

THE WALL STREET JOURNAL.

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Last week: DJIA 35459.29 ▲ 231.60 0.7% NASDAQ 14316.66 ▲ 2.0% STOXX 600 470.78 ▲ 1.2% 10-YR. TREASURY ▼ 1 1/32, yield 3.968% OIL \$80.58 ▲ \$3.51 EURO \$1.1019 YEN 141.15

What's News

Business & Finance

◆ **Yellow, one of the oldest and biggest U.S. trucking businesses, shut down, wrecked by a string of mergers that left it saddled with debt and stalled by a standoff with the Teamsters union. A1**

◆ **Home insurers are insuring less and charging more as they try to claw their way back to profitability after losing money in five of the past six years, analysts and insurance agents say. A1**

◆ **Signs of deflation are becoming more prevalent across China, heaping extra pressure on Beijing to reignite growth or risk falling into an economic trap it could find hard to escape. A9**

◆ **Hedge-fund manager Boaz Weinstein is locked in a fight with BlackRock over control of several investment products it runs, a battle that could pend part of the mutual-fund world. B1**

◆ **U.S. households are earning an additional \$121 billion from income on investments annually versus a year ago as interest rates hover at their highest level in more than two decades. B1**

◆ **Walmart paid \$1.4 billion to buy the remaining shares of Flipkart owned by Tiger Global, further cementing its control of the Indian e-commerce giant. B1**

◆ **Apple, Amazon.com and Starbucks will report earnings this week, offering insights into where consumers are spending their money as inflation eases and interest rates rise. B2**

World-Wide

◆ **Saudi Arabia is set to host peace talks among Western countries, Ukraine and key developing countries early next month, as Europe and Washington intensify efforts to consolidate international support for Ukraine's peace demands. A18**

◆ **West African leaders said they would consider a military intervention to oust coup plotters in Niger and restore democratic rule in a country they worry could become Russia's newest security partner in the region. A8**

◆ **Pakistani police said a suicide bomber attacked a political gathering in the northwest of the country, killing more than 40 people. A8**

◆ **Trump's political committee has spent more than \$40 million this year on legal fees as he and advisers have been swept into various investigations, people familiar with the situation said. A5**

◆ **Trump criticized rival presidential hopeful DeSantis at a Republican fundraising dinner in Iowa and later rattled off poll results showing him with a sizable lead. A4**

◆ **A federal judge temporarily blocked Arkansas from enforcing portions of a law challenged by a coalition of plaintiffs that would restrict what books can be made available to children. A5**

◆ **Iranian authorities are again cracking down on women breaking the country's strict dress code as they try to reassert control after protests last year rooted in demands for more freedoms in the country. A9**

JOURNAL REPORT

C-Suite Strategies: What we learn from career mistakes. R1-10

CONTENTS Opinion..... A15-17
Arts in Review..... A13 Outlook..... A2
Business & Finance..... B26 Personal Journal..... A11-12
Business News..... B3 Sports..... A14
Crossword..... A14 Technology..... B4
Heard on Street..... B10 U.S. News..... A2-6
Markets..... B9-10 World News..... A8-9/18



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Drones Target Moscow, High-Rises Damaged



HIT: Russian authorities said they downed three drones targeting Moscow early Sunday. Two of them were brought down with electronic jamming equipment and then crashed into a commercial building complex, the Ministry of Defense said. **A18**

Hurt by Mergers and Debt, Trucker Yellow Shuts Down

By Sarah Nassauer and Paul Page

Yellow, one of the oldest and biggest U.S. trucking businesses, shut down on Sunday, wrecked by a string of mergers that left it saddled with debt and stalled by a standoff with the Teamsters union.

The 99-year-old company is known for its cut-rate prices and has more than 12,000 trucks moving freight across the country for Walmart, Home Depot and many other

smaller businesses. What Yellow couldn't deliver—despite swallowing rivals, getting union concessions and securing a government bailout—was consistent service for customers or profits for investors.

The Nashville, Tenn., company sent out notices to customers and employees saying it was ceasing all operations midday Sunday. The Teamsters said the company notified the union it intends to file for bankruptcy.

A failure imperils nearly

30,000 jobs, including 22,000 Teamsters members. Hundreds of its nonunion employees were laid off Friday after the company stopped taking in new shipments from customers.

It would be the biggest collapse in terms of revenue and jobs for the fickle U.S. trucking industry, though customers say disruptions should be limited. Many shifted their cargoes to rivals in recent weeks, hastening Yellow's demise. Competitors said their volumes jumped last week.

"Teamsters have kept this company afloat for more than a decade through billions of dollars in wage, pension and work-rule concessions," a union spokesman said. "Yellow couldn't manage itself."

Since 2021 Yellow has pursued a cost-cutting and integration plan that executives said would improve the business. A spokeswoman for Yellow said it hasn't asked the union for concessions in its recent restructuring. "Yellow offered to pay

Please turn to page A6

U.S. Trails Russia And China in Race For Melting Arctic

Rivals have edge in icebreakers, ports

By William Mauldin and Alan Cullison

DUTCH HARBOR, Alaska—On patrol in the Bering Sea last fall, the U.S. Coast Guard Cutter Kimball spotted seven Chinese and Russian vessels steaming through the frigid waters near Alaska's Aleutian Islands.

The Kimball's crew identified the main Chinese ship as the Nanchang, one of a new class of cruiser-destroy-

ers that can launch more than 100 guided missiles. The Russian and Chinese ships, which were on a joint exercise, sailed north and east into U.S. waters, sending an unmistakable message about the region's strategic value to Moscow and Beijing, according to U.S. military officials and national security experts.

Russian warships and Chinese research vessels aren't uncommon in a region that

Please turn to page A10



The icebreaker Healy, shown docked in Juneau, Alaska, in November, is the U.S. Coast Guard's longest and biggest ship, but it has to head south for retrofitting every winter.

ANGELA OWENS/THE WALL STREET JOURNAL

Judge's Novel Sparks Drama In Courtroom

Plot about crook causes financier to seek recusal

By Erin Mulvaney

When she isn't handling cases as a U.S. bankruptcy judge, Stacey Jernigan writes legal thrillers, most recently "Hedging Death," whose sweeping plot features a troubled biotech company, a crooked financier and Mexican criminal cartels.

In true write-what-you-know fashion, her fictional heroine, Avery Lassiter, bears a striking similarity to the author herself. They are both judges in Texas, former corporate lawyers and dog lovers married to police officers.

Please turn to page A10

An Insider Case Stars Paramours and Pilots

The globe-trotting billionaire Joe Lewis, longtime owner of the London soccer club Tottenham Hotspur, spent the evening of July 25, 2019, with a woman who was then his girlfriend, dining on room service at the Four Seasons hotel in Seoul. U.S. prose-

By James Fanelli, Corinne Ramey and David Luhnow

cutors say he also fed her confidential information about coming disclosures by a biotech company that she used to make stock trades that ultimately netted her hundreds of thousands of dollars.

That tip and others that Lewis, 86, allegedly passed along to paramours, personal pilots and a poker buddy have placed him in the crosshairs of U.S. insider-trading rules. They have also made him an

unusual defendant because of his advanced age, foreign residency, outsize wealth and apparent lack of personal motivation to secure insider profits himself.

Lewis, a resident of the Bahamas, surrendered in Manhattan last week and was charged with 16 counts of securities fraud and three counts of conspiracy. He is also facing civil charges from the Securities and Exchange Commission. A federal judge released him on a \$300 million bond, a likely record figure that eclipsed the \$250 million bond package for the onetime crypto darling Sam Bankman-Fried, who lived in a resort Lewis co-owned before being extradited to the U.S. on fraud charges.

During a brief court appearance, Lewis sat stoically next to his lawyer and only

Please turn to page A8

Transgender Families Resist GOP-Led Bans

By Stephanie Armour and Jathon Sapsford

Democratic-led states are establishing sanctuaries for those seeking gender transitions, part of a legal effort to resist Republican restrictions on medical interventions for transgender youth.

The playbook is one used by U.S. cities that have provided sanctuary from federal authorities to migrants lacking permanent legal status, a custom dating to medieval times when fugitives took refuge in churches.

Democratic-run states are offering parents of transgender youth and doctors protection from enforcement by other states that have outlawed medical treatments that involve puberty blockers, hormones and surgeries for gender transition.

Governors in 14 states,

Home Insurers Charge More, Cover Less

Industry tries to rebound from losses owing to storms, fires, inflation

By Jean Eaglesham

Double-digit premium increases. Higher deductibles. New coverage limits. Drones to check the state of roofs and yards.

Home insurers are insuring less and charging more as they try to claw their way back to profitability after losing money in five of the past six years, analysts and insurance agents say.

"We're seeing moves to put more of the risk back onto the homeowner, tougher underwriting restrictions and big rate increases," said Lauren Menuey, a managing director at independent agency Goosehead Insurance.

The higher-cost, lower-coverage trend extends well beyond Florida, California and other states prone to hurricanes, floods or wildfires, Menuey added. "I don't think anywhere is safe from this right now," she said.

Losses for home-insurance companies continued to pile up in the first six months of this year. Storms, natural disasters, inflation and supply-chain snafus have sent claims spiraling, leaving many insurers still in the red despite sharp increases to premiums.

"The results are awful and not sustainable," said Paul Newsome, an analyst at Piper Sandler.

Since the start of the last year, double-digit rate increases

Please turn to page A4

U.S. NEWS

THE OUTLOOK | By Nick Timiraos and Tom Fairless

Fed's Effect on Inflation Subject to Debate

Recent good news on inflation has ignited a debate over how much central banks' interest-rate increases are responsible.

The answer matters for where inflation and interest rates are headed. The Federal Reserve and the European Central Bank in the past week lifted their benchmark interest rates to 22-year highs and left the door open to additional increases.

If higher rates weren't responsible for the progress on inflation to date, that suggests central banks may be able to lower them before a painful recession sets in.

Central banks generally see their influence on inflation coming through higher rates damping the demand for goods, services and workers, which leads to higher unemployment. That in turn puts downward pressure on prices and wages.

Only the second part of that sequence has occurred. Inflation fell to 3% in the U.S. in June, according to the Fed's preferred gauge, the personal-consumption expenditures price index, down from 7% one year earlier. Yet the unemployment rate, at 3.6% in June, has held steady for the past year.

In the eurozone, inflation declined to 5.5% in June, the lowest level in nearly 18 months, and unemployment has drifted to the lowest in more than 25 years.

There are competing explanations for this. One camp argues that inflation has been mostly driven by supply shocks that are going away on their own—much as a postwar surge in the late 1940s unwound by itself. The ripple effects gave the illusion of broader, more persistent price increases.

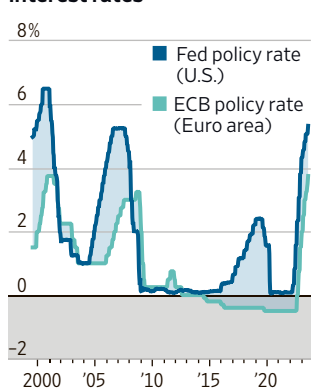
Take the auto market. Sellers weren't able to meet pent-up demand two years ago, leading to huge price increases, which in turn spawned higher prices later on for car repairs and auto insurance.

Similarly, a surge in household formation during the pandemic sent up housing prices and rents. The first camp attributes most of the recent decline in inflation to the ebbing of these one-time supply disruptions, not rate increases, which are supposed to work through the labor market. "It's calling into question a lot of the old assumptions," said Lindsay Owens, executive director at the Groundwork Collaborative, a liberal think tank.

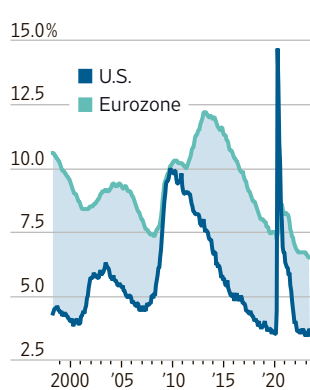
A second camp, which includes most economists, disagrees. They say monetary policy kept demand for goods, services, and labor lower than otherwise, taking pressure off strained supply chains and allowing price pressures to ease.

Interest rates can also influence behavior. The prospect that central bankers would risk a recession to bring down inflation may have influenced expectations of price- and wage-setters, including corporate executives who plan annual budgets for investment and hiring.

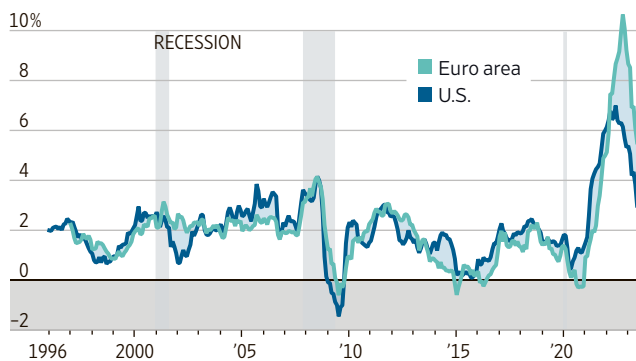
Benchmark short-term interest rates



Unemployment rates*



Inflation rates, 12-month change



*Seasonally adjusted
Sources: Federal Reserve, European Central Bank (benchmark); Labor Department (U.S.), Eurostat (unemployment); Commerce Department, Eurostat via St. Louis Fed (inflation rates)

that central bankers would risk a recession to bring down inflation may have influenced expectations of price- and wage-setters, including corporate executives who plan annual budgets for investment and hiring.

warned one year ago of an economic "hurricane" as central banks accelerated rate increases. "You'd better brace yourself," he said in June 2022, and pledged the bank would be "very conservative" with its balance sheet. "Inflation is coming down precisely because the Fed

avoided more excess demand growth, and they anchored inflation expectations," said Angel Ubide, head of economic research for global fixed income at Citadel, a hedge-fund firm.

Inflation would be higher now if not for Fed rate increases, "and maybe still rising," said Karen Dynan, an economist at Harvard University.

In 2021, supply-chain constraints meant even marginal increases in demand led to unusually large price increases. The reverse might be true now: Marginal decreases in demand can bring down prices faster, particularly if more supply is becoming available.

The car market illustrates how monetary policy has been transmitted. Rising rates raised monthly payments, damping demand and robbing sellers of pricing power. In addition, since March, banks appear to be rejecting more car-loan applications.

"That's leading to a new group of people getting squeezed out of the market, and therefore, it's playing a role putting downward pressure on prices," said Julia Coronado, founder of economic-advisory firm MacroPolicy Perspectives.

In Europe, economic growth has stalled since late last year. Business surveys in the past week suggest that growth is weakening sharply,

especially in manufacturing, which is most sensitive to interest rates.

The net share of banks reporting increased loan demand declined to a record low in the three months through June, according to an ECB survey of banks. Credit growth to households is the lowest since mid-2016.

Asked at a news conference on Thursday about the transmission of ECB rate increases to growth and inflation, President Christine Lagarde said that in the financial system, "a lot has been transmitted. A lot. We know that. In the economy at large, not as much yet."

A report published by German insurer Allianz identifies three different forces on the U.S. inflation rate since the second quarter of 2022. Higher inflationary pressures from consumption growth, strong labor markets and government spending added 4 percentage points; fading supply-chain disruptions subtracted five points, and Federal Reserve actions subtracted another five. The net impact was that inflation fell 6 percentage points, whereas it would have fallen only one point without the Fed's actions.

Fed Chair Jerome Powell said rate increases are "working about as we expect, and we think it'll play an important role going forward" in bringing down prices for the most labor-intensive services.

Transgender Families Fight Bans

Continued from Page One current gender identity. The law prompted her to fear for her children's future, she said. "It's so hard emotionally to continuously be in fight mode and wondering what comes next," Harris Dault said of living in Missouri. She is renting a home near Rochester, N.Y., with her husband and is looking for work.

A central tenet of the gender transitioning of minors, widely accepted among transgender allies, holds that gender lies on a spectrum between male and female, distinct from sex, and can only be identified by the individual. The role of a clinician, according to this tenet, is to assess and affirm an individual's expressed identity along that spectrum, provide therapeutic relief, and to intervene medically in some cases in which the identity differs from sex at birth.

Republicans disagree and say their bans are a response to the rapid acceptance of this approach, known as gender-affirming care, by key medical and educational institutions.

Conservatives justify their restrictions by saying children are too young for such a self diagnosis that has lasting repercussions and often refer to the use of medical treatments for transgender minors as a form of child abuse.

"Who wants the government stepping in between doctors, parents and children? But when there's something that's so wrong that's going on, then I think we have to," said Miriam Grossman, a child psychologist and expert wit-



Jennifer and Allyn Harris Dault read with their daughters in Henrietta, N.Y. The family left Missouri after the state banned gender-transition care for minors.

ness for Republicans during congressional hearings in June.

Democrats say medical interventions provide necessary relief to youth struggling to manage deep distress. Such issues should be left to families and their doctors, they say.

Both sides claim science is on their side. Transgender allies say treating gender-diverse youth with puberty blockers or hormones reduces suicide risk, and has the support of the American Academy of Pediatrics.

Conservatives respond by saying the U.S. medical authorities are out of step, not-

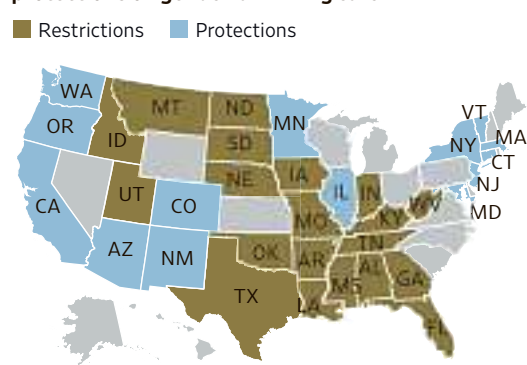
ing European countries, including Finland, Sweden and Britain, now urge caution over such treatments after rigorous reviews of existing studies found a lack of evidence that the benefits outweigh the risks. Some European countries, as a result, are restricting medical interventions to clinical trials.

The American Civil Liberties Union, the Human Rights Campaign, an LGBTQ advocacy group and other nonprofits have challenged state bans in court, recording some early victories in Arkansas, Alabama, Florida, Indiana and Kentucky. In Tennessee, a similar victory was overturned on appeal in July after a tribunal found the medical community is divided on the issue. The legal contests are expected to eventually reach the Supreme Court.

The Republicans are "trying to erase trans people from every nook and cranny of public life," said James Esseks, director of the LGBTQ & HIV Project at the American Civil Liberties Union Foundation, which helps with the legal effort. "So we are trying to respond to that full range of attacks."

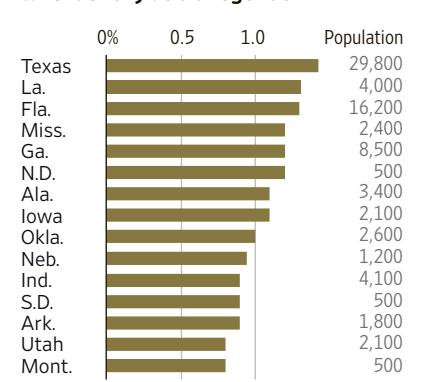
Corporations have proved big donors to the Democratic effort. Foundations, meanwhile, have donated \$252 million to LGBTQ nonprofits in 2021, with donations more than doubling during the past decade, a significant portion of which supported transgen-

States that have passed restrictions or protections on gender-affirming care



Note: Restrictions and protections as of July 26. Arizona passed a restriction in 2022, and in 2023 the governor issued an executive order with protections. Sources: Movement Advancement Project (restrictions and protections); UCLA Williams Institute (populations) Peter Champelli/THE WALL STREET JOURNAL

Percentage of 13- to 17-year-olds who identify as transgender



der causes, according to Funders for LGBTQ issues, a nonprofit that tracks donations.

Polling consistently shows clear majorities oppose discrimination against transgender Americans. But a majority of Americans, 65%, also say they believe in only two genders, while 34% say a range of genders is possible, according to a June survey by the non-partisan PRRI polling firm.

Kandice Baker, a 35-year-old transgender woman, was worried a Texas law aimed at curbing minors' access to drag shows could lead to prosecution if she wore dresses in public. She said she feared Texas, which bans transition care for minors, may try to do so for adults.

She left Dallas and moved

to Baltimore in January. "They're trying to ban all HRT treatment," Baker said, referring to hormone treatment. "In order to get hormones, to people there, I'm a joke. My life is a joke."

The number of youth who say they identify as transgender or gender fluid has grown, although the numbers still remain small. About 1.6 million people ages 13 and above identify as transgender, according to University of California Los Angeles Williams Institute.

Twenty-one states have enacted a ban on certain medical interventions for at least some transgender youth, according to Movement Advancement Project, a nonprofit that supports LGBTQ rights.

Lisa Stanton said her family

felt intimidated in Houston because Texas passed a law barring transgender youth from getting puberty blockers and hormone therapies. She and her husband are moving this month to Colorado with their son and transgender daughter. Both are 12 years old. Colorado has passed legislation to shield transgender care for minors.

When the Texas welfare agency in 2022 began investigating parents who provide gender-affirming care to their children, Stanton said she began sending her children to school with the name and number of their family lawyer on a laminated card just in case child protection services showed up.

"This shouldn't be happening to us," she said.

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U.S. NEWS



Guitar Maker Finds Groove in New Workforce

By BEN KESLING

NAZARETH, Pa.—For nearly two centuries, workers have hand-built guitars and other acoustic instruments here in the Lehigh Valley, with applicants sometimes waiting years for apprenticeships. But over the past decade, economic changes have put **C.F. Martin** in the odd position of having to compete for workers.

The area, filled with farms and small towns, is near New York City and always had the potential to serve as a mid-Atlantic business hub. In recent years, the e-commerce boom has packed the valley with fulfillment centers and warehouses, adding to existing manufacturing and supercharging the region with jobs that require little education or training and offer pay better than an entry-level job at Martin.

Learning to be a luthier—a maker of stringed instruments

such as violins and guitars—is more like a guild apprenticeship than a job, and it takes time to gain the expertise needed for higher-paying positions at the factory.

Martin was founded in 1833 and is widely credited with first using steel strings on guitars and pioneering the dreadnought-style guitar, an instrument with a bigger sound that has become what many consider the iconic American guitar. It is a profit-sharing company that is still family-run and is highly regarded for its craftsmanship—a great Martin is in many ways a modern-day Stradivarius.

“Being a luthier definitely has craftsmanship at the core, so finding people who bring the passion for craftsmanship—and the discipline—has become a little bit harder,” said Thomas Ripsam, Martin’s chief executive officer.

New employees start by



C.F. Martin has hand-built guitars and other instruments in Pennsylvania’s Lehigh Valley for almost 200 years. Employee Alayna Wellington, above left, initially took a pay cut for a job at the company. She is planning to stay.

learning to work on particular parts of the instrument, spending about three months under the supervision of luthiers before being allowed to work independently on a part.

Alayna Wellington sat at her work bench on a recent day surrounded by pictures of her family and the ever-present smell of rosewood, mahogany and fresh-cut spruce. She bent and glued into place guitar binding—the decorative strip that runs along the outside seam of the guitar—a task she now handily accomplishes unsupervised with her four years of experience.

Wellington, 30 years old, who has lived in the Lehigh Valley her whole life, had never heard of Martin before she took

a public tour of the factory and was smitten.

“Everyone seemed happy,” she said. “I initially took a pay cut to work here.” Wellington said she plans on staying because she is now making more money than she would at a comparable job somewhere else.

This is the sort of craft that, once learned, lends itself to lifetime employment at the factory. Talk to an employee on the floor, and she might point out an uncle or a spouse working in another department.

But all that stability is just the sort of thing many among a new generation of workers aren’t interested in or don’t expect to find. A survey done last year by the McKinsey consult-

Learning to be a luthier is more like a guild apprenticeship than a job.

The Warm Glow of Drinking—Without the Hangover

By JULIE WERNAU

What if you could indulge in your favorite cocktails with no hangover or other ill effects?

That’s one of the goals for researchers working to make one of the world’s oldest vices less harmful. Some are developing hormone shots to help people sober up quickly. Others are working on alcohol substitutes that target receptors in the brain that affect happiness, while dodging those that make imbibers slur and weave.

“Alcohol is like playing the piano with boxing gloves on. You hit too many keys,” says David Orren, managing director of GABA Labs.

The London-based company is developing a synthetic alcohol that it says will bring pleasurable effects without hangovers, health problems or slurred speech. Its basis is gamma-aminobutyric acid, an amino acid that targets receptors in the front of the brain that trigger the relaxation and sociability alcohol brings, while avoiding the chaos it wreaks on the body.

Dr. David Nutt, the chief scientific officer of GABA Labs, says his interest in alcohol and GABA receptors first

began nearly 40 years ago when his research led him to discover the interaction between the two. A psychiatrist and neuropsychopharmacologist, he spent two years as chief of section of clinical science in the National Institute of Alcohol Abuse and Alcoholism at the National Institutes of Health and has long argued that alcohol causes more harm to society than other drugs.

GABA receptors are the first contact for alcohol in the brain, opening up and relaxing people, Nutt says. But alcohol then also floods the brain with other neurotransmitters that can cause nasty aftereffects.

Creating a substance that targets only the GABA receptors allows the brain to then turn on dopamine and serotonin naturally as the pleasures of the evening take off, he says. “It feels like what a glass of wine feels like. It feels relaxing. It makes you a bit more chatty, a bit more socially engaged with people,” he says of the product GABA Labs is developing, dubbed Alcarelle.

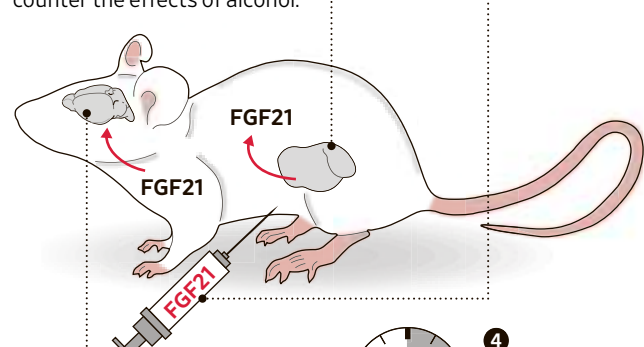
The company is working to raise about £8 million (around \$10.3 million), with an aim to complete food-safety testing in the U.S. by mid-2026, where it will launch ahead of European and U.K. markets. “Only

Clearheaded

In an experiment on counteracting the effects of alcohol, inebriated mice injected with a stress hormone sobered up more quickly.

1 When alcohol gets into the liver, it triggers the body to produce and release the stress hormone FGF21 into the bloodstream and brain where it helps counter the effects of alcohol.

2 Scientists inject the mice with an extra helping of lab-produced FGF21 to help them sober up more quickly.



3 FGF21 travels to the brain and activates the noradrenergic nervous system, responsible for arousal and alertness.

4 The mice sober up within 1-2 hours of FGF21 injection, twice the speed of other mice that didn’t get the injection.

Source: Mihwa Choi et al., 2023, ‘FGF21 counteracts alcohol intoxication by activating the noradrenergic nervous system’ Elizaveta Galkina/THE WALL STREET JOURNAL

inventors are allowed to use it at this stage,” Nutt says.

Along the way, Orren and Nutt say, there was a lot of

self-testing, with many earlier iterations in which they felt nothing. Both remember the day they had a glass of their

latest iteration of Alcarelle and knew they’d finally gotten it right. “It feels like a warm glow,” Orren says. “You’re being you. And you’re being with somebody that’s being them. You’re being real.”

The company says it has a U.S. partner in place to help find volunteers to test the product, a project manager, and it has identified a number of laboratories to help produce Alcarelle once the funding is in place.

As part of the testing, the company will weigh the effects of mixing Alcarelle with real alcohol or using it at excessive amounts, Nutt says. The synthetic alcohol is a tasteless ingredient formulated to be added to versions of non-alcoholic drinks from beer to wine and spirits, the inventors say. It could be added to drinks produced without alcohol or those where alcohol has been removed.

Some consumers, concerned about health effects, have moved to consume less alcohol. The pandemic contributed to a spike in drinking in 2020, research has shown, but alcohol consumption has since retreated.

In addition to its addictive properties, alcohol can cause various harmful effects beyond

Like other businesses in the valley that make and sell tangible goods, Martin faces increases in costs of raw materials and competition from foreign markets.

Chris Martin said that a few years ago he had to face the reality that profit-sharing isn’t as immediately attractive to a new generation of workers as the higher hourly wages the new warehouses were paying.

“We had to confront the reality that they’re paying more,” he said. An annual profit-sharing bonus doesn’t pay the monthly bills, he came to realize. And so the company boosted its hourly wage.

Wages for entry-level production co-workers currently range from \$17 to \$29 depending on the role and experience, said Ripsam. “In addition, we provide profit-sharing, which we believe adds up to a competitive total compensation,” he said.

hangover headaches and loss of motor control. With an enzyme called alcohol dehydrogenase, the liver breaks down ethanol into a toxic compound called acetaldehyde, a carcinogen. The NIH says the substance contributes to more than 200 health conditions.

What about when someone drinks too much? Researchers from UT Southwestern Medical Center in Dallas and Howard Hughes Medical Institute at Rockefeller University in March demonstrated that inebriated mice injected with a stress hormone sobered up in one to two hours—more than twice as quickly as inebriated mice without the shot.

They tested it on inebriated mice that had passed out on their backs. The first time the mice came out of their booze-induced slumber after being injected with the hormone, researchers were shocked. A research assistant at the Dallas laboratory leapt up and declared it a miracle.

“This is one of those experiments that you never think will work,” says Steven Kliewer, a biologist at UT Southwestern Medical Center and a co-author on the study published in the journal *Cell Metabolism*. “It was a career-defining moment.”

Leave No Pet Behind: Bringing Soldiers’ Furry Friends Safely Home

By JESSICA DONATI

WASHINGTON—When U.S. ambassador to Sudan John Godfrey was huddled in Khartoum dodging bullets and airstrikes, there was one question he hadn’t expected: How much did the embassy staff’s cats and dogs weigh?

Navy SEALs, who were dispatched to save diplomatic personnel from the clashes that had erupted between feuding Sudanese generals, had agreed to evacuate pets as part of their mission. The only stipulations were that the four-legged passengers fit in carry-on bags and that their weight was counted down to the pound.

“The rule of thumb was basically that it had to fit on your lap. We were very fortunate that we didn’t have any oversized pets at the time,” a senior U.S. official said.

The Sudan escape marked a lucky break for the cats and



Louise Hastie, shown in Erbil, Iraq, in 2022.

dogs of the U.S. mission in east Africa—and another chapter in the growing history of military and diplomatic pet evacuations.

In Vietnam, the U.S. military used working dogs to sniff out explosives and detect enemy forces hiding in rivers and forests. But when America

withdrew in 1975, the dogs were classed as equipment and left behind. The unfitting fate led to the creation of Robby’s Law in 2000, which allows retired dogs to be brought home and adopted if possible.

After the Sept. 11 attacks, the U.S. and its allies launched wars targeting al Qaeda and other extremist groups across the world. As new fronts opened in the war on terror, so did efforts to rescue the animals that U.S. military and diplomatic personnel befriended in countries where they were deployed.

“If you go to anyone that has served in a war, they’re not open about the horrorfulness of war but they’ll talk about the dog or cat that they were feeding,” said Michelle Smith of Puppy Rescue Mission, a nonprofit that brings home about 300 animals a year from U.S. military bases around the world.

The military has generally cooperated with nonprofits to help soldiers and other personnel bring home their pets. In June, the Defense Department announced new rules that allowed relocating military personnel to be reimbursed for pet travel expenses.

Louise Hastie, a British veteran of the Iraq war, began rescuing cats and dogs after completing her military service. Through nonprofit War Paws, she is often the first port of call for British and American soldiers in Syria, where the locations of personnel are supposed to stay highly classified.

Hastie says she has smuggled so many cats and dogs out of Syria that she now knows exactly the bases and military installations where everyone is located, often alarming military leaders stationed there. “The soldiers will contact me and they will say, I’ve got this dog, or I’ve

got this cat, but I can’t tell you where it is,” Hastie says of soldiers in Syria. “The minute they say that, I’m like, yeah, I know where you are.”

Animal-rescue groups in war zones often come under fire for saving pets when human lives are at stake. But advocates argue that cats, dogs and other animals can provide life-changing comfort to the human survivors of war.

Despite widespread public support and enthusiasm for diplomatic and military rescues, nonprofits say donations have fallen as the focus has shifted away from places such as Afghanistan and Syria.

“People do not care about Afghanistan anymore,” said Charlotte Maxwell-Jones, the director of Kabul Small Animal Rescue.

In Sudan, the rescue was carried out by the U.S. government rather than a nonprofit, though the State Department kept the operation low profile.

U.S. NEWS

Congress Faces Crunch Over Spending Cuts

WASHINGTON—House Speaker Kevin McCarthy (R., Calif.), who all year has tangled with his party's hard-line fiscal conservatives, heads into August recess with the unfinished business of funding savings that help put this country on a financially sustainable trajectory, but, you know, that 218 margin is obviously really important," Graves said, referring to the votes needed for a win. "And so just trying to find that right balance is what everybody's been working on."

By Siobhan Hughes, Lindsay Wise and David Harrison

A partial government shutdown would trigger furloughs for hundreds of thousands of government workers, but border security, issuance of benefit checks and other critical functions would continue. Avoiding a government shutdown is only one of the must-do items before the fiscal year ends Sept. 30. Congress must also reauthorize the Federal Aviation Administration, pass a farm bill and reauthorize the National Flood Insurance Program so that home sales in flood-prone areas can continue. The House is due to return Sept. 12 and has four-day legislative sessions for each of the three weeks before Sept. 30. The Senate is due to return Sept. 5.

The House speaker closed out the July work period by steering passage of the first of 12 appropriations bills, a measure funding the Veterans Affairs Department and the construction of military facilities and related housing. Conservative Republicans balked at voting for a planned bill funding the Food and Drug Administration and agricultural priorities, forcing House Republican leaders to pull the bill from the schedule. "September is going to be very busy," House Majority Leader Steve Scalise (R., La.) told reporters recently. "We will be working through August to get as many agreements as we can, so that when we come back, everybody is going to be buckling up and working hard."

While shutdown politics have become an annual feature of spending talks, this round promises to be particularly unpredictable. Fiscal conservatives say McCarthy hasn't done enough to cut spending and have threatened to use their votes to block movement in the House, where McCarthy can afford to lose only a handful of party members because of the GOP's thin 222-212 majority. Any House bill would then need to be worked out with the Senate, narrowly controlled by Democrats who have called proposed cuts harsh and nonstarters.

Rep. Garret Graves (R., La.), a negotiator for McCarthy, said the House speaker was trying to accommodate fiscal conservatives' concerns about total discretionary spending in fiscal 2024, but that he could make concessions only if he could be sure that he wouldn't lose other necessary votes. "All of us are committed to

Another option is to pass a so-called continuing resolution, which keeps the government funded at the prior year's levels to provide more time past Oct. 1. That move would require nearly universal Republican support, or else McCarthy would have to risk his speakership by relying on Democratic votes to get the bill to the floor for a vote. Schumer hasn't passed any of the 12 appropriations bills through his chamber, but the Senate Appropriations Committee has advanced all of them with large bipartisan margins, agreeing to total discretionary spending of \$1.59 trillion as spelled out in this year's debt-ceiling law.

"We are passing important bipartisan legislation," Schumer said. "If the House of Representatives would look at how we're working here in the Senate and emulate us a little more, they could be far more productive."

This round of spending talks promises to be particularly unpredictable.



GOP Candidates Make Their Cases in Iowa

By John McCormick

DES MOINES, Iowa—As the campaign of Florida Gov. Ron DeSantis struggles and former President Donald Trump braces for a third indictment, Iowa Republicans on Friday evening looked to see what else is on the menu.

The top two polling candidates in the GOP presidential primary race were among 13 White House hopefuls who spoke at a Republican fundraising dinner that served as a key audition stage. Iowa launches the nomination process with its Jan. 15 caucuses.

The challenges faced by Trump and DeSantis could prompt some Republicans to look harder at alternatives, including Sen. Tim Scott of South Carolina.

"Tim Scott is ready for a moment," said David Oman, a dinner attendee who is a past Iowa GOP chairman and has led previous presidential campaigns in the state. "He's made a very good impression."

In his dinner remarks, Scott highlighted social issues and themes of patriotism. "As president of the United States, I will make sure that the truth of my life continues to disprove the lies of the radical left," he said.

The county party leaders, state legislators and activists who attended the Lincoln Dinner are almost certain to participate in the caucuses. The wooing got personal one floor below the main convention center hall following a dinner where more than 1,200 dined on broiled chicken, mashed potatoes and cheesecake with strawberries amid candidate speeches.



Former President Donald Trump, South Carolina Sen. Tim Scott and Florida Gov. Ron DeSantis were among 13 Republican White House hopefuls who attended a fundraising dinner Friday in Des Moines, Iowa. The state's caucuses are Jan. 15.



The majority of the candidates appeared after dinner in breakout rooms where they competed to offer the best afterparty event. Some provided pizza and beer, while others served popcorn, cookies and other snacks. Trump offered his guests ice cream after they stood in a long line to shake his hand and pose for photos.

In the suite sponsored by the super PAC backing DeSantis, baseballs were available to throw at Bud Light cans, a nod to the fight he and other conservatives have picked with Anheuser-Busch InBev following a company marketing campaign that featured a transgender social-media personality. North Dakota Gov. Doug Burgum offered cattle-roping lessons.

The evening marked the first time Trump and DeSantis have attended the same event in Iowa. Almost the entire

room stood and applauded when Trump took the stage as the dinner's final speaker. He listed what he views as his accomplishments in office and said it is "hard to do that quickly," given speakers at the dinner were strictly limited to 10 minutes each.

The former president criticized DeSantis within the first 150 seconds of his speech and later rattled off poll results showing him with a sizable lead. "I wouldn't take a chance on that one," he said of DeSantis.

The Florida governor didn't directly address Trump, but he did suggest that he would likely fail again against President Biden in a general election. "We're not getting a muligan on 2024," DeSantis said. "We either win this election and make good on all the promises that we're making, or the Democrats are going to

throw this country into a hole that's going to take us a generation to come out of."

For speakers at the dinner who went over the 10-minute limit, the microphone was cut off and music was played. That happened to former Arkansas Gov. Asa Hutchinson but not before he highlighted Trump's legal challenges. "You will be voting in Iowa while multiple criminal cases are pending against former President Trump," he said.

Will Hurd, a moderate former Texas congressman and Trump critic who is engaged in a long-shot bid, was heavily booed when he directly criticized the former president and highlighted the party's losing record under his leadership. "Donald Trump is running to stay out of prison," Hurd said. "The truth is hard. But if we elect Donald Trump, we are willingly giving Joe Biden four more years in the White House."

Dinner attendee Anita Ilg, a 61-year-old small-business owner from DeWitt, Iowa, said she has already decided to support Trump in the caucuses. "He is promises made, promises kept, and he keeps taking bullets for us," she said.

Other Iowa Republicans said they have had enough of Trump and want the party to move on. Jon Peterson, a 50-year-old who lives in Ottumwa said he is trying to decide between DeSantis, Scott or businessman Vivek Ramaswamy.

"He's not loyal to some of the people who worked hard for him," said Peterson, citing Trump's treatment of former Vice President Mike Pence, following a DeSantis event Friday in Oskaloosa, Iowa.

Insurers Charge More

Continued from Page One have been approved in 31 states, according to an analysis by S&P Global Market Intelligence for The Wall Street Journal. Arizona, Texas, North Carolina, Oregon, Illinois and Utah had the biggest total of approved increases, ranging from 20% to 30%. In states such as California, some insurers are halting sales of new policies.

Travelers, a big home insurer, said that a 19% increase in premiums was just one prong of its "profit improvement" effort.

"Beyond that, we're managing terms and conditions," Michael Klein, head of Travelers personal insurance, said on a call with investors. "Think deductibles, think roof age eligibility, think coverage levels on roof replacement."

Tim Zawacki, an S&P analyst, said companies are "tightening the screws around the edges on coverage to limit their expenses." Some insurers, he said, are limiting coverage for older roofs to their cash value, rather than their replacement cost.

Many insurers have cut coverage of wind and hail damage by increasing the deductible—or the first part of the claim that the policyholder has to pay—from 1% to 2% or more, Goosehead's Menuey said.

Companies are also pulling back from some areas vulnerable to disasters. Many big insurers have exited from Florida and Louisiana, both of which have suffered tens of billions of dollars in losses from hurricanes in recent years. In wildfire-prone California, where State Farm and Allstate have stopped writing new home policies, the industry says regulatory curbs on pricing mean they cannot charge enough to cover their costs. California's insurance regulator says insurers have failed to ask for adequate rate increases.

In Florida, alongside coverage restrictions and higher premiums, there is a "reluctance from insurers to write policies for older homes or homes that don't have strong wind mitigation," according to Miami-based Fred Zutel of brokerage Lockton. Now, he added, "we're seeing similar, albeit not quite as punitive, restrictions from insurers in other low-lying coastal areas, such as Louisiana, Texas, the Carolinas."

Higher premiums hit consumers already burdened with higher interest rates and inflation. There is little chance the home-insurance pain will ease in the short term for either companies or policyholders, industry insiders and analysts say.

"We're still seeing the industry having an underwriting loss

this year continuing out to 2025," said Dale Porfilio, chief insurance officer at industry body the Insurance Information Institute. The institute expects that "the cycle of continuing to take rates upward is going to continue for the next two years," Porfilio said.

One positive development is a slowdown in the increase in repair and replacement costs that helped push up the dollar value of claims. Total reconstruction costs, including labor and materials, are up 1.6% so far this year, compared with rises of more than 7% in each of the past three calendar years, according to insurance analytics firm Verisk.

Weather damage appears to be getting worse, though. Companies are reporting significant home-insurance losses from a series of recent severe storms across the Midwest. Progressive, for example, said catastrophe losses last month ate up 92% of home-insurance premiums earned. The company blamed severe weather throughout the U.S.

Insured damage in the U.S. from severe storms, wildfires, floods and other natural disasters has topped \$90 billion in each of the past three years, according to insurance broker Aon. That is markedly higher than the inflation-adjusted averages for any of the previous four decades, including \$54 billion for the 2010s and \$40 bil-

lion for the 2000s, Aon data show.

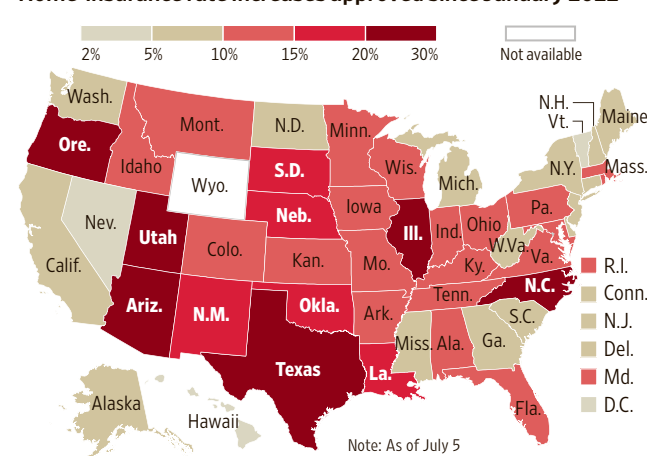
Insurers "expect catastrophe losses to remain elevated for all the climate-risk reasons we and scientists and everybody else has talked about," the Insurance Information Institute's Porfilio said. Global warming is increasing the frequency of some types of natural disasters, while population shifts into vulnerable areas are adding to the underlying costs, scientists and brokers say.

This summer's heat wave has warmed the water around the Gulf Coast, heightening the risk of hurricanes as well as adding to the fuel for potential California wildfires, according to Rod Fox, executive chairman of reinsurance broker Howden Tiger.

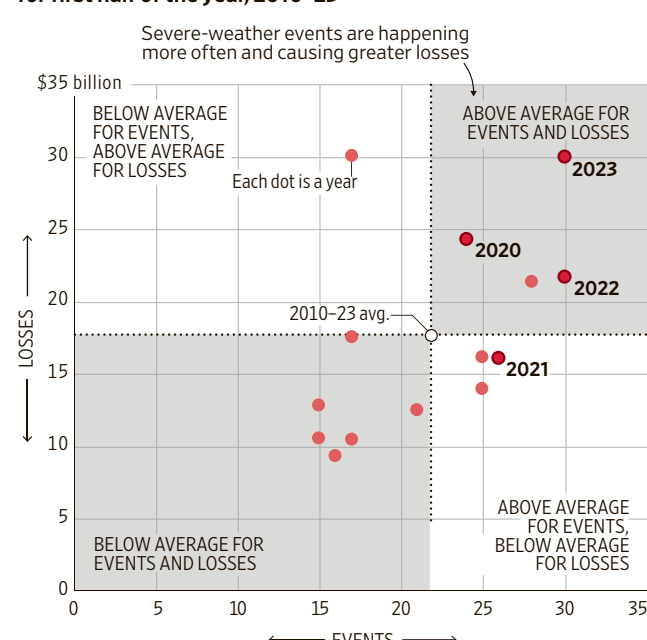
The escalating cost of catastrophes is reflected in a steep increase in premiums for the reinsurance coverage that home-insurance companies buy to pass on some of their risk. Depending on the state regulator, those higher premiums can feed directly through to the price charged to homeowners, Fox said. His firm's data show reinsurance premiums were up on average 33% for June 1 renewals, which includes many Florida carriers, and 50% for renewals at the start of this year.

