2020

Edited by James Gaddy

Businessweek.com

Other than government officials, the people most in charge of how your election night—and morning after—goes are likely to be bartenders and wine store employees. They’ve seen customers mark the best moments of their life, and drown out the worst ones.

That range of emotion is on full display after the votes are cast. Maureen Shannon, bar manager of Philadelphia’s In the Valley, was working at a wine shop in Brooklyn, N.Y., on the night of the 2016 election. “In the beginning of the evening, many excited clients purchased Champagne, Pét-Nat [quaffable natural fizz], and mixers for their election cocktail parties at home.” Then, she says, the results started coming in. “As the night progressed and the mood changed, I saw an uptick of people just buying bottles of whiskey. I was definitely left with a feeling of how celebrating turned to coping within the span of a few hours.”

For this year’s election season, most wine and spirits professionals weren’t behind the bar, because of pandemic restrictions. Instead they were at home watching the action like everyone else. So we asked 16 experts ahead of time to tell us what they’d pour for themselves if their presidential candidate prevailed and what they’d reach for if he didn’t.

Lynnette Marrero, bar director at the Llama Inn in Brooklyn, says if her candidate loses, she’ll sip a 20-year aged fino from El Maestro Sierra in Jerez, the famed sherry region in Spain. “It’s female-owned, and I will probably be planning on how I move there,” she says.

No matter who emerges victorious, Bobby Heugel, co-founder of Houston’s Anvil Bar & Refuge, will still have the pandemic on his mind. “I’ve drunk the wine cellar dry coping with Covid-19’s impact on the industry. There’s nothing left,” he says. “This is why we have martinis.” He’ll drink them “with reinvigorated hopes that we’ll reopen one day.”

As for Shannon, if her candidate comes up short, she has a different plan from most. “I don’t think I’ll be drinking,” she says. “To just ‘cope’ in this situation isn’t the way. I’d rather fight.”

KARL FRANZ WILLIAMS

Owner,
67 Orange
Street,
Manhattan

BELINDA CHANG

Sommelier
and host,
Boozy Brunch,
Chicago

VICTORIA JAMES

Sommelier,
Cote,
Manhattan

JOAQUIN SIMO

Co-owner,
Pouring
Ribbons,
Manhattan

RUBEN MORANCY

Wine director,
Alta Adams and
Adams Wine
Shop, Los Angeles

IF WE WIN...



“I’m definitely going to be drinking my favorite cocktail, a Sazerac. I’ll make it with a split base, with D’Ussé Cognac XO and Ardbeg Scotch in a glass rinsed with absinthe.”



“I will share Sucker Punch spicy bloody mary mix in the streets. Not only is it delicious on its own, I love supporting a small family business from my hometown, Chicago. And no matter what the outcome, we are all going to need the energy and our vegetables and vitamins to survive post-election.”

“A magnum of Champagne will do the trick. Preferably from a grower like the three generations of women who run J. Lassalle.”



“This will call for the OG of cocktails—an Old-Fashioned. I may break out the good stuff—the original bottling of Parker’s Heritage reserve bourbon, a 127.4 proof whiskey.”



“Bruno Paillard rosé premiere cuvée, a delightful bubbly made by Alice Paillard, as my goal is to support women winemakers.”

IF WE LOSE...



“I’m downing that whole bottle of XO.”



“A barolo from my family home of Piemonte, like Giulia Negri’s Barolo Serradenari. A bottle that will transport me far, far away.”



“It may be high time to stop messing around with all those pesky mixers, ice cubes, and rocks glasses, and simply start drinking some Del Maguey Wild Jabali right from its green bottle. I may also be booking a one-way flight to Oaxaca to spend some time helping distiller Rogelio Martinez Cruz.”

“I’ll drown my sorrows in clairin, Haiti’s national drink, mostly consumed by the poor as an alternative to rum. Or a few shots of Barbancourt is typically what my family drinks when someone dies.”



CINDY LIU

Bartender, Comstock Saloon, San Francisco

TONYA PITTS

Sommelier, One Market, San Francisco

BOBBY STUCKEY

Co-owner, Frasca Food & Wine, Boulder, Colo.

