

THE WALL STREET JOURNAL.

What's News

Business & Finance

- ◆ **A sudden surge in** long-term interest rates to 16-year highs is threatening hopes for an economic soft landing, all the more because the exact triggers for the moves are unclear. **A1, B5**
- ◆ **An intensifying bond** sell-off sparked new stock-market losses, with the S&P 500, Nasdaq and Dow falling 1.4%, 1.9% and 1.3%, respectively. The yield on the 10-year Treasury note rose to 4.801%. **B1**
- ◆ **Amazon used an** algorithm to test how much it could raise prices in a way that competitors would follow, according to redacted portions of the FTC's monopoly lawsuit against the company. **A1**
- ◆ **Jury selection began** in the criminal case against Sam Bankman-Fried, who is on trial for actions that allegedly led to the abrupt meltdown of the FTX crypto exchange last year. **B1**
- ◆ **Meta floated the idea** of charging European users the equivalent of \$14 a month for ad-free Instagram in a gambit to steer around EU rules on personalized ads. **B1**
- ◆ **Netflix plans to raise** the price of its ad-free service a few months after the continuing Hollywood actors strike ends, likely starting in the U.S. and Canada. **B1**
- ◆ **Intel intends to sell** a stake in a division that makes programmable chips widely used in the defense and telecommunications industries. **B2**
- ◆ **Sens. Marsha Blackburn** and Richard Blumenthal are seeking information about TikTok's executive transfers from ByteDance, its China-based parent company. **B3**

World-Wide

- ◆ **The House removed** Rep. Kevin McCarthy as speaker, after a small band of GOP dissidents moved to oust the Republican leader and Democrats didn't come to his rescue during a dramatic vote with no precedent in U.S. history. **A1**
- ◆ **The judge presiding** over Trump's civil-fraud trial scolded the former president for posting a baseless rumor about the judge's law clerk and imposed a gag order that forbids the parties from making public comments about his staff. **A4**
- ◆ **The U.S. funding** system for Ukrainian salaries and Kyiv government expenditures is expected to run out in the next month absent a fresh infusion of money from Congress, Ukrainian and American government officials said. **A8**
- ◆ **An additional 301** patients of a Columbia University gynecologist sued the school, alleging the doctor sexually abused them during physical examinations. **A3**
- ◆ **The Nobel Prize in physics** was awarded to three scientists whose research demonstrates a way to create extremely short pulses of light that can provide information about processes inside atoms and molecules. **A3**
- ◆ **Hunter Biden pleaded** not guilty to felony gun charges in a court appearance that underscored the heightened legal peril the president's son faces on several fronts. **A4**
- ◆ **U.S. officials** announced indictments and sanctions against China-based companies and their employees related to the trafficking of chemicals used to manufacture large quantities of illicit fentanyl. **A5**

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House Removes McCarthy as Speaker



SCOTT APLEWHITE/ASSOCIATED PRESS

Kevin McCarthy, shown Tuesday after the House voted 216-210 to oust him, is the first speaker to be forced from office.

Hard-right GOP faction ousts its own leader, triggering disarray in chamber

WASHINGTON—The House removed Rep. Kevin McCarthy as speaker on Tuesday, after a small band of GOP dissidents moved to oust the Republican leader and Democrats didn't come to his rescue during a dramatic vote with no precedent in U.S. history.

By Kristina Peterson, Siobhan Hughes and Katy Stech Ferek

The California Republican was dethroned after nine months of fighting with hard-line party conservatives and just days after he engineered legislation to avert a government shutdown with the help of Democrats, which drew sharp criticism from the GOP dissidents led by Rep. Matt Gaetz of Florida.

The stunning defeat set off a scramble among Republicans to find their next party leader, after McCarthy said that he wouldn't seek to win the gavel back. Republicans said they

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Soaring Bond Yields Threaten Fed Goal Of a Soft Landing

By Nick Timiraos

A sudden surge in long-term interest rates to 16-year highs is threatening hopes for an economic soft landing, all the more because the exact triggers for the moves are unclear. The Federal Reserve has been raising short-term rates for 1½ years. Those increases are designed to push up longer-term bond yields, combatting inflation by slowing the economy. But the speed of the latest jump might be a case of "be careful what you wish for."