The question of whether reinsurance prices will keep rising, piling more pressure on home-insurance premiums, depends a lot on what happens in the second half of this year, according to Fox. "If we have another major hurricane or some medium-size hurricanes or a spate of wildfires...that [reinsurance] price will go up again."

Home-insurance rate increases approved since January 2022



Severe-weather events and insurance-industry losses* for first half of the year, 2010-23



*Losses are inflation-adjusted. Sources: S&P Global Market Intelligence (rate increases approved); BMS Re (severe-weather events, insurance-industry losses) Kara Dapena/THE WALL STREET JOURNAL

U.S. NEWS

State Law Restricting Book Access Is Blocked

By GINGER ADAMS OTIS

A federal judge has temporarily blocked Arkansas from enforcing portions of a law that would restrict what books can be made available to children.

U.S. District Judge Timothy L. Brooks issued a preliminary injunction Saturday against two sections of Act 372, which was signed by Republican Gov. Sarah Huckabee Sanders in late March.

Act 372, which was set to take effect Aug. 1, would make it a criminal offense to distribute, provide or show content deemed “harmful to minors” to anyone under 18 years old. Librarians and booksellers found to have violated the law could face criminal charges, with penalties including up to a year in jail.

The law has been challenged by a coalition of plaintiffs that includes the Central Arkansas Library System in Little Rock, Ark.

The group said in a lawsuit filed in early June that the sections are overly broad and vague, and violate the Constitution’s First and 14th Amendments.

The law would create a new process to challenge library materials and could potentially force libraries and booksellers to create adult-only spaces to avoid criminal prosecution, the coalition said. Some places might opt to not carry titles that could be challenged, plaintiffs said.

Judge Brooks in his decision said “balance of the equities and the public interest here decidedly favor the plaintiffs.” The defendants, which include 28 Arkansas prosecutors and a Crawford County judge, will suffer no harm if the preliminary injunction is granted pending a final disposition, he said.

Sanders’s office said it supports laws that “protect kids



Arkansas Gov. Sarah Huckabee Sanders

from having access to obscene content.” The Arkansas Attorney General’s office didn’t respond to a request for comment.

The American Civil Liberties Union of Arkansas, which represents some of the plaintiffs, commended Judge Brooks’s ruling while calling it a regrettable necessity. “We are committed to maintaining the fight to safeguard everyone’s right to access information and ideas,” said Holly Dickson, executive director of ACLU of Arkansas.

Attempts to ban some books from public libraries have increased in recent years, according to the American Library Association. There were 1,269 efforts to censor books and other resources in libraries in 2022, according to the group.

The efforts have reached communities across the U.S. Voters in one Michigan town defunded a library over a dispute related to LGBT content. A Texas county considered closing its public libraries after a federal judge ordered more than a dozen recently removed books to be returned to shelves.

Elected officials, parents and conservative groups including Moms for Liberty say they are advocating for book removals because the titles are inappropriate for children and students. The push has also followed directives and legislation from state leaders.

Those who oppose the bans say they are a disservice to students and threaten First Amendment rights.

Judge Brooks’s ruling “highlights the importance of the First Amendment in protecting books, booksellers, publishers, authors, librarians and libraries as essential to our democratic society,” said attorney Michael Bamberger, who represents some of the plaintiffs challenging Act 372.

Trump PAC Spent Millions on Legal Fees

By ALEX LEARY

Donald Trump’s political committee has spent more than \$40 million this year on legal fees as he and a constellation of advisers have been swept into various investigations, people familiar with the situation said.

The spending highlights the legal peril facing the former president, who is bracing for a third indictment as early as this week over his attempts to undo the 2020 election results. Trump remains the GOP front-runner in the 2024 presidential nominating contest. He has vowed

to stay in the race even if convicted.

Trump’s Save America PAC is expected to file a Federal Election Commission report on Monday showing about \$40.2 million in legal fees, the people said. The amount was first reported by the Washington Post.

Scores of people affiliated with Trump have faced legal costs because of the investigations he has faced since leaving the White House. The former president has been indicted in New York in a hush-money case; he has been indicted in the case involving classified documents stored

at his Florida estate; and he is expected to face charges over the 2020 election, both in Washington and in Georgia.

“The weaponized Department of Justice has continued to go after innocent Americans because they worked for President Trump,” Trump spokesman Steven Cheung said. To protect them from financial ruin, the leadership PAC contributed to their legal fees to en-

sure they have representation against unlawful harassment, he said.

Trump has raised tens of millions of dollars, much of it in small donations, from supporters as he casts him-

self as a victim of political persecution. Critics, including some Republican presidential candidates, say he has exploited those people with false claims.

“He’s making regular

Americans pay his legal fees. It’s outrageous,” former New Jersey Gov. Chris Christie said Sunday on CNN. “This is not the kind of person we want as our nominee because, by the way, Joe Biden will be the president again if Donald Trump is the nominee.”

The campaign of Florida Gov. Ron DeSantis also called attention to the spending on Sunday, noting the \$40 million exceeds the \$36 million Trump’s campaign has raised since becoming a candidate late last year.

—Anthony DeBarros and Jack Gillum contributed to this article.

\$40M

Trump’s political committee spent more than this amount this year on legal fees.

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U.S. NEWS

U.S. WATCH

NEW HAMPSHIRE

Mother, Daughter Kidnapped in Haiti

A woman from New Hampshire who works for a nonprofit organization in Haiti and her young daughter have been reported as kidnapped as the U.S. State Department issued a “do not travel advisory” in the country and ordered nonemergency personnel to leave there amid growing security concerns.

Alix Dorsainvil, a nurse for El Roi Haiti, and her daughter were taken from campus. Dorsainvil is the wife of the program’s director, Sandro Dorsainvil.

El Roi, which runs a school and ministry in Port-au-Prince, said the two were taken from campus. Dorsainvil is the wife of the program’s director, Sandro Dorsainvil.

A State Department spokesperson said Saturday it is “aware of reports of the kidnapping of two U.S. citizens in Haiti,” adding, “We are in regular contact with Haitian authorities and will continue to work with them and our U.S. government interagency partners.”

In its advisory Thursday, the department said that “kidnapping is widespread, and victims regularly include U.S. citizens.”

It said kidnappings often involve ransom negotiations.

—Associated Press

OHIO

Man Convicted of Abuse of a Corpse

An Ohio man has been convicted of abuse of a corpse and evidence tampering in the case of a Kentucky teenager whose body was found in Ohio a decade after she disappeared.

Jurors in Clermont County deliberated for more than nine hours over two days before convicting 35-year-old Jacob Bumpass last week of both charges he faced in the death of 17-year-old Paige Johnson of Florence, Ky. Defense attorneys immediately vowed to appeal the verdict and seek a new trial.

Johnson’s remains were found in 2020 by a hiker in East Fork State Park, near the area investigators had searched after the teen disappeared in September 2010. A cause of death was never determined.

Authorities had questioned Bumpass, a friend, at the time and believed he was the last person to have seen her alive. Prosecutors cited DNA evidence and records indicating the defendant’s phone was pinged by a cell tower.

Defense attorney Louis Sirkin posed the idea that Johnson’s body was planted in the area sometime after her disappearance.

Bumpass is scheduled for sentencing Sept. 7.

—Associated Press

Trucking Firm Yellow Shuts Down

Continued from Page One its employees more,” she said. The union “refused to negotiate for nine months.”

A shutdown would also bring new scrutiny to the Trump administration’s decision to give the company a \$700 million Covid rescue loan in 2020. The U.S. Treasury now holds about 30% of Yellow’s shares, which have plunged and ended Friday at 71 cents apiece.

“It’s an incredibly sad situation because there’s the potential that this company that was about to celebrate its 100-year anniversary next year may not be around,” said Chris Sultemeier, a Yellow board member since 2020 and former head of logistics for Walmart.

In a memo Friday, the Teamsters told union locals that the “likelihood that Yellow will survive is increasingly bleak.” The union urged members to take their tools and personal belongings home so items don’t get stuck behind locked doors following a bankruptcy filing.

Yellow started in 1924 as a tiny taxi and bus operation in Oklahoma City. The Yellow Cab Transit Company ferried locals around in yellow Ford Model Ts and buses that eventually brought passengers between cities.

It became a national force after it filed for bankruptcy in 1951 and George Powell, a Kansas City, Mo., banker, bought it and built it into a long-haul operator that benefited from construction of the Interstate Highway System.

Through acquisitions it established a coast-to-coast network that helped the carrier survive a period of turmoil in the years after interstate trucking deregulation in 1980.

Yellow offered customers such as Walmart—and eventually Amazon—national shipping, often at lower rates than



Yellow wasn’t able to deliver consistent service for customers or profits for investors.

competitors. Those large retailers primarily ship full truckloads to stores and warehouses, but Yellow and other less-than-truckload, or LTL, carriers give customers an opportunity to fill inventory gaps with smaller quantities.

In 2003, Yellow bought Roadway for around \$1 billion in cash and stock. Both companies were unionized, while many other LTL competitors weren’t. The two companies had “been trying to kill each other for 100 years,” said Bill Zollars, who was Yellow’s CEO from 1999 to 2011.

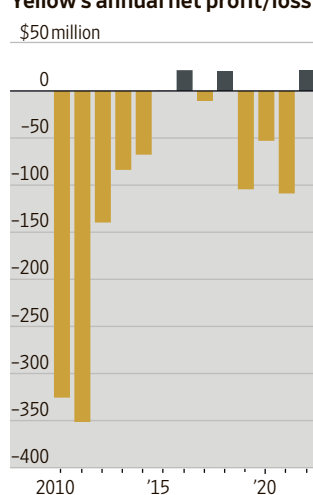
The two companies combined back-office functions but not networks, limiting cost savings. In 2005 Yellow bought another large competitor, USF, for \$1.37 billion, again avoiding a full integration.

At the time, the companies were operating near full capacity, so it didn’t make sense to combine larger operations, Zollars said. Then the 2008 recession hit, trucking demand evaporated and executives wished they had integrated faster, he said.

“If we had known about the length and depth of the recession, we would have integrated faster,” he said. “Hindsight is 20/20.”

Executives negotiated with the Teamsters and creditors to avoid bankruptcy and fend off investors. In 2010, they reached a deal that largely wiped out

Yellow’s annual net profit/loss



Source: S&P Capital IQ

shareholders and that required the union to agree to cuts in benefits and pay.

Debt from the mergers and the operational complexity of running disparate brands continued to haunt the company. The company said bankruptcy loomed again in 2014 and 2020.

Zollars said the company’s finances improved immediately after the mergers and the acquisitions offered the company significant savings, but the damage from the recession proved too deep. “I don’t think it’s fair to say that the debt load was the reason,” he said. Roughly half of the company’s debt today is from more recent government

loans, he said.

Yellow’s financial woes have mounted this year as declining shipping demand across the freight sector has cut into volumes and sent rates falling. Its cash holdings fell to around \$100 million in June from \$235 million in December.

The company made progress on its integration in its Western region, then worked to push ahead across the country, but that triggered tensions with the Teamsters.

The Teamsters said the company needed to renegotiate its multiyear contract, which expires after March 2024, to carry out its operating changes. Yellow filed suit in June, accusing the Teamsters of blocking the changes. The company said inaction could push it into liquidation.

In June, the company sought to defer two pension-fund payments, putting it \$50 million behind in its contributions. The Teamsters threatened to strike mid-July if the company didn’t make the payment, spooking customers.

Yellow got a 30-day reprieve to catch up on the pension and benefits fund payment. But few customers are waiting around.

“In times like this, when a business is under stress, you just stay away,” said Jeff Tucker, chief executive of New Jersey-based freight broker Tucker Company Worldwide.



TRAGIC CRASH: Firefighters on the scene where a pilot and two passengers were killed Sunday when their single-engine plane crashed into a hangar at Cable Airport in Upland, Calif.

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Central European leader climbs global rankings

Orlen has moved up the list of the world's largest energy companies as a result of organic growth and mergers. In 2022, it was ranked 37th, compared with the 60th place the year before. The dynamic growth of the Company, which operates in a range of segments – power, petrochemicals, refining, chemicals and fuel retailing – will continue. The growth will be driven, among others, by synergies, whose size has exceeded expectations.

It is already clear that the synergies provided by the merger with the other Polish refinery Lotos and gas distributor PGNiG will be twice as high as originally estimated. By 2032, they will exceed EUR 4.5bn. The Company recently completed a calculation of the benefits brought by the mergers. Over the coming years, the largest of the benefits may lead to a sustainable improvement in EBITDA, ultimately by as much as about EUR 0,68bn a year.

Around EUR 90m was already obtained in the first few months – in the form of synergies in logistics, finance management and supply chains. Improvements are also coming from the consolidation of activities of the accounting and HR areas, service companies (such as maintenance and project companies), and from the expansion of activities of the shared services centres. More than 160 integration and transformation projects will be implemented in the coming years across all business segments of the Group.

Ambitious plans within reach

The merger resulted in the establishment of Central Europe's largest energy group ranking among top 150 companies in the world by revenue and serving more than 100 million customers. It delivers annual revenue of about EUR 90 bn.

Orlen emphasised from the beginning that by combining operations with other Polish businesses it will gain a competitive edge. As a larger player, it will enjoy a stronger bargaining position, its potential in foreign markets will be bolstered, it will gain the opportunity for robust growth and increase its financial strength so that it can smoothly carry out the costly and complicated transition process. This is because Orlen wants to be a leader in developing new green technologies that will be the foundation of its business in the future.

Orlen is investing in onshore and offshore renewable energy sources. It implements the project of building the first wind farm in the Baltic Sea. It will have a capacity of 1.2 GW and start to produce electricity in 2026. More projects are in the pipeline, not only in Polish territorial waters. By 2030, the Group's installed RES capacity will exceed 9 GW. By the end of this decade, it will have spent nearly EUR 16bn on new energy and renewable sources.

Resources for new technologies

The Group wants to build small modular reactors (SMRs) using the boiling water reactor (BWR) technology. Each such reactor is expected to have a power of approximately 300 MW. The Group has entered into a partnership with partners, including GE Hitachi. The first unit could be built around 2030. Orlen has also engaged in training the staff which will handle the construction and then the operation of nuclear power plants, thus working for the benefit of the entire sector.

At the same time, Orlen is developing hydrogen technologies. It will spend about EUR 1.7bn on this segment by the end of 2030. Orlen already produces and consumes more than half a million tonnes of hydrogen per year, but for now it is grey hydrogen, produced from natural gas using the steam methane reforming technology. In accordance with the strategy, the Group plans to have 540 MW of new low- and zero-emission hydrogen capacity by 2030. It plans to build ten hydrogen hubs – in Poland, the Czech Republic and Slovakia. It is running educational programmes for students and university graduates in hydrogen technology and conducting research in this area. In addition, the Group will invest in biogas and biofuels.

Strong potential for further growth

What is the Group's position today? Orlen is the third-largest refining group in Europe in terms of production. Its refining capacity is 42.6 million tonnes per year, placing it among Europe's top 5 companies. Annually, the Group consumes 37.1 million tonnes of crude oil. Sales of the Group's petrochemical segment amount to over 5 million tonnes per year.

However, this is the status for today. The numbers are due to change as the Group intends to further invest in, among others, the petrochemical business,

increasing the capacity of this segment and making it even greener. According to worldwide estimates, the value of the global market of petrochemicals and base plastics is expected to double by 2030. By the end of this decade, Orlen will have spent about EUR 9bn on its petrochemical operations. By then, the segment's emissions are to be reduced by a quarter.

In addition to that, jointly with Saudi Aramco, which hold a 30% equity interest in the Gdańsk Refinery, Orlen is considering the construction of another petrochemical complex, this time in Gdańsk. A project feasibility study is underway.

Orlen among top ten upstream companies in Norway

The upstream segment is also undergoing expansion. Orlen's merger with PGNiG and Lotos has boosted the Group's upstream potential. The Group holds hydrocarbon reserves on three continents and interests in nearly a hundred licences on the Norwegian Continental Shelf. Its current recoverable reserves in Norway are estimated at of 347 mboe. This places it among the top ten players engaged in hydrocarbon exploration and production in that country. In 2022, the Group's production in the area was more than 88,000 barrels of oil equivalent per day, and production operations were conducted on eighteen fields.

This is an important direction of development as Norwegian fields are connected to the Polish transmission system through the Baltic Pipe, which has a capacity of 10 bcm. The objective is to make sure that as much as possible of the volumes transmitted via this pipeline come from the Group's own production. Investment will thus be continued to expand Orlen's potential in Norway, which will remain one of the Group's key upstream markets. Poland remains a market of no lesser importance, with nearly 4 billion cubic meters of gas produced each year from domestic fields.

Stable hydrocarbon production is taking place in Pakistan and Canada. 74% of Orlen's production is gas, while the remaining 26% is oil and liquid products derived from the extraction of natural gas and generated during its processing.

Promising trading activities

In addition to the above, the Group, as a multi-utility business, has gained a better bargaining position in building a portfolio of oil and gas supplies to Poland. The construction of the LNG terminal in Świnoujście was accompanied by efforts to develop liquefied gas imports to Poland. The imports grew rapidly, especially during the recent energy crisis related to the disruption of supplies of eastern energy resources. A fleet of gas carriers is being built for the Group. By the end of 2025, Orlen will have eight LNG carriers at its disposal, which will increase transport efficiency and bolster the Group's position in the global LNG market. This is because Orlen also trades LNG through its London office, established seven years ago.

The Group's network of service stations is also growing. It is currently made up of nearly 3,160 outlets, 40% of which are based abroad. Orlen has service stations in Germany, the Czech Republic, Slovakia, Hungary and Lithuania. Recently, Orlen announced that it was finalising the purchase of another 266 service stations, this time in Austria. The Company is also expanding its network of charging stations in Europe, in response to the needs of the evolving market.

In line with the updated strategy, by the end of 2030 the Company will have committed almost EUR 72bn for capital expenditure, with EUR 27bn earmarked for low- and zero-emission projects. By the close of the decade, Orlen aims to own renewable energy sources totalling 9 GW in capacity, install 10,000 EV charging stations across Central Europe, and achieve 300 MW of installed capacity in small modular reactors. By that time, the Group will reduce greenhouse gas emissions by 25% in its refining, petrochemical, and upstream segments. In the power segment, it will reduce carbon dioxide emissions per unit of electricity generated by 40%. By 2035, it will discontinue all coal-fired power generation.

GREEN ENERGY

Installed capacity:

0,7 GW



2nd position in Poland

Electricity generation:

1,6 TWh



4th position in Poland

Zero-carbon energy for a city the size of Warsaw



800 000 households

* For 2022

HEADCOUNT



nearly 65,000

approx. 30% women

* As of 31.12.2022

PLASTICS PRODUCTION

PTA raw material for PET bottle production



PVC

17,6%

5,7%

European market share

* For 2021

MARKET VALUE



TOP10 oil & gas companies in Europe

* By market value in US dollars, source: [companiesmarketcap.com](https://www.companiesmarketcap.com)

FUELS



7 refineries in 3 countries



More than 3000 service stations

in 7 countries



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WORLD NEWS

Niger Coup Plotters Warned

West African leaders impose economic sanctions to squeeze the military junta

By DREW HINSHAW
AND BENOIT FAUCON

West African leaders said they would consider a military intervention to oust coup plotters in Niger and restore democratic rule in a vast Saharan country that they worry could become Russia's newest security partner in the region.

At an emergency summit in the Nigerian capital of Abuja on Sunday, leaders from the Economic Community of West African States said Niger's new military junta had one week to return the country's elected president, Mohamed Bazoum, to power. The regional group, known as Ecowas, also laid out banking and economic sanctions to squeeze the military junta, which on Wednesday detained Bazoum and his family and suspended the country's constitution.

"In the event the authorities' demands are not met within one week [Ecowas will] take all measures necessary to restore constitutional order in the Republic of Niger," Omar Aliou Touray, president of the Ecowas commission, said after the meeting. "Such measures may include the use of force."

Earlier in the day, thousands of protesters in Niger's capital, Niamey, marched to the embassy of France—the country's former colonial ruler—waving Russian flags, throwing stones and lighting a fire.

"FRANCE LEAVE," read several of the crowd's homemade placards. The French military keeps about 1,500 troops in Niger.

The threat of several West African countries intervening with military force in Niger presents an escalation after years of coups that have



People display Russian and Niger flags outside the National Assembly building in Niamey.

brought Russian-friendly governments to power in several other nations in the region.

Since 2020, military leaders have seized power in Mali and Burkina Faso—once two of France and the U.S.'s closest counterterrorism partners in West Africa—shifting those countries' allegiances toward Moscow.

The coup in Niger verges on a step too far for Nigeria, Africa's most populous country and biggest economy. Nigeria's war on its own internal Islamist insurgencies depends on cross-border coordination with Niger.

Washington, which has spent more than \$500 million equipping and training the local military, also risks losing a partner in the region; U.S. laws restrict such aid to countries under military rule. The European Union stands to lose the cooperation of a country that has helped slow the movement of asylum seekers north to Libya and on toward Italy.

Aside from threatening military force, the West African leaders announced a series of banking and trade restrictions that reflected their hope that

the junta around Gen. Omar Tchiani, who earlier this week declared himself Niger's new leader, doesn't have the full support of the country's military.

The new government of Nigerian President Bola Tinubu is hoping economic pressure, combined with the threat of force, can get the coup leaders to climb down, a senior Nigerian official said.

On Saturday, the spokesman for the junta, Col. Maj. Amadou Abdramane, appeared on state television, saying he wanted to remind "Ecowas, or any other adventurer, of our fierce determination to defend our homeland."

Both the U.S. and Europe have made Niger the centerpiece of their fight against the spread of Islamic State and al Qaeda in Africa's Sahel. The country hosts U.S. drones and U.S. commandos, who have trained Nigerien special forces, advised them during combat missions, and equipped them with everything from tents and radios to surveillance planes and armored personnel carriers.

By contrast, Mali in 2021 hired mercenaries from Rus-

sia's Wagner group, while Burkina Faso earlier this year kicked out French troops.

French President Emmanuel Macron condemned the violence at his country's embassy and warned France would respond "immediately and uncompromisingly" to any attack on its citizens, military, diplomats and diplomatic compounds. Immediately after the coup, other protesters in Niamey also came up in support of Bazoum, according to footage posted of his political party's social-media accounts.

Security has been reinforced at the French embassy, the foreign ministry in Paris later said.

Beyond threatening a possible military intervention, the Nigeria-led group of 15 countries said it would immediately freeze the government's bank accounts in the region's central banks, and in commercial lenders.

The bloc would also impose a no-fly zone, and travel bans and asset freezes targeting the plotters if they don't restore Bazoum to power, it said.

—Gbenka Akingbule
and Noemie Bisserbe
contributed to this article.

Pakistan Bombing Kills More Than 40

By SAEED SHAH
AND SAFDAR DAWAR

ISLAMABAD, Pakistan—A bombing of a gathering of a political party killed more than 40 people on Sunday, officials said, as Pakistan faces a renewed wave of terrorism ahead of elections due this year.

The bombing targeted a religious political party, Maulana Fazlur Rehman's Jamiat Ulema Islam party, which avows a hard-line version of Islam, but not extreme enough for jihadists who view democracy as un-Islamic. There was no immediate claim of responsibility.

Local video footage showed a fireball erupting with a big blast, as party supporters assembled in a large tent erected for the meeting to hear speeches from some of the party's more senior leaders. Afterward, bloody corpses and dismembered body parts lay scattered on the ground, the video showed.

Police said a suicide bomber carried out the attack, which took place in the northwest part of the country close to the Afghan border, adding that the death toll is likely to rise as many of the injured were in critical condition. Some wounded were taken to a hospital in the provincial capital, Peshawar. The provincial administration said that 200 were injured, in addition to more than 40 killed.

"It is clear from the attack that the enemy is against the democratic system in Pakistan," said Prime Minister Shehbaz Sharif. "We will never let the aims of such cowardly attacks succeed."

The party attacked is a part of the coalition government

led by Sharif.

Pakistan endured a bloody election in 2013, when terrorism was a far bigger menace. Attacks had subsequently declined as military operations took place inside Pakistan, until the Taliban takeover in Afghanistan in 2021.

Islamabad says that militants based in Afghanistan carry out attacks in Pakistan. The Taliban government in Afghanistan deny that Pakistani militants are present there.

The Taliban government in Kabul condemned the bombing, adding that "such heinous acts are not justifiable in any religion or sect."

Sunday's explosion was the most deadly since a mosque was targeted in January. Also in the northwest of the country, the blast killed some 80 people, mostly police officers worshipping there.

The Pakistani Taliban, a jihadist movement inspired by the Afghan group, is behind

most of the attacks. The Pakistani military held unsuccessful peace talks with the group in 2021 and 2022, but that allowed some of the militants to move back into Pakistan. Also active is

the local branch of the Islamic State militant group.

The Taliban administration in Kabul insists that it won't allow the country's territory to be used against other nations, and has reacted strongly against any perceived encroachment on its soil by Pakistan and other neighbors.

Police said that a suicide bomber carried out the attack on Sunday.

Watch a Video

Scan this code for a video on the attack that targeted a political party.



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Paramours, Pilots Star In Tip Case

Continued from Page One spoke once to plead not guilty. His bond was secured in part with his yacht Aviva, a 322-foot vessel he is no longer allowed to board, because of travel restrictions imposed by the court. His lawyer, who didn't respond to a request for comment, said the government had made an "egregious error in judgment" in charging Lewis.

The prosecution sets a new marker for the U.S. attorney's office in Manhattan. Lewis is among the office's most prominent insider-trading targets in years.

"Federal prosecutors have spent much of 2023 bringing cases targeting crypto," said Mark Bini, a former prosecutor and a partner at the law firm Reed Smith. "This high-profile indictment appears to be a shot across the bow that insider trading remains a top priority."

Raised in a gritty neighborhood of East London, Lewis left school at 15 to work as a waiter at his father's pub business. He later greatly expanded the business into tourist-themed restaurants.

In the late 1970s, having sold the family business, Lewis relocated to the Bahamas and has since spent most of his time there, running Tavistock Group, an international private investment firm he founded with a portfolio that includes hundreds of companies in agriculture, sports, resort properties and life sciences. He built a reputation as a currency trader, reportedly making hundreds of millions of pounds off the collapse of the British pound in 1992 and the Mexican peso in 1994. His success as a heavyweight currency speculator earned him the nickname of "The Boxer" in markets for his almost-namesake Joe Louis. In 2007, he invested heavily in Bear Stearns, ultimately losing hundreds of millions of dollars after the bank's demise.

Decades ago Lewis bought about a third of Tottenham



Lewis in Manhattan last week.

Hotspur, a North London club in the Premier League. He eventually built up his stake to a majority.

He was the longest-serving owner in the league until recent months, when he gave majority control to a family trust. It couldn't immediately be determined whether Lewis knew about the insider-trading probe when he made the changes to Tottenham's control.

The league this year tightened its rules regarding ownership, disqualifying a person or company subject to government sanctions or found to have committed crimes including violence, corruption, tax evasion and fraud.

The indictment against Lewis describes a life of luxury and jet-setting, peppered with access to confidential information about his investments, from cancer-therapy clinical trials to the impact of flooding on an Australian cattle-ranch business.

Mentioned is an episode in September 2019, when an officer of Boxer Capital, a biotech investment fund of which Lewis is majority owner, visited Lewis on the Aviva, then docked in California. Prosecutors said that while on the yacht, the Boxer official received a confidential update about promising clinical-trial results for a cancer treatment developed by Mirati Therapeutics, a publicly traded oncology company in which Lewis invests. The official allegedly shared the news with Lewis over dinner.

About a week later, authorities said, Lewis called Carolyn Carter, a Virgin Islands actress and beauty-pageant winner who was then his girlfriend, and told her to buy

Mirati. "All good & all confirmed," Carter said in an email to Lewis, after buying 16,400 shares of the company, using almost all the funds in her brokerage account, according to the indictment.

The next month, prosecutors said, Boxer gave Lewis another Mirati update, about the coming announcement of the trial results, and this time he tipped off his two longtime pilots. "Boss is helping us out and told us to get ASAP," one of the pilots messaged a friend. The friend replied with four clapping emojis, the SEC said in its civil suit.

U.S. authorities said the tips kept coming. Before the Mirati announcement, Lewis told his executive assistant and several friends—including a poker buddy in Argentina and someone with whom he was romantically involved—to buy the stock, prosecutors said.

The day after Mirati announced its encouraging trial results, its stock closed up more than 16%. Carter, the pilots, the assistant and the friends all sold their stock.

Carter, who didn't respond to a request for comment, wasn't charged in the criminal case but was named in the SEC civil case.

Insider-trading law has evolved over decades based on court precedent. Years ago Lewis might have avoided insider-trading charges because individuals who gave inside information often wouldn't be held liable if they didn't receive any financial gain, said Seth Taube, a former prosecutor and SEC enforcement attorney. "Unless you made money on inside information or received some real benefit, you normally had a get-out-of-jail card," said Taube, general counsel at the consulting firm McKenna & Associates.

By 2016, he said, that loophole was closed after the Supreme Court ruled that prosecutors didn't have to show that tipsters received something of value for passing along inside information.

"Giving a gift of trading information is the same thing as trading by the tipper followed by a gift of the proceeds," Justice Samuel Alito wrote for the court.

—Ryan Dubé
and Dave Michaels
contributed to this article.

WORLD NEWS

Fear of Deflation Deepens in China as Growth Stalls

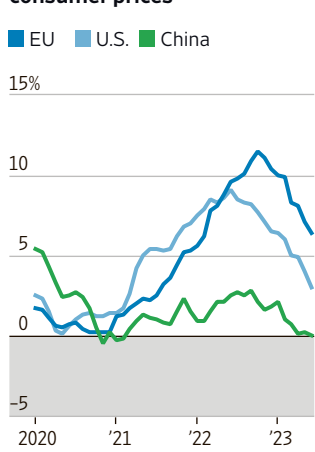
By Jason Douglas and Stella Yifan Xie

Signs of deflation are becoming more prevalent across China, heaping extra pressure on Beijing to reignite growth or risk falling into an economic trap it could find hard to escape.

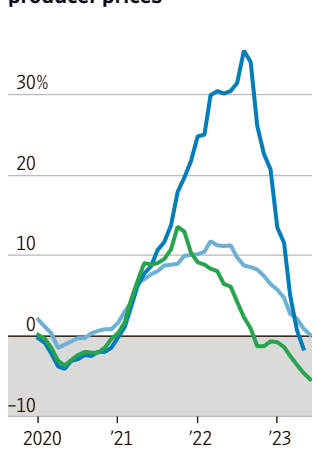
While the rest of the world tussles with inflation, China is at risk of experiencing a prolonged spell of falling prices that—if it takes root—could eat into corporate profits, sap consumer spending and push more people out of work.

Prices charged by Chinese factories that make products ranging from steel to cement to chemicals have been falling for months. Consumer prices, meanwhile, have gone flat, with prices for certain goods—including sugar, eggs, clothes and household appli-

Annual change in consumer prices



Annual change in producer prices



Source: CEIC

ances—now falling on a month-over-month basis amid weak demand.

Most economists think China will probably avoid a deep and lasting period of deflation. Its economy is growing, albeit sluggishly, and the government has unveiled a variety of small stimulus measures which could help more.

is slipping toward deflation.

But some economists see alarming parallels between China's current predicament and the experience of Japan, which struggled for years with deflation and stagnant growth.

In the 1990s, a collapse in stock markets and real-estate values in Japan pushed companies and households to drastically cut back spending to service burdensome debts—a so-called balance-sheet re-

cession that some see taking shape in China today.

Data released Thursday showed industrial profits are sinking and average new home sale prices fell in June.

If China were to tip into protracted deflation, it has another big problem: Traditional methods of fighting it are either unpopular in Beijing, or lack potency due to the country's heavy debt load and other issues.

“The big concern is whether the policy tools that they have will have much traction in terms of trying to avert deflation, or deal with deflationary pressures once they arrive,” said Eswar Prasad, a professor of trade policy and economics at Cornell University and a former head of the International Monetary Fund's China division.

For the global economy, extended deflation in China might help cool inflation elsewhere, including the U.S., since its factories make up

such a large share of the world's goods.

However, a flood of cut-price Chinese exports on global markets could squeeze out rival exporters in some countries, hurting jobs and investment in those economies. Chinese export prices for steel and chemicals fell by about a third during the 12 months through June.

A deflationary spell in China would also likely mean weaker Chinese demand for food, energy and raw materials, which big chunks of the world rely on for export earnings.

“The market is underestimating the deflationary impact on the global economy,” said Frederic Neumann, chief Asia economist at HSBC in Hong Kong.

Consumer prices in the U.S. rose 3% in June from a year earlier, a sharp slowdown from the 8% annual rate a year earlier. Annual inflation in the European Union last month was 6.4% as the region continues to feel the squeeze from high energy and food prices.

In China, annual consumer-price inflation in June was zero. Producer prices fell in China

last month by 5.4% from a year earlier. Subdued consumer spending is one big reason.

But weak price pressures are also a payback of sorts for China's experience during the pandemic, when exports rocketed on Western demand for gym equipment, home improvement supplies and other goods.

The demand surge helped push Chinese producer prices up 12% between the start of 2020 and their peak in April 2022, according to an index calculated by Moody's Analytics.

When governments lifted lockdowns and Western demand eased, the trend reversed. Producer prices began falling on a year-over-year basis in October and have kept falling every month since.

Chinese factories, which expanded to meet Western demand during the pandemic, now face overcapacity. The hope was that Chinese consumers would step into the breach and soak up excess inventories as export markets dried up. But that hasn't happened, and as more businesses pivot toward selling into the domestic market, the downward pressure on prices is building.

Iran Targets Women Who Defy Islamic Dress Code

By Sune Engel Rasmussen

Iranian authorities are again cracking down on women breaking the country's strict dress code as they try to reassert control after last year's momentous protests that were rooted in demands for more freedoms in the Islamic Republic.

Last week, authorities shut down an office of the country's leading e-commerce business, Digikala, popularly known as Iran's Amazon, after its female staff was seen on social media without the obligatory headscarf, or hijab. They have also reinstated widely reviled street patrols to enforce the country's Islamic dress code, and shut hundreds of cafes, restaurants and amusement parks where staffers were seen to violate it.

Police recently closed a new hair salon after a video of unveiled women at its opening celebration went viral, and punishments for violations are increasingly designed to attract public attention.

This month a court sentenced a woman to a month of washing and preparing corpses for burial after she was caught driving without her headscarf in a city south of the capital, Tehran. Another woman was sentenced to 270

hours of cleaning government-owned buildings for allegedly flouting the hijab law.

The fresh pressure on Iranians comes after the country's police said this month that officers would resume street patrols to uphold the dress code, which requires women to cover their hair with a headscarf and the shape of their bodies with loose clothing. Men have been scolded for wearing shorts.

Despite the crackdown, a growing number of women are brazenly breaching the dress code. In Tehran, women sit eating French-style pastry wearing tight jeans and loose headscarves that expose braids or highlights. Women ride on motorcycles and mopeds around town, flaunting tattoos, also considered un-Islamic, as their hair blows in the wind.

Riding a motorcycle isn't illegal for Iranian women, but in practice, authorities rarely grant women a license to do so. Yet, some female drivers say the public perception of women in traffic has changed.

“Five years ago, a woman on a motorbike was a big thing. Cars wouldn't give way. Even buses would cut me off,” said Reyhaneh, a 33-year-old painter who for years has driven her scooter everywhere in the capi-

tal. “Many would verbally harass, mock or even once push me,” she said. “But today, the culture has changed.”

The country's morality police force was disbanded months into the protests, which were triggered after a young woman, Mahsa Amini, died after being arrested by the force for allegedly wearing immodest clothing.

Since then, regular police have increasingly taken on tasks previously handled by the morality police. When announcing the resumption of street patrols, a police spokesman said people caught violating the dress code would first be warned, then prosecuted if they didn't comply.

The owner of a cafe in a trendy part of central Tehran said he had been forced to close for many reasons over the years, including for playing Western music, but that people's behavior has now irreversibly changed.

“Today, people come here and sit dressed up as if they're going to a party,” he said. During last year's protests, his cafe and others like it became a shelter for protesters. Months later, security forces started closing businesses, the cafe owner said.

—Aresu Egbali contributed to this article.



More women are choosing not to wear the mandatory headscarf in public places in Iran.

Advertisement for Ross + Simons jewelry featuring a Byzantine Elegance necklace. Text includes: 'Byzantine Elegance', 'EXQUISITE CRAFTSMANSHIP AND EXTRAORDINARY VALUE DEFINE OUR STERLING SILVER NECKLACE', '\$99 Compare at \$140', and 'ORDER TODAY!'.

Legal notice regarding a settlement for individuals who owned a U.S. Dollar LIBOR-Based Instrument between August 2007 and May 2010. The settlement totals \$90 million. It details the scope of the settlement, what it covers, who is included, and how to claim.

FROM PAGE ONE

U.S. Trails In Race for The Arctic

Continued from Page One includes the Aleutians, a strategic chain of volcanic islands that divides the Pacific Ocean from the Bering Sea and Arctic Ocean. They were the location of bitter fighting during World War II. One small island city, Unalaska, which brings in more fish than any other U.S. port, hosts the Coast Guard base at Dutch Harbor.

"But to see these combatants form up in a surface action group together and steam together, that's what's rare," said Rear Adm. Nathan Moore, who was Coast Guard commander for the Alaska region until earlier this month, when he became deputy commander for the Atlantic.

The Coast Guard called in a C-130 Hercules aircraft from another of its bases, on Alaska's Kodiak Island, and officers aboard the Kimball radioed the Russian and Chinese ships to warn them they had entered U.S.-regulated waters. The Russian and Chinese ships broke formation and departed.

Once a lonely and largely impassable maritime expanse where countries worked together to extract natural resources, the Arctic is increasingly contested territory. As sea ice melts and traffic increases on the southern edges of the Arctic Ocean, governments are maneuvering in ways that mirror great-power rivalries in lower latitudes.

In recent months, Russian bombers have increased their patrols over the Arctic and probed further south. Norway's intelligence service said that with Russia's conventional forces weakened by the war in Ukraine, its strategic weapons are taking on greater importance, among them the nuclear-armed submarines of Russia's Northern Fleet. More Russian-flagged commercial and government vessels are active in Arctic waters.

While U.S. military officials and analysts don't expect Beijing to deploy broad military forces in the Arctic, they said China is sharing satellite and electronic intelligence from the region with Moscow.

Satellite tracking

In response, the U.S. is beefing up its presence in the Arctic by adding to its polar icebreakers—the ships vital to a consistent presence in the icy seas. The U.S. has just one icebreaker in the region for only part of the year, compared with three dozen owned by Russia.

It's also tracking movements of Russia and China via satellites, drones and unmanned seacraft, analysts and military officers said.

After the U.S. and other Asia-Pacific nations watched Beijing build military installations in the South China Sea, the Pentagon doesn't want to get caught off guard again, this time near the shores of America, Canada and other NATO allies in Northern Europe. Last fall's Russian-Chinese exercise triggered "Operation Frontier Sentinel," Adm. Moore's plan to respond to foreign military vessels' unexpected approaches to the U.S.



Launched in the 1990s, the icebreaker Healy is packed with scientific equipment but has no deck guns to defend itself.

in the region.

"We're telling the world, 'We're up here patrolling this area,'" said the Coast Guard's Kenneth Boda, who was captain of the Healy, the U.S. icebreaker used in the Arctic, until June. "There are certain things we don't want you doing up here."

Russia's defense ministry said the exercises, which began in the Sea of Japan, were designed to improve interoperability of the fleets and to defend eastern sea lanes and economic activity.

"China will not and has no intention of using Arctic issues to promote its geopolitical interests," said Chinese embassy spokesman in Washington, Liu Pengyu.

New strategy

The Biden administration released a new Arctic strategy in October that identified national security as the main pillar for U.S. interests in the region, ahead of the environment, economic development and international cooperation. The strategy paper said that "Russia's unprovoked war of aggression against Ukraine has rendered government-to-government cooperation with Russia in the Arctic virtually impossible."

The Russian-Chinese partnership heightens the challenges faced by America's military as it enters a new era of great-power competition. For decades, the U.S. has been focused on fighting insurgencies in the Middle East and Afghanistan, and has lately been working to reorient its forces to face a different type of potential conflict.

"Both Putin and Xi have made clear that the High North is key to their strategic interests, and it is imperative that the United States and our allies keep them from dominating this region," said Sen. Roger Wicker (R., Miss.), the top Republican on the Senate Armed Services Committee, referring to Russian President Vladimir Putin and his Chinese counterpart, Xi Jinping.

Russian-flagged commercial and government vessels active in Arctic waters rose to a monthly average of 709 last year, up 22% since 2018, according to satellite-tracking data compiled by AAC SpaceQuest for The Wall Street

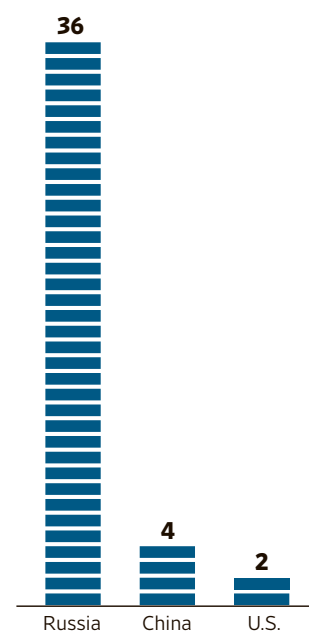
Arctic-focused military facilities

Russia ■ Port/naval ■ Airfield/airport
■ Multipurpose ■ Under construction
U.S. ◆ Port/naval ◆ Airfield/airport



Government owned or operated. Sources: American Security Project (facilities); National Snow and Ice Data Center (ice extent); National Geospatial-Intelligence Agency (routes); U.S. Coast Guard (number of icebreakers)

Number of major polar icebreakers*



Journal. Among the vessels: the 50 Let Pobedy, a 524-foot nuclear icebreaker named for the anniversary of Russia's World War II victory.

China, for its part, is "looking for reasons to have a military presence in the Arctic," explained Vice Adm. Peter Gautier, the U.S. Coast Guard's head of operations.

The American public became aware of China's intelligence-gathering activities near the Arctic earlier this year after a Chinese balloon was first detected near Alaska's uninhabited St. Matthew Island in the Bering Sea. The balloon floated across the U.S. and Canada before it was shot down off the coast of South Carolina.

China's foreign ministry denied the balloon was for surveillance and criticized the U.S. for shooting it down.

Chinese surveillance

Last year, Canadian officials seized Chinese buoys believed to have been involved in surveillance of U.S. submarines, Canadian officials said this year. U.S. officials are also investigating visits by Chinese nationals in and around U.S. bases, including in Alaska.

"If we're not there and we allow them to test our waters, it starts to look more like the South China Sea," said Capt. Stephen Adler, who was then

the commander of the Coast Guard Cutter Stratton, on a stop in Dutch Harbor last fall.

The Russia-China security partnership is in part driven by commerce on the energy-rich trade route.

Warmer temperatures are opening new shipping lanes between Asia and Europe and may eventually introduce brand-new shipping routes near the North Pole. As early as the 2030s, the Arctic may be practically ice-free in September, the month with the lowest amount of ice in the year, according to a study in Nature Communications.

Natural-gas route

Shipping companies are studying Russia's northern coast as the shortest link between seaports of East Asia and Europe, bypassing southern oceans and the Suez Canal. A cargo ship's trip from Japan to a port in the Netherlands could be cut by more than half, to less than 6,000 miles from more than 12,000 miles, by traveling through the Arctic Ocean.

The Northern Sea Route, which Russia asserts the right to regulate under an Arctic agreement, allows ships carrying liquefied natural gas to transport the cargo through the Bering Strait. The route runs along the maritime border between Russian and U.S.

waters just west of Alaska.

More ice-crushing vessels in the area are ferrying Russian gas to the Chinese market. Last year, Russia and China used a trio of massive ice-breaking ships flying Hong Kong flags to carry Russian LNG to Chinese and other markets, according to the AAC SpaceQuest shipping data.

The U.S. rejects Russia's claim to regulate traffic through the Northern Sea Route and has considered contesting it in a so-called freedom of navigation exercise, according to a classified document taken and shared online by Airman First Class Jack Teixeira of the Massachusetts Air National Guard.

Such exercises, known as Fonops, involve sailing through waters to contest what the U.S. sees as excessive claims of another nation, including China's claims in the South China Sea and other areas.

Combat capabilities

While Russia's vast territory dominates the Arctic coastline, with well-developed ports, airfields and vessels under its control, NATO assets in Canada, Scandinavia and elsewhere would come into play in any potential conflict.