BRAITHE TIDWELL

Wine director, Brennan's, New Orleans

TODD THRASHER

Owner, Tiki TNT and Potomac Distilling Co., Washington

DONAVAN MITCHEM

Beverage director, Moneygun and Saint Lou's Assembly, Chicago

ORLANDO FRANKLIN MCCRAY

Bar director, Nightmoves, Manhattan

ANTHONY BAKER

Cocktail professor, Momentum Mixology, Queens, N.Y.

LYNNETTE MARRERO

Bar director, Llama Inn, Manhattan



"I'll enjoy 2015 Clos du Val Hironnelle Estate Vineyard cabernet sauvignon from Napa Valley. I'll pair it with a juicy steak."

"A dry aromatic white wine like the 2017 Dr. Konstantin Frank Grüner Veltliner Finger Lakes is energetic and super expressive, with racy acidity. This will definitely keep you awake."



"I've squirreled away an incredible bottle of Chablis Grand Cru Les Clos Domaine Raveneau, my wife Danette's favorite wine."

"A French 75, a very popular New Orleans cocktail. It's a tongue-in-cheek choice, as it's in the middle of both candidates' ages."



"Nov. 3 is going to be a bumpy ride, so I have to make sure my drink will be something familiar. I will be having straight El Dorado 25, a vintage rum for the vintage candidates. The tasting notes describe who these characters are: rich, smooth, a little fruitcake, and a bit spicy."



"My celebratory cocktail—or two—is a French 75. It's a party in a flute, and who doesn't love bubbles when they celebrate?"

"I'll be making a batch of martinis at home. If I'm celebrating, I'll pour a half-portion of my batched martini over ice in a tall glass and add tonic. Great with lemon zest and an olive either way."



"I'll be in the mood for something bubbly and refreshing, so I've created the Presidential 75. It's similar to the French 75, but instead of gin I use lichiko shochu, a light spirit made from barley, with botanicals but without that huge juniper flavor."



"I'll enjoy some Hibiki 17 that a regular left. There's 6 ounces left."



"Something stronger that won't get me hungover so I feel even worse. A few Glen Grant 18-year-old Scotch highballs can cheer me up and keep me hydrated."

"I'll need something to give me hope and still see the beauty in the world—2002 Champagne Pommery Cuvée Louise, to be exact. The wine is rich, supple, and pretty, with notes of plum and litchi and a long finish."



"Chances are we'll still drink the Chablis to help empower us for the next four years. And in defeat, there will be a few extra Anchor Steams on the side."

"It's time to break out the high-proof spirits, like absinthe. If you've purchased bubbles thinking your candidate would win, combine them for a Death in the Afternoon."



"I'll certainly be reaching for Jack Daniels No. 7. Nothing drowns sorrow like Tennessee whiskey straight from the bottle. There are songs written about it, because people know that pain."



"Bubbles can be good for consolation, too, but if I need to go to bed quickly, I'll have a few of those martinis."



"I'll be in the mood for something very strong. But I won't drink straight alcohol. I need something to keep me in good spirits. My Old-Fashioned Election is pretty much a typical Old-Fashioned with smooth, dark rum—because rum puts me in a good mood—instead of whiskey."

"If there was more than 6 ounces of Hibiki 17, I'd say the same. But I'm going to drink a 20-year aged fino from Sierra bodega in Jerez."



INSIDER INGREDIENT

The Cone of Sweetness

Need a zero-proof treat? Piloncillo, the pyramid-shaped Mexican sugar, gives an extra boost of flavor to coffee and tea. *By Kate Krader*

Photograph by Naila Ruechel

Sugar is not seasonal. Like flour or cooking oil, it stands ready to be used any time of year. One variety, however, is especially well suited to cold weather: *piloncillo*. Also known as *panela*, it's made from sugar cane syrup reduced to create a sticky, molasses-rich sweetener that's darker and has a funkier flavor than American brown sugar.

"Piloncillo is rich," says Ivy Mix, co-owner of the Latin American Leyenda bar in Brooklyn, N.Y. "Unlike the granulated sugar people usually use, it brings flavor with it."

The ingredient hails from Central and South America, where it's available in light and dark varieties. It's usually sold in small cones, though the name tech-

CAFÉ DE OLLA

In a small saucepan, combine:

- 1 cup water
- 1 tbsp piloncillo sugar
- 1 cinnamon stick
- 1 whole star anise
- 2 cloves
- ¼ cup freshly ground coffee (a not-too-powdery, pour-over grind)
- 1.5 oz dark rum, if desired

Bring to a simmer over moderate heat. Simmer, stirring, 2-4 minutes. Strain into a mug and garnish with the cinnamon stick. —*Adapted from Ivy Mix, Leyenda*

nically translates as "little loaf"—a holdover from the way it was packaged in the late 1800s.