It comes as inflation has eased and the Fed has signaled it is nearly done lifting rates. Yields on the 10-year Treasury note rose 0.119 percentage point to 4.801% on Tuesday, the highest since the subprime mortgage crisis began in August 2007. On Wall Street, the Dow Industrials fell 431 points, or

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Amazon Used Secret Code To Game Prices, FTC Says

By Dana Mattioli

Amazon.com used an algorithm code-named "Project Nessie" to test how much it could raise prices in a way that competitors would follow, according to redacted portions of the Federal Trade Commission's monopoly lawsuit against the company. The algorithm helped Amazon improve its profit on items across shopping categories, and because of the power the company has in e-commerce, led competitors to raise their prices and charge customers more, according to people familiar with the alle-

gations in the complaint. In instances in which competitors didn't raise their prices to Amazon's level, the algorithm—which is no longer in use—automatically returned the item to its normal price point. The company also used Nessie on what employees saw as a promotional spiral, in which Amazon would match a discounted price from a competitor, such as Target.com, and other competitors would follow, lowering their prices. When Target ended its sale, Amazon and the other competitors would remain locked at the low price because they were still matching each other,

according to former employees who worked on the algorithm and pricing team. The algorithm helped Amazon recoup money and improve margins. The FTC's lawsuit redacted an estimate of how much it alleges the practice "extracted from American households," and it also says it helped the company generate a redacted amount of "excess profit." Amazon made more than \$1 billion in revenue through use of the algorithm, according to a person familiar with the matter. "The FTC's allegations grossly mischaracterize this

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Criminals Infiltrate Workforce At Airports

By Benjamin Katz

In a restroom stall in the departure hall of St. Thomas airport in the U.S. Virgin Islands, a recently hired worker waited in January with two taped-up bricks of cocaine until he heard the signal: stomping and knocking. The airport worker reached down and passed the packages, weighing a total of nearly 5 pounds, under the partition separating him from the adjoining stall. His accomplice, whose face he wasn't meant to see, stuffed them into a red backpack to take with him on a Spirit Airlines flight to Orlando, Fla.

Both were apprehended before the accomplice could board his flight. Court documents show that the worker, who had been with Hyannis, Mass.-based Cape Air for less than a year, was set to make \$2,000 for getting the drugs into the departure hall. The incident is among a spate of criminal activity since the recovery in air travel that has involved so-called airport insiders, those who have access to areas that for passengers would require security checks or be off-limits. As air travel rebounds from its pandemic hibernation, the aviation industry has grappled with widespread disruption, near collisions of aircraft and rising workplace injuries. It is also wrestling with the growing threat of criminal gangs recruiting airport workers, ac-

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INSIDE



WORLD NEWS
Ukraine pays a high cost in the symbolic battle to try to retake Bakhmut. **A8**



BUSINESS & FINANCE
Return-to-work measures aren't filling cities' empty office buildings. **B1**

Italy Combines Running With Trash Pickup

* * *

At World Plogging Championship, contestants lug in tires, TVs, refrigerators

By Eric Sylvers
GENOA, Italy—Renato Zanelli crossed the finish line with a rusty iron hanging from his neck while pulling 140 pounds of trash on an improvised sled fashioned from a slab of plastic waste. Zanelli, a retired IT specialist, flashed a tired smile, but he suspected his garbage haul wouldn't be enough to defend his title as world champion of plogging—a sport that combines running with trash collecting. A rival had just finished the race with a chair around his neck and dragging three tires,

a television and four sacks of trash. Another crossed the line with muscles bulging, towing a large refrigerator. But the strongest challenger was Manuel Jesus Ortega Garcia, a Spanish plumber who arrived at the finish pulling a fridge, a dishwasher, a propane gas tank, a fire extinguisher and a host of other odds and ends. "The competition is intense this year," said Zanelli. Now 71, he used his fitness and knack for finding trash to compete against athletes half his age. "I'm here to help the environment, but I also want to win."