The U.S. itself has combat capabilities in the Arctic ranging from air bases in Alaska

with more than 100 advanced F-35 and F-22 jets, to nuclear-powered submarines roaming the seas that can punch up through the ice, to missile-tracking radar in Greenland.

A new Pentagon planner for the region monitors stepped-up exercises in cold conditions, often with allies in the region. In a February exercise, U.S. Army soldiers from the "Arctic Angels" airborne division flew over the North Pole from Alaska to Finland, where they practiced maneuvers with Norwegian troops.

Frigid deployments

The frigid deployments are inspiring efforts to deploy unmanned vessels and to innovate for northern fighting forces. Materials scientists are working with the military to improve tools used in icy conditions, for example to prevent frozen spray from accumulating on ships and weapons, a problem previously addressed by a serviceman with a baseball bat.

The biggest gap between Western nations and the Russia-China partnership is in "domain awareness," or the knowledge of what adversaries are doing in and around a region with few people and little infrastructure.

Military officers say fixing that involves adding more satellites to provide better communication on the ground, unmanned aircraft and seagoing vessels, and long-range radar. Ports such as Dutch Harbor also need improvements.

A greater U.S. presence in the region is hobbled by a lack of ships hardened to withstand ice. In comparison, Moscow has invested continuously in ice-hardened ships that can steam through water dotted with "growlers"—small frozen chunks.

Heightened tensions

Not since the Cold War have Arctic tensions between the U.S. and Russia been so high.

Both sides invested heavily in Arctic facilities, ranging from radar to ice-capable submarines. In the twilight of the Cold War, Soviet and American nuclear submarines collided twice in Arctic waters north of the main Soviet submarine base on Fennoscandia, near the border with Norway, causing damage to the submarines and headaches for diplomats but avoiding a military conflict.

In 1987, two years before the fall of the Berlin Wall, Soviet Union leader Mikhail Gorbachev signaled a willingness to dial back tensions. He warned in a speech in the Arctic city of Murmansk, Russia, that the "militarization of this part of the world is assuming threatening dimensions."

Three decades later, the seizure of Crimea and the broader invasion of Ukraine have rekindled old tensions, and the U.S. led Western nations to impose a raft of sanctions on Russia's economy. Western oil and gas giants halted their investment and technology cooperation with Russian firms, especially in technically challenging areas such as the Arctic.

On a visit to Nordic countries in June, Secretary of State Antony Blinken announced the reopening of a Cold War-era diplomatic outpost north of the Arctic Circle in Tromsø, Norway.

A Judge's Novel Drama

Continued from Page One

James Dondero, former chief executive of hedge-fund company Highland Capital Management, sees another similarity in the novel—between one of the villains and himself.

Dondero says he is the inspiration for Cade Graham, a Dallas hedge-fund playboy suspected of insurance fraud and faking his own death in a fiery car crash. And in a plot twist not yanked from the novel, he is pushing for the judge-cum-writer to step aside from a case she is handling that involves none other than the real-life hedge-funder—Dondero.

Like many fictional works, Jernigan's book includes a disclaimer that its characters

"are absolutely fictional." Nevertheless, citing "unquestionable parallels" between his life and Graham's, Dondero is arguing that the fictional depiction exposes Jernigan's real-life bias against him in the long-running legal case.

Jernigan has rebuffed his efforts so far, at one point quoting Oscar Wilde: "Life imitates art far more than art imitates life."

Highland Capital, once a pioneer in trading speculative corporate loans, filed for bankruptcy in 2019 after it became embroiled in a series of legal disputes. The case landed in Jernigan's court. Dondero, who was subsequently ousted from Highland, has been fighting with the bankrupt firm and its creditors over its winddown.

Dondero claims Jernigan, who has held him in civil contempt twice, hasn't been fair to him during the bankruptcy proceedings. He has sought her recusal several times—to no avail. He has asked a federal district court to reconsider.

His latest attempt to boot

Jernigan cited her fiction writing as evidence of her negative views of the hedge-fund industry. Her first novel, "He Watches All My Paths," revolves around death threats to the fictional Judge Lassiter. Her second follows the manhunt for the criminal. Both are self-published.

Dondero sees parallels between himself and Graham, one of the villains in the second novel. The novel describes Graham as a "well-known wealthy playboy and high-flying Dallas hedge fund manager," and as "a real piece of work...a ton of people

hate him, don't trust him, and can't figure out how on earth he manages to make so much money in both good times and bad times." The novel involves Graham in a plot to murder American retirees in Mexico for insurance money. According to Dondero, the

fictional hedge fund, called Ranger, handles assets similar to those of his former firm, which he said in a court filing was once called Ranger Asset Management. Jernigan's novels show disdain for hedge-fund managers, he says, citing passages that describe the industry as having "outrageous amounts of hubris" and a "bro culture."

In a statement to The Wall Street Journal, Dondero said: "The impartiality of judges—and the appearance of impartiality—is a critical component of the federal judiciary. We are well past the point that a reasonable person would see bias."

Jernigan, who has been a judge since 2006, has said he has inundated the court with thousands of pages of material related to recusal requests that were untimely and without merit. The judge, who

didn't respond to requests for comment, addressed her fiction briefly in one March opinion, saying that even though some of her work is loosely based on real life, no characters were inspired by Dondero. Jernigan's opinion said she had "never once heard" that Ranger was Highland's original name.

In the ruling, Jernigan said she "regrets this sideshow," but added that many sitting judges write books, though usually nonfiction rather than fiction.

Jernigan said there were countless examples of authors, from Agatha Christie to Ernest Hemingway, who weave fictional plots that are loosely based on real-life events. "The Presiding Judge is somewhat embarrassed to discuss these literary greats in the same paragraph in which she is mentioning her own fiction works—it is merely to make a point," she said in the ruling.

Dondero's legal team hired law professor Steve Leben of the University of Missouri-Kansas City School of Law to

take a look.

"To be sure, the two judges aren't identical, and the book doesn't come across as nonfiction," Leben wrote to the court this month. "But while it's common for fiction authors to draw on their own lives, experiences, and viewpoints to varying degrees, Jernigan has made the similarities numerous and obvious." He concluded the judge ought to recuse herself.

Dondero's former hedge fund Highland, for its part, has opposed his recusal attempts and called him a "vexatious litigant," petitioning this month to limit his legal maneuvering.

Legal ethics experts said what matters is whether Jernigan's impartiality might be reasonably questioned.

"It is a pretty novel situation—pun vaguely intended," said Indiana University law professor Charles Geyh. While many judges write outside of court, he said, "this is complicated as a work of fiction, and the way we evaluate it is tricky."



WORK & LIFE
RACHEL FEINTZEIG

How nice should you be at work?

We've supposedly moved on from the era of the militaristic chief executive who barks orders and threats. Most of us agree: We don't like jerks. Be kind, we implore our kids.

Then we get to the office. We've got direct reports to rally, colleagues in other departments to convince and bosses who claim they want honest feedback. Speak with hesitation and you're ignored. Handle your team with kid gloves and you're a pushover, not a force to be reckoned with.

"I, personally, think you're too nice a person to be in the job that you're in." That's what Rep. Greg Murphy (R., N.C.) told Katherine Tai, the lead trade negotiator for the U.S., this spring during a hearing. His comments summed up feedback so many of us, especially women, have heard. We're too bubbly or kind. We deploy too many apologies or exclamation marks. Yet when we do too little of all that, we're overly aggressive.

"I want to be a nice person," Sarah Kleinberg, the director of operations at a healthcare consulting firm, told me. She's realized, though, that being nice often makes others feel good, without actually moving a project forward or prompting a team member to improve. "You have to have the level of confidence to be beyond people-pleasing," she says.

'Customer-service voice'

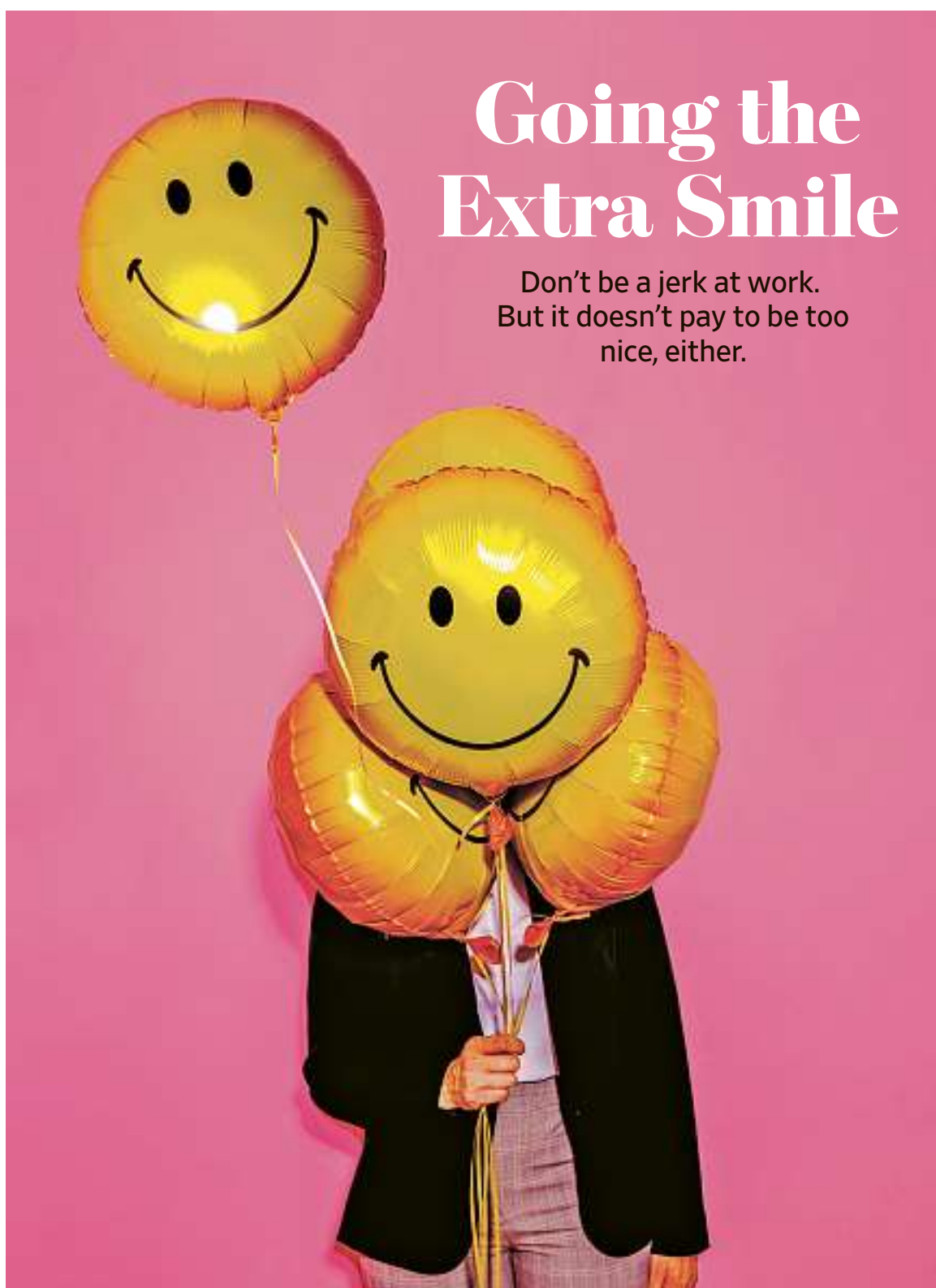
Many people, desperate not to offend, resort to what speaking coach Samara Bay calls "customer-service voice." It's that high-pitched, upspeak-y tone meant to inform the barista, *I think you might be out of oat milk?*

What are we saying when we use that tone? "I'm not powerful, don't worry," Bay says.

Making yourself non-intimidating and as small as possible may work earlier in careers, she adds, making the people in charge feel secure. But as we ascend, or try to, the wavering voices can confuse others. Do it enough and people might question whether you're leadership material, Bay says.

She recommends a vocal exercise for speaking more confidently. Pretend that you're introducing yourself—"Hi, my name is Rachel"—while throwing a pretend ball against the wall. Match your vocal pitch to the ball's trajectory.

PHOTO ILLUSTRATION BY JARON DURALL FOR THE WALL STREET JOURNAL



When you throw the ball down to the ground, you'll hear your voice droop in energy along with the ball. Then throw the ball up, and notice the way your words sound as if you're half taking them back. Last, throw the ball straight and allow your words to follow through, too.

"It's the weirdest feeling to say something and mean it all the way to the end," Bay says. "It feels brave."

No hedging allowed

When pitching an idea, don't undercut yourself with hedging language, says Bob Bordone, a negotiations coach. He cringes at questions like: "Would you be willing to consider letting me work remotely on Fridays?"

"It makes me just want to say no because it's such a weak thing," he says.

Instead, he says, start with a statement: "I wanted to talk to you

about working out a new schedule." Assure that any agreement you come to would be good for your manager and the company.

When someone tells you no, Bordone suggests trying: "How can we tackle this, even though we see it differently?" You sound strong and assertive, but not nasty, he says.

Good news for the nice guys among us: You don't have to give up your personality to be

taken seriously.

"I'm, 99.9% of the time, a jovial, happy-go-lucky guy," says Colton Schweitzer, a user-experience designer and educator in Vancouver, Wash. When he doesn't like the direction a project is going, he pushes back by asking questions and inserting the occasional joke.

"I'm smiling," he says, "Even when I'm saying, 'Are you sure about that?'"

Because he's so pleasant, his serious moments carry weight. At one job, he cheerfully took on more work when colleagues asked—until his manager asked him to pick up the slack for an underperforming employee. He gave a resolute no. His manager dropped the issue, and seemed surprised and impressed by his response, he says.

"It's like a currency," he says of invoking a more stern style. "When I use it, it's really valuable."

Less yelling, more intensity

To be tough but not jerky, set clear expectations, says Harry Kraemer, a professor of leadership at Northwestern University's Kellogg School of Management.

Before teaching, Kraemer rose to be chief executive of Baxter International, the healthcare company where he worked for 25 years. As a new manager, he'd tried to be everyone's breezy friend, shrugging it off when his team turned in a project hours past deadline. The second time it happened, he devolved into yelling, only to realize he hadn't made the stakes clear from the start.

"If I focus on being liked, the chance of being respected is very low," he says.

He adopted a new leadership style of, "I'm not going to surprise you." He says the yelling just made him look out of control, but following through with consequences worked. When his team missed sales targets, he gathered them for a two-hour debrief—no smiling, his voice intense.

"I don't need a sorry," he'd tell them. "Hit the number. Do what you told me you were going to do."

Dinah Davis, a Realtor in Highlands, N.C., still remembers advice an old friend gave her years ago on the golf course. The friend was a skilled neurosurgeon known for being direct, not touchy-feely.

"I have a great bedside manner," she told Davis. "I just don't have time for it."

The advice was freeing for Davis, a former lawyer more comfortable with staunch negotiations than chirpy small talk.

"Do you want your pilot to be nice?" Davis asks. "Or do you want your pilot to get the plane on the ground?"



OFF BRAND
RORY SATRAN

The Chanel tweed jacket—worn by famous women from Princess Diana to Rihanna—is a beacon of femininity and elegance. In a 1996 episode of "The Simpsons," Marge Simpson dons a pink Chanel suit that looks much like the one worn by Jackie Kennedy the day President John F. Kennedy was assassinated. Designed by Coco Chanel in 1957 and reworked time and again by the brand's designers Karl Lagerfeld and now Virginie Viard, its constants are usually bubbly tweed fabric, double-C buttons and a gold chain hidden in the hem (so it falls nicely). It's an indisputable fashion classic for women.

Suddenly, it's a status symbol for daring men, as well.

"There is this wink when men wear Chanel," said Yashua Simmons, a stylist who has put the singer Giv on in several Chanel looks for events including the Met Gala, the Grammy Awards and Coachella. He continued, "It's the ultimate unexpected thing for a guy to have on today."

Although Chanel doesn't make menswear, this year alone celebrities including rapper Kendrick Lamar, South Korean actor Park Seo-joon and rapper G-Dragon have all worn dainty Chanel jackets. The progenitor of the look was Pharrell Williams, now the men's creative director of Louis Vuitton, who's worn women's Chanel pieces for several years, was a muse to Lagerfeld and designed a capsule collection for the brand in 2019 called "Chanel Pharrell."

Williams's influence can be felt in the increasing number of men who have started wearing Chanel women's ready-to-wear, including sweaters, coats, skirts and, most notably, the classic tweed jackets and suits. On the red carpet, at fashion shows and at parties, men are experimenting with this most ladylike of styles.

Men Chanel-ling Their Inner Coco



South Korean actor Park Seo-joon, a Chanel ambassador, wears a women's jacket. Right, Pharrell Williams in 2021.



To July's haute couture show on the banks of the Seine in Paris, Lamar showed up in slouchy logo-printed black pants with a cream-colored tweed jacket, worn unbuttoned over a white T-shirt and pearls. Manspreading in the front row, he managed to look uniquely himself in these granny go-to pieces.

"In Chanel, I feel free," said editor in chief of Perfect magazine Bryan Yambao (aka Bryanboy), who owns more than 60 Chanel women's jackets, as well as coats and sweaters. He said the brand works well for him, as a relatively small 5-foot-8 man, and he wears a size 40, 42 or 44 depending on the style.

Compared with restrictive and dull men's black and navy suits, Yambao likes the variety and quality of the Chanel textiles used in tailoring. "I just feel like with menswear, you've

pretty much seen it all," he said.

Chanel's visibility is at an all-time high, with the brand as the co-sponsor of this year's Chanel-heavy Karl Lagerfeld-themed Met Gala, fashion shows in Paris and Los Angeles, and this summer's Chanel-spiked "Barbie" blockbuster.

When I asked Chanel's president of fashion, Bruno Pavlovsky, earlier this year how young people find out about the brand these days, he said the Met Gala, with no hesitation. Surely the images and social-media impressions of men wearing Chanel to the event, like Giv on in 2022 and Lamar in 2023, as well as men in Chanel-evoking looks, like Shai Gilgeous-Alexander in a black-and-white tweedy blazer from Thom Browne in 2023, introduced the brand to a new generation.

Plus, the fact that the brand

doesn't make menswear or market its ready-to-wear to men contributes to it feeling unique.

Rolland Ryan, a model and designer in Los Angeles who frequently wears Chanel, said, "Fashion men want to stand out. When I purchase an item from Chanel, whether it be a bag, shirt, jacket, I know I won't see anyone else wearing it."

Most of Chanel's haute-fashion competitors—Herm s, Valentino, Prada and the like—make menswear. And many are actively questioning the notion of gender altogether, with a contemporary back-and-forth merchandising strategy. Think of Gucci, which often puts men in women's clothing and vice versa on the runway, and recently featured trans man Elliot Page in a trio with A\$AP Rocky and Julia Garner in a perfume ad. Or Louis Vuit-

ton, whose first menswear ad under former Chanel ambassador Williams featured a woman: Rihanna.

Luke Raymond, the senior menswear editor at e-commerce company Farfetch, compared Chanel to Miu Miu, another holdout with no current men's line. He speculated that although both brands are highly coveted by men, "there does seem to be a reluctance on the brand side and maybe that is around potentially scaring or offending an existing customer at the risk of attracting new ones."

Chanel markets to men in other ways. The company produces watches, fragrance and skin-care products for men. Global ambassadors include Timoth e Chalamet for Bleu cologne, as well as musicians S bastien Tellier, Nile Rodgers and G-Dragon. Williams was an ambassador from 2014 to 2022. Local Asian-market ambassadors include Wang Yibo, Boran Jing and William Chan in China, Hio Miyazawa in Japan, and Park Seo-joon in Korea.

Viard, Chanel's current designer, is known for her allegiance to women both in her feminine design work and in projects like supporting female writers. Lagerfeld would occasionally sprinkle one or two men's looks into his shows. Those are now collectible, according to Cameron Silver, founder of Los Angeles vintage mecca Decades, who owns an early men's blazer. He said that when he recently traveled to Puglia, Italy, male clients were asking him to track down larger sizes of Chanel jackets.

Silver pointed out that Coco Chanel's original inspiration for the tweed jacket was menswear. She first started making tweed pieces after becoming familiar with Scotland in 1924 through the Duke of Westminster, and made the tweed suit a cornerstone of her brand in the 1950s. So men embracing it is more natural and less subversive than it first appears. "I think it's celebratory," said Silver. "And I have a feeling Coco Chanel would be delighted that her inspiration, coming from the men in her life, has now inspired the 21st-century confident male to this completely modern, 20th-century way of dressing."

PERSONAL JOURNAL.



Summer Is Seeing A Covid Bump

Covid-tracking data isn't as comprehensive as it once was. Many people aren't testing at all, and use home rapid tests if they do, which typically don't get reported to health authorities.

Since the federal government formally declared the end of the pandemic as a public health emergency in May, labs no longer are required to submit data on Covid-19 testing. Instead, the CDC testing positivity data comes from more than 400 labs that voluntarily submit data.

Wastewater testing provides some regional clues. In Houston, wastewater measures have tripled over the past three weeks, says Ostrosky at UTHealth Houston and Memorial Hermann. "That's always a precursor to what we're going to be seeing clinically," he notes.

Already, the hospital and clinic have seen roughly double the number of people testing positive for Covid-19 over the past two to three weeks, Ostrosky says.

The most recent data from Biobot, a Cambridge, Mass., wastewater epidemiology company, shows a 17% increase nationally in the level of the virus that causes Covid for the week ending July 26 compared with the prior week. "It's been this consistent uptick over the past several weeks," says Mariana Matus, CEO and co-founder of Biobot.

The Midwest led the way with levels 40% higher for the week ending July 26 compared with the previous week. Levels were 13% higher in the Northeast and 15% higher in the South and Western states.

Overall, wastewater virus levels are still low, says Matus. Wastewater concentrations were three times higher last summer.

Caitlin Rivers, an epidemiologist at the Johns Hopkins Center for Health Security, says Covid trend rates don't necessarily warrant changing behaviors if you're young and healthy.

But elderly people and those who are immunocompromised might want to keep a closer eye on the numbers and act more cautiously, including masking in crowded indoor spaces, if they continue to rise for another month.

"It's not like we are deep in a wave," says Rivers. "It's just heading in a direction that's making us pay closer attention."



YOUR HEALTH
SUMATHI REDDY

Summer is bringing us hot days, vacations—and a Covid bump.

If you are surprised to learn that your neighbor, co-worker or kid's best friend just tested positive for Covid-19, don't be. Measures of Covid rates including virus levels in wastewater, ER visits, test positivity and hospital admissions are increasing nationally, according to the most recent Centers for Disease Control and Prevention data. The good news is that we are starting from very low rates.

Doctors are watching the current trends for clues to Covid's

yearly pattern going forward. Other respiratory viruses such as flu and RSV typically start spreading in the fall and peak in the winter. Covid, a much newer virus that has mutated a lot since emerging a few years ago, so far has had winter surges as well as summer bumps, like we're seeing again this year.

One possible factor: Heat waves are sending people fleeing for air-conditioned indoor spaces, where Covid transmits more easily compared with outside. Summer travel might also play a role, as people crowd into airports and bring their germs along with them crisscrossing the world.

"We are in a very warm year and people are spending a lot of time indoors," said Dr. Luis Ostrosky, chief of infectious diseases and epidemiology at UTHealth Houston and Memorial

Hermann-Texas Medical Center. "People are congregating in air-conditioned settings and that is providing an opportunity for transmission."

Covid-19 hospitalizations as of July 15 are up 10.3% from the previous week, according to CDC data. Emergency department visits are up 7% and test positivity rose to 6.3% from 5.8%. Hospital admissions include both people hospitalized for Covid as well as those who test positive when they come in to be treated for something else. Deaths remain low.

Overall, Covid rates are still near historic lows, a CDC spokeswoman noted. And for most people, Covid is far less dangerous

For most people, Covid is far less dangerous than it once was.

than it once was. "Because we may start seeing seasonal patterns like we do with other respiratory diseases, I think how big this wave gets this summer will be very telling," says Katelyn Jetelina, a scientific adviser to the CDC and White House and author of the "Your Local Epidemiologist" newsletter.

There is no new Covid strain behind current cases. A mix of XBB variants, which are offshoots of Omicron, play the largest role, say scientists and doctors.

Covid mutates faster than influenza, so it's changing more quickly and able to better evade people's immunity from prior infections, says Jetelina.

When to Go Inside When It's Very Hot? It Depends on Your Age

By ALEX JANIN

How long you should be out in the heat depends partly on your age.

A prolonged heat wave is forcing a rethink of outdoor safety. People at either end of the age spectrum—kids under 4 and adults over the age of 65—are at the highest risk of heat-related illnesses, including heat exhaustion and heat stroke, because they can't regulate their core body temperature as efficiently, doctors say.

Anyone experiencing symptoms of heat-related illness should seek medical attention if efforts to cool down, such as by moving into an air-conditioned space, drinking water, shedding clothing or sprinkling cool water onto the body, don't improve symptoms within a half-hour, doctors say.

Young children

Babies and children under 4 years old are at high risk when it's hot.

Children's bodies heat up more quickly than adults' and have a harder time dissipating heat because they don't sweat as efficiently, pediatricians say.

Young children are also at greater risk of overheating because they can't take off clothes to cool themselves down or communicate their discomfort to adults.

Parents should look for signs of dehydration or heat stress on hot days, including if a young child is crying with no tears, goes a longer time than usual without a wet diaper or has a dry mouth or tongue, says Dr. Tochi Iroku-Malize, a family physician in Long Island, N.Y., and president of the American Academy of Family Physicians.

Babies younger than 6 months old should be kept out of direct sunlight altogether, the American Academy of Pediatrics advises.

Older children

Kids over 4 have better-developed heat-regulating

functions than toddlers and babies. But they are also more likely to overexert themselves while playing games or sports.

Once the heat index tops 80, kids who are running around and are visibly flushed or starting to slow down should stop to have some water every 15 to 20 minutes, Iroku-Malize suggests.

Kids who have been away from school sports over the summer break should ease back into practices and wear

risk for heat-related illness, doctors say. However, they also may be more likely to ignore heat advisories, as well as consume dehydrating caffeinated and alcoholic drinks.

Drink water instead.

Older adults

As we age, it becomes more difficult to stay hydrated. Water volume in the body decreases, urinary issues can drive a desire to drink less to avoid frequent trips to the bathroom, and thirst re-



A prolonged heat wave is forcing a rethink of outdoor safety. Sprinkling cool water onto the body is one way to cool off.

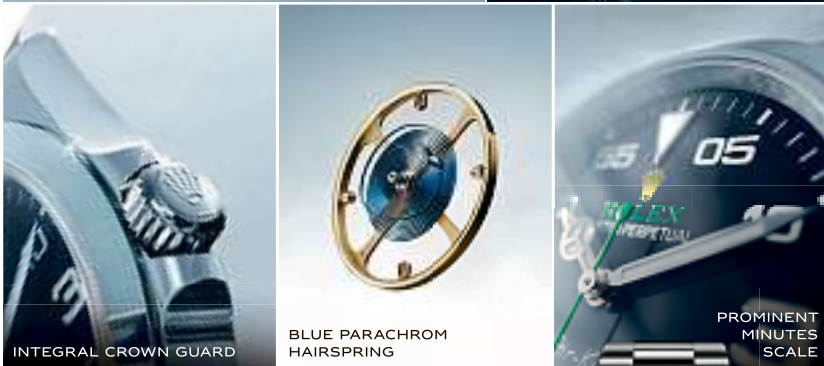
ceptors stop functioning as efficiently, says Dr. Kevin Shih, a geriatric medicine specialist at WellMed at McDermott in Plano, Texas.

Older adults are also more likely to be taking multiple medications and have more chronic conditions. Sweat glands become less active with age, too.

Doctors advise caregivers for older adults to make in-person visits on particularly hot days and keep an eye out for changes in their behavior, says Shih. Older adults often skip past the early signs of heat-related illness in the general population, such as rash and cramping. "They may go straight to a little bit of confusion or delirium, and that's definitely a sign that you should act quickly," says Shih.

Adults

Healthy young and middle-aged adults are at the least



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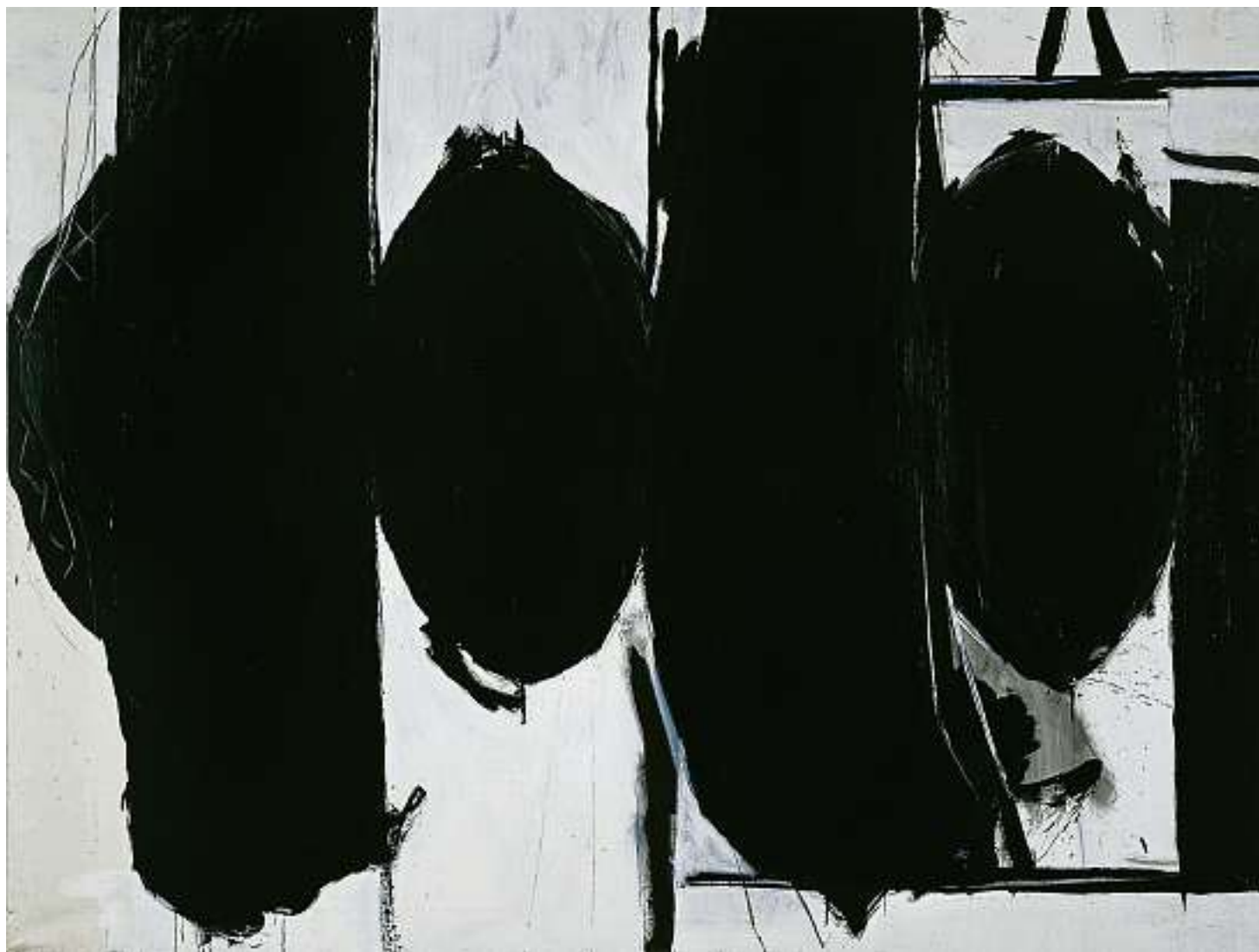


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ARTS IN REVIEW



ART REVIEW

Giving Form to an Abstractionist

A retrospective examines Robert Motherwell's work while trying to place him in the postwar scene

By PETER PLAGENS

Fort Worth, Texas

'AMONG THE ADVANCED American artists of his generation, the abstract painter Robert Motherwell (1915-1991) was also the most deeply grounded in European culture," writes Jack Flam, director of the Dedalus Foundation that Motherwell founded to support an appreciation of modern art, in the catalog of a new exhibition here. Considered either the youngest of the first-generation Abstract Expressionists or the oldest of its second-generation cohort, Motherwell was the most academically educated of them. He earned a bachelor's degree in philosophy at Stanford, then undertook graduate studies in philosophy at Harvard, followed by graduate coursework in art history at Columbia. He also edited an authoritative anthology of the Dada painters and poets. Understandably, as Mr. Flam notes, Motherwell "advocated for paintings that were abstract but not necessarily nonobjective"—meaning that although they weren't representational in the conventional sense, they somehow alluded, if only in their titles, to things and events in the real world.

The new retrospective curated by Susan Davidson (with an unlikely subtitle, given the above)—"Robert Motherwell: Pure Painting," at the cavernous Modern Art Museum of Fort Worth—covers the



Installation view of 'Robert Motherwell: Pure Painting,' above; his 'Elegy to the Spanish Republic' (c. 1962/82), top

artist's 50-year career as a painter, which began in 1939 and ended only with his death. It contains 56 works, 30 of them giant canvases approaching the size of murals. Except for the inclusion of a few painted words, Motherwell's oeuvre is entirely abstract. The question lurking in this stately exhibition is: How good a painter, both historically and aesthetically, was Motherwell? "Pure Painting" answers the question with, in effect, a verdict of very, very good, often great, but on occasion somewhat precious or grandiloquent.

Motherwell traveled to Europe early and often, and he absorbed the modernist lessons of everyone from Matisse to Mondrian. He was most attracted to Surrealism, however—not the hand-painted, realistic dream paintings of Salvador Dalí, but rather the unconscious "automatic writing" approach to art espoused by the poet André Breton and his circle. Motherwell's leftist politics (the catalog says he considered "the tragedy of the Spanish Republic [and its defeat by Franco] as emblematic of the idea of tragedy in our time") were ubiquitous

among modernists of his era.

Couple Motherwell's attempt to balance improvisation and just-rightness with his politics and you have "The Little Spanish Prison" (1941-44), a deceptively profound abstraction of a cell's bars. Employing that same sensibility in sweeping painterly gestures—the New York School's grandchild of automatic writing—Motherwell gives us his magnificent black-and-white "Elegy to the Spanish Republic" series. He painted more than 100 of them from 1948 to 1990 and—crisp, symbolically du-

table, and visually hard to forget—they are Motherwell's most memorable paintings. "Unlike the rest of my work," Motherwell once said, "the Elegies are, for the most part, public statements." He meant that the works are, pictorially, as overtly political as he ever got.

In 1945 Motherwell signed a contract, which included a monthly stipend in return for a rather hefty 75 works a year, with the then-cutting-edge Samuel Kootz Gallery in New York. (He'd had his first gallery exhibition in 1939 in Paris.) By 1960—after many shows at any number of galleries, including his first retrospective, at hyper-progressive Bennington College in Vermont—Motherwell was able to quit his teaching job at Hunter College and live from the sales of his paintings alone.

Motherwell's personal life was fluctuant. He was married four times, the first to Maria Emilia Ferreira y Moyers, whom he met on a ship bound for Mexico. When Motherwell went to Reno, Nev., where he was being sued by Maria for divorce due to his heavy drinking (a lifelong problem), he met Betty Little, whom he subsequently wed and with whom he had two daughters. In 1957, after seven years of matrimony, Betty and the children moved out. A year later, Motherwell married the abstract painter Helen Frankenthaler; their artistically beneficial union survived for a dozen years. Finally, he married German-American photographer Renate Ponsold, a marriage that lasted until Motherwell's death.

In 1967, Motherwell traced the physical outline of a smaller painting leaning against a larger one. The minimalist drawing constituted an upside-down "U" that Motherwell subsequently turned back to right side up. Out of this somewhat Dada-like coincidence came the artist's second-most well-known group of paintings, the "Open" series, which the catalog says "grew out of Motherwell's desire to achieve a kind of Zen-like austerity." While they carry the artist's characteristic compositional élan and delicate touch, and the monochrome canvases—mainly blue, orange, or ochre—are elegant, the "Open" paintings seem more self-conscious than passionate.

The observation—which nowadays amounts to an indictment—that, as the catalog puts it, "Motherwell articulated a male-dominated, Euro-North American, and generally white aesthetic canon" might be true. But it's close to meaningless; every artist articulates his or her own cultural and artistic grounding. A bit more telling is the observation in Artforum in 1965 by the painter and critic Sidney Tillim that Motherwell's work "comes too late to be topical, too soon to be historical"—that is, his paintings are neither groundbreaking Abstract Expressionism in the manner of Jackson Pollock or Barnett Newman, nor removed chronologically enough to constitute a commentary on them. Nevertheless, the "Open" series and "Elegy" paintings, along with several additional autonomous works, make this retrospective well worth seeing—preferably more than once.

Mr. Plagens is an artist and writer in Connecticut.

FILM REVIEW

The Long Shadows Of Short Clips

By WILL FRIEDWALD

Who knew that we were loving Soundies for all these years for the wrong reason? Even those who don't know they are called "Soundies" are probably familiar with at least some of the films themselves. The name refers to about 1,800 three-minute musical films produced from 1940 to 1947. These were originally exhibited on a Panoram, a curious hybrid machine, which combined a 16mm projection system and a screen with a jukebox mechanism. Manufactured and distributed by the Mills Novelty Co. in Chicago, these devices were found in saloons and restaurants across the country.

Soundies were omnipresent during the World War II era, then they disappeared for roughly three decades but began to be seen again in the early years of home video—which coincided with the birth of MTV, a descendant of the Soundies concept. For the past 40 years or so, dozens if not hundreds of these remarkable shorts have been readily viewable, first on VHS tapes and eventually, in the 21st century, all over YouTube, where individual films—and the medium as a whole—have elicited

millions of views.

And now we are experiencing something of a major Soundies renaissance. In 2021, Indiana University Press published Susan Delson's groundbreaking study "Soundies and the Changing Image of Black Americans on Screen." A few months ago, Mark Cantor's meticulously detailed history and filmography "The Soundies—A History and Catalog of Jukebox Film Shorts of the 1940s" (I wrote one of the forewords) was published by McFarland & Co. But the really big news is "Soundies: The Ultimate Collection," the most ambitious home-video package yet of the films themselves. This four-disc Blu-ray set just released by Kino Lorber contains 200 individual Soundies, a deluxe 44-page booklet with essays by Ms. Delson, Mr. Cantor and Ellen C. Scott, an academic specializing in African-American cultural history, and copious commentary features.

For so long, Soundies fans have been forced to tolerate prints in ratty condition, so these beautiful restorations are a revelation. "Hot Chocolate (Cottontail)" may be the most valuable Soundie of them all—we have Duke Ellington's greatest-ever orchestra with Ben Webster playing a tenor saxophone solo that changed the course of the instru-



Ben Webster playing sax in 'Hot Chocolate (Cottontail)'

ment, as well as a jitterbug exhibition by Whitey's Lindy Hoppers, including the peerless dancers Frankie Manning and Norma Miller. The print here is crystal clear and spectacular, clearly taken from a mint-condition 35mm original. It never looked so good, even to audiences in 1942.

This is an essential set in terms of both quality and quantity, with no shortage of amazing performances to enjoy and discuss. The most radical aspects of the package are its emphasis on black performers and its thematic organization largely along social, racial, political and gender lines.

The booklet essays make a compelling case for Soundies as a vehi-

cle for African-American talent. In her book, Ms. Delson lists 300 "Black Cast" Soundies shorts, more than any other specialty group. But, more important, these films overwhelmingly present a positive image of African-American life in the '40s. She convincingly argues that Soundies are much more enlightened than the Hollywood films of the period, depicting prosperous and stylish black families and comparatively few racial stereotypes.

Other ethnic and musical genres are also heavily represented in this package, including extensive amounts of rumba, conga, country and more. There are segments of the package devoted to all of these, as well as others structured along

such lines as "Jumping Into Gender Play," "Going to War," "On the Job" and "The Home Front." Every kind of music is accompanied by dancing; the set is easily worth the asking price for that footage alone.

There are cameo appearances by future celebrities, like a 23-year-old Nat King Cole playing piano and singing with his classic trio; Doris Day and Dorothy Dandridge, both at 19; and a pianist at a point so early in his career that he is billed as Walter Liberace, offering a Chopinesque variation on "Tiger Rag."

The films here are a glorious cross-section of popular music and jazz during World War II. Mr. Cantor notes that it was the war that made Soundies feasible—it was a time when millions of Americans were working in defense plants and gathering in local taverns for after-hours recreation. (Appropriately, the current package includes a whole set of songs about drinking.) The end of the war brought an end to all this outside-of-the-home fraternization, even before the rise of television.

In the '80s, it was considered appropriate to describe Soundies as the forerunner of MTV music videos. With the benefit of time, we now know that they were much more than that—an invaluable musical and visual record of who we are as a people and a culture.

Mr. Friedwald writes about music and popular culture for the Journal and is the author of the newly published "Straighten Up and Fly Right: The Life and Music of Nat King Cole."

SPORTS

By RACHEL BACHMAN

Auckland, New Zealand

For more than a half of its game against a clinically precise Netherlands team, the U.S. women's soccer team staggered. The Americans fell behind 1-0 as the Dutch midfield controlled play.

Then midfielder Rose Lavelle came on at halftime for the U.S. Within 11 minutes, she helped reignite the U.S. attack and lofted a perfect corner kick to Lindsey Horan, who headed it home for the equalizer. The Americans escaped with a 1-1 draw and a lesson: If it is going to three-peat as World Cup champions, the U.S. badly needs Lavelle's spark.

The question is: How much spark does Lavelle—who is returning from injury during this tournament—have to give?

Lavelle's rare ability to speed with the ball into open space and find teammates could be a crucial ingredient going forward. The U.S. might need an even larger contribution from her against Portugal in its third and final group-stage match—when it will be important not just to win, but to score enough to win a goal-differential tiebreaker with the Dutch and advance to the knockout round in first place.

"We've got such a core of attacking prowess on our team," said Jill Ellis, the former two-time World Cup champion U.S. coach who's now president of San Diego Wave FC. "You've got to activate the forwards, and Rose can do that."

Against the Netherlands, Lavelle won possession of the ball seven times in the second half, more than any other U.S. player except defender Naomi Girna, according to Stats Perform. Lavelle also attempted seven crosses in the second half—including the corner kick to Horan—more than any other U.S. player over the entire game.

Lavelle's minutes have gradually ramped up as she's gained fitness following a knee injury. Against Vietnam she entered in the game's 61st minute. After the Netherlands match, U.S. coach Vlatko Andonovski said she might play 90 minutes in the next.

Lavelle, a 28-year-old Cincinnati native, announced herself to the international world with two moments in the 2019 World Cup.

Early in the U.S. team's semifinal against England, Lavelle hurried



Rose Lavelle's rare ability to speed with the ball into open space and find teammates could be a crucial ingredient going forward for the U.S. team.

The U.S. Attack Needs Rose Lavelle

The speedy midfielder could help the Americans get better shots in the Women's World Cup

the ball toward the right corner, coming face-to-face with England defender Millie Bright. In a flash, Lavelle poked the ball through Bright's legs, dashed past her and rocketed a point-blank shot—saved only because goalkeeper Carly Telford was in position to stop it.

In the 2019 final against the Netherlands, the U.S. was nursing a 1-0 lead when Lavelle broke free with the ball and charged up the middle before netting an insurance goal and the World Cup for the U.S.

"I always say I would've expected a moment like that to feel like I'm different or it changed me," Lavelle said before the Netherlands match at this World Cup. "But I don't really feel like it did. I feel like it was a goal and it was fun.

But I feel like I'm still just me."

Lavelle grew up so enthralled with soccer that she dressed as Mia Hamm for a third-grade book report. She went on to star at Cincinnati's all-girls Mount Notre Dame High School and at Wisconsin, where her coach said she would often wander past an otherwise empty field and find Lavelle alone, a ball at her feet.

At Wisconsin, Lavelle drew the attention of Ellis, then the U.S. women's coach. But every time Ellis inquired about Lavelle, she was hurt or injured or unavailable.

One day in late 2016, Ellis called Wisconsin coach Paula Wilkins, who called Lavelle into the room and put her on the phone. From what Ellis could tell, Lavelle hadn't

fully committed to strength training and nutrition—the things elite players did to keep their bodies ready.

"This is rubber-hit-the-road time," Ellis recalled saying to her. "You've got to commit." Ellis also made a pledge: "If you do, I'm going to bring you in." It was the assurance and direction that Lavelle needed.

Lavelle realized she had to eat more to fuel her relentless style of play, which included miles of running without the ball. At the U20 Women's World Cup in Canada in 2014, Lavelle had cranked out triple the workload metrics that team officials anticipated, Wilkins said. Lavelle also did Pilates and added more strength training to try to

gird her body.