Among its other attributes, piloncillo played a role in the Mexican Revolution during the early 1900s. Soldiers religiously drank the country's spiced coffee, *café de olla*, which is brewed with cinnamon and the brown sugar, for

extra energy.

Piloncillo is now being embraced in the U.S. Chicago's star chef Rick Bayless incorporates it in his sea scallop ceviche with garlic and pasilla chiles. At the modern Mexican restaurant Claro in Brooklyn, T.J. Steele enriches moles with it. The San Antonio hangout Liberty Bar serves it with garlicky goat cheese dip. And at his Italian-styled restaurant, Le Farfelle, in Charleston, S.C., Michael Toscana makes a chile *agrodolce*, with piloncillo folded in, as a sauce for grilled meats like prime rib-eye. "Boiling raw sugar cane juice down to a syrup, you get complex notes of bitterness with the richness of molasses. It's perfect for combining with dried chiles," he says.

At Leyenda, Mix has gravitated to piloncillo as a base for drink syrups in cooler months. But she's also started using it in low-alcohol fermented beverages, such as her housemade pineapple *tepache*, because it lends an earthiness to the brewing process.

As the cold weather hits, Mix is also reaching for piloncillo to flavor hot drinks such as her riff on the *café de olla*. She adds dark rum to make it a spiked coffee cocktail, but even as a nonalcoholic option it can still serve as fuel for weary winter mornings. **B**

What a President Pours

Wine and politics have often blended in awkward ways

By Elin McCoy

President Rutherford B. Hayes had embraced the temperance movement in his election bid, but at his first White House event in 1877, his advisers begged him to avert a diplomatic disaster and serve wine. The dinner was for Grand Duke Alexis, the Russian czar's son who'd enjoyed Champagne while hunting with Buffalo Bill Cody on a previous U.S. visit.

Theodore Roosevelt, however, was all too willing to accept free Champagne from Moët & Chandon for a state dinner in 1902 honoring Prince Henry of Prussia and to launch the imperial yacht. The prince's brother, the kaiser, had supplied a German sparkling wine and was not pleased.

Politics and wine can make for clumsy pairings, as detailed by the lavishly illustrated and strictly bipartisan *Wine and the White House: A History*. Written by Frederick Ryan Jr., chairman of the White House Historical Association, the book delves widely, though not deeply, into how presidents have chosen to highlight ceremonies, foster diplomacy, and heavily promote the American wine industry long before the world viewed the U.S. as a serious producer.

It covers the full history of the presidency, from Madeira fan George Washington—though he didn't live in the White House—to the present day. The biggest wine aficionado was Thomas Jefferson, who served bottles from France, Germany, Hungary, Italy, Portugal, and Spain.

More than 100 menus from the past six decades are included. The lists from Harry Truman's term from 1949 to 1953, for example, illustrate how the effects of Prohibition, exacerbated by World War II, had stunted American interest in and knowledge of wine. At a dinner for Winston Churchill, the White House paired Champagne with prime rib rather than the rich red we'd expect today. When it hosted Philippine President Elpidio Quirino, Champagne was poured with the salad course, something few contemporary sommeliers would recommend. (The high acidity in

dressing makes dry sparkling wine taste flat.)

French wine was the norm for Presidents Eisenhower, Kennedy, and Nixon. Even as California wines garnered public attention in the early 1960s, Kennedy didn't take any chances when he hosted Soviet Premier Nikita Khrushchev in Vienna with 1953 Mouton Rothschild. Today it goes for \$1,800 a bottle.

Nixon, on the other hand, helped put California on the global wine map. The first president to visit China, he toasted peace with Premier Zhou Enlai with Napa's 1969 Schramsberg blanc de blancs. He also continued Kennedy's sparkling-wine-with-dessert tradition. The idea was to revive guests with bubbles, but pairing 1961 Dom Pérignon with sweet, orangy Grand Marnier soufflé seems a waste of DP. Future presidents

would choose sweeter sparklers, such as the demi-sec Schramsberg crémant the Reagans often picked to accompany fruit sorbets.