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Drug Gangs Ruin Retirement Paradise

Violence engulfs Ecuador, once known for its natural beauty and safety

By Ryan Dubé

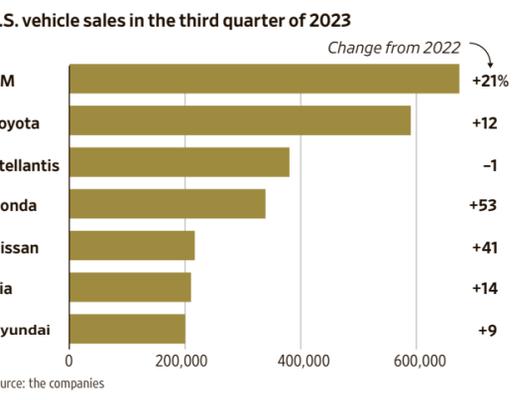
MANTA, Ecuador—Bobbi de Winter had found her retirement paradise on this country's coast, where tiny red crabs scuttle across pristine beaches, giant sea turtles lay their eggs and whales breach the warm Pacific waters. De Winter and her husband, Andre, had recently finished building a house overlooking the Pacific, accessible by crossing a lush forest. They set up hammocks, planted banana and papaya trees, and hosted dinner parties as the sun set over the ocean. "It is just magical," De

Winter, a native of Atlanta, said while walking the beach. "I had never been to such a peaceful place." Then came the drug gangs and horrific violence. Killings marred the once-sleepy district where they live, De Winter said, recalling how her husband once had to swerve his car to avoid a man who'd been shot in the street. A month after the De Winters finished their house, police found millions of dollars in cocaine stashed at a nearby beach, drugs that officers said were to be trafficked north on high-powered boats. A presidential candidate, Fernando

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Auto Sales Defy Rates, Strike

Automakers sold an estimated 3.9 million new cars and trucks in the quarter, up about 17% from a year earlier, as buyers were unfazed by higher interest rates and the UAW strike. **B3**



U.S. NEWS

Americans Quit Their Jobs at a Slower Pace

By HARRIET TORRY

Americans quit their jobs at a significantly slower pace this summer after a record flood of resignations earlier in the pandemic subsided, a trend that historically has been worrisome for the economy.

The so-called quits rate fell in each of the past three recessions. Quitting is a sign of unhappiness with a job, but also indicates confidence that the employee can find another position. When quits fall, workers may be worried about their prospects.

But Americans are also sticking with their jobs for other reasons, including greater flexibility, better pay—or even that they are happy. That suggests that less quitting isn't necessarily an indication of an economic downturn, and the expansion could have staying power when job openings still well exceed unemployment.

The quits rate—the number of resignations as a share of total employment—was 2.3% in August for the second month in a row, and down from a 3% peak in April 2022, the Labor Department said Tuesday. Readings this summer were back to levels from before the pandemic.

When the economy

emerged from a short-but-sharp slump in early 2020, after Covid-19 lockdowns, demand for workers quickly heated up as short-staffed businesses reopened. Employers raised wages and improved benefits to attract new hires. More Americans quit jobs to jump to better-paid positions, a phenomenon some called the "Great Resignation."

The rate at which Americans quit has more recently cooled.

The pace of job growth cooled markedly over the past couple of years. Job postings were down about 15% from a year earlier in late September, according to jobs site Indeed.

"There are fewer opportunities compared to last year, and less opportunity to jump around," said Cory Stahle, an economist at Indeed.

The number of available jobs at the end of August rose to 9.6 million from 8.9 million the prior month, the Labor Department said. That is well more than the 6.4 million Americans unemployed and looking for work in August. From a year earlier, openings were down by more than a half million.

And it might be hard to negotiate a big raise.

Employers say they are planning to offer smaller wage

increases next year compared with this year, a fresh sign that wage pressures are easing as job growth cools. Budgets for salary increases are set to rise by 3.9% in 2024, compared with a 4.1% increase in 2023 for workers who aren't in unions, according to an employer survey by benefits-advisory firm Mercer.

Since the pandemic, workers have gained more flexibility to work remotely or on hybrid schedules, and gained benefits like more paid time off. For many, that means they are happy in their current jobs.

Americans' satisfaction with their jobs is the highest it has ever been, according to an annual survey published in May by the Conference Board. Hybrid workers reported the greatest job satisfaction compared with fully remote or fully on-site workers, according to the survey.