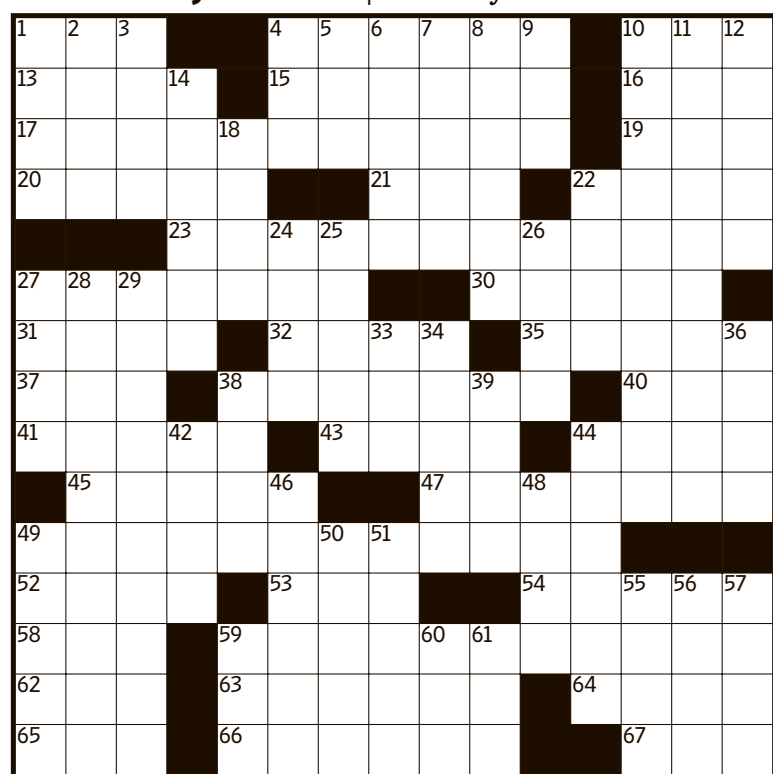
"She committed," Ellis said. "Brought her into camp, and she was frickin' amazing. World-class."

Even though Lavelle has been dogged by injuries, she makes a big impact when she is on the field.

"I think what Rose allows you to do is, when you're playing 11 versus 11, suddenly she beats a defender, now you've got a 2-0-1," Ellis said.

At the World Cup, the U.S. might need all of Lavelle's skills—but mostly her facilitating spark. To secure first place in the group, it likely needs to beat Portugal (3 a.m. ET on Aug. 1) and score enough goals to maintain its goal differential advantage as the Netherlands plays Vietnam, the lowest-ranked member of Group E.

The WSJ Daily Crossword | Edited by Mike Shenk



- 28 The Pied Piper, for one
- 29 Activity you might want to get out of?
- 33 Early programmer Lovelace
- 34 Element next to carbon on the periodic table
- 36 Gin flavoring
- 38 Swiss capital
- 39 Coffee shop offering
- 42 Far from common
- 44 West Coast baseball team
- 46 Like some well-pitched baseball games
- 48 "The King ___" (Rodgers and Hammerstein musical)
- 49 Drill boss, familiarly
- 50 Stage comment
- 51 Money of Mumbai
- 55 Genesis name
- 56 Block brand
- 57 Snare
- 59 Many SAT takers: Abbr.
- 60 "I'm s-s-s-so c-c-c-cold!"
- 61 Naval vessel letters

CRAFT SHOW | By Brian Callahan

- Across**
- 1 "How ya doin'?"
- 4 Movies
- 10 Downloaded form type
- 13 Guinness of "Lawrence of Arabia"
- 15 Push forward
- 16 Early auto brand
- 17 *Major mall tenant
- 19 Juan Perón's wife
- 20 Sink
- 21 "Ewww, gross!"
- 22 Corner space on a Monopoly board
- 23 *Christmas carol with lots of la's
- 27 Dumpster-diving portmanteau
- 30 Ski resort hangout
- 31 Glasgow girl
- 32 Utah city named for a biblical kingdom
- 35 Swampland plants
- 37 List-ending abbr.
- 38 *Show respect, in a way
- 40 "The Fresh Prince of ___-Air"
- 41 Without ___ in the world
- 43 Mumbai garment
- 44 Best Picture winner set during the Iranian hostage crisis
- 45 In pieces
- 47 Comparably old
- 49 *It may come with a pointed finger
- 52 Farm measure
- 53 Columbus sch.
- 54 Handed out, as cards
- 58 P look-alike
- 59 Professional who uses the first words of the starred answers
- 62 Earth: Prefix
- 63 Subway patrons
- 64 Long story
- 65 "Uhhh..."
- 66 Takes the wheel
- 67 Unruly hairdo
- Down**
- 1 Bygone Swedish auto
- 2 Radius neighbor
- 3 Bench presser's pride
- 4 Lifeguard's skill, for short
- 5 Org. with taxing jobs?
- 6 Cry from a tag player
- 7 Notable time
- 8 Former German chancellor Angela
- 9 Hoppy beverage
- 10 Middle school math class
- 11 Hors d'oeuvre often sprinkled with paprika
- 12 Stable babies
- 14 Admonishes
- 18 Universal donor's blood type, for short
- 22 Green stone
- 24 Hunter's wear, casually
- 25 Is sure of
- 26 Viking helmet feature
- 27 Beagle biter

Previous Puzzle's Solution



The contest answer is SWEET. As hinted at by 58-Across, find a fruit in the letters of the five theme answers: COAST RANGES, RED STATES, MEALTIMES, SAM MALONE, COME AND GO. The leftover letters spell words that begin a clue: Casts (13-D), Rests (25-D), Meats (34-A), Amman (67-A), Coed (69-A). The first letters of the answers to those clues (SHOWS, WEARY, EGGS, EID, TENNIS) spell the contest answer.

The Mets Begin Dismantling Baseball's Most Expensive Team

By LINDSEY ADLER

The New York Mets spent the last offseason building the most expensive baseball roster ever, a \$364 million payroll-busting team loaded with huge contracts for veteran stars. Yet a few months later, they find themselves in the exact position they were trying to avoid: Irrelevant in August.

The Mets on Saturday signaled that a teardown of their lavish, failed experiment is under way with a deal that sends Max Scherzer—who they signed to a three-year, \$130 million contract ahead of the 2022 season—to the Texas Rangers. The Mets have reportedly agreed to pay about \$36 million left on the 39-year-old starter's current deal. In return, they will receive 21-year-old shortstop prospect Luisangel Acuña, the younger brother of Atlanta Braves star outfielder Ronald Acuña Jr.

The shuttling off of Scherzer, who waived a no-trade clause to go play for a contender, also points to another potential move for the Mets before the trading deadline on Tuesday: Trading away 40-year-old starter Justin Verlander, who signed a two-year, \$86 million contract with the Mets this off-season. The selloff had started earlier with the trade of closer David Robertson to the Miami Marlins, an obvious harbinger that the team was about to shed the veteran contracts it could.

The dismantling makes the 2023 Mets an exceptional case study in roster management. Funded by billionaire Steve Cohen, the game's richest owner, the Mets attempted to buy a winning team by paying huge sums to cobble together a roster that included some of the most impressive C.V.'s in baseball.

New York knew it was taking a gamble on short-term success. A sky-high



The Mets traded star pitcher Max Scherzer to the Rangers.

payroll anchored by some of the oldest players in the game meant this team could either blossom or bust.

It was the latter. Entering Monday's play, the Mets are 50-55, 18 games out of first place in the National League East and far from wild-card contention.

Scherzer's departure came as little surprise after the outspoken right-handed starter told reporters that he wanted to have a "conversation" with the Mets front office once it became clear that the team would be trading players away.

Operating the team in this way wasn't the Mets' long-term plan. Cohen has spoken repeatedly about looking to build sustainable success through a robust farm system, which the organization lacked when he took over. Yet instead of subjecting fans to an interminable teardown and subsequent rebuild, he authorized a short-term spike in payroll to try to field a contender in the meantime.

It was somewhat of a noble experiment after Mets fans had been subjected to chronic frugality by the team's former owners, Fred and Jeff Wilpon. Cohen operated like the Mets fan he is, though he spoke like the businessman he is when he foreshadowed the team's teardown at a press confer-

ence in June. "Ultimately, I think we'd like to get the payroll down because the farm system is developing players," Cohen said.

Where the Mets go from here is unclear. Cohen will have to decide how he wants the major-league team to operate while the organization continues to work toward sustainable success through player development.

Legacies are at stake as the Mets move forward with their dismemberment of the most expensive team ever assembled. Buck Showalter, hailed as one of the great baseball minds of this time, instead is left with another line of wasted potential on his résumé.

Then there is general manager Billy Eppler, who has been entrusted with two of the most exciting baseball opportunities in recent history—assembling a team around Mike Trout and Shohei Ohtani in Anaheim, and assembling a team with seemingly unlimited payroll in New York. He was far from Cohen's first choice to lead the team's baseball operations department in a critical time for the franchise, and the Mets' wild-card game loss in 2022 is Eppler's one playoff appearance to show for eight years spent in Anaheim and New York.

OPINION

AI's Growing Legal Troubles

INSIDE
VIEW
By Andy
Kessler

Wow, that was fast. It took only eight months to find ChatGPT and generative artificial intelligence's Achilles' heel. No, it isn't naive management, though OpenAI CEO Sam Altman did declare that AI poses a "risk of extinction" for humanity and practically begged a Senate Judiciary subcommittee to regulate AI, and then when the European Union actually did pass regulations, he threatened to pull out of the region.

And no, it's not the White House, through which top AI execs did a walk of shame, allowing President Biden to extract from them a pledge of voluntary safety guardrails for AI. A pledge! Is that stronger or weaker than a pinkie promise?

Nor was it the Federal Trade Commission's recent fishing-expedition letter to OpenAI demanding minuscule details of everything the company does. Well, Mr. Altman certainly was asking for that. Given that the FTC has been on the losing end of so many cases recently, maybe the company should let ChatGPT write the answers.

Instead, AI's Achilles' heel consists of good old-fashioned media issues. The first is copyright. Tools like ChatGPT, Google's Bard and Meta's Llama are large language

models, meaning they input up to a trillion parameters by reading everything they can get their servers on, including Wikipedia, the cesspool of snark formerly known as Twitter, and racy Reddit of Roaring Kitty and GameStop fame. No wonder ChatGPT is so prone to hallucination. Social-media companies now want to be paid and have restricted the scanning of their innards.

Copyrighted snippets showing up in today's search results are considered fair use. But can OpenAI or Google or Meta legally scan copyright

Without Section 230 protection, copyright issues and defamation suits are cropping up.

material and create brand-new content from it, or is generative AI's output considered "derivative," requiring the original copyright owners' permission? We are about to find out in a slew of copyright lawsuits. Comedian and sometime author Sarah Silverman this month joined a class-action suit against OpenAI and Meta, claiming they "copied and ingested" copyrighted materials and created "derivative" versions.

It turns out OpenAI scanned giant repositories of books, named Books1 and Books2—reminiscent of Dr. Seuss's Thing 1 and Thing 2.

OpenAI hasn't said what's in Books2, which may include more than 300,000 books. Ms. Silverman's enjoined suit says these "shadow libraries" are "flagrantly illegal."

Novelists Paul Tremblay and Mona Awad have sued OpenAI, claiming ChatGPT does a great job summarizing their books and can do that only because it scanned them. I asked ChatGPT about specifics inside a few of my books, and it gave good answers. I may be caught in the same net. This may also be true for artists—Stability AI is being sued by Getty Images and others for scanning their libraries and using them as a basis for AI-generated images resulting from text prompts.

You may have heard that ChatGPT is increasingly good at writing code. Just over a week ago, Microsoft started charging \$30 a month for its AI assistant, Copilot. Maybe that will help pay a potential \$9 billion in damages claimed by programmer and, it turns out, lawyer Matthew Buttermick, who filed a class-action suit against Microsoft and OpenAI on behalf of open-source programmers for use of copyrighted code.

Copyright is a headache, but defamation liability can be a lobotomy. Recall that social-media companies and cloud services are protected under Section 230 of the 1996 Communications Decency Act. Those that host content aren't liable for what is said on their services, but the publishers are. Without Section 230,

there would be no Twitter or Facebook.

But tools like ChatGPT don't host things, they create things. They're publishers. No Section 230-like protections exist for them. Radio host Mark Walters is suing OpenAI for defamation, saying it accused him of embezzling from a nonprofit. He may have a case.

The new and increasingly valuable AI industry desperately needs legal protection—let's call it Section 230.ai. But these companies foolishly launched without it. The lobbying money floodgates will soon open to try to get something through Congress. It might cost more than that White House pledge.

Corporate America is cautious. I've heard of companies not allowing ChatGPT on company-issued laptops. They are worried about their proprietary code and intellectual property being stolen by AI tools and probably similar liability issues.

Among Microsoft, Google and late-entry players Apple and Amazon, there is more than \$8 trillion in market capitalization for the class-action wolves to chase. AI is a sitting duck. AI is the future and will drive the economy's next leg of productivity and wealth creation, but the rush to market with tools neither ready for prime time nor strictly legal will slow rollout. What a shame. These companies should protect their Achilles by fixing AI's legal vulnerabilities pronto.

Write to kessler@wsj.com.

BOOKSHELF | By Moira Hodgson

Heiress Undercover

Flirting With Danger

By Janet Wallach

(Doubleday, 326 pages, \$30)

In April 1920 a Baltimore heiress was arrested in Russia, accused of being a secret agent. Marguerite Harrison (1879-1967), whose wedding trousseau had numbered 40 outfits, now wore lice-infested clothes and a pair of men's shoes. Imprisoned without trial, she would spend 10 months in Moscow's notorious Lubyanka jail, including time in solitary confinement.

The daughter of a shipping magnate, Marguerite had grown up with all the trappings of her class: tutors, governesses, piano lessons, debutante balls and annual trips to Europe. She could have led a pleasant if uneventful life, punctuated by garden parties, games of bridge and nights at the opera. Instead, driven by an insatiable thirst for adventure and an almost pathological attraction to danger, she became a spy. She was perfect for the job: beautiful, charming, intelligent, fluent in French and German, with an exceptionally good memory.

Her mother, Elizabeth, had hoped that Marguerite would marry a landed European aristocrat; those dreams were dashed when Marguerite fell in love with Tom Harrison, a man Elizabeth despised. Tom came from a prominent but penniless Baltimore family. The couple married in 1901 and had a son the

next year. After Tom died of a brain tumor in 1915, Marguerite went to work at the Baltimore Sun as a society reporter, then as a cultural critic. When America joined World War I in 1917, she wrote patriotic stories to boost support. But she felt restless working in the newsroom and wanted to go to the front. In the fall of 1918, she volunteered to join Military Intelligence, using the newspaper as a cover.

The war ended in November, so she was sent to Paris to attend the peace talks. She proved to be a clever, politically astute reporter and, with her considerable social connections, a valuable intelligence officer. She was prescient about the effect the harsh armistice terms would have on Germany. She took mental notes and filed reports to Military Intelligence, dropping them off with contact agents in hotels or using a cipher book to send cables of coded messages.

In "Flirting With Danger: The Mysterious Life of Marguerite Harrison, Socialite Spy," Janet Wallach presents a compelling story that pulsates with the energy of a thriller. She describes how Harrison, the first American woman to get into Germany after the armistice, found the country in shock. There were clashes between the Communist-leaning Spartacists and the right-wing Freikorps, a paramilitary group of former soldiers. Count Harry Kessler, a former German ambassador to Poland, summed up the situation: "The German people, starved and dying by the hundred thousand, were reeling deliriously between blank despair, frenzied revelry and Revolution. Berlin had become a nightmare, a carnival of jazz bands and rattling machine guns." Harrison narrowly escaped being shot by crossfire in the street.

By her own admission, Harrison "was not a Marxist or even a Socialist." Yet she wondered, Ms. Wallach tells us, whether the Bolsheviks "could provide some answers to the great unrest in the world." Her great desire was to visit

She was perfect for the job: beautiful, charming, intelligent, fluent in French and German, with an exceptionally good memory.

Russia. A visa was refused. Undaunted, in February 1920 she slipped across Poland's eastern border. In Moscow, the head of the foreign office seemed to accept her credentials as a journalist. He surprised her by saying he was glad about Prohibition in America. He believed that workers, unable to go to saloons and drink, would "flock to political meetings" instead, spreading the popularity of communism. Two months after that friendly encounter, Harrison was arrested. Thanks to a mole in the U.S. intelligence service, the Russians had known about her for some time. To obtain her release, she agreed to remain in Moscow as a double agent.

Here the story gets murky. How much damage she inflicted is impossible to assess, but several of Harrison's acquaintances blamed her for their subsequent arrests. Nevertheless, before long, Harrison was back in the Lubyanka.

Ms. Wallach, whose previous books include "Desert Queen: The Extraordinary Life of Gertrude Bell" (1996) and "The Richest Woman in America: Hetty Green in the Gilded Age" (2012), relies heavily on Harrison's autobiography, "There's Always Tomorrow" (1935), and other books to tell her story. Harrison recounts her Russian experience in "Marooned in Moscow" (1921), an oddly dispassionate memoir. "The Liberation of Marguerite Harrison" (2020), a biography by Elizabeth Atwood, a former editor at the Baltimore Sun, is at times dubious of Harrison's accounts, noting that after she left Russia, she whitewashed her prison experiences.

Harrison was very much at home with the Russians, whether they were Communists or Czarists. "The unflappable newswoman who suppressed her feelings and admitted she 'felt afraid to form close ties,' even with her young son, found the Russians' exuberance irresistible," Ms. Wallach writes. Among other things, Harrison loved their generosity and their "Oriental sense of hospitality."

The Russian fiasco did not erode Harrison's self-confidence or her enthusiasm for danger. In 1923 she set off on a 46-day trek to make "Grass," a documentary about the remote Bakhtiari tribe in present-day Iran. Each year about 5,000 Bakhtiaris and their 50,000 animals would make a procession through the treacherous mountain passes of southwest Persia in search of green pastures. Harrison stars in the film, directed by her friend Merian Cooper, who would later make "King Kong." But "Grass" was a cover for an espionage mission. The Bakhtiari controlled land that had large reserves of oil.

Despite the occasional cliché and at times cloying prose (during her wedding, Harrison is said to have eyes that were "dancing like soft clouds in a dazzling sky"), Ms. Wallach tells a good story. Harrison's adventures over seven years—trips to the Baltics, China, Japan, Manchuria, Turkey and across Siberia—make for exciting reading. However, the woman herself proves elusive. Why was she driven to undertake such risks? She wasn't a zealot and doesn't seem to have had any strong political beliefs. So what motivated her? She is opaque, well used to hiding things. As Ms. Wallach writes, "spies have their own truths."

Ms. Hodgson is the author of "It Seemed Like a Good Idea at the Time: My Adventures in Life and Food."

AMLO Plays a Shell Game With Pemex

AMERICAS
By Mary
Anastasia
O'Grady

When a July 7 explosion rocked an offshore production complex belonging to Petróleos Mexicanos, or Pemex, the state-owned company's bonds also

felt the boom. A week later came a Fitch downgrade, followed by a Moody's decision to shift its outlook on Pemex to "negative" from "stable." The Mexican government had been reluctant to backstop Pemex debt. But on Thursday CEO Octavio Romero announced that the Mexican treasury will step in to refinance the company's liabilities. The rescue will cut Pemex's cost of borrowing by about half but does nothing to alleviate the company's mismanagement, corruption, inefficiency and politicization. It might make things worse by removing market pressure. But it is an admission that Pemex can't dig itself out of its \$107 billion debt hole.

The blast on the Nohoch-A link platform in the Cantarell Field was caught on video. As heavy black smoke billowed above the inferno, emergency boats fitted with water cannons rushed to put out the flames. Rescue crews evacuated more than 320 workers. Two private contractors died in the accident, and one is missing.

Pemex said it shut down nearly "all the wells in the

area" and lost 700,000 barrels of oil production. By Saturday afternoon the company claimed it had recovered 600,000 barrels of production capacity. Still, the accident was more than a hiccup at Pemex, once a beloved symbol of Mexican nationalism.

For Fitch it may have been the last straw. On July 14 the rating agency reduced Pemex "issuer default ratings" to B+ from BB-. The agency also said it is downgrading "approximately \$80 billion of Pemex's international notes outstanding to 'B+/RR4 from 'BB-.'"

Fitch said the downgrade "reflects the environmental and social impact associated with multiple accidents at Pemex's operating facilities since February 2023." It also cited concerns about "the Mexican government's ability and willingness to materially improve the company's liquidity position and capital structure in the next two years without concessions from creditors."

Maturing debt of more than \$15 billion this year and next, Fitch said, means refinancing "will expose the company to higher interest expense," putting stress on cash flow. "An inability to refinance the capital markets debt with similar or other long-term financial instruments would exacerbate its liquidity risk by the end of 2024."

At a morning press conference last week, Mexico's President Andrés Manuel López Obrador pooch-pooched the Fitch rating as meaningless

and said the latest accident was exaggerated in the media. But Mr. Romero's announcement later in the week that the state will take over the role of raising money for the company looks like a direct response to deepening investor concerns that the company is a bad credit bet.

When Mr. López Obrador took office in December 2018, Mr. Romero said that by the end of the president's six-year

The oil giant gets a government rescue, helping bondholders at Mexicans' expense.

term Pemex's daily crude production would reach more than 2.624 million barrels. In June crude production was 1.56 million a day including from partnerships.

Mr. López Obrador blames Pemex's underperformance on company management under previous administrations—and on the 2014 energy reform that opened the market to limited competition. Naturally his solution is to pack the company with loyalists and try to restore its monopoly power in drilling and also in downstream activities like refining.

The government has canceled bidding rounds for new investment in oil exploration and drilling. Blocking private capital means forgoing additional oil output from the

country and the commensurate tax and royalty revenue.

Pemex's six refineries use only 54% of installed capacity. But AMLO built a new refinery in Dos Bocas, Tabasco, anyway. It cost \$20 billion, twice the original estimate, and has yet to start up. Potential competitors in gasoline aren't able to get permits to build filling stations or import supply. This hurts the broader Mexican economy: By refusing to comply with treaty obligations under the U.S.-Mexico-Canada Agreement and domestic law, the government discourages investment in other areas. Nearshoring has brought new manufacturing interests to Mexico but not nearly what might be if there were confidence in the rule of law.

In May Reuters reported a sharp increase in the production of high-sulfur "fuel oil," a byproduct of antiquated and inefficient refineries. The inability to process this hydrocarbon stream means the company either has to export it—losing value—to more technologically advanced refineries in places like the U.S. or to burn it for electricity generation despite the heavy pollution it leaves behind.

Bond investors are celebrating the government intervention that set off a rally in Pemex debt. But by explicitly shifting the fiscal burden of a company that operates like a government bureaucracy onto the Mexican federal budget, AMLO has made Mexicans poorer.

Write to OGrady@wsj.com.

Ashes to Ashes, Disney to Dust

By Philip Terzian

Attendance is declining at the four Disney World theme parks, the Journal recently reported. Average July Fourth wait times at Magic Kingdom were 20 minutes shorter than in 2019. That surprised me as much as it must have disturbed the suits at headquarters. But not for the same reasons. And since I'm not a Disney shareholder, I confess that I took a certain morbid satisfaction in the news.

I was 5 when the original Disneyland opened for business in the summer of 1955. I had faithfully followed its progress on ABC's "Walt Disney's Disneyland," and there was no 5-year-old in America more primed to make the pilgrimage. But growing up in suburban Washington, my odds of a cross-country family trek to Orange County, Calif., were nonexistent. In 1982, however, my wife

and I moved to Los Angeles, where we were met by an old friend who was a longtime Disneyland enthusiast and insisted on escorting us there. It was interesting to see the place outside the confines of black-and-white television. My wife adored the singing birds in the Tiki Room, and the interminable wait for Space Mountain confirmed my lifelong terror of roller coasters. I saw and heard the animatronic (and slightly disconcerting) Abraham Lincoln, and I purchased a Donald Duck watch, which still runs. Because my friend and I had met in the Reuters Washington bureau during Watergate, we made sure to take the Jungle Cruise, where President Nixon's beleaguered press secretary, Ron Ziegler, had once famously worked as an operator.

Yet by the end of the day I had to concede that I was probably 27 years too late. My 5-year-old self almost certainly would have been

enthralled by the experience, just as I had responded to the avuncular Walt Disney. But Uncle Walt was long dead. At 32, I found myself only mildly entertained by Disneyland, even comfortably bored at times, and harried by a curious thought all afternoon that remains my

Archaeologists will one day puzzle over the remains of this strange civilization.

most vivid memory: What would archaeologists, digging feverishly a thousand years hence, make of the place?

It couldn't go on forever. The fossilized remnants of ersatz creatures, the urban swamps and labyrinthine paths, the shards of souvenirs and mysterious inscriptions ("Tomorrowland"), the electronic carcasses, the

miniature castle with its gothic façade and interior wiring—what kind of hybrid civilization was this? It was evidently visited by millions every year, but to what end? And why had this self-styled "magical" land not expanded beyond its asphalt perimeter?

I'm fairly certain that I didn't share these questions with my friend—which would have been impolite and, surrounded as we were by massive swarms of visitors, improbable. But the famous, the familiar and the seemingly indestructible have a way of disappearing in due course. And even as long ago as 1982 the decline and fall of this particular phenomenon may not have been foreseen but could have been predicted.

I just didn't expect the evidence to emerge so soon.

Mr. Terzian is the author of "Architects of Power: Roosevelt, Eisenhower, and the American Century."

OPINION

REVIEW & OUTLOOK

Hunter, FARA and Unequal Justice

Unequal justice has emerged as a theme in the Hunter Biden plea deal, and one example came last week when Judge Maryellen Noreika asked the prosecution and defense in court if their agreement meant the President's son could still be prosecuted for violating the Foreign Agents Registration Act. Hunter's lawyers said no, but the prosecutor said yes, and Hunter can thank Robert Mueller if he is prosecuted under that statute.

FARA is a long-ignored law dating to 1938 that special counsel Mueller brought out of mothballs in an attempt to pry information out of Donald Trump's associates. It requires Americans acting as an "agent of a foreign principal" under most circumstances to register with the U.S. government. As we noted at the time, in the nearly half-century up to 2016 the Justice Department brought only seven criminal FARA cases and won three convictions. The rarity of prosecutions created much confusion about how and when the law applies.

That didn't stop Mr. Mueller. As special counsel investigating nonexistent Russia collusion, he used FARA to prosecute Trump associates who were mostly accused of lying about their work on behalf of foreign governments.

This is how he nailed Paul Manafort, who took money from the Ukrainians. Michael Flynn admitted to making false statements in documents filed pursuant to FARA regarding his work on behalf of the Turkish government. FARA also ensnared Greg Craig—a high-powered Democratic lawyer and former White House counsel to President Obama—who was prosecuted as an offshoot of the Mueller investigation into Mr. Manafort's deals with Ukraine.

As long as FARA was targeting people in the Trump orbit, Democrats cheered these prose-

cutions. They weren't even fazed when a federal jury acquitted Mr. Craig on FARA-related charges that we and others believe should never have been brought.

They may regret that legal standard now that federal prosecutors have confirmed to Judge Noreika that FARA charges could still be lodged against the President's son.

Based on Mr. Mueller's prosecutions, Hunter is vulnerable.

We know Hunter set up a shell company to do business with CEFC China Energy, and that he didn't register as a foreign agent. Shell companies are a common strategy for disguising ownership, and accepting money from a foreign entity would normally require FARA registration. Similar questions remain about Hunter's dealings in Ukraine.

A FARA prosecution has political implications for President Biden. To have his son acting as a foreign agent while they were traveling to the relevant foreign countries together on Air Force Two would make the President's claims of ignorance about Hunter's business even harder to believe. This is guaranteed to be an issue in his 2024 bid for re-election—not least because staffers in the Obama Administration sent up red flags about Hunter's lucrative work on the board of Burisma, the Ukrainian energy company.

FARA has never been clearly defined and is used selectively. That is the definition of a bad law that is too easy for prosecutors to exploit against their political enemies.

Democrats have reason to say that if everyone in Washington who violates FARA were prosecuted for it, half the lobbyists would be out of business. But this would be a more persuasive argument if they had made it when Robert Mueller was busy using it against their political enemies.

A bad law used against Trump associates now haunts Joe Biden's son.

Several states report big increases in voucher or ESA applications.

The Rising Demand for School Choice

Many states have recently created or expanded school-choice programs, but are parents taking up the opportunity?

It's early days, but data from several states should encourage lawmakers that robust offerings are in demand.

Indiana this year reported an increase of some 20% in its voucher program. More than 53,000 students participated in 2022-23, compared with 44,376 the previous school year, according to the state education department. Thirteen more private schools were included, bringing the total to 343. All of this was before the state made vouchers nearly universal in May by raising the income cap and removing other restrictions.

Florida also made its K-12 scholarships universal this year by removing income limits. Step Up for Students, a nonprofit administering organization, recently said it had awarded 268,221 income-based scholarships, up from 183,925 at the same time a year ago. The group said it also had granted 74,711 special-needs scholarships, an increase of some 15,000.

Arizona beat Florida by a year in making its education savings accounts, or ESAs, universal. The state says it approved 47,667 new student applications in 2023, compared with 5,103 before the expansion. Nearly 700 private schools receive ESA funds.

West Virginia's ESA program, open to any student already in public school, is entering its second year. The program has received 6,323

applications for the coming school term, up from roughly 3,600 last year, per the state Treasurer.

Iowa's new ESA program received 29,025 applications during a month-long window, according to Gov. Kim Reynolds's office. In Arkansas nearly 5,000 students and more than 80 schools have applied or be-

gun applying to another new ESA system, the state Education Department says. Applications opened in late June and continue through July. The Iowa and Arkansas programs aren't universal in the first year, but they're likely to grow as they phase in broader eligibility.

None of this should prompt states to rest on their laurels. A recent Manhattan Institute report points out that getting ESAs through the political thicket is only the first step. Many parents are unaware of the offerings in their states, and a law does little good if it isn't implemented well. "We fear a program in which 100,000 families want to participate," the authors write, "but cannot log in to the payment platform, or cannot track their expenditures, or cannot promptly pay the educational providers helping their children."

Some states might also find that the demand exceeds the supply of seats in private schools. But in time states that are generous with ESAs are encouraging a variety of options to expand or open, whether faith-based, classical, Montessori or something new, and with families choosing what works best for them. That's what a future of school choice looks like.

J.B. Pritzker, Public Union Boss

The best argument against collective bargaining for government workers is that no one represents taxpayers.

Union chiefs and the politicians they support sit on both sides of the bargaining table. That was demonstrated again last week when Illinois Gov. J.B. Pritzker signed a whopping new contract with the American Federation of State, County and Municipal Employees (Afsme).

The contract covers the next four years and gives 35,000 public workers 19.28% raises, outpacing the growth in private wages. That's more than the Teamsters are getting for tenured drivers in their rich new deal from United Parcel Service, and that's merely the increase in Afsme base pay. Many workers will get more pay increases based on job tenure.

The contract also includes a \$1,200 "stipend" to every worker merely for ratifying the contract. Mr. Pritzker included these bonuses in his last contract negotiation in 2019, supposedly to compensate workers for the financial "hardship" of being a state worker under previous Governor Bruce Rauner. (Remember when a Governor tried to represent taxpayers?) The unions liked the sweetener, so now it has become an expected fillip.

Mr. Pritzker tweeted Tuesday that "Illinois is a pro-worker state through and through." He means if you work for the government. What about workers in the private economy who are now on the hook for higher union payouts that will drive up costs for public healthcare and pensions on top of their increased wages? Mr. Pritzker says the new contract will cost \$625 million over four years and the raises are 61% higher than the previ-

ous contract, according to the Illinois Policy Institute.

Afsme workers already have health-insurance plans that rarely exist in the private economy, and the new four-year contract promises that workers will have zero increases in premiums in the first year, a \$10 a month increase in the second year and \$8 a month in the third and fourth years. That's a mere \$26 a month over four years. Guess who will pay the difference as the cost of health insurance rises far faster.

Public pensions in Illinois are already among the most underfunded in America, and the new wage increases will make them more so. Pensions are calculated based on a worker's wages at the end of a career, so big pay increases now translate into ballooning payments later. Mark it down: Democrats will demand a federal taxpayer bailout when Illinois pensions become unaffordable.

Unions are running the table in Illinois because Mr. Pritzker and state Democrats essentially work for the unions that provide the cash for re-election campaigns. Big raises for union workers mean more union dues payments, which mean more campaign donations for the politicians who provide the raises. This is why allowing collective bargaining for government workers is so destructive to a state's fiscal and economic health.

Mr. Pritzker hopes to have a featured role at next summer's Democratic National Convention in Chicago, and he's likely to run for President himself if President Biden decides not to run. That's one more reason the Governor is acting more like a union boss than as a leader for all Illinois citizens.

LETTERS TO THE EDITOR

What Romney Misses About the 2024 Primary

The 2024 Republican presidential primary isn't like previous ones. The leading candidate once served as president and remains the most popular and powerful figure in the party. That wasn't the case in 1968 or 2012, examples on which Sen. Mitt Romney's thesis depends ("Donors, Don't Fund a Trump Plurality," op-ed, July 25).

Former President Donald Trump isn't merely leading in a crowded field, as in 2016. He is dominating the crowded field with 50% to 60% of the vote in recent polling. His main challenger, Florida Gov. Ron DeSantis, continues to fade in the polling, bleeding campaign cash and firing staff. No other Republican candidate is consistently polling over 10%.

Mr. Trump is inevitable because Republican voters prefer him and even see him as the most electable candidate against President Biden. Recent polling from Fox Business finds that Mr. Trump has a 34-point lead on this question. Mr. Romney may hope his thesis is true, but the data and environment suggest he is wrong.

GARRETT VENTRY
Principal, GRV Strategies
New York

I am struck by two of Mr. Romney's statements: "Such narrowing of the field doesn't happen today" and "Donors may think that party leaders can

narrow the field. Not so." Mr. Romney must have a short memory. Less than four years ago, in a crowded field, the Democratic Party was on a path to hand an avowed socialist, Sen. Bernie Sanders, the party nomination for president. Donors and party leaders knew that they would lose independent voters and get wiped out in the general election if Mr. Sanders was the nominee. Voilà! Several serious nominees dropped out of the race and Mr. Biden replaced Mr. Sanders as the Democratic candidate.

If Mr. Trump is the Republican nominee in 2024, he would lose independent voters, suburban moms and many Republicans as well, losing the general election to Mr. Biden or whoever else. Mr. Romney nicely sums up the type of candidate most Republican and independent voters would support: "a nominee with character, driven by something greater than revenge and ego, preferably from the next generation." It's not Mr. Trump.

ROBERT C. SINN
Lisle, Ill.

Forget the complex plans for reducing the number of candidates in the primaries. Go back to the smoke-filled room and save us from suffering through the next 15 months.

MERRILL HORNE
Arlington, Va.

Disney and Steinem Respond on Korean Peace

North Korean defector Ji Seong-ho names us in an op-ed accusing the Korea peace movement of being a "deception" ("The Phony Korean 'Peace' Movement," op-ed, July 26). In 2015 we were among the 30 women peacemakers who traveled to North Korea and South Korea on a women's peace delegation, where we walked with 10,000 Korean women on both sides of the demilitarized zone, the world's most militarized border.

We met with women's groups in North and South Korea and learned about the devastating consequences of the continuing Korean War on their lives. Although their circumstances were vastly different, women on both sides of the DMZ expressed the same yearning for peace. We felt their anguish over the millions of divided family members, most of whom have died without ever seeing their loved ones again.

There is nothing "phony" about a peace-first approach to diplomacy. What is phony is the accusation that calling for peace is "pro-Pyongyang"—a tired red herring critics often use to

discredit the peace movement.

Retired Lt. Gen. Dan Leaf, a decorated combat veteran who served two tours of duty in South Korea and headed the U.S. Indo-Pacific Command, has written that we are one bad decision away from nuclear war. "No matter how challenging the negotiations and politics of securing peace on the Korean Peninsula may prove," wrote Mr. Leaf, "they are nothing compared with nuclear war."

Building peace is more urgent than ever. The decadeslong U.S. approach of hostility, militarization and isolation has failed to stop North Korea's nuclear program. A formal peace agreement between Washington and Pyongyang is the first, essential step toward reducing tensions and establishing the trust needed to address thorny issues such as denuclearization and human rights.

ABIGAIL DISNEY AND GLORIA STEINEM
Advisers, Women Cross DMZ
New York

Ms. Disney is a documentary film producer. Ms. Steinem, a journalist, is a co-founder of Ms. Magazine.

Why Make Monopolists Out of Entrepreneurs?

Richard McKenzie is correct that, were real-world markets what economists call "perfectly competitive," the instantaneous market entry that is a key feature of this model ensures that consumers would be poorly served ("Lina Khan Needs to See 'Shark Tank,'" op-ed, July 27). If imitators can immediately compete away the profits earned by entrepreneurs who introduce attractive new products or lower-cost means of production, entrepreneurial innovation would cease. Economic growth would give way to decline.

Don't Forget California's Covid UI-Benefits Fiasco

In "Say No to Julie Su at Labor," Ted Budd and Tyler Voigt call out the acting Labor Secretary for her poor record in the past as California's labor secretary (op-ed, July 21). But they omit her most spectacular failing. Ms. Su presided over the theft of some \$31 billion in Covid-era unemployment benefits by criminals from all over the globe, while simultaneously preventing thousands of idled California workers from claiming their rightful benefits.

One of those wronged workers was my daughter. She gave up trying to claim thousands of dollars that, thanks to the incompetence of Ms. Su and her minions, she will never see.

An unequivocal "no" on this confirmation, please.

J. CRAIG COLLINS
Long Beach, Calif.

Asking the Right Question

The question isn't whether we need immigration but what kind of immigrants ("America's Choice: Immigration or Bust," Review & Outlook, July 25)? Do we want the people who illegally cross our border? Or do we wish to allow legal immigrants who are vetted, educated and better equipped to make a positive contribution?

GARY MIEHE
Show Low, Ariz.

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

Better Than Colorblindness

I agree with Charlotte Allen's op-ed "Colorblindness Is Worth a Try" (July 25) and would go a step further. Colorblindness is a good standard for all legal issues, but not the best for social ones. The Bible says that the Lord loves all the flowers of the fields in their radiant and varied colors. He also loves all human beings in all the different colors in which he created them. Why don't we give that a try?

HAL DANTONE
Kingsville, Texas

Pepper ... And Salt

THE WALL STREET JOURNAL



"Oh, honey, our first climate disaster."

OPINION

The Graham-Warren Plan to Kill Innovation

By Joe Lonsdale

Sens. Lindsey Graham and Elizabeth Warren are teaming up to try to build something called the Digital Consumer Protection Commission—a new federal agency with the power to sue, write rules and even shut down internet platforms.

I've spent my life building technology companies—not in Big Tech, but taking on Big Tech through entrepreneurship and innovation. I invest in and engage in partnerships with hundreds of other entrepreneurs to build technology for America. The DCPC is a terrible idea.

Their proposed federal agency would entrench Big Tech and imperil the right to freedom of speech.

Congress has considered such notions before, and both sides of the aisle have plenty of populist energy to go after Big Tech. As Americans know, Big Tech has flaws. Social-media platforms have policed speech based on viewpoint. Some large platforms' power also is a concern. Apple uses its App Store to charge a 30% fee on app revenue while deciding which apps are available to the majority of U.S. consumers. But a Digital Consumer Protection Commission would be a disaster for tens of thousands of small and medium-size technology businesses—the beating heart of our innovation ecosystem.

According to Mr. Graham and Ms. Warren, the commission would focus on matters like data privacy, competition, cyberbullying and even

artificial intelligence. It would have sweeping authority and little oversight, not unlike Ms. Warren's earlier brainchild, the Consumer Financial Protection Bureau. It could issue and revoke licenses—à la the Federal Communications Commission—for internet platforms.

Discussing the idea last fall, Mr. Graham said a new tech regulator would “bring both parties together.” The veneer of bipartisanship doesn't make this proposal better. A Digital Consumer Protection Commission would entrench Big Tech at the top with a regulatory nightmare for any potential rivals—at the expense of current and future entrepreneurs, and the speech rights of Americans.

Mr. Graham and Ms. Warren cite the Nuclear Regulatory Commission as an inspiration. That is laughable. The NRC has been more an obstructionist commission than a regulatory one, failing to approve a new nuclear reactor design for nearly 50 years. But maybe that's the point. The NRC froze the nuclear industry in 1975, and Americans suffered with higher energy costs.

The proposed Graham-Warren commission would impose similar costs on Americans through the technology sector, which already is riddled with bureaucratic pitfalls. If you need permission for something innovative, you have to know people in Washington—and you'd better stay on their good side. If you've traveled to Europe recently, you may have noticed that many websites are barely usable as a result of so-called data-privacy regulations. Compliance costs are astronomical and hit smaller businesses hardest.

American citizens benefit from an open internet, as well as the jobs and tax dollars generated by the world's most vibrant entrepreneurial ecosystem. Technology is one of



DAVID KLEIN

the rare industries in which products and services continue to become cheaper and better—unlike education and healthcare, which government controls through bureaucratic commissions and licensing bodies. It's ludicrous to assess what is working in our country and what isn't and conclude that we need more unaccountable bureaucrats in charge of technology.

The U.S. leads the world in innovation, which is why the best builders want to work here. China and Europe aren't close, and won't be if our tech sector remains free and dynamic.

Misguided policies like stopping acquisitions or requiring new entrants to get licenses—effectively ending liquidity for entrepreneurs—would end that. If we can't sell companies, we can't raise money, can't back bold ideas, and the virtuous circle of innovation will slow to a trickle. Dollars that traditionally

flowed to the U.S. innovation sector from around the world will go elsewhere. Under that scenario, the Big Tech companies will be all we have left, and they will be even more powerful. An NRC-style commission to slow down our own technology industry might give China a leg up over the U.S.

That should be reason enough for Congress to reject this proposal. But Americans should also be wary about the implications for free speech. Many on the right recently have been skeptical of some Big Tech businesses. When Twitter was a publicly traded company, it engaged in egregious censorship against Americans—with participation and even instigation from the government. Under its new owner Elon Musk, Twitter has begun to change course. The question for those who believe another bureaucracy would improve Big Tech malpractice is simple: If a powerful

Graham-Warren-style commission had the authority to punish Twitter last year, would the company have restored freedom of speech on its platform?

Ms. Warren's own words suggest not. Last fall she complained that Mr. Musk was deciding “in a dark room” whether to reinstate previously censored users. She would prefer that her own bureaucratic entity make such decisions in its own dark room—in Washington.

Ms. Warren has also demanded that Amazon suppress the sale of books offering views that differ from hers on subjects like climate change. She once suggested that the tech and retail giant be broken up after a Twitter spat with its corporate account, saying that antitrust action was needed so that Amazon wouldn't be “powerful enough to heckle Senators with snotty tweets.” She has shown exactly how she would want a digital regulatory commission to operate. It would use its financial and legal authority to suppress criticism of elected officials, suppress freedom of speech on controversial policy issues, and bully technology companies into obeying every whim of Washington bureaucrats.

Recent leaks from Meta show that executives there worried that if they didn't censor accurate information that the Biden administration didn't like, the company could face severe consequences. Given this scandal, is another organ of government censorship advisable?

We don't need more politically correct nonsense, more censorship mandated by the swamp. A Digital Consumer Protection Commission wouldn't help and Congress should reject this proposal.

Mr. Lonsdale is managing partner at 8VC.

Climate Change Obsession Is a Real Mental Disorder



LIFE SCIENCE
By Allisia Finley

The media wants you to know it's hot outside. “Heat health emergency”: Nearly half the US at risk,” CNN proclaimed last week as temperatures climbed above 90 degrees in much of the country.

If heat waves were as deadly as the press proclaims, *Homo sapiens* couldn't have survived thousands of years without air conditioning. Yet here we are. Humans have shown remarkable resilience and adaptation—at least until modern times, when half of society lost its cool over climate change.

“Extreme Temperatures Are Hurting Our Mental Health,” a recent Bloomberg headline warns. Apparently every social problem under the sun is now attributable to climate change. But it's alarmist stories about bad weather that are fueling mental derangements worthy of the DSM-5—not the warm summer air itself.

The Bloomberg article cites a July meta-analysis in the medical journal *Lancet*, which found a tenuous link

between higher temperatures and suicides and mental illness. But the study deems the collective evidence of “low certainty” owing to inconsistent study findings, methodologies, measured variables and definitions. The authors also note that “climate change might not necessarily increase mental health issues because people might adapt over time, meaning that higher temperatures could become normal and not be experienced as anomalous or extreme.”

Well, yes. Before the media began reporting on putative temperature records—the scientific evidence for which is also weak—heat waves were treated as a normal part of summer. Uncomfortable, but figuratively nothing to sweat about.

Yet according to a World Health Organization report last year, the very “awareness of climate change and extreme weather events and their impacts” may lead to a host of ills, including strained social relationships, anxiety, depression, intimate-partner violence, helplessness, suicidal behavior and alcohol and substance abuse.

A study in 2021 of 16- to 25-year-olds in 10 countries including the U.S. reported that 59% were very or

extremely worried about climate change, and 84% were at least moderately worried. Forty-five percent claimed they were so worried that they struggled to function on a daily basis, the definition of an anxiety disorder.

Alarmist stories about the weather, not the warm air itself, are behind the left's anxiety and dread.