Matching specific bottles with guests for diplomatic purposes took off under President Clinton, who hired the White House's first wine professional. The connections were sometimes a stretch: At a dinner in 1996 for Irish President Mary Robinson, the menu highlighted wineries whose owners' ancestors had emigrated from Ireland.

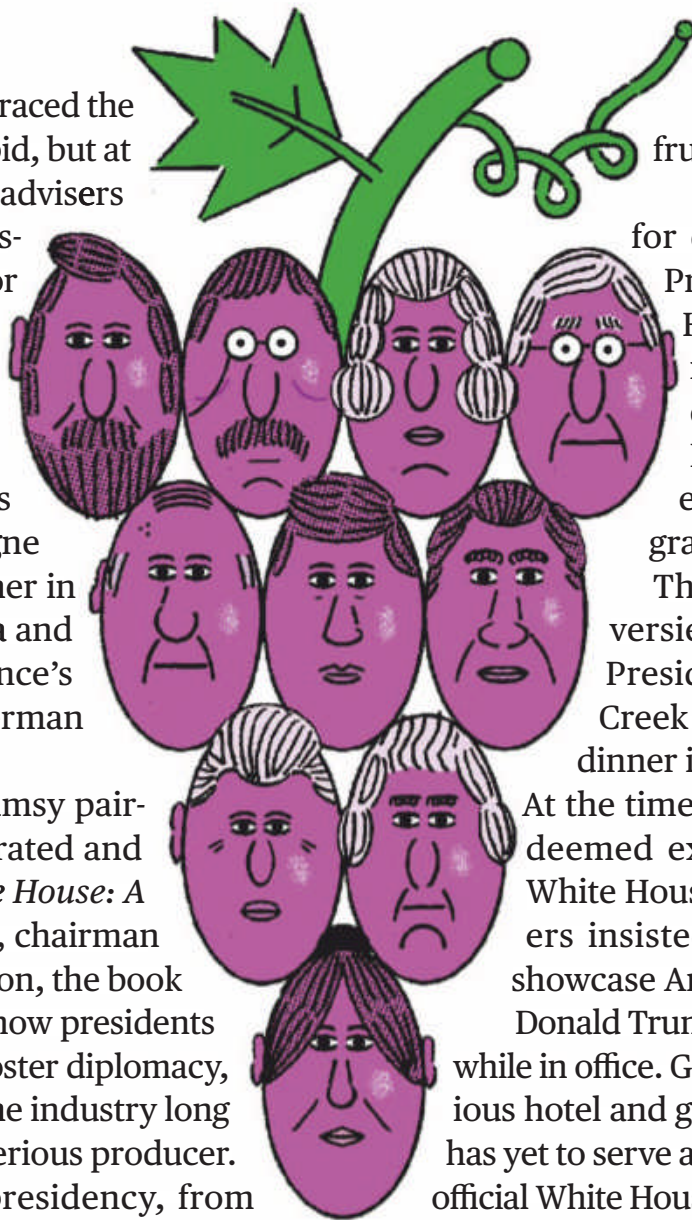
The book doesn't weigh in on controversies of more recent vintage, like when President Obama served a 2005 Quilceda Creek cabernet from Washington state at a dinner in 2011 for Chinese President Hu Jintao.

At the time, the wine sold for \$400, which some deemed extravagant during a recession. (The White House paid \$125 for it.) More sober observers insisted that the executive branch should showcase America's best, regardless of price.

Donald Trump is the only president to own a winery while in office. Given his penchant for promoting his various hotel and golf club properties, it's notable that he has yet to serve any of his Virginia-produced wines at an official White House event. For a dinner in 2018 for French President Emmanuel Macron, he followed diplomatic norms and featured a 2014 Domaine Drouhin Laurene pinot noir from an Oregon winery founded by a famous Burgundian family.

Less interesting among its 456 pages are the book's many photos of the White House glassware collection and transcripts of presidential toasts. But it's redeemed by Ryan's retelling of the role wine has played in our diplomatic history and the inevitable political calculations involved in presidents' picks.

And that includes the choice to serve none at all. For their first dinner in 1877, President Hayes and his teetotaler wife, Lucy, eventually opened six wines from the stash of Ulysses S. Grant, the previous White House occupant. But those would be the last. From then on, "Lemonade Lucy," as she was nicknamed, offered guests and heads of state fruit juice instead. **B**



Crack Open a Craft One

The cocktail world's most celebrated bars are opting for aluminum

By Brad Japhe Photograph by Gabriela Herman

As beverage director at Clover Club in Brooklyn, N.Y., Tom Macy has been formative in the 21st century cocktail revival. But then: Covid, when everyone was forced to pivot.