“First and foremost, it is imperative that adults understand that youth climate anxiety (also referred to as eco-anxiety, solastalgia, ecoguilt or ecological grief) is an emotionally and cognitively functional response to real existential threats,” a May 10 editorial in the journal *Nature* explained. “Although feelings of powerlessness, grief and fear can be profoundly disruptive—particularly for young people unaccustomed to the depth and complexity of such feelings—it is important to acknowledge that this response is a rational one.”

These anxieties are no more rational than the threats from climate change are existential. A more apt term for such fear is climate hypochondria.

The *New Yorker* magazine earlier this month published a 4,400-word piece titled “What to Do With Climate Emotions” by Jia Tolentino, a woman in the throes of such neurosis. “It may be impossible to seriously consider the reality of climate change for longer than ninety seconds without feeling depressed, angry, guilty, grief-stricken, or simply insane,” Ms. Tolentino writes.

“A couple of years ago, reading a climate report on my phone in the early hours of the morning, I went into a standard-issue emotional spiral thinking about it all,” she recalls. “We had also recently had a baby, whose carbon footprint likely already exceeded that of entire villages in Burundi. I was playing whack-a-mole with my consumer desires.”

Ms. Tolentino goes on to describe how climate therapists can help patients cope. “The goal is not to resolve the intrusive feeling and put it away” but, as one therapist advises her, “to aim for a middle ground of sustainable distress.” Even the climate left's

despair must be “sustainable.”

It isn't difficult to notice that today's snowflakes consider hot weather aberrant, similar to how they perceive normal feelings such as anxiety or sadness. But there's nothing normal about climate anxiety, despite the left's claims to the contrary.

Progressives may even use climate change to displace their other anxieties—for instance, about having children. A mental-health reporter for *Vox* recently wrote about climate stress, and how “some people even grapple with the existential question of whether to have children because of the human toll on the planet's resources.”

Displacement is a maladaptive mechanism by which people redirect negative emotions from one thing to another. Ms. Tolentino relates how one patient she interviewed realized through deep reflection that “he'd sometimes used climate anxiety as a container for his own, more intimate problems.”

Climate hypochondriacs deserve to be treated with compassion, much like anyone who suffers from mental illness. They shouldn't, however, expect everyone else to enable their neuroses.

‘Oppenheimer,’ the Bhagavad-Gita and India's Outrage

By Tunku Varadarajan

The debate about “Oppenheimer” has veered between fascination for a past when men wore linen suits to build a bomb and fear for a future in which the world is nuked to a crisp. The debate in the West—and, notably, Japan—has been civilized for our bad-tempered times, with historians, philosophers and “fact checkers” chewing intently on the film's abundant fodder. Only in India has the movie sparked outraged dissent, with calls by officials from its Hindu nationalist government for it to be censored.

Christopher Nolan's film depicts J. Robert Oppenheimer's role in making the atomic bombs that were dropped on Hiroshima and Nagasaki in August 1945. Oppenheimer, a theoretical physicist, was director of the Manhattan Project, and the film's focus is as much on the anticommunist paranoias of the

Cold War's earliest years as on the fearsome physics that vanquished Japan. Also prominent in the narrative is Oppenheimer's tortured inner life. When the bomb was first successfully tested at the Trinity test site in New Mexico, on July 16, 1945, Oppenheimer said he'd thought to himself the following: “I am become death, the destroyer of worlds.”

This is a line from Chapter II, Verse 32, of the *Bhagavad-Gita*—or *Song of God*—a Sanskrit book of scripture from the Hindu canon. Oppenheimer is said to have described the *Gita* as “very easy and quite marvelous,” as well as “the most beautiful philosophical song existing in any known tongue.” Its 700 verses are a part of the “Mahabharata,” one of two epics that form the bedrock of Hindu culture. (The other is the “Ramayana.”)

Arthur Ryder, the renowned professor who taught young Oppenheimer Sanskrit, summarized the story of the

“Mahabharata” in this way: “The great epic relates the events of a mighty struggle between two families of princely cousins, reared and educated together. In manhood they quarrel over the royal inheritance, and their difference is sternly solved by war.”

“Oppenheimer” has drawn the ire of thin-skinned Hindus by having the physicist (played by Cillian Murphy) utter these words in bed with his naked lover, Jean Tatlock (Florence Pugh). India's central information commissioner—you would be right to ask why such a job exists in a democratic country—described the scene as an “insult” to the *Bhagavad-Gita*, “which is our holy book.” It isn't clear why it is an insult, unless we take a hyper-Victorian view of nudity, and in any case Ms. Pugh is shown on Indian screens wearing a computer-generated dress.

Furthermore, Hinduism doesn't have a holy book in the manner suggested here. The faith instead calls on

a library of competing scriptures, none necessarily more important than any other. Hindu nationalists would do well to remember that the elevation of the *Gita* to such exalted status is the result of its embrace and promotion by 19th-century Western Orientalists.

India's information czar says the

Hindu chauvinists miss the forest for the trees on the film's use of the sacred text in a nude scene.

scene is an attack “on our values and civilization,” an “assault on the Hindu community” and “reeks of religious hatred.” If Mr. Nolan doesn't take out the scene, the commissioner thunders, “we will act.” India's minister for information and broadcasting—another

inexplicable post in a democracy—has threatened stringent action against his own board of film certification.

All of which is a pity, for it squanders an opportunity for India to teach the world a thing or two about the *Gita*. The line cited by Oppenheimer is part of a dialogue between Arjuna—a warrior who is wavering on the battlefield, reluctant to slay his kinfolk—and Krishna, his spiritual guide. Oppenheimer saw himself in Arjuna's shoes. Faced with performing a task of death-dealing enormity, he took solace in Krishna's response, which was to tell Arjuna that it was his “duty” to fight.

As historian James A. Hijiya wrote: “To Oppenheimer the message would have seemed equally clear. If it was proper for Arjuna to kill his own . . . relatives in a squabble over the inheritance of a kingdom, then how could it be wrong for Oppenheimer to build a weapon to kill Germans and Japanese whose governments were trying to conquer the world.” Or as Wendy Doniger, the great American Indologist, has written, “the warrior with ethical misgivings has been persuaded to kill, just as God kills.”

Years later, Oppenheimer said: “I did my job which was the job I was supposed to do.” This is good, home-spun Hinduism. As Mr. Hijiya has pointed out, there might have been no bomb without the *Bhagavad-Gita*. Shouldn't India's Hindu rage-mongers tear their gaze away from Ms. Pugh's curves and take note instead of that bracing truth?

Mr. Varadarajan, a Journal contributor, is a fellow at the American Enterprise Institute and at NYU Law School's Classical Liberal Institute.

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WORLD NEWS

Moscow, Kyiv Bring Down Drones

Ukrainian military says it destroyed eight drones in latest barrage

By ANN M. SIMMONS

Russian authorities said they downed three drones targeting Moscow early Sunday, in an attack that Russian state media said injured one person and forced the temporary closure of one of the capital city's main airports.

The Ukrainian Air Force, meanwhile, said on its Telegram messaging channel that it destroyed eight Russian drones overnight, including four Iranian-made Shahed drones and four reconnaissance drones over the Kherson and Dnipropetrovsk regions.

Russia's Ministry of Defense said two drones were brought down over Moscow with electronic jamming equipment, and then crashed into a commercial building complex in the city. The other was destroyed in the air over the Odintsovo district in the



Inspecting debris at the site of a damaged building in Moscow.

Moscow region.

The assault, which Russian officials described as an "attempted terrorist attack" by Ukraine, marked the fourth such strike on the capital this month, exposing serious vulnerabilities in the Kremlin's ability to defend its territory.

Ukrainian Air Force spokesman Yuriy Ihnat told Ukrainian state television that "now the war is affecting those who weren't concerned [about it],"

and that "no matter how the Russian authorities would like to turn a blind eye on this by saying they intercepted everything...something does hit."

Moscow Mayor Sergei Sobyanin said on Telegram that the facades of two office buildings in central Moscow were slightly damaged, but there were no fatalities.

The capital's Vnukovo airport was closed for arrivals and departures due to the in-



cident, but was later reopened, the agency reported.

Sunday's attacks on Moscow followed a series of drone strikes deep into Russian territory in recent weeks, including a strike on Friday in the country's southern Rostov region bordering Ukraine. Authorities said at least 16 people were wounded by debris falling in the city of Taganrog.

Ukraine, meanwhile, has been facing a persistent barrage of Russian drones in what appears to be an effort to deplete its air defenses.

The recent assaults come as Ukraine steps up its counter-

offensive in the country's south and east in an effort to dislodge Russian forces from land they are occupying. They follow comments last week by Russian President Vladimir Putin that while Moscow is ready to begin peace talks, Kyiv is unwilling to negotiate an end to the conflict.

"We cannot impose these negotiations," Putin told a meeting with African leaders in St. Petersburg on Friday, adding on Sunday that an African-led plan for a cease-fire isn't possible while Ukraine's counteroffensive continues.

Ukrainian President Volodymyr Zelensky has said that any cease-fire that allows Russia to keep Ukrainian territories seized since the invasion last year would only encourage a wider conflict, giving Moscow an opportunity to replenish and rearm for another round of fighting.

On Sunday, Russia's Defense Ministry reported that 25 Ukrainian drones targeting facilities in Crimea were intercepted and downed, but no one was injured and nothing was damaged, the ministry said.

Upstart Traders Take On Russian Oil

Russia struck deals to sell a substantial portion of its petroleum output to a group of little-known oil traders, locking in a stream of cash from its lifeblood industry.

By Anna Hirtenstein, Costas Paris and Joe Wallace

State-controlled energy giant Rosneft Oil in recent weeks wrapped up one of its largest tenders in years, people familiar with the sale said. A tender is a type of auction in which traders bid for the right to export oil in the future. In this case, the contracts are for up to 12 months and involve crude and refined products, some of the people said.

It couldn't be learned the exact amounts sold, nor the prices. But the success of the tender—a similar effort last year failed—adds to signs that the financial squeeze on Russian oil producers from sanctions is abating. The price of Russia's main variety of crude has risen above a Western-imposed cap in recent weeks.

A Rosneft representative said the company doesn't comment on details of its business activities and that some of what was presented in a series of questions about the tender was incorrect. When asked which details were inaccurate, the representative didn't reply.

The results cement the role of a clutch of upstart trading houses as vehicles for Russian oil to reach new markets. These companies rose to prominence after Russia's invasion of Ukraine, filling a hole left when the world's largest commodities merchants—such as Trafigura Group, Vitol and Glencore—pulled back from Russia.

Among the biggest winners in the tender was **Bellatrix Energy**, the people familiar with the sale said. According to registration documents, the company was incorporated in Hong Kong. Also taking large volumes of Russian petroleum were trading group Amur and Tejarinaft, both registered in the United Arab Emirates.

All three have been active exporters of crude and refined products since sanctions on Russian oil took effect in December, according to Russian customs data and industry executives.

Bellatrix didn't respond to requests to comment. Representatives for Amur entities involved in oil trading in the U.A.E. couldn't be reached. A representative for Amur entities in Switzerland declined to comment. Emails sent to an address listed on Tejarinaft's website bounced back.

The traders perform a vital role for Rosneft and other Russian producers, handling the logistics needed to move millions of barrels of petroleum daily to overseas buyers. They have, according to shipping records and the industry executives, worked closely with other upstart firms, based in the U.A.E. and India, that have amassed control of hundreds of old tankers used to move Russian oil.

Trading, shipping and refining Russian oil became a lucrative business in the wake of the Ukraine invasion in February 2022. The price dropped to steep discounts to global benchmarks—discounts that remain wide by prewar standards even after narrowing in recent months. Western governments monitor oil flows to gauge whether sanctions have succeeded in hurting Russia's wartime economy, and to spot any violations.

The U.S., Europe and other backers of Kyiv targeted Russian energy in several rounds of sanctions. They designed measures to ensure a continued flow of Russian oil onto world markets so as not to drive up gasoline prices, but also to throw sand in the gears of Russia's exports and limit how much Moscow can earn.

Russia's favored trading and shipping players have little public profile. The paper trail left in publicly available documents doesn't fully show who ultimately controls them and backs them financially, according to industry executives.



A Ukrainian soldier mourns a fallen serviceman killed fighting Russian troops in the Donetsk region. The war appears to have reached a stalemate.

Saudi Arabia to Host Ukraine Peace Talks

By LAURENCE NORMAN AND STEPHEN KALIN

Saudi Arabia is set to host peace talks among Western countries, Ukraine and key developing countries, including India and Brazil, early next month, as Europe and Washington intensify efforts to consolidate international support for Ukraine's peace demands.

According to diplomats involved in the discussion, the meeting would bring senior officials from up to 30 countries to Jeddah on Aug. 5 and 6. It comes amid a growing battle between the Kremlin and Ukraine's Western backers to win support from major developing countries, many of which have been neutral over the Ukraine war.

Ukraine and Western officials hope the efforts could culminate in a peace summit

later this year where global leaders would sign up to shared principles for resolving the war. They hope that those principles could frame future peace talks between Russia and Ukraine to Kyiv's advantage.

A summit this year, however, wouldn't include Russia, which has shunned any serious talk of peace and has held on to maximalist demands for any settlement, including annexation of territory its forces don't currently control. It comes as the war appears to have reached a stalemate, with neither side able to gain meaningful territory in recent months.

The meeting follows on from a gathering of senior officials in Copenhagen in late June, attended by Brazil, India, Turkey and South Africa. U.S. national security adviser Jake Sullivan dialed into the meeting. Ukraine and several major European

countries also participated.

For the Jeddah meeting, Saudi Arabia and Ukraine have invited 30 countries, including Indonesia, Egypt, Mexico, Chile and Zambia. It isn't yet clear how many will attend, although the countries that took part in the Copenhagen talks are expected to do so again.

The U.K., South Africa, Poland and the EU are among those that have confirmed attendance.

For now, Sullivan is expected to attend, according to a person familiar with the planning. The White House declined to comment.

Saudi Arabia is trying to play a larger role in diplomacy on Ukraine, after the White House accused it last year of siding with Russia in keeping oil prices high—thus bolstering Moscow's finances. It has facilitated the exchange of prisoners of war and hosted

Ukrainian President Volodymyr Zelensky at an Arab summit in May.

Western diplomats said that Saudi Arabia was picked to host the second round of talks partly in hopes of persuading China, which has maintained close ties to Moscow, to participate.

Riyadh and Beijing maintain close ties. Earlier this year, China helped negotiate a recent thaw between Saudi Arabia and its regional foe, Iran, months after the Saudis hosted Chinese President Xi Jinping at an Arab summit.

Despite claiming to be working on a peace plan for Ukraine, China sat out the Copenhagen meeting. People involved in the talks said Beijing isn't expected to attend but that it hasn't ruled it out.

The Saudi meeting comes at a critical moment in the fight between Russia and

Ukraine's Western backers for global support.

The U.S. and Europe have pushed for a global condemnation of Russia's decision earlier this month to pull out of a United Nations-brokered deal aimed at easing the export of grain from Ukraine, a move that pushed grain prices up for poor countries.

At a meeting this month, top European and Latin American leaders expressed "deep concern on the continuing war against Ukraine." Last month, the U.S. and India concluded defense deals aimed at weaning New Delhi off arms purchases from Russia.

European officials had hoped to narrow the differences between Ukraine and the developing countries on how to end the war quickly enough to hold a peace summit by the fall. But that timing appears ambitious.

COLOMBIA
Son of Colombian President Arrested

Colombian authorities said they arrested the eldest son of President Gustavo Petro early Saturday as part of a widening probe into allegations he took money from drug traffickers during last year's presidential campaign.

The Attorney General's Office said Nicolás Petro, a regional politician, was charged with money laundering and illicit enrichment. A lawyer for the younger Petro couldn't be reached for comment. Nicolás Petro has previously denied wrongdoing.

President Petro called the allegations painful to him as a father but said he wouldn't interfere in the case.

—Kejal Vyas

RUSSIA
Ten Die as Strong Winds Hit Region

Ten people, including three children, died after high winds tore through central Russia, emergency services and a local official reported Sunday.

Eight of the dead were part of a group of tourists camping close to Lake Yalchik in the Mari-El region when the storm hit Saturday, Russia's emergencies ministry said.

Russia's investigative committee has opened a criminal case to determine whether unsafe or substandard services provided by the park's management company contributed to the deaths.

—Associated Press

EGYPT
Shooting at Police Facility Kills Four

A shooting Sunday at a heavily fortified security facility in the restive part of Egypt's Sinai Peninsula killed at least four police, including a senior officer, two security and health officials said.

At least 21 other forces were wounded in the shooting at the National Security headquarters in el-Arish.

A list of casualties showed that some forces suffered from gunshots and others faced breathing difficulties from tear gas. The circumstances surrounding the shooting weren't immediately clear, and there was no immediate comment from the Interior Ministry.

—Associated Press

WORLDWATCH



CHARGED: Nicolás Petro, eldest son of Colombia's president, and his ex-wife attended a court hearing in Bogotá on Sunday.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Monday, July 31, 2023 | B1

Last Week: S&P 4582.23 ▲1.01% S&P FIN ▼0.24% S&P IT ▲1.27% DJTRANS ▲2.85% WSJ\$IDX ▲0.22% 2-YR.TREAS. yield 4.895% NIKKEI 32759.23 ▲1.41% See more at WSJ.com/Markets

Small Investors Feast on High Rates

T-bills, money funds, CDs offer bonanza, offsetting increased cost of borrowing

By ERIC WALLERSTEIN

Interest rates are hovering at their highest level in more than two decades. For individual investors, that has been an unexpected blessing.

Although it is more expensive for consumers to borrow money now than it was 18 months ago, they also have more options to put their cash to work.

American households are earning an additional \$121 billion from income on invest-

ments annually versus a year ago, according to Commerce Department data through June, blunting the \$151 billion increase in interest payments on mortgages, credit cards and other loans.

Individuals' resilient spending power—and the additive impact on inflation—are among the drivers of the Federal Reserve's most aggressive interest-rate campaign since the 1980s. The central bank raised its benchmark rate to a range between 5.25% and 5.5% last week, the highest level in 22 years and up from near zero at the start of 2022.

That has pushed yields on three- and six-month Treasury bills to about 5.5%, the highest

since 2001. Money-market funds, which typically invest in T-bills or park cash at the Fed, are offering rates above 5%. And certificates of deposits are offering up to 5.4% for one-year terms.

"I worked hard for my money. I want my money working really hard for me," said LaRaye Rodriguez, an 84-year-old retiree living in Hoffman Estates, Ill., who said she has half of her portfolio in stock-index funds and the other half in T-bills.

Easing monetary policy helped many Americans reduce their debt burden during the pandemic, allowing them to refinance or take out low-rate loans. With wages rising and Covid-19

stimulus lingering, the average household's net worth has rebounded to near-record heights.

"Sure, rates are higher, but people haven't had a really big reset in costs," said Bob Elliott, co-founder and chief executive of asset manager Unlimited Funds. "A lot of folks have financial assets that are benefiting from elevated interest rates."

Investors are basking in the stock market's strength as well, with the S&P 500 up 19% this year and big-tech stocks soaring after a dismal 2022. Along with a renewed sense of wealth, the historically tight labor market has driven consumer confidence to a two-year high.

In the coming days, investors will be parsing corporate-earn-

ings reports from the likes of Pfizer and Advanced Micro Devices, along with Friday's monthly jobs data, to gauge the market's trajectory.

Unsatisfied with earning next-to-nothing when his cash was parked at a small community bank, Eric Reed, 25, an insurance analyst in Springfield, Ill., moved more than a quarter of his portfolio into other investments.

He scooped up Treasury bills yielding 5.25%, a money-market fund paying 5% and a high-yield savings account offering 4.15%. And that was before the Fed's latest rate increase.

"The value of holding cash right now is incredible, it really

Please turn to page B2

BlackRock, Hedge Fund Fight Over Control of Investments

By JACK PITCHER

Hedge-fund manager Boaz Weinstein is locked in a fight with BlackRock over control of several investment products it runs, a battle that could upend part of the mutual-fund world.

Saba Capital Management, Weinstein's \$4.4 billion hedge fund, has been buying up shares in three of BlackRock's closed-end funds that are trading at a discount to their underlying assets.

Aiming to elect outsiders to the funds' boards and force changes to close that gap, Saba sued BlackRock and other asset managers last month over shareholder voting rights.

Closed-end funds are a type of mutual fund that issues a limited number of shares when they go to market. Unlike with open-end funds—the far larger variety with which most investors are familiar—the issuer of a closed-end fund doesn't issue or redeem new shares. Because of this, closed-end funds don't have to worry about redemptions forcing them to sell positions at inopportune times. The flip side is that the lack of liquidity can lead to the fund's

Please turn to page B6



Splash zones like this one at Silver Dollar City in Branson, Mo., help visitors beat the heat. Parks also are adding misting stations and staying open later at night.

Theme-Park Operators Battle Extreme Heat

By WILL FEUER

The scorching summer heat has theme-park operators scrambling to make visitors more comfortable as the industry seeks to draw back crowds coming out of the pandemic.

Park operators across the U.S. are extending hours into the evening and rolling out more misters, known in the industry as "scare-conditioning" because it looks like spooky fog. Others are directing visi-

tors toward so-called splash zones, where they can get showered by a nearby ride.

Silver Dollar City, a park with an 1880s theme in the Missouri Ozarks, is holding daily water balloon fights for visitors to combat heat forecast to hit triple digits this week.

The park, located in Branson, Mo., has also rolled out new drinks such as frozen lemonade, and since mid-July has extended park hours until 10 p.m., three hours later than usual, spokesman Dalton

Fischer said. The park has increased the number of staffers available to guide guests on hourlong tours of the giant limestone cave—where it stays about 68 degrees all year—that the park was built around.

Gary Jackson, who visited SeaWorld in Orlando, Fla., earlier this month with his wife and three grandchildren, appreciated the shade and cover provided by trees throughout the park. Still, the 55-year-old math teacher from Greenville, S.C.,

said: "It was hot as all get out."

A SeaWorld season-pass holder, Jackson said he mapped a course for the day ahead of time, mixing waiting in the sun for rides with sitting in the shade watching animal shows. His plan also accounted for drink-refill stations and included stops at the air-conditioned season-pass lounge. He used the SeaWorld app to order meals from the comfort of the lounge so that his family wouldn't be stuck waiting in

the heat for food.

"We had to be very strategic about it because we didn't want, especially our grandkids, to be in the heat like that for more than 30 or 40 minutes," he said.

Sweltering temperatures have lingered this summer over swaths of the U.S., with weeklong stretches of triple-digit temperatures recorded in Arizona and southern Texas. Such waves of intense heat have been exacerbated by cli-

Please turn to page B2

Walmart Buys Out Big Flipkart Investor

By PETER RUDEGEAIR

Walmart has paid \$1.4 billion to buy out a large investor in Flipkart, further cementing its control of the Indian e-commerce giant.

In recent days, Walmart bought the remaining shares of Flipkart owned by Tiger Global, according to a letter the New York hedge fund sent to its investors that was reviewed by The Wall Street Journal. The transaction valued Flipkart at \$35 billion, down from nearly \$38 billion when it sold shares to Japan's SoftBank, Walmart and other investors in 2021.

The investment offers the

Please turn to page B2

An Outcry Grows Over Data Used to Train AI

By DEEPA SEETHARAMAN AND KEACH HAGEY

A collective cry is breaking out as authors, artists and internet publishers realize that the generative-AI phenomenon is built partly on the back of their work.

The emerging awareness has set up a war between the forces behind the inputs and the outputs of these new artificial-intelligence tools, over

whether and how content originators should be compensated. The disputes threaten to throw sand into the gears of the AI boom as it seems poised to revolutionize the global economy.

Artificial-intelligence companies including **OpenAI**, its backer **Microsoft**, and Google built generative-AI systems such as ChatGPT by scraping oceans of information from the internet and feeding it into

Please turn to page B4

Barclays Problems Prompt Banker Exits

By JOSH MITCHELL AND CARA LOMBARDO

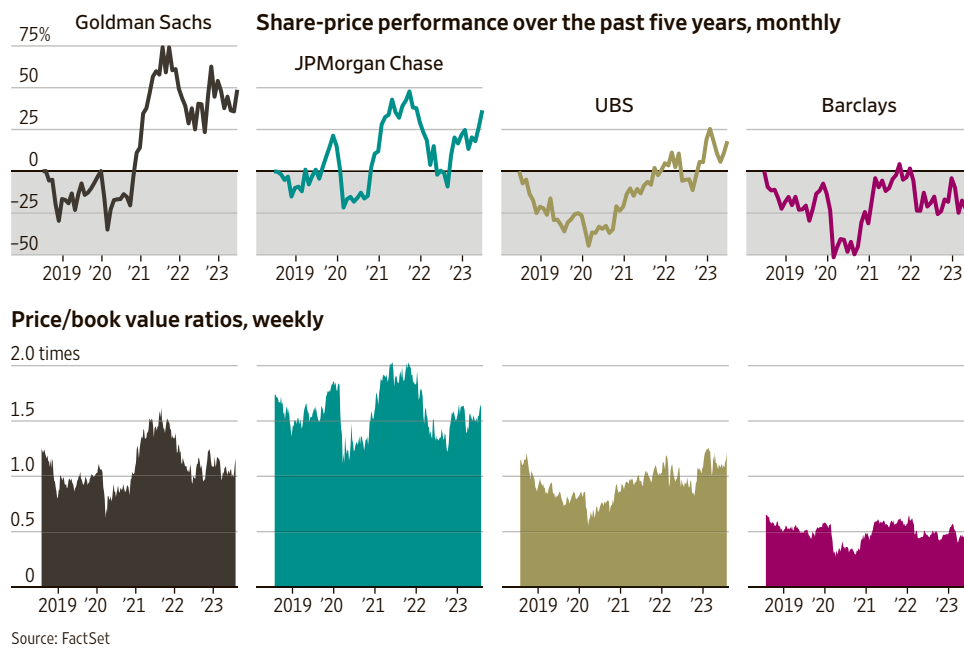
Barclays executives embarked on a drastic overhaul of the British bank's Wall Street arm early this year. The goal: prove it can hang with the likes of **JPMorgan Chase** and **Goldman Sachs**.

They replaced key leaders and laid out a strategy to become a top five player in as many lines of business as it can, if not investment banking overall.

So far, the changes have done little to lift its stock and led to an exodus of senior bankers—more than 30 of the investment bank's roughly 200 managing directors have left.

Fifteen years after its fire-sale purchase of Lehman Brothers' core assets jump-started its investment-banking business, the British lender is still trying to find its footing.

A combination of a big U.K. retail bank with credit-card businesses on both sides of the Atlantic, Barclays has, unlike its British peers, maintained a hefty investment bank serving big investors and companies. For years, Barclays executives, many of them alumni from JPMorgan, have talked about fashioning the



Source: FactSet

bank after its much larger U.S. rival.

Yet, unlike JPMorgan, Barclays's shares trade at about 45% of book value, among the lowest ratios among its Wall Street rivals, reflecting a chasm between how the bank and investors value the lender. It holds billions of dollars of debt on its books tied to Elon Musk's takeover of Twitter, and last year paid a hefty fine for a humiliating blunder in

which it accidentally sold unregistered securities.

Barclays's London-listed shares hover below where they were five years ago and slipped another 5% last week after the bank reported a drop in revenue. Investment-banking fees fell 15% and it cut its estimate on how much it would make from interest income this year. Some at Barclays say there is early evidence the changes are taking

hold: The bank's share of global investment-banking fees has moved from 3.1% last year to around 3.5% so far this year, according to Dealogic.

This account is based on conversations with people familiar with Barclays's internal workings.

The rough patch began in earnest last year. Coming off a boom of deal-making activity during the pandemic, business

Please turn to page B9

INSIDE



BUSINESS NEWS
Chinese e-shopping companies Shein and Temu step up a war for the U.S. market. **B3**



AGRICULTURE
A pathogen is attacking cannabis crops, threatening the industry. **B6**

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	Innovation and Growth	Progressive.....A4
Airbnb.....B2	Term Trust.....B6	R
Allstate.....A4	International Business	Rosneft Oil.....A18
Alphabet.....B2	Machines.....R7	S
Amazon.....B2	Intuit.....R7	Saba Capital
Amgen.....B2	J	Management.....B1
Apple.....B2	JD.com.....B3	Schneider Electric.....B3
B	Jefferies Financial GroupB9	SeaWorld.....B1
Bayerische Motoren	JPMorgan Chase.....B1	Shein.....B3
Werke.....B9	K	Shopify.....B2
Bellatrix Energy.....A18	Kellogg.....B2	Simplify Interest Rate
BHP Group.....B3	Kering.....B10	Hedge ETF.....B10
BlackRock.....B10	Kraft Heinz.....B2	Six Flags.....B2
BlackRock ESG Capital	L	South32.....B3
Allocation Term Trust..B6	Lazard.....B9	Starbucks.....B2,R7
Block.....B2	Leader Capital HoldingsB10	State Farm.....A4
Booking Holdings.....B2	LMVH Moët Hennessy	T
Burberry Group.....B10	Louis Vuitton.....B10	Target.....R7
C	M	Tavistock Group.....A8
Capital One Financial.....R7	McDonald's.....R7	3M.....R7
Cedar Fair Dep. Rec.....B2	Mercedes-Benz Group.....B9	Travelers.....A4,R7
Compass Minerals	Meta Platforms.....B4	U
International.....B10	Microsoft.....B1,B2,R7	Uber Technologies.....B2
F	Morgan Stanley.....B9	UBS Group.....B9
Fiserv.....R7	N	Union Pacific.....R7
Flipkart.....B1	News Corp.....B4	United Parcel Service.....R7
FolioBeyond Alternative	Nvidia.....R7	V
Income and Interest Rate	O	Vale.....B3
Hedge ETF.....B10	OpenAI.....B1	Vanguard Group.....B10
G	P	Vanguard Long Term
Galvanize Climate	PayPal.....B2	Bond.....B10
Solutions.....B3	Pfizer.....B2	Verizon CommunicationsR7
General Motors.....B9	PG&E.....B4	Visa.....B2
Goldman Sachs Group.....B1	Pilbara Minerals.....B3	W
Greenspring Funds.....B10	Pimco Extended Duration	Walmart.....A1, B1
H - I	Fund.Inst.....B10	Watches of Switzerland
Hermès.....B10	Plotlogis.....B3	Group.....B10
Home Depot.....A1	Prada.....B10	Y
Hyatt Hotels.....B2	Premier Rides.....B2	Yellow.....A1
IAC.....B4		Yum Brands.....B2

INDEX TO PEOPLE

A-B	Ketchen, David J.....R2	P
Astier, JF.....B9	Khosrowshahi, Dara.....B9	Perkins, Lynn.....R6
Ball, George.....R2	Klein, Michael.....A4	Poppe, Patti.....B4
C-D	Krishna, Arvind.....R7	Porfilio, Dale.....A4
Compton, Paul.....B9	L	R-S
Darby, Jessica.....R2	Lewis, Joe.....A1	Ramirez, Lisa.....R6
Dhillon, Gurinder.....B9	M	Salazar, Lucia.....R6
Diaz, Anabel.....B9	Marzena Stykowska.....R6	Schnitzer, Alan.....R7
Don.....	MacCracken, Addie.....R6	Staley, Jes.....B9
E	Mantas, Jesus.....R7	Steyer, Tom.....B3
Eisfeldt, Andrea.....R7	Menuet, Lauren.....A1	T
Elliott, Bob.....B1	Miller, John.....B9	Tang, Donald.....B3
F	Minar, Stephen.....B1	V-W
Falbo, Alyssa.....R6	Mukherjee, Ujjal.....R2	Venkatakrishnan, C.S.....B9
Fang, Kenneth.....B6	Muller, Molly.....R6	Webber, Michael.....B4
Fox, Rod.....A4	Musk, Elon.....B4	Weinstein, Boaz.....B1
H	N	X
Hall, Katie.....B3	Natarajan, Prem.....R7	Xu, Kevin.....B3
Hook, Christopher.....B9	Newsome, Paul.....A1	Z
J-K	Nutt, David.....A3	Zawacki, Tim.....A4
Jesus Mantas.....R7	O	Zutel, Fred.....A4
Job, Andrew.....B3	O'Kane, Layla.....R7	Zhang, Don.....R6
	Orren, David.....A3	

Investors Feast on High Rates

Continued from page B1
benefits natural savers like me," he said.

Reed took advantage of lower interest rates in 2020 to buy a condo, borrowing for 30 years at 2.85%. He said he was making extra payments on his mortgage until the Fed kept ratcheting up rates. The average 30-year mortgage rate is closer to 7% today.

"Why pay off super-low-rate debt if I can earn far more just holding cash?" he said.

Reed is far from alone. Americans have flocked to cashlike investments, lured by higher returns after years of little income. Assets in money-market funds have surged to a record \$5.5 trillion. Banks are increasingly using CDs to lure back depositors. And one of the most popular bond exchange-traded funds this year has been an iShares ETF investing in Treasuries that mature in three months or less.

Laura Kisailus, 44, a strategic communication consultant in Pittsburgh, said she and her husband have been buying short-term Treasury bills with

yields of nearly 5.5% directly through the government's website.

"How does it feel that we're outpacing our mortgage with Treasuries? It feels good," she said. "And now we're beating inflation, plus there's no state or local income tax. Actually, it feels great."

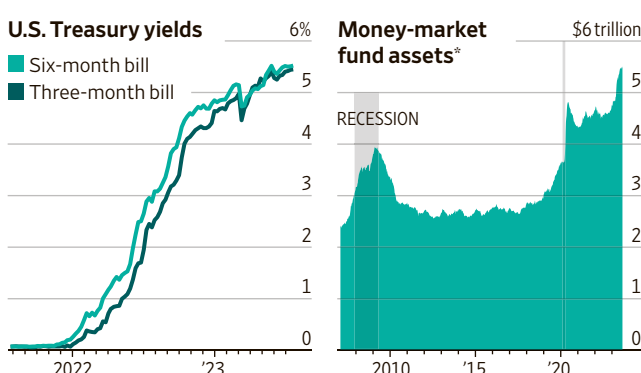
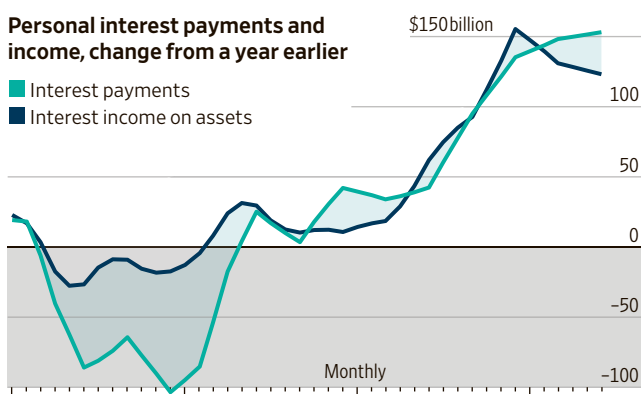
"We aren't going to get rich on T-bills, but we aren't going to lose it by rolling the dice on the stock market," she added.

Kisailus said she got wrapped up in the meme-stock craze in 2021, losing a couple of thousand dollars after dipping her toes into active trading through GameStop shares. Although that sum wasn't a big blow to her portfolio, she said it underscores how she feels about investing: Taking a conservative "slow and steady wins the race" approach to core holdings, and reserving excess cash to play the market.

"We lived through the 2008 financial crisis as adults—this isn't our first rodeo," she said. "We live pretty modest lifestyles and keep our 'sandbox' money away from our nest egg."

Frank Weissmann, 43, a cloud-computing consultant, said he has half of his portfolio in money-market funds and high-yield CDs.

"I'm guaranteed not to lose," he said. "CDs are easy, plentiful, and now they're paying very high rates. I'm taking advantage of that."



*Weekly data, as of July 26
Sources: Commerce Department via St. Louis Fed (personal interest payments and income); Tradeweb ICE Clones (yields); Investment Company Institute (assets)

BUSINESS & FINANCE

Apple, Amazon to Post Earnings

By BEN GLICKMAN

Apple, Amazon.com and **Starbucks** will report earnings this week, offering insights into where consumers are spending their money as inflation eases and interest rates rise.

Uber Technologies also is set to report, along with pharmaceutical companies **Pfizer** and **Amgen**, online payment giants **PayPal Holdings** and **Block**, and food conglomerates **Kraft Heinz** and **Kellogg**.

During the week, 170 S&P 500 companies, including four Dow Jones Industrial Average components, are scheduled to report. So far, 51% of S&P 500 companies have reported their earnings, according to FactSet.

Earnings are on pace to fall by 7.3% compared with a year ago, which would be the largest drop since the second quarter of 2020, according to FactSet.

The expected quarterly updates come after the Fed raised interest rates to a 22-year high last Wednesday, resuming a steady stream of rate hikes that paused in June. Officials have also signaled further increases may be on the way. Meanwhile, inflation has been tamed from its peaks last year and economic growth has accelerated over the past three months.

Consumer spending has cooled but continues to grow. Spending by American consumers rose 1.6% in the second quarter, helping to lift the U.S. economy, but more slowly than the first quarter's 4.2% rise.

"Our data did not indicate any behavior change across consumer segments" in the second quarter, **Visa** Chief Financial Officer Vasant Prabhu said last Tuesday. "The consumer has remained resilient so far."

PayPal, reporting results Wednesday, and Block, reporting Thursday, will add color to that picture, showing how on-line payments have fared.

Apple will report Thursday after a mixed week for big tech, in which **Microsoft** said its sales growth slowed, while Google parent **Alphabet** posted its second quarter of accelerating growth.

E-commerce juggernaut Amazon on Thursday and **Shopify** on Wednesday will indicate how aggressively consumers have been buying goods online. Online shopping has grown faster than retail overall, despite moderating since its rapid rise during the pandemic.

Starbucks, reporting Tuesday, and **Yum! Brands** on Wednesday will offer a sign of how much consumers will foot the bill for higher prices for

their favorite brands. Yum has ramped up discount offerings at its KFC and Taco Bell chains to attract diners who want to save money. Starbucks, meanwhile, has said customers are spending extra on syrup, foams and add-ons to their drinks, and the company doesn't need to discount its offerings.

Travel is still booming, and a flurry of earnings from hotel and accommodation chains will give perspective on how they are coping with high demand, including **Marriott International** on Tuesday as well as **Airbnb**, **Booking Holdings** and **Hyatt Hotels** on Thursday.

Kellogg and Kraft Heinz will show the state of often-volatile food prices. In June, prices of food consumed at home were flat, and have dropped in two of the past four months, according to the Bureau of Labor Statistics.

Theme-Park Operators Battle Heat

Continued from page B1
mate change, according to the World Meteorological Organization, which projects that this July will be the hottest month on record.

Hot summer days have long been a challenge for U.S. theme parks. Increasingly severe weather has emerged over the past decade or so as a growing focus for executives and investors. More extreme summer weather in particular is starting to reshape the industry, spurring more investment in water parks and indoor rides.

U.S. theme parks were shut down for much of 2020 when the pandemic hit, and attendance for many parks still has yet to recover to 2019 levels. Now, oppressive heat across swaths of the country is weighing on what executives had hoped would be a blockbuster summer. Through Friday's close, shares of **Six Flags**, **Cedar Fair** and **SeaWorld** are all down this year, compared with a 19% gain for the S&P 500.

"When you get this excruciating heat wave that we're seeing and it lasts the period that it has, it will slow things down dramatically," said Dennis Speigel, chief executive of consulting firm International



Summer heat has long been a challenge for U.S. theme parks, and the challenge is growing.

Theme Park Services. The season started slowly because of a cold and wet spring, and attendance never took off around key weekends such as Memorial Day and the Fourth of July, he said.

At Fun Spot America's park in Orlando, communications manager John Chidester has been making the rounds to re-

mind guests to hydrate and apply sunscreen. The heat is pushing customers to show up later and stay closer to the park's midnight close, he said, speaking by phone from the park's "splash pad," a sprinkler-equipped playground.

Attendance has held up, Chidester said, with visitors taking advantage of the park's

ample air conditioning at its diner and other indoor spaces. Plenty of oak trees also shield visitors from the sun.

Fun Spot, which also operates parks in Atlanta and Kissimmee, Fla., is taking steps to make its roller coasters more resilient to extreme weather, Chidester said. Steel tends to expand in the heat.

Walmart Lifts Stake In Flipkart

Continued from page B1
U.S. retail behemoth greater exposure to the fast-growing global digital-consumer market.

Privately held Flipkart is one of the largest e-commerce companies in India. Started in 2007, Flipkart said last month it had a customer base of more than 450 million and offered over 150 million products through its marketplace.

Flipkart's business spans everything from traditional e-commerce to an online prescription service and bricks-and-mortar stores.

In 2018, Walmart paid \$16 billion for a 77% stake in the company, its largest acquisition to date. More recently, the stake stood at about 75%; it couldn't be learned what it is now.

Walmart earns the majority of its revenue and profits from its U.S. business and has pared down other international operations in recent years, selling off much of its stake in U.K. retailer ASDA and its operations in Brazil, Japan and Argentina.

Tiger and Flipkart have a long history. The hedge fund's first investment in the company dates back to 2009, and Flipkart's current CEO, Kalyan Krishnamurthy, is a former managing director at Tiger.

The hedge-fund firm invested nearly \$1.2 billion in Flipkart between 2010 and 2015 and has generated \$3.5 billion in gains, according to the investor letter, a bright spot in a difficult environment for startup investors.

—Sarah Nassauer contributed to this article.



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BUSINESS NEWS

China's Shein and Temu Ramp Up Feud in U.S.

BY SHEN LU

Shein and Temu, two of the fastest-growing shopping platforms in the U.S., have taken the gloves off in a globe-spanning fight that accentuates a strong reliance on China that both companies are trying to play down.

Fashion retailer Shein, with its \$5 pants and \$9 dresses, seemed indomitable in its quick rise to become the top fast-fashion company in the U.S. Then came Temu, an online marketplace backed by Chinese e-commerce firm PDD Holdings, which has soared in popularity since its U.S. launch in September.

The two companies have slapped lawsuits on each other in U.S. courts, alleging corporate dirty tricks, including trademark infringement and bullying suppliers to pick sides.

Less publicly, the dispute is playing out on the ground in China, where most of their supply chains and back offices are. The firms are fighting for suppliers and workers and are demanding long hours as part of a competition to get cheap goods to win over thrift shoppers in the U.S.—their biggest market.

Both Shein and Temu have sought to distance themselves from China amid rising geopolitical tensions between Washington and Beijing, with some U.S. lawmakers pushing for a blanket ban on Chinese apps. Shein, which doesn't sell in



Fast-fashion retailer Shein has been consistently losing U.S. market share to its rival.

China, has relocated its headquarters from the eastern Chinese city of Nanjing to Singapore. Temu says it is based in Boston and has removed from its website mentions of its links to Shanghai-based PDD.

In the most recent salvo, Temu's antitrust lawsuit against Shein in federal court in Boston on July 14 alleges Shein forced Chinese clothing manufacturers into signing exclusive agreements with the online fashion retailer and threatened them with fines and penalties if they worked with Temu.

Temu also claimed that Shein sent fake notices of

copyright infringement to disrupt publicly Temu's sales. Some garment makers have asked Temu to remove their products from the site "to appease Shein," it added.

"We believe this lawsuit is without merit, and we will vigorously defend ourselves," a Shein spokesperson said.

Shein, which made its debut in the U.S. in 2017, fired the first legal shot in December in federal court in Illinois, alleging that Temu had stolen Shein's trademarks and copyrighted images and impersonated Shein on social media. Temu "strongly and categorically rejects all allegations," a

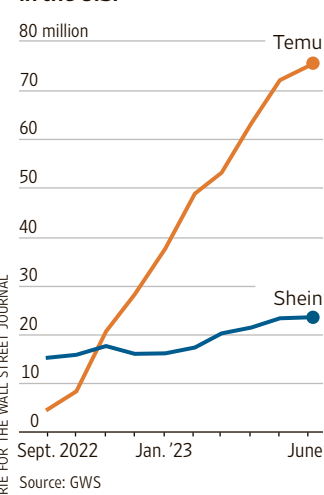
spokesperson said.

"These tit-for-tat lawsuits between Shein and Temu undermine both companies' efforts to look less Chinese, when each already has a target on its back from Congress," said Kevin Xu, a tech investor not invested in either company.

Shein, which sells to more than 150 countries, was recently valued at \$66 billion and posted \$23 billion in revenue last year. Since Temu came into view, Shein has consistently lost U.S. market share to its rival, data from Earnest Analytics shows.

Shein's sales growth accel-

Monthly active users in the U.S.



GILLES SARRIE FOR THE WALL STREET JOURNAL

Source: GWS

erated in the first half of 2023 from the second half of 2022, Executive Vice Chairman Donald Tang said in a letter he sent to investors last Wednesday. The letter, viewed by The Wall Street Journal, said Shein brought in the highest first-half income in the company's history.

Shein's success is rooted in the agile supply chain it pioneered, placing orders in small quantities to test market appetite and replenishing orders as needed. Recently, Shein has ventured beyond fashion and lifestyle, adopting a Temu-style marketplace model for big-ticket items and household products that are a staple of its rival.