When the bar was temporarily locked down at the onset of the pandemic, Macy and his boss, Julie Reiner, founded Social Hour Cocktails, which cans a line of ready-to-drink, high-quality quaffs. “The biggest selling point of an RTD is—and always has been—convenience,” he says. (If not “necessity” for lazy drinkers at the height of the lockdown.) But “convenience meant you had to sacrifice quality.”

Social Hour's rye- and ginger-beer-based Whiskey Mule (10.5% alcohol by volume) is zesty and effervescent. The

alcohol is sourced locally, from New York Distilling Co., the mixers are vibrant, and the price is premium: \$20 for a four-pack of 250-milliliter cans. “People understand what makes a great cocktail, and they understand that it'll come with a higher price point,” Macy says.

RTD beverages had been booming prior to the pandemic—with volume in 2019 up 43.1% from a year earlier, according to IWSR analysis—but the \$8 billion segment is largely dominated by cloying malt-liquor alcopops such as Twisted Tea and Mike's Hard Lemonade. Simple vodka sodas, gin and tonics, and rum and Cokes are widely available, too.

Now, though, consumers can find top-shelf mai tais,



Bittersweet with an orangy zing:
Italian *aperitivo* time

Vodka, rum, gin, tequila,
cola—and 13.2% ABV

This whiskey mule swaps in
Ragtime rye for vodka...

THIS IS DANTE NYC & FIVE DRINKS CO™ AMERICANO 2.0. IT CONTAINS AMARO, VERMOUTH, BITTERS AND SODA WATER.

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ALC. 9.5% BY VOL.
NET CONTENTS 200ML

CUTWATER™
LONG ISLAND
ICED TEA

SAN DIEGO | GLUTEN FREE | 13.2% ALC. BY VOL.
LONG ISLAND ICED TEA WITH CUTWATER
VODKA, RUM, GIN & TEQUILA

STRAIGHT RYE
WHISKEY
MULE

THE SPIRITS: This is made with Ragtime Rye Whiskey, distilled by New York Distilling Co. in Williamsburg, Brooklyn.

caipirinhas, and bloody marys, or an Americano 2.0 (amaro, vermouth, bitters, soda water; 9.5% ABV), from the reigning World’s Best Bar at \$14 for a four-pack. Manhattan’s Dante unveiled its canned line of *aperitivi* in September, in a partnership with Five Drinks Co., co-founded in part by former Anheuser-Busch InBev SA executives.

Technical advances have broadened viability—and ambition. Acclaimed bicoastal barman Aaron Polsky worked with a flavor chemist to develop LiveWire Drinks, which made its debut in March. “Rather than purporting to use fresh juice, which tastes off after a few days, we use organic acids to balance the profile without flavor degradation,” he says. “We use extracts to really capture the taste of the fruit. And it doesn’t require refrigeration, which also helps in the supply chain.”

Polksy’s initial release, Heartbreaker, combines a gluten-free vodka with oroblanco grapefruit, jasmine, ginger, and kumquat flavors. In the next six months, other colleagues in the New York bar industry, including Masahiro Urushido from Katana Kitten and Christine Wiseman from Broken Shaker, will conceive releases and earn residuals on sales of their respective drinks.

“We are big believers in cans,” says Bathtub Gin’s head

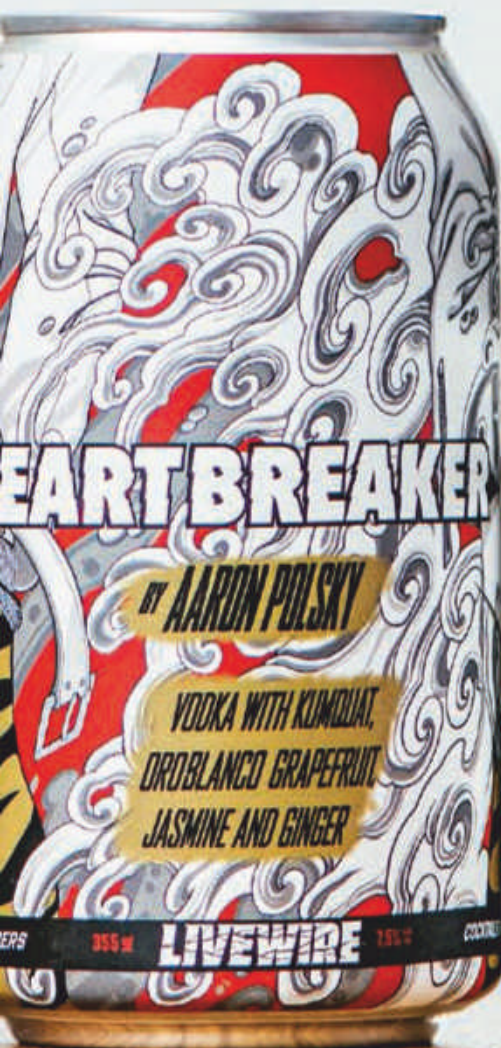
bartender, Brendan Bartley, who’s relied on to-go and delivery drinks to stay afloat the past few months. “They represent the ultimate container for keeping out air and light, the primary culprits in spoilage.”

Bartley designed the Algonquin—a tart yet spirit-forward combo of genever, pineapple, and vermouth—specifically for the can. To package it he enlisted the aptly named Canned Cocktail Co., a one-stop mobile shop that arrives with a portable canning machine and label maker in tow. He simply pours in his batch, and out come 8-ounce cans, ready for delivery. Canned Cocktail has signed up dozens of the five boroughs’ highest-profile bars, such as Little Branch and the Up & Up, signaling an industrywide canning revolution.

Last year the Long Drink Co. expanded the reach of the eponymous thirst-quenchers from Finland, where they exist as an entire subcategory of canned cocktail. Around the same time, AB InBev—the world’s largest brewer—entered the fray with its purchase of San Diego’s Cutwater Spirits. The brand offers the widest array of canned craft cocktails on the market, with 19 products in total, including a dangerously palatable Long Island Iced Tea (13.2% ABV) that went on sale in August.

The best part? No one but your fridge can judge. **B**

...and this classic version adds jasmine and kumquat



A combo of gin and grapefruit soda with an ABV similar to beer



Earthy genever zips through the tropics in this canned martini



Mellow Jello

These upscale shots
will have you at h-e-l-l-o

By *Kate Krader*

Photograph by *Gabriela Herman*

At the bottom of the cocktail ladder, where the cheapest ingredients and most potent regrets reside, is the jello shot. The dive bar version requires only hot water and booze poured over saccharine powdered gelatin, then two hours to firm in the fridge.

But professionals are giving the frat-party staple a Champagne toast. When they work with top-quality ingredients, high-tech equipment, and sheet gelatin, it can take two days to craft the shapes, given the elaborate multistep process.

At Silver Lyan, set in the former bank vault of the grand old Riggs Washington, D.C., Ryan Chetiyawardana has created a “jello fruit basket,” a magnificent array of wobbling mini cocktails. (The bar is temporarily closed because of the pandemic.) “We serve the basket with shots of proper, dry Champagne,” says Chetiyawardana, whose London spot Dandelyan was named World’s Best Bar in 2018.

The treats in the \$80 basket are inspired by classic recipes: An apple martini is made with fresh juice; a tequila sunrise in an orange zest package has a hit of vermouth to accent the citrus; and a passion fruit daiquiri balances tropical sweetness with light tannins from the fruit shell. The stunning

presentation isn’t even the point, he says: “It’s all about the fact they’re superfun.”

Chetiyawardana isn’t the first notable mixologist to turn his attention to this jiggling form of cocktail. The recipe allegedly first appeared in Jerry Thomas’s *The Bartender’s Guide: How to Mix Drinks, or The Bon Vivant’s Companion*, published in 1862. (The gelatin he called for was essentially fish bladders.)

At Montrose Cheese & Wine in Houston, owner Pam Cantú doesn’t have a license to carry hard spirits; instead she uses a bottle of a lower-alcohol Cappelletti Amaro Sfumato Rabarbaro to make her shooters. Cantú combines the amaro with OJ and gelatin and serves it in a hollowed-out orange so the skin’s essential oils flavor the shot, too. The liqueur gives the sophisticated treat an appealingly sharp and smoky herbal kick. “It’s more than a drink,” she says. “It’s an experience.”

The country’s most ambitious jello shots hail from

Solid Wiggles in New York. Jena Derman, a former confectioner at Milk Bar, and mixologist Jack Schramm have teamed up to produce intricate creations that look like art and taste first-class.