Outside China, Shein has been on a hiring spree and

building supply-chain and logistics infrastructure. The company has explored the possibility of hiring a leader for its U.S. operations, people familiar with the company said.

Founded in 2015, Nasdaq-listed PDD started in China by selling heavily discounted, generic household staples and quickly rose to rival Alibaba and JD.com. It launched Temu in 25 markets in less than a year.

So far, Temu has focused on getting shoppers to swipe and buy. Its monthly user base in the U.S. is three times that of Shein, according to mobile-insights consulting firm GWS. Temu users spend 23 minutes a day on average on its app, longer than Shein users, at 15 minutes, GWS said.

Current and former Shein employees in China said Temu last year poached aggressively from Shein, especially those in supply-chain and operations positions. PDD's head count, which includes Temu and its Chinese sister platform, Pinduoduo, numbered 13,000 at the end of 2022. Shein has more than 11,000 workers.

On Chinese job-seeking site Maimai, users say Shein has offered financial incentives to pull longer hours and requires some employees to clock at least 242 hours a month.

The companies are also fighting for suppliers throughout China that constantly compare profitability across platforms.

Mine-Tech Startup Raises \$28 Million

BY RHIANNON HOYLE

Australian mining tech startup Plotlogic has raised \$28 million in Series B financing as attention grows on the need for greater supply of clean-energy metals and on the environmental costs of extracting them.

The round was co-led by Tom Steyer's and Katie Hall's climate investment platform, Galvanize Climate Solutions, and SE Ventures, the investing firm backed by French energy and automation giant Schneider Electric.

Founded in 2018, Plotlogic offers technology it says can help miners better pinpoint and extract minerals and metals, increasing output and cutting waste.

The Brisbane, Australia-based startup intends to use the fundraising proceeds to help it expand in a number of markets, including in North America, founder and Chief Executive Andrew Job told The Wall Street Journal.

Plotlogic says its customers today include the world's biggest miner by market value BHP Group, Brazilian miner Vale and Australia-based mining and metals company South32, as well as Sydney-listed lithium company Pilbara Minerals.

Big miners are seeking ways to increase production of metals, including copper and nickel, that are expected to be in high demand as the world decarbonizes and electrifies. The International Energy Agency recently estimated that clean-energy demand for critical minerals could grow by up to 3½ times by 2030.

At the same time, investors and others are pressing miners to find ways to lower their own environmental footprint, including cutting their greenhouse-gas emissions and reducing mine waste.

Plotlogic's first commercial product, OreSense, combines light-detection and ranging, or lidar, equipment used in self-driving vehicles, and so-called hyperspectral imaging sensors, which measure hundreds of spectral bands from visible to infrared, with machine-learning algorithms to detect mineral-rich ore among large amounts of rock.

OreSense can be used in a number of different ways, including to scan a mine face or ore as it travels along a conveyor. Job likened it to swapping out a hacksaw for a scalpel.

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Musk Says a Power Shortage Is Coming

U.S. consumption of electricity will triple by about 2045, warns Tesla CEO

By TIM HIGGINS

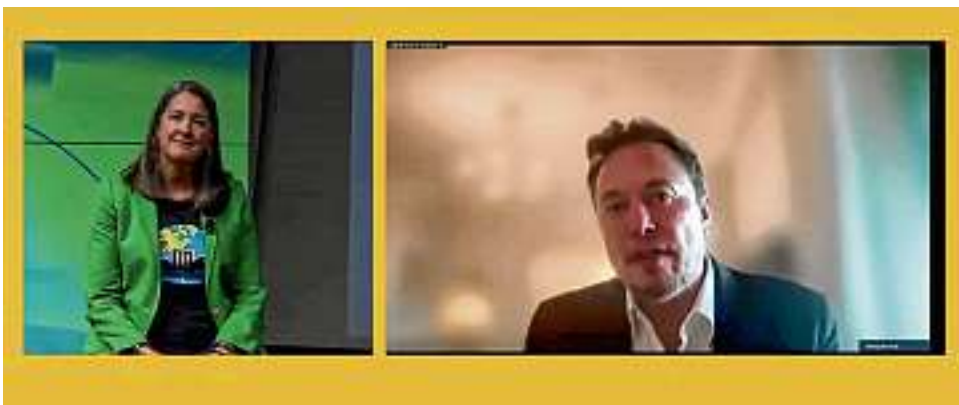
Elon Musk wants more power—literally.

The man behind the race to replace gasoline-fueled cars with electric ones is worried about having enough juice.

In recent days he has reiterated those concerns, predicting U.S. consumption of electricity, driven in part by battery-powered vehicles, will triple by around 2045. That followed his saying earlier this month that he anticipates an electricity shortage in two years that could stunt the energy-hungry development of artificial intelligence.

“You really need to bring the time scale of projects in sooner and have a high sense of urgency,” Musk told energy executives last Tuesday at a conference held by PG&E, one of the nation’s largest utilities. “My biggest concern is that there’s insufficient urgency.”

Musk’s participation with PG&E Chief Executive Patti Poppe at the power company’s



PG&E Chief Executive Patti Poppe interviewed Elon Musk virtually at a conference last week.

conference marked the third major energy event the billionaire has appeared at in the past 12 months. He has tried to spark more industry attention on the infrastructure required for his EV and AI futures as he advocates for a fully electric economy.

“I can’t emphasize enough: we need more electricity,” Musk said last month at an energy conference in Austin, Texas. “However much electricity you think you need, more than that is needed.”

The U.S. energy industry in recent years already has struggled at times to keep up with demand, resorting to threats of rolling blackouts

amid heat waves and other demand spikes. Those stresses have rattled an industry undergoing an upheaval as old, polluting plants are being replaced by renewable energy. Utilities are spending big to retool their systems to be greener and make them more resilient. Deloitte estimates the largest U.S. electric companies together will spend as much as \$1.8 trillion by 2030 on those efforts.

Adding to the challenge is an industry historically accustomed to moving slowly, partly because of regulators aiming to protect consumers from price increases.

And that has been mostly

OK. For the past 20 years, U.S. electricity demand has grown at an average rate of 1% each year, according to a Deloitte study.

“If you have a fairly static electricity demand, which has been the case in the U.S. for a while, it hasn’t changed a lot, then having projects take a long time is OK,” Musk said last Tuesday. “But in a rapidly changing scenario, where electricity demand is increasing, we have to move much faster.”

Executives and consultants do see stark change coming—but not as dramatic as what Musk predicts.

PG&E expects electricity demand will rise 70% in the

next 20 years, which, the California company notes, would be unprecedented. Similarly, McKinsey expects U.S. demand will double by 2050.

“This is an opportunity of the century for the power sector, and they could blow it if they don’t get it right,” Michael Webber, an energy resources professor at the University of Texas, Austin, said of the industry. “This demand growth is partly from EVs, but also heat pumps, data centers, AI, home devices...you name it.”

PG&E’s Poppe seemed receptive to Musk’s warning, if not exactly leaping to update her plans. “We are definitely taking notes here,” she told Musk. “I’m going to be the last person to doubt your predictions for the future.”

Part of the differing views of growth may boil down to how Musk wants the world to change. He wants cars and heating systems running on electricity.

His push for tripling output is part of his advocacy for a transition to a fully electric economy, a more ambitious step than many in the industry are pursuing.

Beyond seeking a greener future, Musk is also warning

that a lack of electricity could be crippling, much like the recent chips shortage that damaged the tech and auto industries. This time, it might stunt the burgeoning development of AI.

“My prediction is that we will go from...an extreme silicon shortage today to...an electricity shortage in two years,” Musk said during an event earlier this month to discuss his new startup, xAI, which aims to develop advanced intelligence. “That’s roughly where things are trending.”

One of Musk’s solutions is to better optimize the grid by running power plants around-the-clock and storing the energy not used during peak hours in battery packs for use later.

He is advocating for more electricity at the same time he is stoking demand. And no place in the U.S. better illustrates that than in California, where car buyers continue to embrace EVs sold by him and others.

The success of Tesla helped EVs make up 21% of new vehicle registrations in the state through the first half of this year, an increase from just 5.2% in all of 2019.

An Outcry Grows Over AI Data

Continued from page B1

training algorithms that teach the systems to imitate human language. The companies generally say their data use without compensation is permitted, but they have left the door open to discussing the issue with content creators.

Earlier in July, thousands of authors including Margaret Atwood and James Patterson signed an open letter demand-

ing that top AI companies obtain permission and pay writers for the use of their works to train generative-AI models. Comedian Sarah Silverman and other authors also filed lawsuits against OpenAI and Facebook parent Meta Platforms for allegedly training their AI models on illegal copies of their books that were captured and left on the internet.

News publishers have called the unlicensed use of their content a copyright violation. Some—including Wall Street Journal parent News Corp, Dotdash Meredith owner IAC and publishers of the New Yorker, Rolling Stone and Politico—have discussed with tech companies exploring ways they might be paid for the use of

their content in AI training, according to people familiar with the matter.

The Associated Press and OpenAI announced a deal this month for the tech company to license stories in AP’s archive.

Elon Musk has blamed AI companies scraping “vast amounts of data” for a recent decision by X, then called Twitter, to limit the number of tweets some users could view. And striking actors and writers have cited concerns that Hollywood studios could use AI to copy their likenesses or eliminate their jobs.

The escalating tensions reflect a broader rethinking of the value of writing and other online content, and how freely it should be swept up by large

tech companies investing heavily in AI technologies that they expect to power future profits.

Patterson, one of the country’s most popular writers, said he found the idea that all of his novels—more than 200 of them—were likely ingested without his permission to train generative-AI software to do his job “frightening.”

“This will not end well for creatives,” he said in an interview.

The complaints filed by Silverman and other authors allege that the companies trained their systems on illegal “shadow libraries” containing books under copyright.

OpenAI and Google have both said they train their AI models on “publicly available”

information, a phrase that experts say encompasses a spectrum of content, including from paywalled and pirated sites. OpenAI also said in a statement that it respects the rights of creators and authors, and that many creative professionals use ChatGPT.

The fights hold the potential to put new limits or add considerable cost to accessing data that would radically change the business equation for these new AI tools.

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Margaret Atwood has spoken out in favor of authors.

THE JOURNAL.

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BUSINESS & FINANCE

Cannabis Industry Grapples With Potency-Sapping Disease

Pathogen spreading among crops is rendering marijuana plants less effective

By DEAN SEAL

A pathogen is contaminating cannabis crops around the country and threatening to leave billions of dollars of losses in its wake.

Cannabis researchers and experts are sounding the alarm for what is known as hop latent viroid, or HLVD, and cultivators are stepping up efforts to discover whether their plants are infected. The pathogen can drastically reduce the potency of the psychoactive compounds in marijuana, a phenomenon that growers have long called “dudding.”

“It’s a risk within your facility for your healthy plants at all times,” said Miles Sadowsky, chief cultivating officer at Earth’s Healing dispensary in Tucson, Ariz. “It’s kind of like a fox in the henhouse.”

There isn’t a known cure for the viroid, researchers say, and the uneven regulatory landscape for marijuana puts the onus on growers to test and cull infected crops. As a result, it isn’t clear how much dudded marijuana has made its way from grow sites in one state to dispensaries in other states.

Some publicly traded cannabis companies have issued warnings about the viroid to investors. Cannabis sales are estimated to reach nearly \$32 billion in the U.S. this year, according to Brightfield Group, a cannabis market-research firm.

Researchers first detected the viroid decades ago in hops, finding an infection could reduce both yield and the compounds in hops that add bitterness and aroma to beer.



Jeremy Warren, Dark Heart Nursery's director of plant science.

Unlike viruses, viroids have only been detected in plants and don’t infect humans or animals.

Pot growers started noticing dudding in their plants more than a decade ago. In 2019, a pair of independent studies linked the problem to HLVD.

Two years later, a cannabis nursery in California called Dark Heart Nursery detected HLVD infections at about 90% of more than 100 grow sites tested in the state between August 2018 and July 2021. Dark Heart’s 2021 study estimated that the pathogen could lead to \$4 billion in crop losses based on U.S. cannabis sales in that year.

The viroid has been identified in cannabis plants all over the country as well as Canada, Europe and Latin America. Plant pathologists and cannabis experts say the spread of the viroid was likely accelerated by the popularity of weed from California, which legalized cannabis for medical use in 1996.

The spread also reflects the evolution of the cannabis business into a major agricultural crop. The risk of a new disease expanding increases for any crop that goes from low to high production, as cannabis has in the past two decades, said Jeremy Warren, Dark Heart’s director of plant science.

“You saw the spread happen in the legal states first, like California, where you started having bigger grows and bigger greenhouses that are making thousands and tens of thousands of plants,” Warren said. “In that system, it’s harder to maintain sanitation and it’s easier for a pathogen to take off.”

The U.S. Agriculture Department typically sets quality standards and inspection requirements for agricultural products, but marijuana’s illegality at the federal level keeps it out of the agency’s purview.

Many states and the District of Columbia have legalized pot in some form and

created their own distinct oversight groups, so viroid testing standards vary by each cannabis producer.

As long as marijuana remains illegal under federal law, state-level groups lack much-needed engagement with federal agencies that could help them tackle pathogens and contaminants like HLVD, said Gillian Schauer, executive director of the Cannabis Regulators Association, a collection of cannabis-focused state agencies.

Without a step up in government oversight, there are few safeguards in place to stop the spread or ensure infected weed isn’t hitting shelves. “We may have this for another 10 years before we get it under control,” said Zamir Punja, a professor of plant biology at Simon Fraser University in British Columbia.

Matt Mooney, head grower at Franklin Fields in Lansing, Mich., estimates he lost about \$70,000 in 2021 from having to cull a set of plants infected with HLVD. He noticed one marijuana strain, called blueberry muffin, in his flowering room developed weak stems that broke off with a slight touch. He suspected deficient soil or watering.

A friend in the industry, meanwhile, posted on Instagram about dudding being caused by HLVD. A test confirmed that the viroid, which Mooney hadn’t heard of before, had infiltrated his operations.

The grow operation soon adopted new practices to try to ward off new outbreaks, including going through about 100 new scissors a month and decontaminating them when not in use.

“It was definitely a learning curve to kick-start a lot of new processes that we weren’t doing before,” he said.

BlackRock, Hedge Fund Do Battle

Continued from page B1
shares trading for more or less than the value of the securities in the fund.

Saba uses an arbitrage strategy at closed-end funds, aiming to buy the shares at a big discount and posture for changes that will push them closer to their underlying value. In the past, Saba has agitated for governance changes, including converting funds to open-end portfolios or selling the underlying assets and returning the money to shareholders.

BlackRock is aggressively defending its funds from Saba’s attack.

“The truth is this is a hedge-fund manager who is using its sheer size and assets to take control of closed-end funds for its own benefit at the expense of the retail investor,”

said Stephen Minar, BlackRock’s managing director of closed-end fund products.

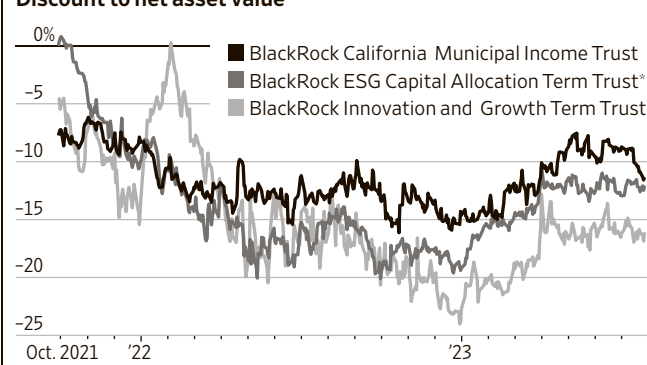
The hedge fund has so far failed to elect new directors at the BlackRock funds. Two of the funds didn’t reach the quorum required to elect new directors at their annual meetings.

In his lawsuit, Weinstein claims the world’s largest asset manager is entrenching existing trustees and depriving its closed-end fund shareholders of their voting rights.

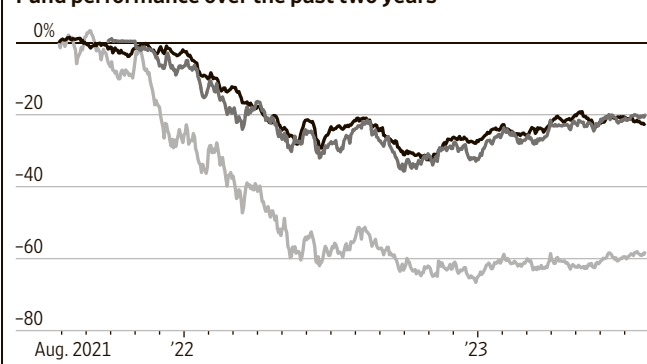
The suit, filed in New York federal court, targets 16 closed-end funds run by BlackRock, Franklin Resources, Tortoise Capital Advisors, Adams Funds and FS Investments. It seeks to invalidate what is called a control-share provision, a law in some states that allows companies to cap the voting power of a single new shareholder or associated shareholders.

The BlackRock funds in question are the **ESG Capital Allocation Term Trust**, the **Innovation and Growth Term Trust** and the California Municipal Income Trust. All three trade at discounts of more than 10% to their asset value.

Discount to net asset value



Fund performance over the past two years



*Began trading on Sept. 28, 2021

Source: FactSet



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CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12-month yield is computed by dividing income dividends paid during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: Lipper

Friday, July 28, 2023

Fund (SYM)	NAV	Close/Disc	Ret	52 wk	Prem12 Mo
Adams Diversified Eq Inc	ADAX	20.73	17.59	-15.1	13.1
Central Secs	CET	44.97	37.05	-17.6	6.9
CohenStrcsCEOPffD	FOF	10.95	11.06	+1.0	0.6
EVTrxAAdvDvlncm	EVT	24.66	23.51	-4.7	-1.7
GabelliDiv&IncrT	GDV	25.58	21.75	-15.0	4.4
Gabelli Equity Tr	GAB	5.42	5.67	+4.6	1.3
GeneralAmer	GAM	51.68	42.47	-17.8	14.1
JHancockTxAAdvDvl	HTD	21.74	20.73	-4.6	-7.4
Liberty All-Star Equity	USA	6.51	6.70	+2.9	9.0
Liberty All-Star Growth	ASG	5.66	5.43	-4.1	-7.0
Royce Micro-Cap Tr	RMT	10.35	9.10	-12.1	8.0
Royce Value Trust	RVT	16.25	14.29	-12.1	-2.1
Source Capital	SUR	43.49	39.41	-9.4	6.9
Sprott Focus Fund	SOF	8.94	8.36	-6.5	6.9
SRH Total Return	STW	16.81	13.66	-18.2	6.5
Tri-Continental Tr	CTF	32.22	28.29	-12.2	6.5
Specialized Equity Funds					
abrdn Glb Prem Prop	AWP	4.29	4.02	-6.3	-15.7
abrdn Global Infra Inc	ASGI	21.32	18.18	-14.7	6.0
Adams Natural Resources	PEO	26.03	22.28	-14.4	13.0
ASA Gold & Prec Met Ltd	ASA	17.95	15.33	-14.6	1.4
BR Enh C&I	CH	19.53	18.97	-2.9	10.9
BlackRock Res & Comm	BGR	14.14	12.36	-12.6	12.3
BlackRock Eq Env Div	BDJ	8.96	8.33	-7.0	-1.6
BlackRock Engh Gbl Div	BOE	11.80	10.23	-13.3	7.2
BlackRock Engh Intl Div	BGY	6.26	5.51	-12.0	13.4
BlackRock ESG Cap All	BMZ	18.09	15.91	-12.1	15.2
BlackRock Hlth Sciences	BHC	16.26	14.16	-13.1	-2.5
BlackRock InnoVat Gro	BIGZ	9.64	8.15	-15.5	5.2
BlackRock Res & Comm	BRC	11.03	9.68	-12.2	12.3
BlackRock Sci&Tech	BST	21.98	18.43	-16.2	-3.0
BlackRock Sci&Tech Trust	BST	34.79	34.94	+0.4	3.2
BlackRock UK Inf & Pwr	BUI	23.05	23.34	+1.3	8.5
CLEARBRIDGE ENGL MIDSP	BMO	36.52	31.57	-13.6	20.4
CLEARBRIDGE GENMIDST MTR	CTR	38.53	33.25	-13.7	20.1
Clearbridge MLP & Midst	CEN	42.59	36.87	-14.2	18.5
ChnStrInfr	UFP	23.95	23.33	-1.1	-8.5
Cohen&StearsQualinc	RO1	12.70	11.92	-6.1	-15.2
CohenStrcsRealEst	RLE	12.82	11.87	-8.1	-12.6
Cohen&Stears TotRet	RFP	11.76	11.70	-0.5	-13.8
CohenStrcsRealEst	RNE	20.25	19.50	-3.7	-7.7
DNP Select Income	DNP	8.48	10.18	+20.1	-2.3
DuffPhyllisInflRtn IncF	DFP	11.44	10.01	-12.5	-22.9
EtnVncEqtyIncl	EOI	16.86	16.81	-0.3	12.3
EtnVncEqtyIncl	EOS	19.10	18.30	-4.2	6.6
EVRSkMnDvsEqInc	ETJ	8.62	8.25	-4.3	-4.5
EtnVncTxDvEqInc	ETB	14.36	13.80	-3.9	-8.9
EtnVncTxDvEqInc	ETC	12.35	12.43	-0.6	-3.2
EtnVncTxDvEqInc	ETA	12.58	12.43	-1.2	8.6
EtnVncTxDvEqInc	ETG	9.17	8.30	-9.5	2.0
EVTrxAAdvDvlncm	EXG	8.87	8.05	-9.2	2.3
Ecofin S&S Impact Term	TEAF	15.72	13.09	-16.7	-2.6
First Trust Energy Inc	FE	15.57	13.92	-10.6	-5.8
First Tr Enhanced Eq	FFA	18.73	18.26	-2.8	8.6
First Tr Energy Infra	FIF	17.60	15.53	-11.5	11.6
First Tr MLP Engr&Incl	FEI	9.40	8.15	-13.3	7.1

Fund (SYM)	NAV	Close/Disc	Ret	52 wk	Prem12 Mo
Gabelli Healthcare	GRX	12.18	10.00	-17.9	-9.99
Gab Utility	GUT	3.28	7.03	114.3	9.2
GAMCOG/Gold&NatRes	GGN	3.96	3.79	-4.3	18.5
J Han Finl Oppty	BTO	28.48	30.90	+8.5	-13.0
Neuberger Brm MLP & E	NEL	8.12	7.00	-13.8	10.3
Nuv Dow 30 Dyn Gen Con	NBXG	13.46	10.99	-18.4	12.7
Nuv CorEqAlpha	JACE	13.54	13.07	-3.5	4.0
Nuv Nasdaq100 Dyn O	QQQK	24.91	24.79	-0.5	9.7
Nuv Real Est	JRS	8.62	7.59	-11.9	-15.7
Nuven Rl Assnt Inc & Gro	JRI	13.58	11.57	-14.8	-8.9
NuvSP500DyvDvF	SPXK	16.62	15.87	-4.5	4.4
NuvSP500BuyIncrF	BXMK	13.99	13.59	-2.9	8.5
ReavesUtilityInc	UTG	27.80	28.14	+1.2	-5.6
Tortoise Enrgy Infra Crp	TTC	37.04	30.27	-18.3	-1.0
Tortoise Midstream Enrg	NTE	42.33	35.01	-17.3	4.1
V DivInt&PremStr	VIA	14.87	12.81	-13.9	8.6
V Art Int&Tech Oppty	AIO	20.02	12.61	-7.0	15.0
Income & Preferred Stock Funds					
Calamos Strat Tot	CSO	15.21	15.23	+0.1	8.4
CohenStrcsLdrPrfInc	LDP	19.92	18.31	-8.1	-7.3
CohenStrcsSfPrfInc	PSF	19.63	18.81	-4.2	-5.5
CohenStrcsTxAAdvPrfSc	PTA	19.46	18.23	-6.3	-0.2
First Tr Dvr PrfInc	FFP	17.75	15.71	-11.5	-15.7
J Han PrefInc	HPI	15.15	15.56	+2.7	-8.4
JHP PrefIncl	HPP	15.03	15.39	+2.4	-10.0
JHn PrfDinc III	HPS	13.54	14.08	+4.0	-9.4
J Han Prm PBT	PBT	11.98	11.38	-5.0	-18.9
LMP CapInco	SCD	15.16	12.89	-15.0	4.8
Nuven Multi-Asset Inc	NMAI	14.08	12.01	-14.7	4.8
Nuven Pref & Inc Opp	JPC	7.43	6.54	-12.0	-13.4
Nuven Fd JPS	JPS	7.46	6.53	-12.5	-9.7
Nuven Var Rate P&I	NPPF	18.70	17.49	-6.5	-8.2
Nuven Var Rate P&I	NPPG	18.37	16.18	-13.5	-12.8
TCW Strat Income	TSI	5.06	4.70	-7.1	0.9
Convertible Sec's Funds					
AdmntCvrtblIncF	AVK	12.82	11.87	-7.4	-1.5
Calamos ConvHl	CHY	11.03	11.39	+3.3	-4.1
Calamos ConvOp	CHI	10.46	11.20	+7.1	-3.8
Ellsworth G&F Fund Ltd	EFC	9.93	8.73	-12.1	0.1
V Conv & Inc	NCV	3.94	3.52	-10.7	2.1
V Conv & Inc	NCZ	3.51	3.12	-11.1	4.2
V Div Inc & Conv	ACV	21.81	20.38	-6.6	2.6
V Eqty & Conv Inc	NIE	24.01	21.80	-9.2	15.9
World Equity Funds					
abrdn Emg Mkts Eq Inc	AEF	NA	5.45	NA	6.9
abrdn Gbl Dyn Div	AGD	NA	9.69	NA	7.1
abrdn Tot Dv Div	AOD	NA	8.38	NA	8.4
Allsping Glo Div Opp	EOD	5.00	4.50	-10.0	5.2
BlackRock Glo Div Inc	BCAT	17.47	15.37	-12.0	10.4
Calamos GloYlnic	CHW	6.93	6.21	-10.4	-7.0
EV TxAAdvDivInc	ETG	19.06	17.24	-9.5	-0.4
EtnVncTxAAdvOpp	ETO	25.84	23.52	-9.0	-8.4
First Tr Dvr EuroEq Inc	FDEU	14.17	13.60	-4.0	26.9
First Tr MultiAsset	GGT	4.24	4.52	+53.8	13.0
GDL Fund	GDL	10.22	9.71	-22.6	1.2
Highland Global Alc	HGLB	NA	8.61	NA	-6.9
India Fund	IFN	NA	16.98	NA	15.4
Japan Smaller Cap	JOF	8.89	7.47	-16.0	14.0
Lazard G&F TotRet Inc	LGI	17.97	15.69	-12.7	0.6
Mexico	MXF	NA	17.94	NA	30.9
Miller/Howard High Inc	HIE	NA	10.43	NA	10.0
MS China S&H Fd	CAF	16.64	13.53	-18.7	-14.6
MS India	HF	27.27	22.43	-17.7	8.9
MS CBRE Gln Mgt Term	MEI	16.42	14.23	-13.3	-4.6
New Germany	GF	NA	9.30	NA	10.8
Templeton Dragon	TDF	11.62	9.95	-14.4	-10.6
Templeton Em Mk	EMF	14.46	12.57	-13.1	14.3
Prem12 Mo					
Fund (SYM)	NAV	Close/Disc	Yld		
U.S. Mortgage Bond Funds					
BlackRock Income	BKT	12.62	12.08	-4.3	8.7
Invesco HI 2023 Trm	HIHT	7.90	7.43	-5.9	5.6

Fund (SYM)	NAV	Close/Disc	Ret	52 wk	Prem12 Mo
Investment Grade Bond Funds					
Angel Oak F Inc Trm	FINS	13.79	11.86	-14.0	9.8
BIRock Core Bond	BHK	10.85	10.80	-0.5	8.4
BR Credit Alloc Inc	BTZ	11.22	10.29	-8.3	9.9
InvescoBond VBF	VBF	16.04	14.99	-6.5	5.2
J Han Income	JHS	11.80	10.91	-7.5	4.1
MFS Intcmdt	MIS	2.92	2.78	-4.8	0.0
Western Asset Infl-Lik	WIA	9.73	8.46	-13.1	14.4
Western Asset Infl-Lik Ogi	WIO	10.43	8.94	-14.3	12.3
Westn ASIG DfOpp Tr	IGI	17.21	16.49	-4.2	4.8
Loan Participation Funds					
Apollo Senior Floating	AFT	14.98	13.01	-13.2	9.97
BR Debt Strategy	DSU	10.77	10.05	-6.7	9.0
BR F/R Inc Str	FRA	13.19	12.36	-6.3	8.6
BlackRock Floating Rtl	BGT	12.81	11.94	-6.8	8.7
BS SFR 2027 Tr	BSL	14.48	12.97	-10.4	8.7
BS St Cr 2027 Tr	BGB	12.49	11.09	-11.2	8.9
EtnVncFltrTelnc	EFT	13.15	11.87	-9.7	9.3
EV SenFlrTr	EFR	12.94	11.95	-7.7	9.2
FT/Sr Fltg Rte Inc 2	FCT	11.13	10.06	-9.6	9.1
Highland Oppty & Income	HFRD	NA	8.50	NA	10.2
InvDvrCrOpp&A	VTA	NA	NA	NA	NA
InvSnrIncr Tr	VVR	4.11	3.85	-6.3	13.6
Nuven Credit Strat Inc	JCR	5.83	5.07	-13.0	10.8
NuvFloatRateInclF	JRO	9.14	7.98	-12.7	10.9
NuvFloatRateInclF	JRO	9.01	7.88	-12.5	10.9
Nuven Senior Income	JSL	5.31	4.60	-13.4	10.9
High Yield Bond Funds					
abrdn Inc Credit Str	ACP	6.88	6.85	-0.4	17.5
AllianceBernHilncm	AWF	10.74	9.89	-7.9	8.8
Allsping Income Oppty	EAD	7.18	6.43	-10.4	9.9
Barings Glb SD Hy Bd	BGH	14.88	13.35	-10.3	9.7
BR Corporate Hy	HYT	9.45	8.96	-5.2	10.4
BlackRock Lld Dur Inc	BLW	13.75	13.20	-4.0	9.1
Blyell Mly High Yld Str	DHF	2.57	2.25	-12.5	9.0
Brookfield Real Asst	RA	14.84	16.97	+14.4	14.2
CrSuisHighYld	DHY	2.11	1.89	-10.4	9.8
DoubleLine Inc Sol	DSL	11.98	12.04	+0.5	12.7
DoubleLine Yld Opps	LDY	15.33	14.33	-6.5	11.0
First Tr H Inc Lng/Strt	FSJ	12.62	11.52	-8.7	11.0
First Tr Hy Opp	FTFH	15.95	13.86	-11.1	11.2
Franklin Inv	FF	7.61	6.96	-8.5	7.5
KKR Income Opportunities	KIO	13.14	11.90	-9.4	11.4
New Amer Hl Inc	HUB	7.94	6.79	-14.5	8.1
Nuven Global High Inc	JGH	12.93	11.63	-10.1	11.6
PGIM Global High Yld	GHI	12.64	11.43	-9.6	11.4
PGIM High Yield Bond	ISD	13.76	12.41	-9.8	10.1
BR MH Qly Div	MUJ	12.68	10.83	-14.6	

MARKETS DIGEST

New to the Market

Continued on Page B7

Public Offerings of Stock

IPOs in the U.S. Market

None expected this week

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Table with columns: Lockup expiration, Issue date, Structure, Symbol, Offer price, Offer amt, Through Friday, Lockup provision. Includes GPCR.

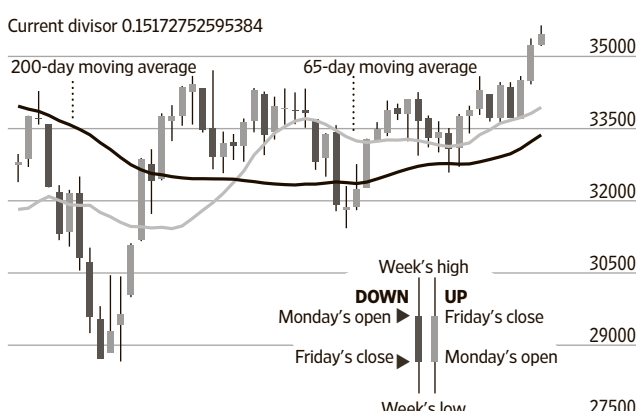
IPO Scorecard

Performance of IPOs, most-recent listed first

Table with columns: Company, SYMBOL, IPO date/Offer price, % Chg From Friday's close, Offer price, 1st-day close, Company, SYMBOL, IPO date/Offer price, % Chg From Friday's close, Offer price, 1st-day close. Includes ParaZero, Surf Air, Haymaker, etc.

Dow Jones Industrial Average

35459.29 ▲ 231.60, or 0.66% last week. Trailing P/E ratio 25.67 19.55. High, low, open and close for each of the past 52 weeks.



Current divisor 0.15172752595384. Bars measure the point change from Monday's open.

NYSE weekly volume, in billions of shares

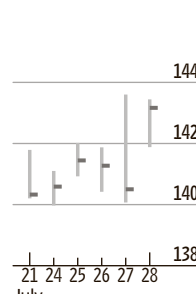


Major U.S. Stock-Market Indexes

Table of major U.S. stock market indexes including Dow Jones, Nasdaq Composite, S&P 500, and various sector indexes with their latest values and changes.

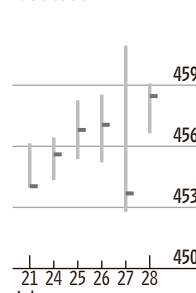
Nasdaq Composite

▲ 283.85, or 2.02% last week



DJ US TSM

▲ 442.47, or 0.97% last week



A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 231.60 points, or 0.66%, on the week.

Table showing the performance of individual DJIA component stocks, including Boeing, Intel, 3M, Dow, Home Depot, IBM, Johnson & Johnson, Procter & Gamble, Apple, JPMorgan Chase, Caterpillar, Walmart, Amgen, Verizon, Goldman Sachs, Travelers, Chevron, Coca-Cola, Nike, McDonald's, UnitedHealth Group, Cisco, salesforce.com, Walt Disney, Visa, Microsoft, Walgreens, American Express, Merck, and Honeywell.

International Stock Indexes

Table of international stock indexes by region, including MSCI ACWI, Euro Stoxx, Nikkei, and others, with their latest values and changes.

Commodities and Currencies

Table of commodity and currency prices, including DJ Commodity, Crude oil, Natural gas, U.S. Dollar Index, and various currencies.

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table of U.S.-dollar foreign-exchange rates for various countries and currencies, including Argentina, Brazil, Canada, Chile, Colombia, Ecuador, Mexico, Uruguay, Asia-Pacific, and others.

Consumer Rates and Returns to Investor

Table of consumer rates and returns to investor, including U.S. consumer rates, Selected rates, and 30-year mortgage rates.

Benchmark Yields and Rates

Table of benchmark yields and rates, including Treasury yield curve and Forex Race.

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Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields, including U.S. Treasury, Aggregate, Fixed-Rate MBS, High Yield 100, and Muni Master.

MARKETS

Uber U.K. EV Plan Off to a Slow Start

By SAM SCHECHNER AND PREETIKA RANA

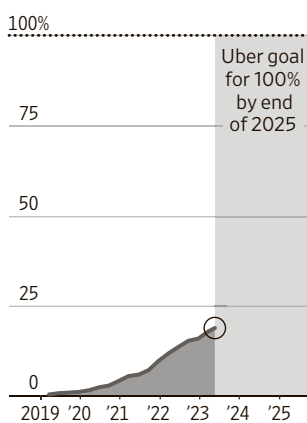
LONDON—On a sleepy residential street here, workers last month installed four electric-vehicle chargers, the first in the city to be funded by Uber Technologies as part of its plan to wean its fleet off gasoline.

The chargers—four plugs on two parking-meter-size posts—represent a slow start. Uber had initially planned to have hundreds of chargers installed by now and has more than 600 left to go for its plan—designed to switch all of its approximately 45,000 drivers in London to electric vehicles by the end of 2025.

“It’s taken us almost three years to get to one going in the ground,” said Christopher Hook, Uber’s global head of sustainability. “It really does take a long time.”

Uber wants to lead the electric-vehicle transition in London, where tightening emissions restrictions are nudging drivers to go electric. But it has run into surprising obstacles and is behind on its road map. Its experience is a warning for companies with ambitious sustainability goals and for policy makers counting on a private-sector-powered surge in EV use.

Share of miles driven in electric vehicles on Uber trips in London, quarterly



Source: Uber Technologies

Charging EVs has gotten more expensive in many parts of the world and a lack of infrastructure makes charging time-consuming and stressful. New electric vehicles are still relatively expensive, and there aren’t enough affordable ones in the used-car market.

All-electric pledge

Uber has long touted London as the showcase for its green efforts. Chief Executive Dara Khosrowshahi wooed city officials with the all-electric pledge nearly five years ago. At a sustainability event here last month, he said the city is establishing a proof of concept for Uber’s plan to go all electric worldwide by 2040.

“Our experience in London has set the stage for us now to begin to scale electrification on a global basis,” Khosrowshahi said.

Uber doesn’t purchase its drivers’ vehicles, so it has to provide incentives. It has reduced the commission it takes from EV drivers on its Uber Green service, struck reduced-price deals with carmakers and rental companies and arranged discounts at charge points. In London, it charged passengers a clean-air fee on each ride, which it put aside for drivers to subsidize future EV rentals or purchases.

Still, the number of Uber drivers in electric vehicles in the city has risen more slowly than the company had expected, according to Uber employees, others familiar with the plans, and a review of company announcements.

London drivers have claimed less than a third of the 145 million pounds, or about \$186 million, in clean-air fees Uber collected. Even with thousands of dollars worth of handouts, EVs still don’t make sense for many drivers.

“What would make a difference is more charging, more range, lower-cost cars. All of those things haven’t happened

as fast as we were promised,” said Vince Cunningham, an Uber electric-vehicle driver in London who works as what Uber calls an EV ambassador and hears similar complaints from other drivers. “More needs to be done.”

Electric-powered rides make up about 19% of miles driven on Uber trips in London, the company said. That is up 5 percentage points from around a year ago and a long way from the 2025 target of 100%.

“I came into it expecting it to be hard,” Hook said. “If we don’t make it to 100%, I’ll be disappointed.”

Uber is investing \$800 million worldwide to subsidize the switch to EVs. It says it will be fully electric in U.S. and Canadian cities by 2030 and half electric, in aggregate miles driven, across seven of the largest European cities by 2025. It plans to go all-electric in cities everywhere else by 2040.

In the U.S., 5% of miles driven on Uber are on electric vehicles. In California, the number is more than 10%. State law requires it to reach 90% by 2030.

Others set back

Other companies have suffered setbacks. In California, trucking companies have been slow to go electric because of charging limitations.

In recent days, a group of automakers including BMW, General Motors and Mercedes-Benz said they plan to collectively invest \$1 billion in a joint-venture company to try to build 30,000 fast chargers in the U.S. over several years. The joint investment is modeled after a similar company in Europe, Ionity, that was formed in 2017.

Tougher laws helped launch Uber’s efforts in London. In 2017, the U.K. capital announced it would expand daily fees for older, more polluting cars to operate in the city cen-



Newham in eastern London in June installed a pair of EV chargers partly funded by Uber.

ter. The next year, it said that by 2021 it would only exempt fully electric vehicles from a separate daily congestion charge.

Covid curbed plans

Uber, which was then working to mend its relationship with cities around the world, including London, said it would piggyback on London’s electrification efforts with its own program.

When Hook took over Uber’s clean-air plan in London in the summer of 2019, nearly a year had passed since the company’s pledge. It had 100 electric vehicles on the road.

“That was a surprise to me on Day 1,” Hook said. Uber says it would be further along in London if not for Covid-19, which stopped much of its rides business and snarled supply chains.

Hook set to work trying to solve the cost and charging problems. The upfront costs to purchase or rent EVs is generally much higher than for gasoline vehicles. And the opportunity cost of taking time off to charge at peak hours can sap 20% of a driver’s earnings, making at-home, overnight charging far more economical, Uber estimates.

Uber targeted neighborhoods known as charging deserts—with lots of Uber drivers but limited on-street charg-

ing. The company approached five London boroughs with matching funds for hundreds of on-street chargers. One borough rejected the money because it had better offers. Another rejected it over control issues.

“Uber’s funding—though welcome—would have given the firm a say in where charging points were installed,” said Lutfur Rahman, mayor of Tower Hamlets, which turned Uber down.

Discount deals

Three boroughs agreed, but the planning and tender process has been slow. The first four charging points were turned on in the east London borough of Newham in June, after years of back and forth.

Uber’s strategy has shifted toward discount deals with rapid-charging hubs run by operators such as BP in such places as public parking lots, where deployment has been faster.

Last year, surges in electricity prices following Russia’s invasion of Ukraine raised the cost of operating electric cars. The end of U.K. subsidies for electric-car purchases and rising interest rates also hurt demand, said Gurinder Dhillon, CEO of Otto Car, which rents out electric cars and supplies drivers with around 3,000 of the 10,000 EVs Uber has in London.

Uber’s target of getting from 10,000 electric cars in London to 45,000 in the next 30 months is reminiscent of President John F. Kennedy’s moonshot goal in 1961, Dhillon said.

“It’s not impossible,” he said. “But it’s hard. It’s a hell of a goal.”

In some other European cities, where Uber will have more time to get fully electric, the shift is happening faster than expected, the company said.

In Madrid, one fleet partner is tackling the charging-time dilemma with a pilot program to buy cars with swappable batteries that can be changed in minutes, said Anabel Diaz, who leads Uber’s ride-hailing business in Europe, the Middle East and Africa.

At the sustainability event in London in June, Uber demonstrated technology that taps into Uber drivers’ battery data to suggest where and when they should charge to maximize earnings.

Another feature allows drivers to filter out trip requests that would put them at risk of running out of battery power.

Khosrowshahi said at the event that Uber drivers are going electric faster than the general public and that they help showcase the technology for riders.

“It’s a challenge,” he added, “that’s bigger than Uber.”

Barclays Woes Bring Shake-Up

Continued from page B1 was slowing. More concerning in the executive offices, Barclays’ chief executive, C.S. Venkatakrishnan, who goes by Venkat, announced in November that he had cancer.

By the end of the year, Barclays had suffered a roughly 50% drop in investment-banking revenue, in line with many of its U.S. peers but a significant blow given the corporate and investment bank typically provides over half the lender’s income.

British regulators, meanwhile, were completing a potentially damaging investigation into the personal ties between its ex-CEO Jes Staley and convicted sex offender Jeffrey Epstein.

Adding to unease in the investment bank’s ranks, Barclays had, like other banks, cut 2022 pay by around 40% for many managing directors, and even more for several at the top.

In some cases, Barclays took the extreme step of attempting to renege on verbal promises it had made to high-profile hires guaranteeing compensation levels for the first several years.

While Venkatakrishnan underwent chemotherapy, Paul Compton, the head of the corporate-and-investment-banking unit, was among his lieutenants tasked with helping to right the ship.

In January, Venkatakrishnan and Compton installed two new leaders of the investment bank, replacing co-heads John Miller and JF Astier. Several Barclays bankers had expected Marco Valla, an Italian who ran both Barclays’s technology, media and telecom group and its consumer-retail group, to be next in line to head the investment bank.

The bank instead gave a co-head role to an outsider, Cathal Deasy, a London-based Irishman. He was fleeing the problems at Credit Suisse where he held a top investment-banking role and where he was known for his hands-on managerial style. The other co-head role went to Taylor Wright, who oversaw capital markets and had joined Barclays in 2019 after a long career at Morgan Stanley.

To aid the bank’s goal of doing more business both in the U.S. and Europe, Wright would be based in New York and Deasy in London. They were to work alongside Stephen Dainton and Adeel Khan, the co-heads of global markets, the other major unit of the corporate- and investment-banking unit.

Valla, who had arrived at Barclays through its Lehman

Brothers acquisition, was soon being courted by multiple competitors.

The investment bank’s new leaders, meanwhile, were internally touting the importance of diversifying how the bank makes money by focusing on more “sticky,” recurring revenues that can help balance out deal-making lulls.

Part of that goal involves becoming less reliant on one of Barclays’s specialties, leveraged finance—the business of making high-risk loans, especially to fund mergers and acquisitions—and earn more fees from more lucrative offerings such as helping hedge funds execute trades and large global corporate clients manage cash.

Deasy’s approach to making sure bankers aggressively pitch clients on the bank’s entire

suite of services—including more closely monitoring their interactions with clients—has ranked some, particularly those from Lehman who were accustomed to autonomy.

Valla landed at UBS, which offered him a significant bump in pay to be its co-head of global banking. By June, over 10 other senior bankers—including several Lehman alumni—left for UBS too. Miller and others left for Jefferies.

The bank succeeded in retaining a few bankers who got competing offers by offering them several times what they had previously earned. It hired more than 20 managing directors this year, including Spyros Svoronos, an industrial banker from Credit Suisse, last week. Late last year, it hired Jim Rossman, an activism-defense specialist from Lazard.

Venkatakrishnan, who said in March that he had completed chemotherapy for non-Hodgkin lymphoma and that his cancer was in remission, has said some of the departures were a result of the bank

changing leadership and strategy to adjust to the new period of higher inflation and interest rates.

Barclays has faced pressure over the years to follow the lead of U.K. peers that have shrunk their investment banks in favor of domestic retail banking and mortgages, which are more predictable for investors. Staley, the CEO from 2015 until his 2021 resignation, resisted those calls.

On Thursday, Venkatakrishnan acknowledged on an analyst call that the stock has underperformed relative to its Wall Street peers. He said the bank is focusing on expanding other parts of its business outside of the investment bank, such as retail and credit cards, to lift the stock price.

Still, the former JPMorgan Chase executive in June reiterated his commitment to the investment bank, which he said has diversified the bank’s earnings over the years: “Yes, we should be in investment banking, and we think we’re reasonably good at it.”



Analysts expect heavy-equipment maker Caterpillar to log quarterly earnings of \$4.57 a share Tuesday.

THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday

Chicago PMI	
June, previous	41.5
July, expected	43.3
Earnings expected	
Estimate/Year Ago	
Arista Networks	1.44/1.08
AvalonBay	
Communities	1.14/0.99
Diamondback Energy	3.88/7.07
ON Semiconductor	1.21/1.34
Republic Services	1.32/1.32
Welltower	0.16/0.20

Tuesday

Construction spending	
May, previous	up 0.9%
June, expected	up 0.9%
ISM mfg. index	
June, previous	46.0
July, expected	46.9

Earnings expected

Estimate/Year Ago	
AMD	0.57/1.05
Caterpillar	4.57/3.18
Merck	(2.18)/1.87
Pfizer	0.57/2.04
Starbucks	0.95/0.84
Uber	(0.01)/(1.33)

Wednesday

EIA status report	
Previous change in stocks in millions of barrels	
Crude oil	down 0.6
Gasoline	down 0.8
Distillates	down 0.2
Mort. bankers indexes	
Purch., prev. down	3.0%
Refinan., prev.	down 0.4%
Earnings expected	
Estimate/Year Ago	
CVS Health	2.13/2.40
Equinix	2.06/2.37
MercadoLibre	4.36/2.43

Thursday

EIA report: natural gas	
Previous change in stocks in billions of cubic feet	
	up 16
Factory orders	
May, previous	up 0.3%
June, expected	up 0.2%
Initial jobless claims	
Previous	221,000
Expected	227,000
Productivity	
1st qtr., prev. down	2.1%
2nd qtr., prelim., exp.	up 1.7%
Unit labor costs	
1st qtr., prev.	up 4.2%
2nd qtr., prelim., exp.	up 2.6%
Earnings expected	
Estimate/Year Ago	
Amazon.com	0.35/(0.20)

Friday

Nonfarm payrolls	
June, previous	209,000
July, expected	200,000
Unemployment rate	
June, previous	3.6%
July, expected	3.6%
Earnings expected	
Estimate/Year Ago	
Cboe Global Markets	1.78/1.67
Dominion Energy	0.47/0.77
Liberty Media Liberty	Formula One 0.06/0.45
Liberty Media Liberty	SiriusXM 0.92/0.70
LyondellBasell	
	2.30/5.19
PPL	0.32/0.30

* FactSet Estimates earnings-per-share estimates don’t include extraordinary items (Losses in parentheses) ♦ Adjusted for stock split

Note: Forecasts are from Dow Jones weekly survey of economists

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Luxury Brands' Party in U.S. Is Ending

Shoppers spent much less on designer goods in the second quarter after pandemic boom

America can sometimes seem like an emerging market for Europe's big luxury companies: It has booms, busts and vast potential that hasn't been fully realized.

In the U.S., the fortunes of top designer brands varied widely in the three months through June. **Kering**, one of the worst performers, said Thursday that sales in its North America division were down 23% in the quarter compared with the same time last year. Its main brand Gucci is flagging, while Balenciaga is still suffering after a controversial ad damaged the label last year.

Burberry and **Prada** were also down in the Americas region by 8% and 6% respectively. Even the company behind jewelers Cartier and Van Cleef & Arpels—supposedly recession-proof labels that mainly sell big-ticket items to the super

rich—said demand has been weak.

At the other end of the spectrum, Birkin handbag maker **Hermès** said Friday that its business in the Americas rose 21% in the latest quarter. Pricey independent Italian label **Brunello Cucinelli** is also still growing stateside.

The U.S. market has sometimes been a conundrum for Europe's luxury brands. America has more dollar millionaires than any other country in the world: According to Credit Suisse, 4 in 10 of the world's millionaires live in the U.S., compared with 1 in 10 in China.

But luxury sales haven't lived up to the promise. London-listed retailer **Watches of Switzerland** estimated that per capita spending on posh watches in the U.S. is around one-third the level of the U.K.

One problem for luxury brands is that the U.S. market can be very promotional, and American consumers like a bargain. Pressure to offer deals led brands to pull their products out of U.S. department stores and sell through their own boutiques, where they have greater control over prices.

It is also an expensive place for brands to promote themselves. Compared with the Chinese market, a bigger share of U.S. advertising happens through traditional channels such as fashion magazines and TV, where the cost of campaigns can run to hundreds of thousands of dollars. This has made it hard for all but the biggest brands to get noticed.

The market changed dramatically during the pandemic, however. Americans flipped from ac-



The company behind jewelers Cartier and Van Cleef & Arpels said demand for its offerings has been weak.

counting for 22% of global luxury sales in 2019 to 33% in 2022, based on Bain & Co. data. The shift almost doubled the size of the U.S. luxury market in only three years to €116.5 billion in 2022, equivalent to \$128 billion at today's exchange rate.

The boom was likely supercharged by stimulus payments. In March 2021, the U.S. government handed \$1,400 to most Americans. In the quarter after the checks began to be distributed, people earning less than \$50,000 a year spent 46% more on luxury fashion than they did in the same period of 2019, according to Bank of America data.

That trend is now losing steam.

Demand for the lower-priced goods of luxury brands such as sneakers that target so-called aspirational shoppers is very weak.

Sales of cognac have seen a "brutal" slowdown in the U.S., according to the world's biggest luxury group, **LVMH Moët Hennessy Louis Vuitton**, which reported results last Tuesday. Second-tier cities such as Austin, Texas, and Nashville, Tenn., which wouldn't normally be on luxury brands' radar but boomed during the pandemic, have lost momentum.

There are valuable lessons for brands at the end of the gold rush. Americans' appetite for luxury has been whetted, and they seem happy to splurge on classic goods

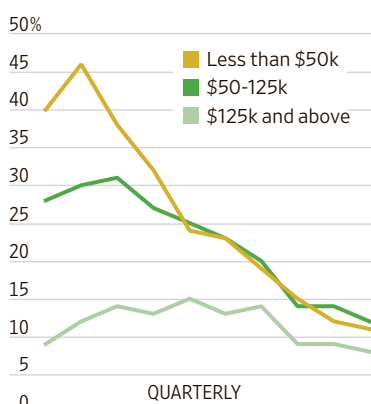
offered by companies like Hermès no matter the outlook. Even with the recent slowdown, U.S. shoppers across all income levels are still splashing out around one-tenth more on luxury goods than they were in 2019, credit-card spending data shows.

At the same time, companies that rely on less-wealthy shoppers, or sell loud designs, will probably struggle to grow for a while. And the need to invest in advertising to revive U.S. sales could reduce the industry's profit margins, which have grown fat in recent years.

Luxury's pandemic gilded age is ending, but the U.S. market isn't going back to where it was.

—Carol Ryan

U.S. spending on luxury fashion by income level, change from 2019



Source: Bank of America

Wall Street Pressures P&G, Colgate-Palmolive to Move Units

So far this earnings season, only one household-goods giant has been able to mutter the magic words that Wall Street wants to hear: volume growth.

Investors are no longer impressed with margin-defending price increases at consumer-staples titans such as **Kimberly-Clark** and **Colgate-Palmolive**. With room to keep raising prices running out, they expect these will soon stop being a driver for overall revenue growth.

That will put the onus on companies to start moving more units in contrast to the modest volume

declines they have been seeing lately.

So when **Procter & Gamble** said Friday it expects to see "volume returning to modest growth" in the current fiscal year ending next June, its shares rose 2.8%. When Colgate-Palmolive on the same day gave a more noncommittal outlook on volume, its shares fell 1.9%. And when Kimberly-Clark was similarly vague on this key subject earlier in the week, it suffered a 3% selloff.

On the surface, quarterly results for the three companies appeared similar. Organic sales, a key industry measure that strips out cur-

rency and merger impacts, rose 8% from a year earlier at P&G, 8% from a year earlier at Colgate and 5% at Kimberly-Clark, all thanks to price increases. But underlying volumes fell 1% at P&G and 3% at both Colgate-Palmolive and Kimberly-Clark.

All gave strong forecasts for organic sales going forward. On conference calls, though, all were quizzed by analysts about how much of that would be coming from actual volume growth. Kimberly-Clark Chief Financial Officer Nelson Urdaneta noted that the pace of declines in volume growth is slowing sequentially, with volume falling 7%

year over year in the fourth quarter of 2022 and 5% in the first quarter of 2023. But he fell short of saying if or when it would turn positive.

In his comments, Colgate-Palmolive Chief Executive Noel Wallace told an analyst that "I understand the importance of gaining volume growth." But he mostly stressed the need to protect margins.

"As you know, we're coming out of what has been the worst raw-material environment in decades," Wallace said. "We believe that if we exit this type of environment with a structurally lower gross margin,

you're going to be in a hole that's very difficult to dig yourself out of in the future."

Against this backdrop, P&G finance chief Andre Schulten sounded positively bullish when he said there could be 1% to 1.5% global volume growth this fiscal year. Already in the U.S., P&G's biggest market, there was 3% volume growth in its fiscal fourth quarter, he noted.

Of course, if P&G misses that forecast, its shares could get hit. But at least now these companies know exactly what Wall Street expects from them. —Aaron Back

MARKETS

Bond Funds Stumbled During Fed's Rate Increases

By MATT GROSSMAN

When it came to helping investors navigate recent debt-market turmoil induced by Federal Reserve rate increases, bond-picking fund managers largely came up short.

Of almost 2,000 actively managed bond funds covering a range of investing strategies, 58% failed to beat comparable bond indexes after accounting for the fees that investors pay over the past 18 months—roughly the stretch of the Fed's campaign—according to data from Morningstar Direct. With bond prices suffering across the board, only about 1 in 10 of the funds posted positive returns.

Most bond-index funds also lost money over that stretch. But many eked out a slightly better performance than active managers, in part because they cost less.

Passive index funds have posed stiff competition for active investing strategies for decades. Firms like **Vanguard Group** and **BlackRock**'s iShares unit have popularized the idea that owning a broad basket of securities is cheaper and no less lucrative than carefully curating a portfolio. But even some investors who have been sold on passive stock strategies still stand by active bond management, arguing that the quirks and complexities of debt investing mean their market is differ-

ent.

Indeed, heading into 2022, active bond-fund managers had performed much better. An analysis by Fidelity Investments found that over the one-, three-, five- and 10-year periods through 2021, between 60% and 91% of active bond managers beat their benchmarks in strategies spanning short-term bonds, investment-grade funds and multisector approaches.

Then the Fed embarked on its most aggressive rate-hiking campaign since the 1980s. As interest rates rose from near-zero levels to more than 5%, the value of bonds outstanding plummeted in the worst year for debt markets in recent memory. Periods of rapidly changing rates can be some of the most challenging conditions for bond managers, said Roger Aliaga-Diaz, head of portfolio construction at Vanguard, which offers both active and passive funds. "Of all the aspects of active management, forecasting interest rates is probably the most difficult," Aliaga-Diaz said.

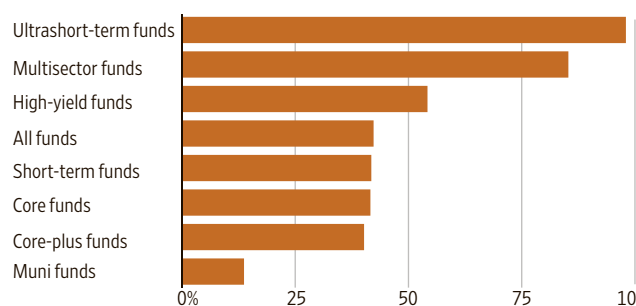
Fixed-income managers' struggles spanned a broad range of bond categories. Only 14% of 102 intermediate-term municipal-bond funds beat Morningstar's benchmark. Of 169 funds that buy a blend of high-quality and junk-rated debt, 40% fared stronger than the index.

A majority of junk-focused



Vanguard has helped popularize broad baskets of securities.

Share of bond funds beating benchmark since January 2022



Source: Morningstar Direct

managers eked out an above-benchmark showing, but 46% still lagged behind the benchmark.

Coming into 2022, fund teams found it challenging to guess how rapidly rates were about to climb, said George

Truppi, a co-portfolio manager for **Greenspring Funds**' Income Opportunities Fund. As yields started to tick up, many were baited into pulling the trigger on buying medium-term bonds, only to watch values sink as persisting inflation

fueled a further stream of Fed rate increases, he said. The longer until a bond's maturity, the more its price falls when rates rise.

Greenspring's fund, founded in late 2021, protected against that risk by choosing inexpensive bonds that Truppi's team believed would soon be paid off early by corporate borrowers. This year, for instance, the group made a quick profit when it correctly forecast that one borrower, road-salt maker **Compass Minerals International**, would repay its discounted junk-rated debt a year early.

Moves like that helped Greenspring effectively limit the fund's duration, a Wall Street measure of its sensitivity to changes in rates. The strategy helped the fund achieve a 2.7% return between January 2022 and June 2023, one of the best results of the junk-bond funds Morningstar tracked.

Other top-performing funds found their own ways to limit the pain from rising interest rates. As 2022 began, John Lekas, chief executive of **Leader Capital** in Vancouver, Wash., pushed more of his investment-grade fund's money into bonds with floating interest rates. Because the yield on these bonds—largely issued by banks—rose alongside the Fed's target rate, prices fell less than those of ordinary corporate bonds, which have

fixed coupons.

The move cut the fund's duration—expressed as a weighted average of how long it will take to receive all of the bonds' payouts—from more than four years in 2021 to less than one-quarter of a year today, helping absorb the blow that struck most peers. The fund's 7.4% return since the start of 2022 made it by far the best performer in Morningstar's core-plus category.

"When the Fed in 2021 started talking about transitory inflation, we didn't believe that," Lekas said. "Inflation is a hard bug to kill and it always has been."

Strategies with little exposure to rising interest rates did the best. Loan funds, which mostly buy floating-rate debt, returned 3.3%, and funds that focus on ultrashort-term debt returned 2.4%. Two funds specifically designed to achieve outsized benefits when rates rise, the **Simplify Interest Rate Hedge ETF** and the **FolioBeyond Alternative Income and Interest Rate Hedge ETF**, were the best performers that Morningstar tracked, returning 73% and 40%, respectively.

Funds specifically focused on long-term bonds and lower-yielding government debt—those with the most to lose when rates rise—were the biggest decliners. The **Pimco Extended Duration Fund** lost 36%, and the **Vanguard Long Term Treasury Fund** fell 27%.

JOURNAL REPORT

C-SUITE STRATEGIES

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THE WALL STREET JOURNAL.

Monday, July 31, 2023 | R1



JON KRAUSE

Our Biggest Career Mistakes—And What We Learn From Them

Everybody stumbles at some point. The question is: What do you do next?

BY DEMETRIA GALLEGOS

AGONIZING ABOUT the academic degree you got? The decision to accept a job you had doubts about? Your regrettable candor in that meeting? The avoidance of a small problem that then nearly torpedoed your whole reputation? You're not alone. We all stumble at some point in our careers. Sometimes, we bounce back

quickly. Sometimes, it takes years. And sometimes, we never quite recover.

The best mistakes, though, are the ones we learn from, and that actually boost our career and put us on a better path.

In that spirit, we asked Wall Street Journal

Please turn to page R4

Companies Look for New Ways to Fill Jobs When Employees Go on Parental Leave

Employers see the leave as a way to give other employees, or people who have been out of the workforce, a chance to learn new skills

BY TARA WEISS

WHEN employees go on parental leave, companies often face a difficult question: What do you do with the workload those employees leave behind?

Typically, companies will divvy up the work among other team members, or hire an outside contractor. But now some companies are starting to think of the workload as an opportunity, rather than a burden—a way to strengthen the quality of their workforce.

In some cases, for instance,

companies are creating internal internships, giving an existing employee a chance to temporarily step into the role of the person going on leave to learn new skills or see what it is like to work in a different department. In other cases, they are covering parental leaves with so-called returnships, hiring people who are seeking to return to the workforce after taking career breaks to raise children.

Participants say it is a win-win. *Please turn to page R6*

Inside

ASSETS OR COSTS?

Employees don't have value under accounting rules. It might be time to rethink that. **R2**



Scan this code to learn about how artificial intelligence is already reshaping white-collar work.

MANAGEMENT TOP 250

Companies doing the most AI-related hiring also tend to be the best managed, research finds. **R7**

WORK SMARTER

Tips for getting the most out of office software such as Google Docs, PowerPoint and more. **R8**



JOURNAL REPORT | C-SUITE STRATEGIES

How a Common Accounting Rule Leads To More Layoffs and Less Job Training

Because employees don't have value in accounting terms, they can't be considered assets. They can only be costs.

BY PETER CAPPELLI

FINANCIAL accounting isn't always the easiest topic to get fired up about. But that's a mistake, especially these days. Accounting rules increasingly are driving companies to make bad decisions about how they hire, fire and develop their workforce. And it is time to rethink those rules.

The problem stems from the assumption in financial accounting that only things that can be owned have value—like machines and real estate. Obviously, you can't own employees—so, under this logic, they can't have value. That is true even if all the value in a company lies in the abilities of its key employees, and those employees are locked in with contracts, noncompete agreements, long-term incentives and so forth.

As somebody who has studied the workplace for four decades, I have seen this assumption wreak havoc on companies and employees alike. That's because if employees don't have value in accounting terms, it means they can't be assets—in other words, things that have value for the company. They can only be costs that a company must pay.

If that is the case, laying off employees saves money; companies are just getting rid of costs, after all, not anything of real value. To carry the logic even further: Because it is only possible to invest in assets, and employees aren't assets, the money spent to train and develop them can't be an investment. Those are current and administrative expenses lumped in with coffee and office supplies.

This flawed picture of workers is set down in Generally Accepted Accounting Principles created by the Financial Accounting Standards Board. The rules, no doubt, made much more sense when they were formulated more than half a century ago, when manufacturing was a much bigger part of the economy, and holdings like factories played a much bigger role in a company's financials.

But now human capital looms much larger for many businesses. Think of how much of the tech industry is built on the skills of its employees—programmers and other professionals—rather than its physical holdings. Accounting rules don't recognize that value. Employees are still costs, not assets, and that leads to a number of disastrous problems.

(When asked about the rules,

going on now in businesses that only months ago struggled to hire people and likely will need to hire again soon.

This view leads companies to skimp on employee development, as well. Consider a choice between buying a piece of equipment to perform a task—such as robots or AI—or retraining an employee to do it. If a company buys the equipment, it counts as an asset that offsets liabilities. Companies can amortize it and pay it off over time as the value from it comes in.

If companies retrain an employee, though, there is no asset

retention. But they are terrible for financial accounting because they are treated as liabilities that must be offset by an equivalent amount of assets.

Avoiding permanence

All of that hurts employees who are already part of a company, not to mention the companies themselves. But the current rules also distort how companies hire people in the first place.

Financial accounting requires that companies report their total number of employees, and important measures of perfor-

By some measures, leased employees now constitute 11% of the workforce. In many tech companies, nonemployees are over half the labor being used.

There are countless downsides to this arrangement. Leased employees have few obligations to their client. Their contracts aren't especially flexible. And they are typically more expensive per hour than regular employees, especially when considering the vendor fees.

A related and arguably more common practice is simply to leave jobs vacant under the guise of saving money. This practice cuts employment costs—but doesn't measure the lost value of work not getting done.

What's next?

Investors have known about the distortions involved in financial-accounting rules for a long time.

But they have become much more vocal about changing the rules in recent years, to get more transparency about what companies are really spending.

In 2021, the SEC required companies to report whatever they thought would be material human-capital issues—but companies can choose to report whatever they want, or nothing. So far, businesses largely don't disclose much voluntarily because they know that they then will have to keep reporting it, even when the news is bad. Otherwise, investors will assume that the news must be *really* bad, or they would be reporting it.

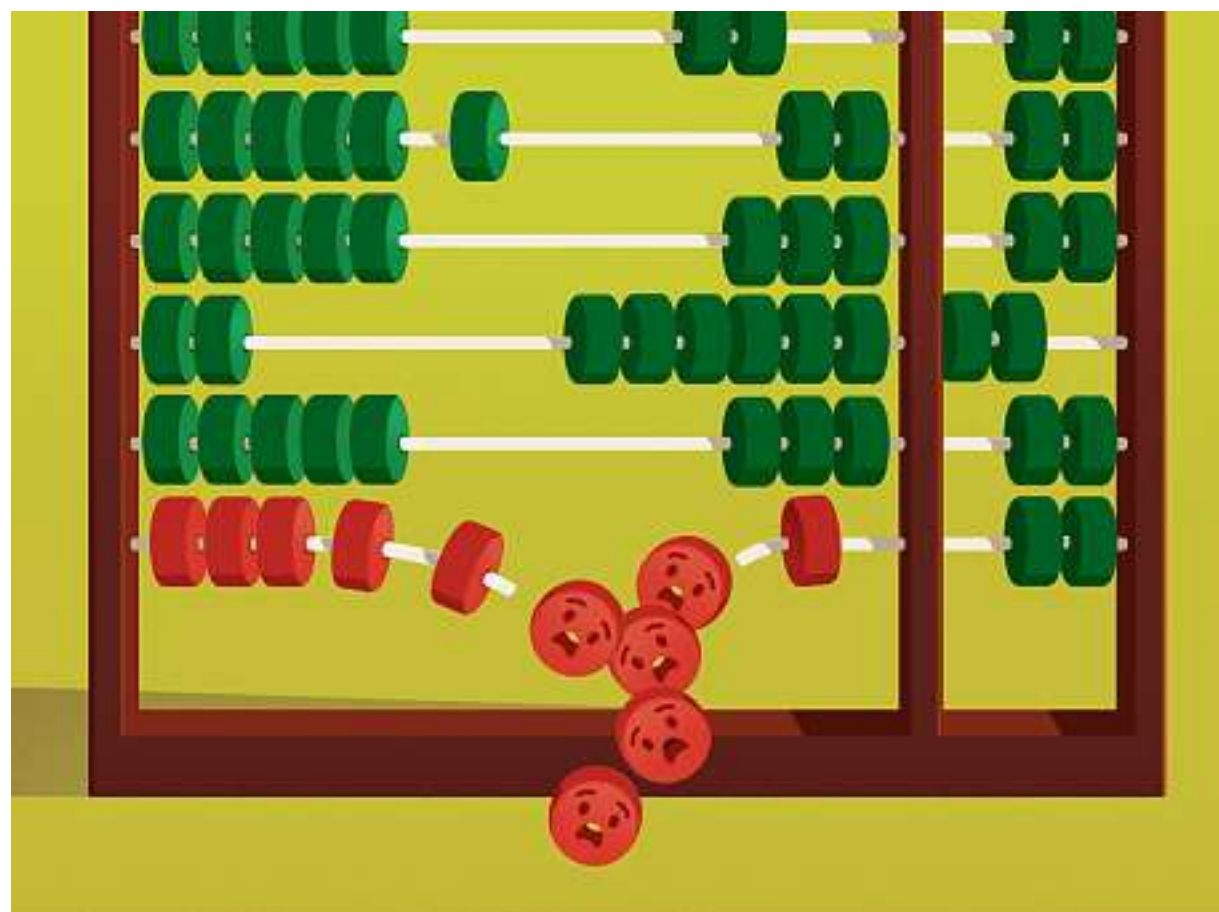
There are now proposals before the SEC that would require companies to report simple human-capital measures, such as total spending on labor, not just employees, and spending on training. In theory, companies would no longer have strong incentives to use leased employees, drop accrued benefits and skimp

on worker development. Those costs would no longer look like spending on coffee.

It is rare to think of policies that are better for investors, employees and economic efficiency all at once, but improving the transparency around human capital is one of those.

Peter Cappelli is the George W. Taylor professor of management at the Wharton School of the University of Pennsylvania and author of "Our Least Important Asset: Why the Relentless Focus on Finance and Accounting is Bad for Employees and Business." Email him at reports@wsj.com.

CHRIS GRISH



and the damage they may potentially do, the FASB and SEC declined to comment.)

The human factor

The most visible problem the current standards cause is layoffs. If employees were treated as assets, layoffs would be the last—rather than one of the first—things to think about in difficult times. Dumping assets would seem crazy, especially knowing that companies might soon have to replace them. But, as we've seen, dumping employees in practice just means dumping costs. Consider the layoffs

value. If a company can't cover the training cost in that year, then the training appears to be a losing proposition. So, companies systematically underinvest in training versus other spending. They do this even though employees obviously become more valuable with time—unlike software or equipment—as they gain skill and experience.

From there, it is a short step to other problems, such as skimping on accrued benefits that are earned over time, such as vacation and sick leave or pensions. Accrued benefits are perfectly sensible for encouraging employee commitment and

mance are calculated on a per employee basis, such as profit per employee. So, companies finess the employee problem by using leased employees, who may work in the company's offices but are employed by a third-party vendor. More important, these employees aren't counted as liabilities for accounting purposes.

Beyond that, the investor community doesn't view these workers as fixed costs—the worst kind of costs, because it is believed they can't be cut if the business goes down. Regular employees' salaries, on the other hand, are seen as fixed costs.

Chris Grish

Timing of Medical-Device Recalls Linked to CEO's Ownership Stake in the Company

The more CEOs own, the longer the delay

BY SUMAN BHATTACHARYYA

CEO stock ownership might play a role in delays of medical-device recalls.

A new study suggests that there is a correlation between the percentage of shares a company's chief executive has and the speed at which the company initiates recalls of medical devices. In essence, the more shares, the slower the recall.

"The greater the CEO stock ownership stake, the slower the recall, and this recall-slowing effect is stronger for the medical devices with severe defects," says Jessica Darby, assistant professor of supply chain management at Auburn University's Harbert College of Business and one of the authors of the study.

The researchers also found that delaying recalls increases the stock-market penalty attributable to the recall.

The researchers analyzed Food and Drug Administration data on 2,144 medical-device recalls across 50 companies from 2002 to 2015.

Based on the study's findings, for example, when looking at a difference of 2 percentage points in the size of stakes held by a CEO, the larger stake was associated with an additional 26 days passing before the recall was issued.

Companies often decide to recall medical devices long after they become aware of a possible problem. Much of this is due to internal requirements: Firms need to identify potential problems; gather information and make recommendations; and allow time for executives to deliberate on them.

The average delay for all medical-device recalls in the study from identification of a problem to announcement of a recall was 99 days, with delays averaging 102 days for recalls in Classes I and II, which are for product flaws that can cause illness, serious injury or death. By contrast, recall delays averaged 62 days for Class III recalls, which involve medical devices with defects that violate FDA regulations but aren't likely to pose a health risk.

The ability to establish whether delays were intentional responses to stock ownership by CEOs was beyond the scope of the study, the authors say.

Still, with personal financial situations so tied to the success of the firm, CEOs with stock ownership may be hesitant to issue a recall, says George Ball, associate

professor at the Kelley School of Business at Indiana University and another author of the study.

"As soon as you issue a recall, the negative consequences happen immediately...there's negative press, there's negative regulatory attention, customers are not happy," says Ball, who says he previously worked in the medical-device industry. "Sometimes you really can't determine the root cause until you wait and gather more data...The temptation to do that would be greater if your personal financial success is tied to the success of the firm."

Another challenge is the repu-

tation risk tied to recalls, particularly if recalls affect how a CEO's performance is measured, he adds.

CEOs could also be weighing the possibility of negative market reactions when delays occur in a company's initiation of a recall. For the study, researchers monitored stock-market returns of companies experiencing medical-device recalls and compared them with a standard benchmark of what the expected returns would be if no unusual event occurred. Researchers looked at returns over a period that included one day before the recall, the day the recall was announced, and up to 10 days after the recall was announced.

The researchers—who also included David J. Ketchen, professor of management at the Harbert College of Business at Auburn University, and Ujjal Mukherjee, associate professor of business administration at the Gies College of Business at the University of Illinois Urbana-Champaign—found that delaying the initiation of a recall "significantly magnifies the stock market penalty" for the recalling firm. Waiting three weeks to initiate a recall nearly doubles the stock market penalty, on average, says Darby.

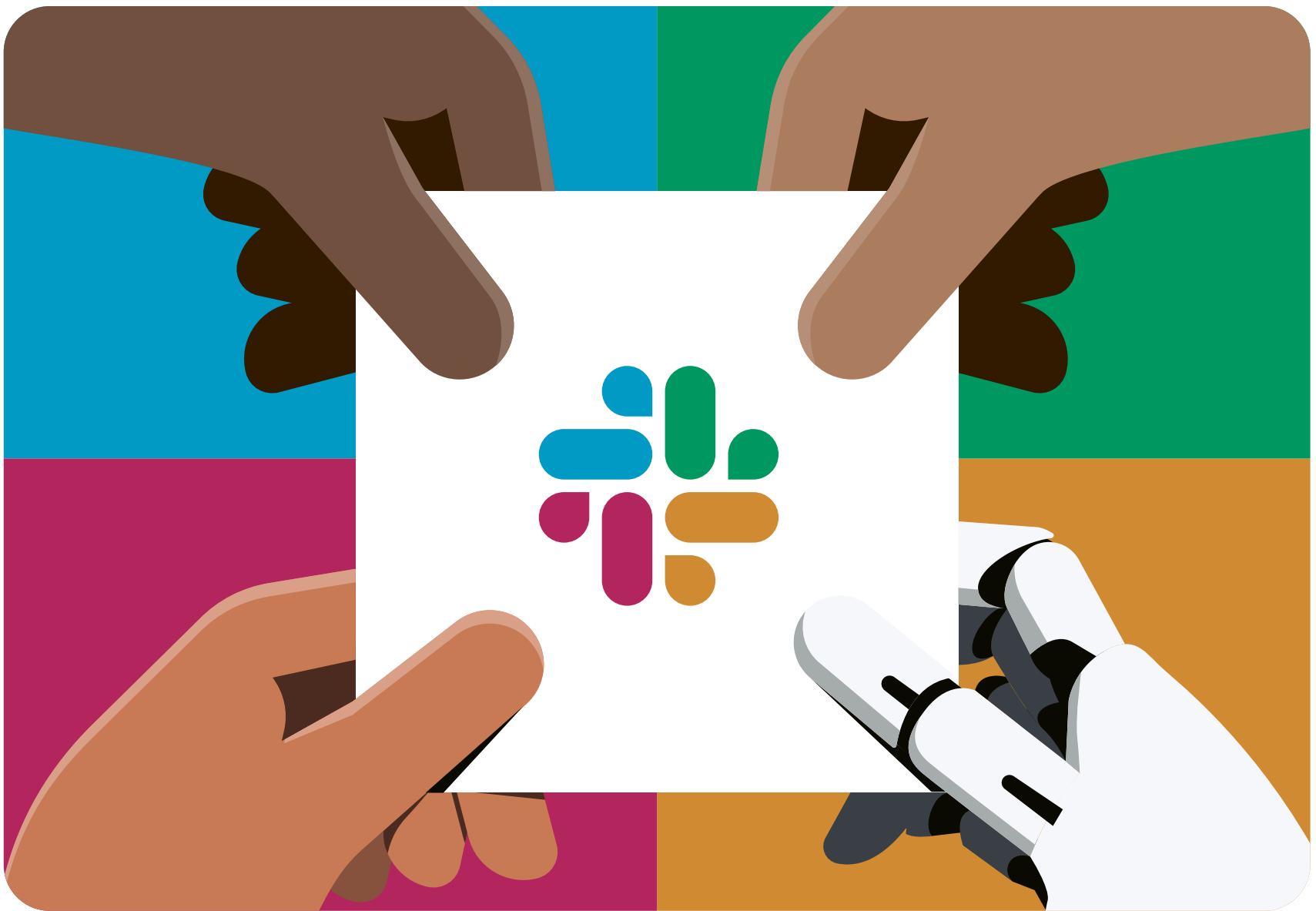
Suman Bhattacharyya is a writer in Philadelphia. He can be reached at reports@wsj.com.

ROB DOBI





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Lessons From Our Biggest Career Mistakes

Continued from page R1

readers to tell us about the biggest mistake they made in their career—and what they learned from it.

Don't forget the soft skills

For me, being in the finance and accounting field, the biggest mistake was overfocusing on gaining certifications and credentials as a way to move up in my career.

I learned this the hard way once I became a middle manager and got stuck. I was torn between doing the right thing for my employees, earning the respect of my peers and pleasing my superiors. I did not know how to navigate office politics, HR issues and so many other things.

My superiors had fewer credentials than I had, but were so much better at everything else—such as breaking down complex accounting terms for nonfinance people to help make better business decisions. Their insights, acumen and soft skills made all the difference.

Now, I work on those skills with as much passion as I used to pursue letters after my name. My advice is to be balanced: Focus on building subject expertise while learning how to negotiate to better advocate for yourself, your team and your projects. Build a personal brand inside and outside of your company through leadership and public speaking.

Yes, having credentials can open doors, but they don't guarantee you making it up the elevator.

Wassia Kamon
John's Creek, Ga.

It isn't all about the money

An investment advisory firm offered me a job as a portfolio assistant with a definite path toward becoming an investment counselor. When I told my current job that I would be leaving, they quickly countered by offering to double my salary. I foolishly accepted the salary increase. That job never provided an opportunity to advance.

I learned a big lesson: Never take the counteroffer.

Kathleen Franks
New Rochelle, N.Y.

Have patience and empathy

My company was experiencing some operational problems that led to tighter cost controls and hurt employee morale. I became impatient with management's reaction. They were so focused on the problems that they seemed

to stop taking care of employees. I thought this would affect my career trajectory and personal development, so I left, sooner than I should have, resulting in a couple of additional moves between firms, and creating an unstable-looking résumé.

In hindsight, I should have been more patient with the company's situation and ridden out the storm with them, rather than reacting hastily. My advice would be: Don't react to management decisions too emotionally. Instead, try to put yourself in their shoes. What could I have done differently as a leader? Could I have helped with ideas to implement better procedures or provided moral support to those around me?

Additionally, don't jump on the bandwagon of complaints. Don't jump off the cliff because everyone is doing it. Nobody is perfect and, often, we cause our



WASSIA KAMON

own problems. Thus, constant self-examination is of paramount importance. I believe this kind of thoughtful consideration would have placed me in a far better position today, both as a professional and human being.

Min Cho
Brea, Calif.

Call attention to yourself

My parents came from nothing, and everything they had they at-

tributed to their very hard work. They were quiet people, and would never have dreamed of calling attention to themselves. I applied the same strategy to my career, always striving for excellence, but never touting my work and supervisors would see my value and reward me accordingly.

When I was coming up through the ranks, "face time" was a thing. Who was the first one to work every morning and last to leave? Who was spending time in the boss's office, who was a loud voice in meetings? This made no sense to me. Why be in the office if there wasn't work to be done? Why bother the boss with idle chatter? And, most of all, why would I ever speak up in a setting where I didn't have valuable input to contribute?

It took a long time for me to realize that the people I considered blowhards or glad-handers were moving ahead, getting promoted and following their mentors or sponsors from firm to firm, while I was still head down, doing the work.

I now actively seek out competitive, collaborative work environments like this and wouldn't consider working anywhere else.

It's a much better way to go through life, but I believe it requires both bravery to put yourself forward and support from management. I think there's a way to promote oneself and advocate on one's own behalf without acting like a complete egotist, but it's a delicate balance. I spend a lot of time building up younger team members, focusing equally on those who lack self-confidence and those who have perhaps a bit too much of it. Nothing makes me happier than seeing one of them doing great work, acting justifiably proud and receiving the acknowledgment she deserves.

Mark Roth
Toronto

The danger of being comfortable

My decision to leave Navy recruiting duty and return to a corporate job was the biggest career mistake I've ever made. I left the Navy to go back to an old job that I thought was comfortable for me. But it turns out that I had outgrown the old position and it was no longer challenging.

Still, I stayed four more years back in that old role without any advancement opportunities. I finally left for good, regretting the time I lost and the anguish I put myself through trying to stay somewhere I wasn't happy just because the company had regular hours, great benefits and was familiar.

Ultimately, I got back into recruiting with a transportation company. I finally had flexibility, social interaction and challenging work.

Saguonna Duncan
Sandy Springs, Ga.

It isn't personal

In the mid-'90s, I was a minority partner in a very small technology company in a specialized field. In 2003, we were purchased by a firm based in Europe.

My contract to stay on was for three years, with an optional fourth. Initially things went smoothly, but during the fourth year, "Europe" became much more involved in running our business, which I resented. Although there were talks about extending my contract for another year, those talks broke down and rather than wait it out, I simply quit at the end of 2007, thinking I could wait a few months and enjoy life before beginning a second career in a new field, as long planned.

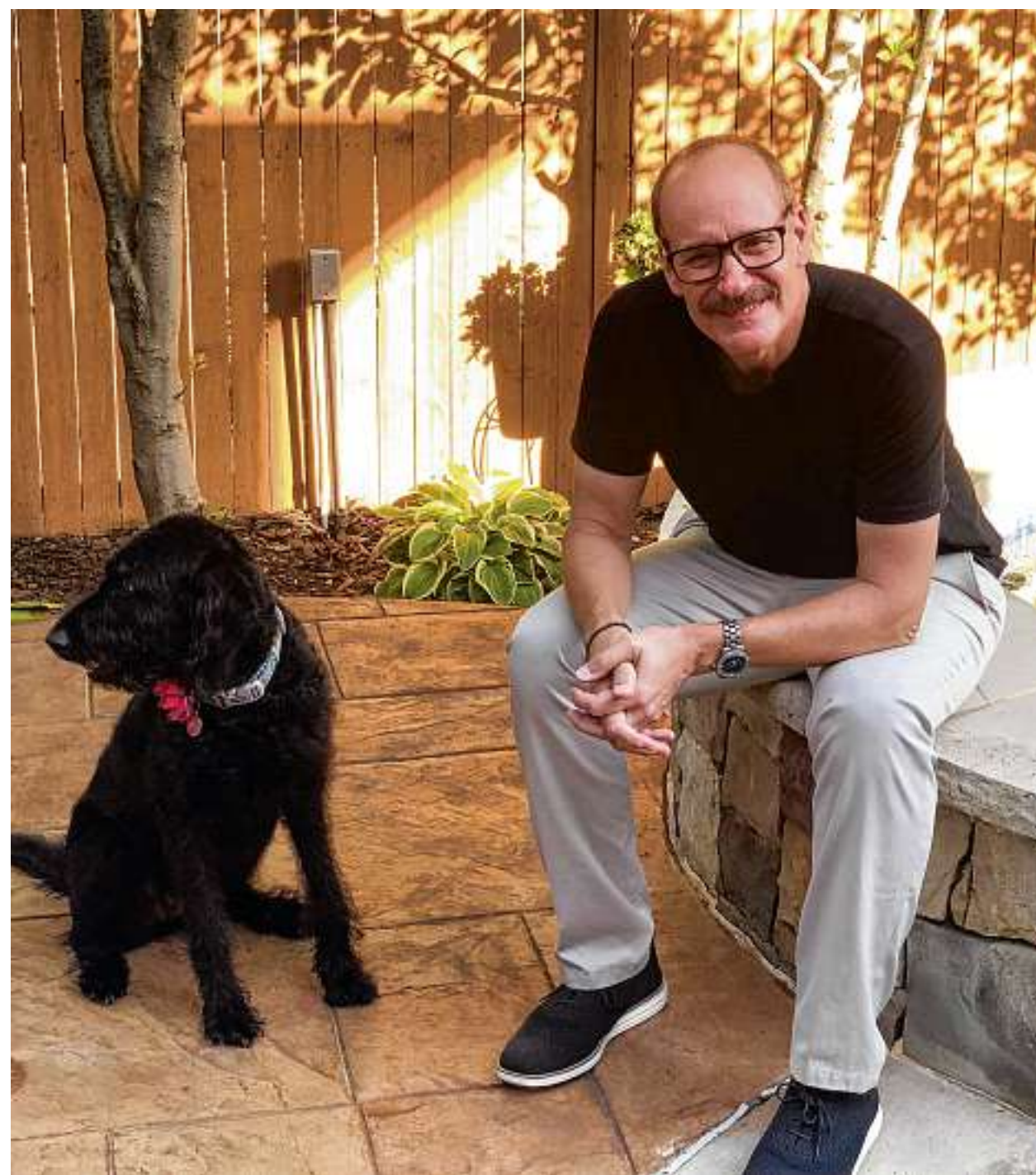
Remember 2008? Recession, the stock market tanked, unemployment spiked. By the time I realized that my retirement savings were over 90% equities it was too late. My hopes of a second career didn't pan out until 2010 due to economic conditions and my retirement date got extended by several years.

Here's what I learned: Just like "The Godfather" movie, it isn't personal, it's business. Anger and bad emotion toward your boss is harmful—to you. If I had just shut up and stayed working into 2008 under the terms of my old contract, then they would have had to either send me a contract or let me go. Involuntary termination would have drastically improved my family's life in 2008-09. Instead, I made it easy for "Europe" by quitting.

Frank Arciuolo
Stratford, Conn.

Fear is a bad excuse

My biggest mistake was being afraid to move away from home. I grew up near Philadelphia and went to school nearby, getting a masters in computer science from Villanova in 1981. I applied to IBM and got an offer at the Endicott, N.Y., facility. Even though I held IBM in the highest esteem, I turned it down. Frankly, I was scared to move away from Philly after 30 years and start over. I reapplied for jobs at IBM over the next decade, but they never answered



MITCHELL NASH

another one of my letters.

Then in 1993 I saw an opening for a development role at IBM's Rochester, Minn., lab. I applied, got an interview, and an offer. They gave me six weeks to decide, and I spent them changing my mind at least 30 times a day. If I went to sleep deciding to accept the offer, I woke up deciding to reject it, and vice versa.

Finally, I realized that if I ever wanted to break out of the career rut I was in, I would have to take a chance. So I accepted, loaded the cats into the car and started the long drive to Minnesota. By the time I got to Harrisburg I had again decided it was a mistake, but I convinced myself to just drive to the next exit, and then I would turn around and go back. I kept doing that for the next 200 miles until the spell finally broke near Pittsburgh.

Three days later I was in Rochester. It turned out to be my dream job, and ended after 22 months, but I was never afraid to move for work again.

Taking this new job more than a thousand miles away from everything I ever knew and everything I grew up with was unbelievably stressful, but also revitalizing. My career took off from that point. Having IBM on my résumé opened a lot of doors. I decided to move to North Carolina for more job opportunities. If not for that move, I wouldn't have boosted my salary again, and wouldn't have met my wife. Sometimes, just sometimes, fortune favors those who are willing to take the risks.

Bradd Schiffman
Winston-Salem, N.C.

Culture check

I was recruited to be an executive at a firm in my industry. They hired me because I had solid P & L experience that they were lacking. I was a bit concerned about the culture being open to changing some things, but I was definitely seduced with the opportunity. (They also increased my salary by 50%.)

It turns out the company was totally resistant to changing, even in small ways. I thought I was prepared for it, but I wasn't prepared for senior leadership to be the main source of resistance. The adage "be careful what you wish for, because you may get it" was too true here—they said they wanted change, but they couldn't or wouldn't accept even minor changes. After a few

years, I had to move on.

The main learnings were twofold for me: 1) check my true motivation for a new role (the compensation and the allure of a big role was seductive over some red flags); and 2) be more diligent about understanding the real culture of the organization (culture eats strategy every time).

Mitchell Nash
Longmont, Colo.

Don't be scared of asking for help

I love this question. My greatest



ELLEN O'BRIEN

will never get another great assignment." But that's absolutely what I believed.

So I quit abruptly and had nothing I could say to a recruiter who sought me out for a great journalism job. I couldn't tell an editor at a national news outlet in 2001, "Well, I needed a break and I wanted to stop drinking so much to cope with work, and I didn't know how to ask for help." We'll never know how it might have landed, but needless to say I opted for a vague answer.

Then followed a period of career instability: freelance writing, magazine editing and a bookstore coffee shop. Today you would call that period a mental health break! But it felt more like I had run totally off course. However, the search that followed eventually led me to a very unexpected and rewarding career as a content officer for high-tech firms. All these years later, I'm gainfully and happily employed in a more stable industry filled with smart, creative people, while a lot of my former peers have been scrambling to find new careers or second chapters.