Derman uses a Spinzall, a culinary centrifuge, to clarify ingredients. With a pastry-tipped syringe, she shapes mint-infused milk that she’s thickened with gelatin into flower forms inside the transparent jelly.

For Election Day, Derman and Schramm offered Coming Up Roses, which is made with gin, coconut water, mint, and lime. It’s a nod to the modernist gimlets Schramm mixed when he worked at the New York cocktail institution Booker & Dax.

“We are thinking of them like well-balanced cocktails,” Derman says.

“They’re a universe away from cherry-vodka jello shots.” Solid Wiggles sells them to-go for now—packages of six are \$40 for pickup—but plans to have mail-order delivery nationwide by early next year. **B**

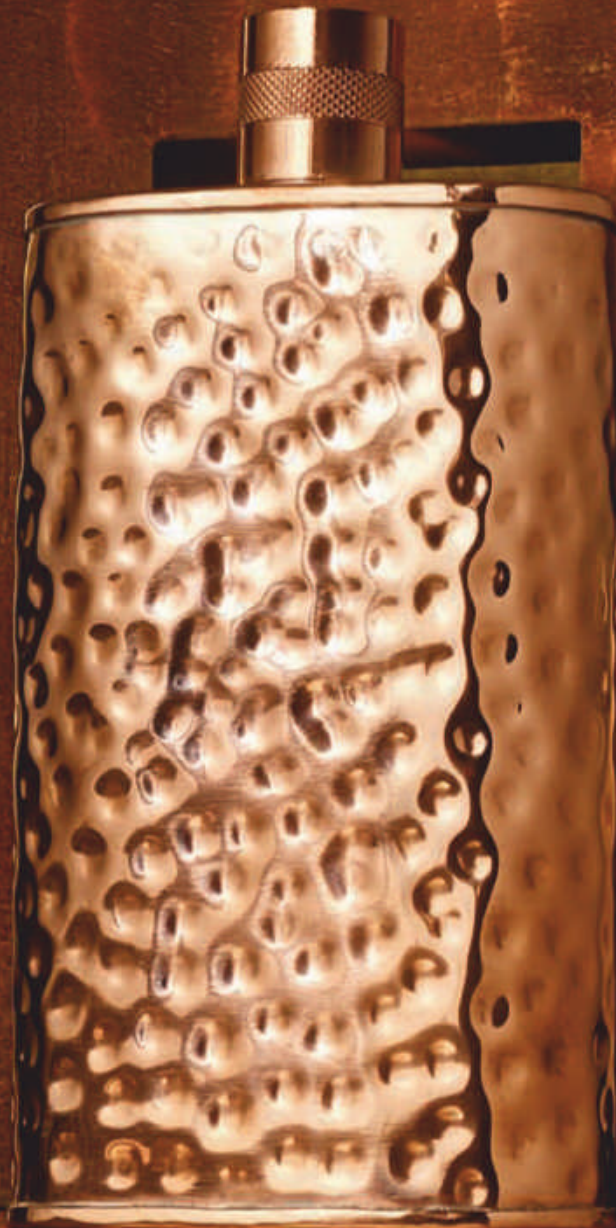


Edible flowers in Solid Wiggles’ jello shots are made from mint-infused milk

Now that ducking into a bar for a quick one is moot for many, drinkers are taking libations into their own hands—and pockets. At least that's what Sean Bandawat, president and owner of 201-year-old housewares maker Jacob Bromwell, has found. The company's hammered copper Roosevelt flask (\$750) has a kidney-shaped design that, at 3 inches wide and 5 inches tall, is slim and compact. It holds 5 ounces, or one-fifth of an average bottle of your preferred spirit.

THE STUFF INSIDE

- Fill your flask with the latest release in the Bootleg Series (\$500) from Heaven's Door, the whiskey label developed with American icon Bob Dylan. It's a 15-year-old bourbon finished in Jamaican rum casks.
- American single malts are a rare but growing breed. For its \$90 Oregon Stout Cask release, distiller Westward Whiskey gives its core single malt an additional year's rest in beer-seasoned oak casks. The extra step lends the finished product beautifully toasty, chocolaty notes.
- Or skip straight liquor and tote barrel-finished cocktails made by High West Distillery in Park City, Utah. Its Manhattan (from \$30) is made with its own bourbon and rye, plus aromatic bitters and two types of vermouth. The brand's Old-Fashioned is also made with its bourbon and rye, as well as bitters and demerara simple syrup, and is equally delicious.



THE CASE

The Roosevelt is built to become an heirloom. Handmade by a small team in the Green Mountain town of Richford, Vt., near the Canadian border, each piece takes about 20 hours to complete. That time is spent shaping, soldering, polishing, and hand-hammering the heavy-gauge, U.S.-sourced copper so each one is unique. The flask seals tightly with a hefty machined copper cap, so there's no worry about spilling a drop. Over time the vessel will develop a patina similar to the Statue of Liberty's—though if green isn't your style, you can keep it polished, shiny as a new penny. \$750; jacobbromwell.com

Take the Fifth

A 5-ounce flask—enough for a nip on the go—is more relevant than ever

Photograph by Victor Prado

More Elections, More Disinformation

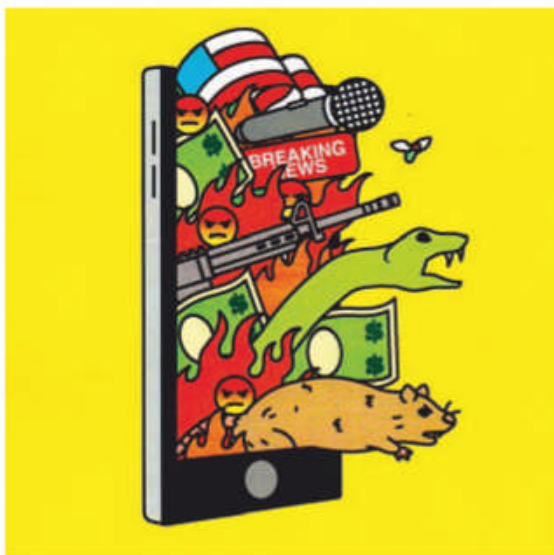
By Alex Webb

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The closing of polls in the U.S. will inevitably herald the start of post-mortem investigations into the roles Facebook, Twitter, and Alphabet’s YouTube played in the vote. The problem with a postmortem is that, by definition, it suggests the issue is dead. But while the U.S. presidential election might be over for another four years, a dozen other national elections—from Belize to Myanmar to Nigeria to Romania—will take place this year.

And disinformation, propaganda, and fake news are as big a problem elsewhere as they are in the U.S. In some places it’s even more severe. Facebook Inc. subsidiary WhatsApp—which is end-to-end encrypted, making it impossible for moderators to see the content of messages—prevails in countries such as Brazil and India.

Although the digital advertising giant has added thousands of employees to vet disinformation and harmful content, they often work in regional hubs. So a moderator responsible for content in Kenya might well be sitting in front of a computer screen in Dublin or even Florida. On-the-ground knowledge can be important. Even a native Swahili speaker might struggle to understand some subtleties. It’s trickier still for an algorithm. Take code switching, for example—when the conversation migrates from one medium, such as a political rally, to another, such as Twitter. Kenyan political discourse tends to lean heavily on proverbs, according to the Nairobi-based analyst



Nanjira Sambuli. “‘Nobody can stop reggae’ is a popular one here,” she says. “But it means different things to different audiences.” The original song lyric is about resilience, but it “could mean continue going to the streets irrespective of Covid,” she says. It would be hard for an automated system or a moderator in Dublin to grasp that nuance.

In September, *BuzzFeed News* obtained an internal memo written by former Facebook data scientist Sophie Zhang. The 6,600-word missive report-

edly outlined numerous occasions where the company, based in Menlo Park, Calif., had either been slow or failed to respond to evidence of coordinated campaigns using bots and fake accounts to influence elections and public opinion in Azerbaijan, Brazil, Honduras, Spain, Ukraine, and many other countries. It often ignored problems that arose outside the U.S. and Western Europe, regions it deemed a priority, *BuzzFeed* said. Facebook would generally only tackle an issue after it had become the focus of a negative media storm.

Engaging with the problem of disinformation properly on a global level has a corollary benefit: Rather than treating it as an issue that rears its head every election cycle, the technology platforms can take what they’ve learned in another part of the world and apply it at home. Public opinion is shaped and radicalized over years. The election may have ended, but the problem isn’t going away. **B** —*Webb is the European tech columnist for Bloomberg Opinion*





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