What would I do differently? I guess I would tell my younger self: Set aside your pride. Raise your hand and tell someone at the top what is going on, even if it's difficult. There might be a path forward in your current organization that you haven't even envisioned yet. Whatever happens, don't leave on a bad day—plan your goodbyes for a good day.

Ellen O'Brien
Boston

Pride or arrogance?

In my early career days, if I didn't want to do a task, I made it known that it was "beneath my skill level" or "didn't dovetail into my goals," believing that stance would show my bosses that I was meant for bigger and better things.

Invariably, when I was still stuck doing those "menial" tasks, I let it make me miserable and I ended up hating whatever job I was in. I would leave after one year, thinking I had to find something better. I developed the reputation of a job-jumper. It took until my mid-30s to break that pattern and rehabilitate my reputation, and meanwhile I lost out on a lot of great opportunities to further my career.

Who knew being self-centered would lead to professional difficulties?

While I try not to regret this too much, I have since made up for lost time, and am currently working in my dream job for an amazing company, with a great management team. Still, I wish I could have accomplished my current level of success while my Mom was still alive to see it. She single-handedly raised my brother and me after our father walked out on our family; she worked too hard for her children not to reach greatness. I regret not understanding all this about myself and my Mom sooner, so that she could see her hopes for me come true.

As a manager, I now consider who has the most to gain from a less-than-glamorous task before passing it along, and I never ask someone to do something I am not willing to do myself, time permitting. Being a team player is what got me promoted to leadership positions; staying a team player is what keeps me there.

Kimberly Manchester
East Providence, R.I.

Ask for what you're worth

In retrospect, I have to admit that I was not confident in negotiating my salary when I first started my corporate journey. It was a mix of being grateful that I had a job during a recession, being a woman in a male-dominated company, and inaccessibility to the right mentor.

Had I not gone to law school...

My partner and I started a small computer-services company in the 1980s that was bought out by one of the industry leaders. After mulling what to do with my life at age 39, I decided to go after my college dream of becoming a lawyer.

The week I was supposed to report to law school, I was at a local computer store. These were the very early days of retail computer stores, and it wasn't unusual for novice consumers to be conversing with computer professionals like me who were also fellow shoppers.

As I walked past the software section, there was a couple confused by the many choices on the shelf. I had extensive experience with the software, so I asked if I could offer some assistance. They were already talking to a gentleman who also turned out to be a fellow shopper. Over the next few minutes the other man and I ascertained the couple's needs and offered our recommendation. The couple left to buy their selection, and the other man asked me some questions about it. It was a casual conversation, and we compared notes on background, training, computer experience, education, etc.

I began to excuse myself from the gentleman asked, "What are you doing now?" I told him I was reporting to law school next week. His next question caught me off guard: "What kind of money would it take for you not



MISHA SHAH

Now, as the owner of a tech startup, the tables have turned. It is such an incredible experience to see how women understand their worth and are now initiating those tough conversations with their bosses with confidence. Instead of just asking for a raise, I encourage all of my mentees to build a portfolio of every successful project to have ready for those conversations to use as ammunition. Your boss will have tangible, irrefutable evidence of your value.

Misha Shah
Tulsa, Okla.

Beware of dreams

My biggest mistake was having unrealistic expectations when I graduated from college in 1990 during a recession. People tell college graduates to "chase their dreams," so I chose to hold out for my dream job instead of accepting a lower-level job where I could move up. I finally recognized reality nine months after I graduated, but by then the economy was deeper in recession, and it took several years before my career was where I wanted it to be.

Joe Wolf
Minneapolis

to go to law school?" I made up what was at that time a ridiculous salary demand of \$90,000 a year. He paused for a second, and said, "I can do that." He then reintroduced himself: He was an executive at a top tech firm, and as far as he was concerned, I'd just had a successful job interview. Now we were talking compensation packages, and he was making a great offer with a fantastic career path. I distinctly remember an increase to a six-figure salary after six months. That would have been amazing for 1992.

I gave it a long thought as it was an extremely tempting offer—even offered to reimburse me for all my expenses such as my rent deposit, law-school fees and costs paid to date, and moving expenses. But I reluctantly refused the very generous offer and went on to school.

I don't regret law school or where life took me after that, but I've always wondered how different my life would have been if I had accepted his offer.

John Parziale
Ocala, Fla.

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MIN CHO

JOURNAL REPORT | C-SUITE STRATEGIES

Can I Ask a Ridiculous Question?

A new study finds that asking job applicants oddball questions risks turning off top talent

BY HEIDI MITCHELL

WHICH ONE of the seven dwarfs would you be?

Dismiss that question as silly at your peril. Because silly or not, such questions are increasingly common in job interviews. So common, in fact, that Don Zhang, an associate professor of industrial and organizational psychology at Louisiana State University, decided to examine how job candidates perceive these questions and the companies that ask them.

"In my research, I came across all these questions, and I thought, 'What do companies think they are accomplishing when they ask these,' and, 'How would an applicant feel,'" says Zhang.

What he found was that companies might be better off cutting the quirky.

Horses vs. ducks

In one study, Zhang gave 275 participants with work experience one of four randomly assigned lists of questions. One was a list of traditional questions, such as, "Tell me about yourself," which acted as a control group. The other three lists were made up of oddball questions, which he had found through books, blogs and online articles, that fell into one of three categories: preference-oriented questions, such as, "Would you rather be attacked by 100 duck-sized horses or one horse-

sized duck?"; open-ended questions, such as, "What would you do in the event of a zombie apocalypse?"; and biographical questions, such as, "What was the last costume you wore?"

Participants were asked to judge the usefulness of specific questions for one of four job types (receptionist, marketing executive, software developer and janitor). They were then given various adjectives and asked to rate the likability and usefulness of such questions.

The participants judged the oddball questions to be roughly 30% more likable—that is, more fun, less boring and more interesting—compared with traditional interview questions. But they also judged them to be about 20% less useful (i.e. more inappropriate, unfair and invasive).

"Basically, they thought the questions were likable and fun, but not useful or fair in the hiring setting," Zhang says.

In a second study, Zhang was interested in whether the personalities of the applicants affected how they viewed the organization asking the questions.

Zhang found that job seekers with a better sense of humor, according to the personality assessment, thought the oddball questions were more useful for organizations in a job-interview setting than those who didn't share their goofiness. Those same candidates were also less

anxious about the interviews.

"Another way to think about the results is that these types of offbeat questions act as a penalty against applicants who don't have a sense of humor," says Zhang. "But you can easily argue that a sense of humor isn't required for most jobs." And if an interview is making applicants who aren't natural comics uncomfortable, that may be alienating top talent—making them less likely to want to work at the company.

The cool kids

Research has shown that people project symbolic personality

traits onto organizations. "Walmart might be considered a traditional, conservative company, whereas Uber might be more stylistic," says Zhang. "I think some companies use these oddball personality questions to stand out, to say 'we are this cool company,' but the practice could backfire."

"You might be losing out on talent, and you're not getting anything in return with these oddball questions that don't assess job-relevant traits," Zhang says. "They may be handicapping your hiring by including biases and judgment errors."

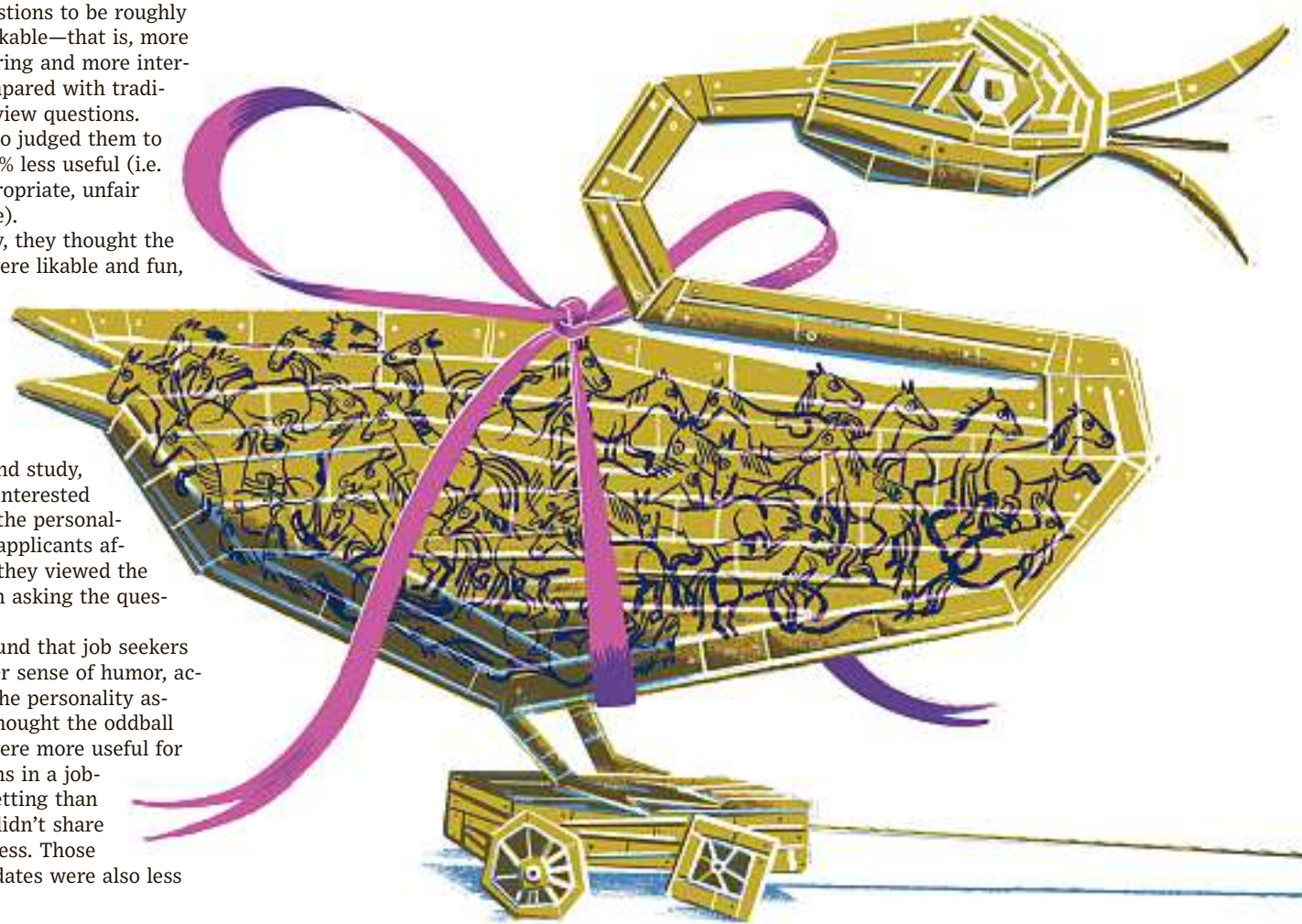
If hiring managers really want to ask oddball personality ques-

tions to seem cool or fun, Zhang advises saving them for later parts of the recruitment process, ideally after an offer is made or the contract is signed. "Use them as an ice breaker or image tool, as long as it doesn't interfere with the selection process," he says. "That way, the risk of making applicants uncomfortable or turned off is no longer there, and you can reap the benefits, not the cost."

And you can still find out what a new hire would do if they found a penguin in a freezer.

Heidi Mitchell is a writer in Chicago. She can be reached at reports@wsj.com.

WESLEY ALLSBROOK



Companies Get Creative With Parental Leave

Continued from page R1

win all around. New parents can go on leave knowing their work will get done; interns and returners gain valuable experience to add to their résumés; and employers don't have to put projects on hold.

"Organizations are realizing that having a broader, more intentional approach to coverage is critical for business success," says Leslie Forde, founder and CEO of Mom's Hierarchy of Needs, a consulting firm that helps employers create caregiver-friendly workplaces. "They realize that they need a deeper bench of talent."

Experiential training

Employers are changing how they handle parental leave for several reasons. First, many companies now offer paid leave to all new parents—not just those who give birth—creating more gaps at work that need to be filled. An annual survey of human-resources professionals by the Society for Human Resource Management, for example, found that the percentage of employers offering paid maternity and paternity leave rose to 40% and 32%, respectively, in 2023, from 35% and 27% the year before.

Another reason: In a tight labor market where skilled employees can be hard to find, employers want to keep workers happy by giving them opportunities to grow.

Creating opportunities like these are vital to building the workforce of the future, says Mary Rusterholz, chief people officer at the online marketing company Constant Contact. "Experiential training is one of the things that companies have to get better and more creative about since it drives retention and loyalty," she

says.

Marzena Stykowska, a client-success specialist at job board Indeed, was one of the first participants in an internal-internship program piloted by the operations unit in spring 2022 to cover parental leaves. She had long been interested in becoming a project manager, so when she received a companywide email announcing an internship opportunity in that role, Stykowska applied and was chosen.

She was one of 16 applicants vying for two internships slots, says Mimi Imler, a senior program manager on Indeed's operations team and Stykowska's direct manager.

Stykowska and Imler met weekly to discuss the work and any challenges that came up. She also was paired with a mentor who guided her through the job responsibilities and gradually

ferent department," says Stykowska, who interned from April through October in 2022. "It was a perfect match for what I wanted to achieve."

Easing anxiety

While some people taking parental leave might be nervous about letting a colleague—often someone lower on the corporate ladder—take over their job for a time, employers say including the soon-to-be parent in the selection and preparation process helps alleviate those feelings.

UrbanSitter, a San Francisco-based company that helps people find child care, tutors and pet sitters online, says it gives the person going on leave a say in picking the intern who will cover for them while they are gone. So does Indeed.

"Good people are hard to come by," says Lynn Perkins, UrbanSit-

ports to be successful.

With Falbo now back at work, MacCracken reflected on the internship, saying that while it was challenging to take on so many new responsibilities, she gained valuable exposure to the executive team, visibility at company meetings and the chance to interact with clients. Those are all experiences she wouldn't have received so early in her career otherwise, she says.

As for Falbo, she says she returned to an orderly, calm environment. "I was up-to-date on everything because we put a good system in place before I left," she says.

Career revival

When Lucia Salazar began her job search after taking five years off from her job in business development and supply-chain management to have her daughter and

by Schneider Electric to cover a six-month parental leave as a program manager.

The plan was for the Schneider employee going on a leave to participate in Salazar's training, but that employee went into labor early. Salazar worked through the challenge with the help of a reachHIRE mentor and weekly meetings with her direct manager.

Salazar recently signed on to be a full-time program manager within the same department when the returnship ends in July.

"This experience allowed me the opportunity to come back [to work] and not have to start from the beginning, which is what I feared the most," Salazar says. "We think of this as an opportunity for the employer to get to know us before hiring returners, but it was also an opportunity for me to get to know the culture of the company before I signed on for a full-time job."

Back at Indeed, Lisa Ramirez, the vice president of operations who spearheaded the internship program, is now experiencing it firsthand. Her chief of staff, Molly Muller, is on a six-month parental leave. Lindsey Payne, a data analyst, is the intern who has taken over for Muller.

Payne shadowed Muller for five weeks before she went on leave, joining her in meetings, getting copied on all emails and observing how Muller and Ramirez work together. Payne's data-analyst co-workers were all given portions of her work while she interns.

Muller says knowing that her responsibilities were being covered allowed her to bond with the new baby without worrying about work. Still, there is a tiny part of her that acknowledges it's scary.

"There is always that human reaction to be fearful that they are taking your place," Muller says. "But I also trust my company, our leadership and Lisa to know that I will have a place when I return. That lack of stress and the ability to know I can fully focus on my family is truly a gift."

Tara Weiss is a writer in New York. She can be reached at reports@wsj.com.

ISTOCKPHOTO/GETTY IMAGES



Some firms are using parental leaves to strengthen their talent bench.

handed them off to her.

Indeed hired a contractor to cover Stykowska's work while she interned.

When the internship ended, Stykowska remained a client-success specialist but transferred to another department that offered more project-management opportunities. She also received a one-time cash bonus as compensation for the internship and it was included in her performance review.

"I didn't want to transition out of my role, but I wanted to test the waters and learn about a dif-

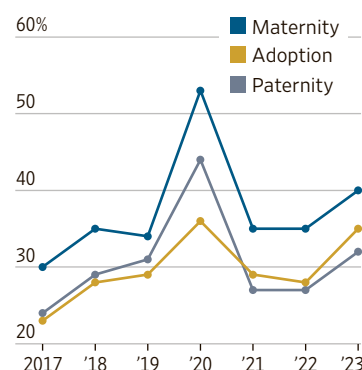
ferent department," says Stykowska, who interned from April through October in 2022. "It was a perfect match for what I wanted to achieve."

Alyssa Falbo, a customer-experience director at UrbanSitter, helped select Addie MacCracken, an associate, as the intern who would cover for her during her parental leave.

Before taking leave in March, Falbo flew from Denver to San Francisco to train MacCracken in person. Falbo acknowledged there was some anxiety associated with giving up control, but says good managers want their direct re-

All In on Family

Percentage of U.S. organizations in a survey offering paid maternity, paternity and adoption leave



Source: Society for Human Resource Management's annual Employee Benefits Survey. The 2023 survey was conducted Jan. 17 to March 8.

son, she remembers doubting her professional skills.

Salazar was accepted into a program at reachHIRE, which works with employers to provide six-month "returnships" for people who want to revive their careers after being out of the workforce for a number of years. The program includes training to help returners gain confidence and update their skills. Salazar was hired

JOURNAL REPORT | C-SUITE STRATEGIES

MANAGEMENT TOP 250

The Best-Managed Companies Have the Most AI Jobs Postings. What Explains That?

It may be a virtuous circle: These companies are good at looking ahead, and investing in AI makes them better

BY RICK WARTZMAN AND KELLY TANG

THREE YEARS ago, International Business Machines' chief executive, Arvind Krishna, forecast that "every company will become an AI company" at some point. Today, with the explosion of interest in artificial intelligence, that seems like a surer bet than ever.

But some companies have clearly gotten a head start over their peers—and, as our latest research shows, there looks to be a strong connection between their early investment in AI and how well-managed they are.

Our findings are based on a gauge of corporate effectiveness devised by the Drucker Institute, which is part of Claremont Graduate University. It rests on the teachings of the late management scholar Peter Drucker, who defined effectiveness as "doing the right things well."

The institute's measure serves as the foundation of the Management Top 250, an annual ranking produced in partnership with The Wall Street Journal. The 2022 list was published in December.

In all, 34 metrics were used last year to evaluate 902 large, publicly traded U.S. corporations across five categories: customer satisfaction, employee engagement and development, innovation, social responsibility and financial strength.

Companies are compared in each of these five areas, in addition to their overall effectiveness, through standardized scores with a typical range of 0 to 100 and a mean of 50. Bendable Labs, a private firm, works with the institute to perform the calculations and interpret them.

Among the indicators we collect to determine a company's level of innovation is its number of job postings in an assortment of cutting-edge fields, including AI. Recently, we investigated whether those businesses that have done the most AI-related hiring stood out in terms of how well they scored in our model.

AI postings

Taking data from Lightcast, a labor-market-analytics firm, we grouped companies into quartiles reflecting how many AI postings they have made since 2020 compared with others in their industry. Of the 902 companies we ranked last year, Lightcast was able to provide information for 613 of them.

The results were eye-catching. A straight-line relationship emerged between how aggressively companies have been building up their talent around AI and their average overall-effectiveness scores, with those marks descending quartile by quartile, from 60.2 to 46.0. The same pattern held true in every individual category we cover.

What our inquiry couldn't answer, however, is the big

chicken-or-egg question: Do more-effectively managed companies tend to be ahead of the game and, therefore, they have been leading the way in AI over the past three years? Or is their heavy deployment of AI helping them to become more effective in the first place?

Layla O'Kane, a research director at Lightcast, suggests that it's a bit of both, triggering a virtuous cycle. "Effective companies are good at predicting their

ner for IBM Consulting, who helped lead a study released last month on CEO decision-making in the age of AI.

Still, he says, at least some companies have begun to figure out how to use AI "to drive efficiency and productivity," with the best of them designing AI applications that employees and customers are "motivated to use, not afraid to use."

That appears to be the case at **Capital One Financial**, which

an overall effectiveness score of 62.1 last year to rank 107 and has led the insurance industry in AI postings since 2020, has also been leaning in. CEO Alan Schnitzer highlighted for analysts this month that among the ways Travelers has leveraged AI is to "assess roof and other site-related conditions," in conjunction with aerial imagery, so as to "achieve pricing that is accurately calibrated to the risk" of insuring those parcels; "facilitate targeted cross-selling, supporting our effort to sell more products to more customers"; and garner "insights that improve the customer experience."

Travelers has extended beyond traditional AI, which can analyze huge amounts of data and make predictions, and into the realm of generative AI, which can create new content. For instance, it is piloting a "Travelers claim knowledge assistant," a generative AI tool trained on a mountain of proprietary, technical source material that was previously only accessible in thousands of different documents. Its aim, Schnitzer told analysts, is for the company's claims

professionals "to easily access ... actionable information," thereby "increasing speed, accuracy and consistency" with consumers and distribution partners.

O'Kane says that most postings Lightcast is seeing reveal that companies are moving gingerly toward generative AI, presumably as they try to navigate various legal and ethical issues surrounding the technology. "There's going to be a slow adoption," O'Kane says.

Meanwhile, she says that Lightcast is thinking about how it tallies its job postings so as to make sure that they're calling for specific skills, whether it's to invent AI or implement it.

Otherwise, AI-washing may sully the data. "It's possible," says O'Kane, that companies have started to sprinkle the two magic letters liberally throughout their job listings as a way to signal "we're hip and we're cool."

Rick Wartzman is co-president and Kelly Tang is the chief data scientist at Bendable Labs. They are also both senior research fellows at Claremont Graduate University. They can be reached at reports@wsj.com.



Capital One has used AI to improve service in call centers, among other things.

future needs," she says. At the same time, she adds, "These companies are investing in their workforce, and that's making them effective."

Others stress that even among firms that have been at the forefront of rolling out AI, most are far from realizing its full promise. "I like the phrase, 'Overnight success typically takes an average of eight years,'" says Jesus Mantas, a global managing part-

ner for IBM Consulting, who helped lead a study released last month on CEO decision-making in the age of AI. It has had the most AI job postings in the diversified-financials industry since 2020, according to Lightcast.

"AI and machine learning are foundational to how we deliver value for our customers and to how we run our business," says Prem Natarajan, Capital One's chief scientist and head of enterprise AI.

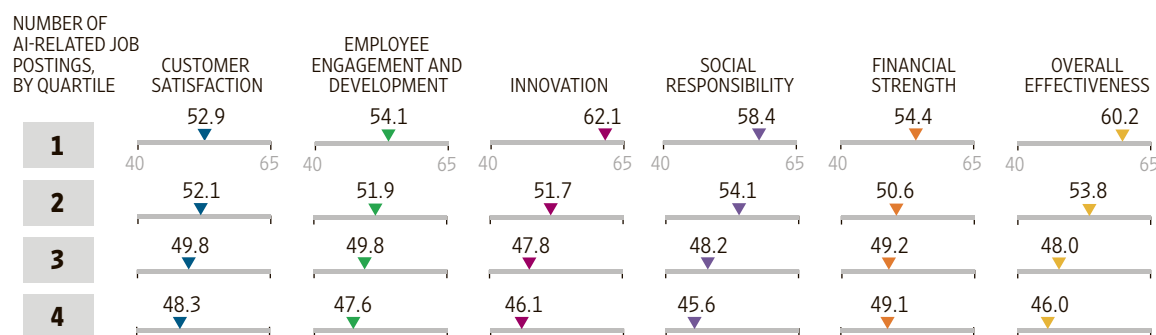
For example, to boost the quality of service in its call centers, Capital One has built a voice-to-text speech-recognition system that uses machine learning to transcribe calls and enable downstream natural-language processing to analyze their content and customer sentiment.

It has also harnessed AI to develop a new fraud-protection platform. "We rebuilt this platform from the ground up to make complex real-time decisions, with more data, in the time it takes our customers to swipe their credit cards," Natarajan says.

Beyond traditional AI Travelers Cos., which notched

Clear Pattern

Companies doing more AI-related hiring versus peers score higher, on average, in Drucker Institute effectiveness rankings across all categories.



Note: Job-posting data is based on 613 companies studied for the 2020–22 period. Effectiveness scores use a 0-100 scale, with a mean of 50, and are based on the Drucker Institute's full universe of 902 large, publicly traded U.S. corporations. Sources: Lightcast for the job-posting data; Drucker Institute for the rankings data, using metrics from American Customer Satisfaction Index; Clarivate; CSRHub; Glassdoor; HIP Investor; ISS EVA; J.D. Power; Lightcast; Prof. Dimitris Papanikolaou of Northwestern University and Prof. Amit Seru of Stanford University; Payscale; Refinitiv Eikon; Supply Chain Resource Cooperative; Sustainalytics and wRatings

As Generative AI Reshapes the Workforce, These Companies May Be Most Affected

Among the companies that could gain the most, according to a study: IBM, Nvidia, Microsoft, Verizon and Intuit

BY BETSY MORRIS

MUCH OF the hoopla surrounding AI-related companies since the release of ChatGPT has focused on firms like chip maker **Nvidia** that make products for the new generative-AI technology.

Now, a new study spotlights a much bigger group of companies that also stand to benefit: those best positioned to use ChatGPT and other types of generative AI to boost their productivity.

The working paper analyzes the workforce makeup at each of 2,500 publicly traded companies to determine how many jobs at each could either be replaced or made more efficient with the help of generative AI. Then it compares those findings to the com-

panies' stock-market performance following the release of the AI tool last November.

The study found that shares of the companies with the greatest number of jobs that could be affected by generative AI outperformed the shares of the companies least exposed to the technology. The group with the highest exposure posted cumulative stock-market gains of 13% by the end of March, compared with cumulative gains of 2% for the group with the least exposure.

"One of our hypotheses is that this technology can be either complementary to or a substitution for existing labor. Either way it can be positive for firm value," says Andrea Eisfeldt, a finance professor at the Anderson School of Management at the University of California, Los Angeles, and one of the study's authors. The study hasn't been peer reviewed.

In line with prior research, the study found that the occupations most likely to be affected by generative AI are generally white-collar professions involving cognitive tasks—like reasoning and remembering—and analytical tasks, as well as higher-wage occupations.

Exposure to ChatGPT and other generative AI varied greatly within industries. In general, the authors found that companies that are smaller, less profitable and more R&D intensive tend to have greater exposure than others in their industry.

The study ranks 100 of the country's biggest publicly traded companies in order of their employee exposure to generative AI. The greater the exposure, the greater the potential to reshape workforces and reap productivity gains, according to the study.

The most exposed companies are in a range of industries, suggesting the wide scope of generative AI's potential impact. **International Business Machines**, **Nvidia** and **Microsoft**, all deeply involved in generative-AI technology, are first, fifth and ninth on the list, re-

spectively. **Intuit**, the maker of tax-preparation software, is second, fintech company **Fiserv** is fourth, **Verizon Communications** is eighth and **3M** is 10th.

A 3M spokesperson said the

Large U.S. companies most exposed to generative AI*

	SECTOR
1	IBM Information
2	Intuit Information
3	Qualcomm Manufacturing
4	Fiserv Information
5	Nvidia Manufacturing
6	S&P Global Administration/Support Services
7	Broadcom Manufacturing
8	Verizon Information
9	Microsoft Information
10	3M Manufacturing

*Generative AI exposure refers to a firm's labor exposure to ChatGPT-like technologies. Source: Andrea Eisfeldt, Gregor Schubert and Miao Ben Zhang

company is exploring ways in which generative AI can support further innovation. An Intuit spokesperson said the company is building AI that "works hand-in-hand with people to help them do their jobs better." A Microsoft spokesperson said that as AI "will change the nature of some jobs and even create new jobs that didn't exist before, this requires new ways of thinking about skills and training to ensure that workers are prepared for the future." Fiserv said it is exploring generative AI's potential but doesn't expect the impact to become clear until the technology matures. IBM, Nvidia and Verizon had no comment on the study.

Firms at the lower end of the exposure ranking tend to depend more heavily on customer service or hands-on work, like **Starbucks**, **McDonald's**, **Target**, **Union Pacific** and **United Parcel Service**.

A spokesperson for Union Pacific said the company "recognizes the rapid advancements in artificial intelligence and its potential impact" and is continuously evaluating emerging technologies to enhance operations and improve efficiency. Starbucks and UPS had no comment on the study, and Target and McDonald's didn't respond to a request for comment.

Betsy Morris is a writer in San Francisco. She can be reached at reports@wsj.com.

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The Hidden Talents of Your Office Software

BY SEÁN CAPTAIN

I HAVE BEEN USING Microsoft Word and Excel for a quarter-century. So to leverage this “expertise,” I recently took proficiency exams on LinkedIn that would have conferred skill badges to my profile on the site.

I failed them. It turns out I’ve been using the same basic functions and haven’t explored the advanced features that could have improved the quality of my work, saved time or both.

I’m not alone. In a Gartner survey of nearly 5,000 workers around the world last fall, just 20% described themselves as experts in the tech they use at work. While new technologies keep emerging (hello, ChatGPT), stalwart apps like Word, Google Docs, PowerPoint and Gmail still dominate work life. That is why it is crucial to learn how to use them better.

Any app may have hundreds of features, but a few produce outsize benefits. We polled the software makers themselves as well as online instructors (Garrick Chow of LinkedIn Learning, Christopher Hui of Springboard and Lin Yue of Coursera and Macquarie Business School) to find some of the best tools for six application types: word processors, spreadsheet programs, presentation software, email clients, meeting apps and videoconferencing programs. (Microsoft instructions are for the online Microsoft 365 app versions except where noted.)

Here are some of their top suggestions.

Create smarter documents

Whether it is a short memo or a detailed report, we spend a lot of time producing documents in word processors like Microsoft Word and Google Docs. Here’s how to make that easier.

- **Talk instead of typing (Word, Docs):** You can save keystrokes by dictating text. (In Word, click Home > Dictate; in Docs, click Tools > Voice typing.) The online version of Word (but not Docs) can also transcribe audio files—say, from meetings or voice memos on your phone—saving money on transcription services.

- **Stop typing the same text (Word):** Word for Windows (not Mac or online) lets you save snippets of oft-used text (such as a regulatory disclaimer in a report) to insert whenever needed. (On the Insert tab, in the Text group, click Quick Parts to

save new text or select from already-saved snippets to insert.)

- **Guide readers with a table of contents (Word, Docs):** A table of contents makes reading longer documents much easier. Word and Docs can generate them automatically if you put section heads in your document to mark the beginnings of chapters or other chunks of text.

First, format the section heads in your document as proper heading text. (Highlight the text and, in Word, click Home and select from heading styles under the Styles dropdown; in Docs, click the dropdown on the toolbar that defaults to “Normal text” to select a heading style.) From there, tell the apps to use these headings to generate a table of contents. (In Word, click References > Insert Table of Contents; in Docs, click Insert > Table of Contents.) Docs can also autogenerate a brief document summary. (Click

View > Show Outline.)

- **Drop in key info (Docs):** Google’s smart canvas tool links information from other Google products and from across the web into its workplace software. In Docs, smart canvas lets you insert a variety of elements into a document. (Type the “@” symbol, and see a pop-up menu for items such as today’s date, a link to someone’s contact info, links to files or calendar events; or templates for documents such as meeting notes, prepopulated with info, such as date and participants, from events on your calendar.)

- **Ditch page boundaries (Docs):** While word processors began as fancy typewriters, most documents never make it to paper today and don’t need page-break indicators. You can ditch them by enabling Pageless view. (Click File > Page setup > Pageless.)

You may think you know all there is to

know about Microsoft Word, Google

Docs, Excel, PowerPoint, Gmail, Outlook

and other apps. But you probably don’t.

Get insights from spreadsheets

Spreadsheets can show far more than basic tables of static information. Microsoft Excel and Google Sheets also have data-visualizing and analysis capabilities.

- **Highlight values automatically (Excel, Sheets):** Say you’re tracking sales volume of products. You can get a quick overview with conditional formatting, which highlights cells in different colors based on their value—say, from low numbers in deep red to high ones in bright green. (Highlight the cells you want to analyze, and, in Excel, click Home > Conditional Formatting > Color Scale; in Sheets, click Format > Conditional formatting.)

- **Get suggestions for visuals (Excel):** For more complex analysis, Microsoft’s Analyze Data tool (formerly called Ideas) proposes various ways to analyze and create graphics for data you select—for instance, creating various charts and graphs. (Click Home and then the Analyze Data icon, which looks like a small magnifying glass inside of a spreadsheet.)

Design slick slide decks

The graphical tools in PowerPoint and Google Slides have become more sophisticated, as have viewers’ expectations. If you don’t have the time or inclination to become a design whiz, both apps can punch up presentations for you.

- **Ask for layout suggestions**

- **(PowerPoint, Slides):** PowerPoint and Slides can propose eye-catching layouts for text and images you add to rough slides—including background patterns, images, fonts and text boxes. Start by opening the respective tools. (In PowerPoint, click Home and the Designer icon, which has a lightning bolt on it; in Slides, click Tools > Explore to scroll through the galleries of suggested designs.) Then start filling in text boxes and dragging in images, and observe the proposed designs that appear on the right in each app.

- **Get automatic graphics (PowerPoint, Slides):** Image generators can propose graphical representations for data and text—such as a timeline or an org chart. In the online version of PowerPoint and Slides, you will first select a graphic style. (In PowerPoint, click Insert > SmartArt; in Slides, click Insert > Diagram. Select the style and specific graphic you like.) PowerPoint has some ability to interpret the text—for instance, recognizing that a list of events is a timeline—and prepopulate the text boxes. Slides is a more manual process of filling in the individual boxes.

Wrangle your inbox

While team-communication apps like Slack (which we’ll get to in a moment) have taken off, email remains essential, especially for communication with people outside your company. At the same time, inboxes have become an unwieldy amalgam of very important and utterly trivial mis-sives—but there are ways to organize them more effectively.

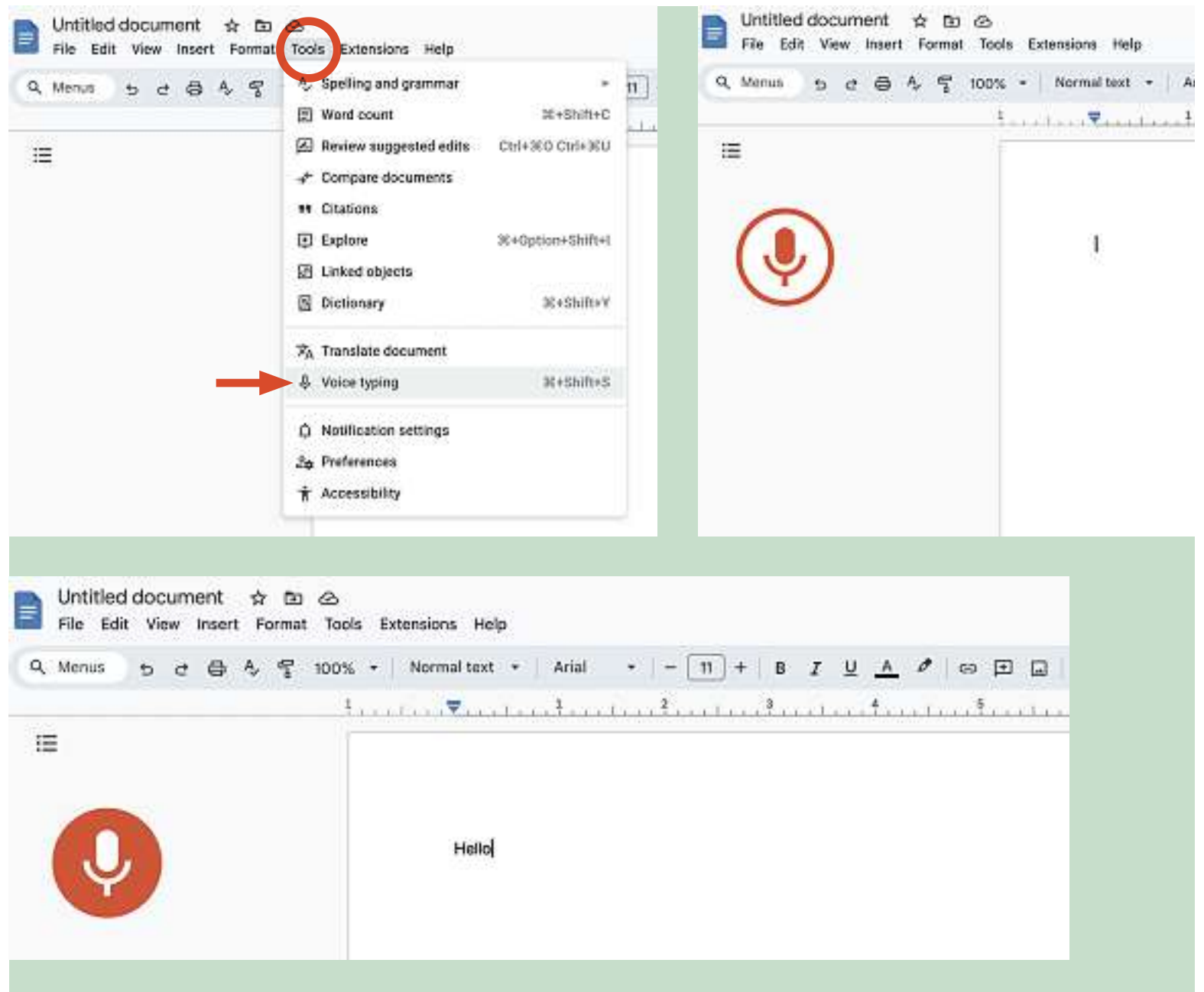
- **Filter messages by topic and**

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importance (Outlook, Gmail): It is too easy to miss an important email and too tedious to file them all. Avoid both problems by creating rules using criteria such as sender or subject to take actions like filing messages into folders or moving them to the top of the inbox. (In Outlook, right-click a message and click Advanced actions > Create rule; in Gmail, click the check box next to a message, click the three-dot icon at the top right of the window and select Filter messages like these.)

- **Turn emails into to-do's (Outlook, Gmail):** Lots of emails demand a response, but a cluttered inbox makes a lousy to-do list. Instead, transfer them to a proper checklist app. (In Outlook, right-click the message, then click Advanced actions > Create task; in Gmail, right-click the email and click Add to Tasks.) You can find these items in the Microsoft To Do app in the left-hand sidebar of 365 or the Google Tasks app in the right-hand sidebar.

- **Keep track of important emails (Outlook, Gmail):** Another way to keep emails prominent is to "pin" them so they stay at the top of the inbox. (In Outlook, hover over the message and click the pin icon on the right; in Gmail, click the star icon to the left of a message, click the gear icon on the upper right of the app, scroll down to Inbox type and click Starred first.) In Gmail, you can also set an email to come back to the top of your inbox in the future. (Hover over a message and click the "Snooze" clock icon on the right, then select a time for it to return.)



▲ If you are working in Google Docs (above) and would like to dictate text instead of typing it, click Tools > Voice Typing.

integrate with hundreds of apps that co-workers can access directly—such as collaborating on an Excel spreadsheet embedded in a Teams chat window or browsing Google Drive files and folders from within Slack. (In Teams, access apps such as Word by clicking on a team or chat, then clicking the "+" sign in the upper right to search for the app. Access cloud storage such as Google Drive or Dropbox

by clicking the Files icon on the left-hand pane, then clicking Add cloud storage. In Slack, click the Apps button in the top of the left-hand pane. You may have to first click the More button to get to Apps.)

- **Move important messages to the top (Teams, Slack):** As in email clients, you can also "pin" important messages to the top of collaboration apps. (Hover over a message and click the three-dot "More" icon. In Teams, click Pin; in Slack, click Pin to channel.)

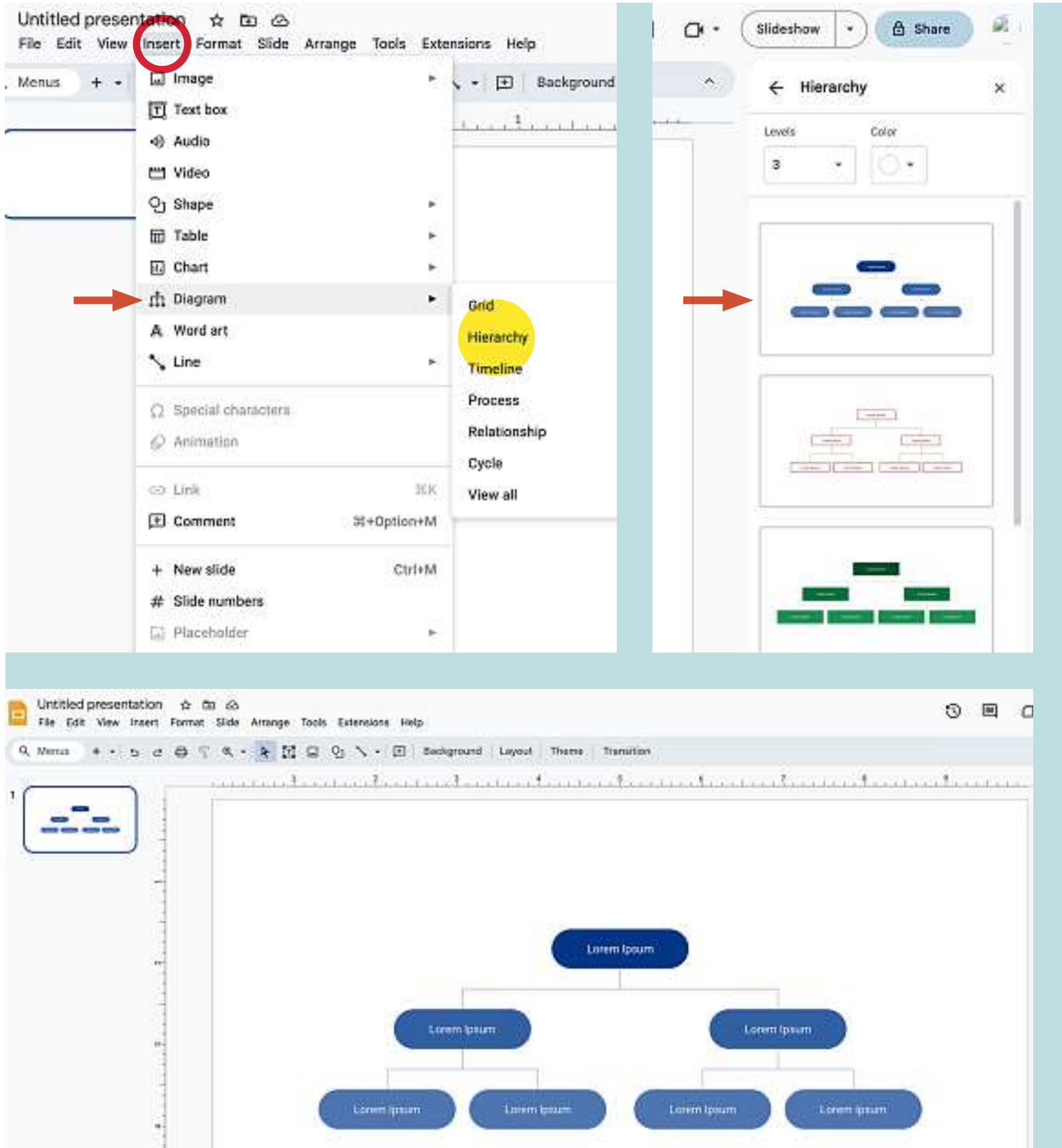
- **Clean up channels (Slack):** Slack allows you to organize different teams, projects or conversations into channels. To reduce clutter, users on paid plans can group channels under sections. (In the left sidebar, click Channels > Create > Create section, add a name and drag other channels into it.) Users on any plan can create a sidebar section showing only unread messages (Click your profile picture in the upper right, then Preferences > Sidebar and check the box next to Unreads.)

Collaborate better

Your flood of email—especially the profusion of reply-all messages—might be even worse if it weren't for the rise of collaborative chat apps like Microsoft

Teams and Salesforce's Slack. But these apps offer much more than group chat.

- **Bring other apps into chat (Teams, Slack):** Teams and Slack



Organize videoconferences

While Slack, Teams and Google Meet all provide videoconferencing, only Zoom has become a verb for the activity. Even if your company uses a different platform, you may still need Zoom for people outside the company. And Zoom has a few features to streamline the process.

- **Eliminate scheduling hell:** Going back and forth to set a meeting time can be exhausting. Instead, use the Zoom Scheduler (which requires an extra fee) to create a webpage where people can sign up for one of your available times. (On the website, click My Account in the upper right, then Scheduler in the left-hand sidebar.)

- **Get a meeting summary:** Didn't take meeting notes? The new Zoom IQ Meeting Summary feature can prepare a synopsis and suggest postmeeting actions to take. It's currently available as a free trial for Zoom Pro and higher accounts; Zoom hasn't said when it will start charging, or how much. (On the Zoom web portal, click My Account. In the left-hand sidebar, click Account Management > Account Settings, then click the Meeting tab. Scroll several pages down to In Meeting (Advanced) and click the toggle next to Meeting Summary with Zoom IQ.)

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