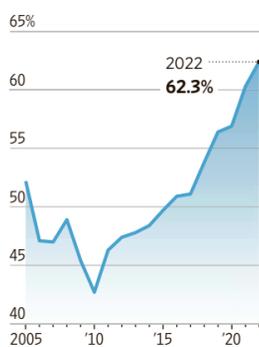
"Labor markets are loosening, but overall we are still in a very tight labor market," said Selcuk Eren, senior economist at the Conference Board. "If companies are interested in retaining workers, they need to continue offering hybrid and remote work settings."

◆ **Heard on the Street: Firms hang on to workers..... B12**

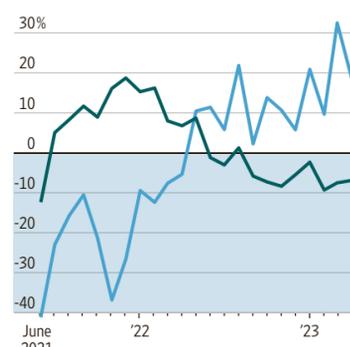
Quits as a share of total nonfarm employment*



Overall job satisfaction by year, percent satisfied



Nonfarm layoffs and discharges and hires, change from a year earlier*



Monthly median wage growth*



*Seasonally adjusted †12-month moving averages of monthly median wage growth Sources: Labor Department (quits); Labor Department via St. Louis Fed (layoffs and discharges and hires); The Conference Board (job satisfaction); Federal Reserve Bank of Atlanta (wage growth)

Chicago Restaurants Face Tough Choice on Tipping

By HEATHER HADDON

The battle over tipping is accelerating in Chicago, where lawmakers could advance a new law as soon as Wednesday requiring restaurants to pay waitstaff the city's standard minimum wage, regardless of how much they earn in gratuities.

The proposal, which Mayor Brandon Johnson is expected to sign, would require many of Chicago's approximately 7,000 restaurants to drop a long-standing system allowing tips to make up part of servers' hourly wages.

Chicago restaurateur T.J. Callahan ran a similar experiment in April when he opened his newest restaurant in a neighboring suburb: In place of tipping, he added a 20% service charge to all checks to boost employees' hourly pay.

It didn't go well, he said. Servers' overall pay declined and sales fell. He switched back to relying on customers to tip after five months.

"Americans are used to this tipping model," Callahan said.

An array of businesses are asking for gratuities in recent years as tablet credit-card



Chicago's Farm Bar, above, earned a 3.3% profit last year without factoring in pandemic aid.

readers spread. Some consumers are complaining of tip fatigue as they try to determine what merits a tip, and how much.

The tipping fight is also pitting workers against restaurant companies. Labor activists and some workers say restaurants use tips to subsidize

low wages for waitstaff, who they say should make the same minimum wage as other workers. In Illinois and other states, restaurants and other businesses are allowed to pay tipped employees below the minimum wage if their earnings in tips make up the difference.

Restaurateurs and industry groups say changing that system would upend their businesses, prompting them to raise menu prices and reduce staff. Under the proposed change, Callahan said pay for service employees at his Chicago restaurant would eventually grow by around 65%, and

he said menu prices will likely rise as a result.

Callahan said he has increased his restaurants' prices around 10 times since the pandemic hit. His sales are down 4% from last year, when diners were flocking back to restaurants. Grass-fed beef burgers with fries at his Midwestern-influenced Farm Bar currently sell for \$16, and he said the higher wage requirement could eventually lead him to charge \$20.

"It has to come from somewhere," said Callahan.

Chicago is poised to become the second-biggest U.S. city to eliminate the tipped-wage system. Restaurant owners in the city can now pay tipped workers \$9.48 an hour, if gratuities earned lift their hourly pay to the \$15.80 minimum wage for most workers. Los Angeles, along with the rest of California, ended the tipped-wage practice in 1976.

Worker advocates have pushed for years to eliminate the tipped wage in places like Chicago, and found a receptive audience in Mayor Johnson, elected this year. In a compromise struck with the local restaurant association in September,

the city would phase out the so-called tip credit over five years. The legislation is expected to clear the full City Council on Wednesday, and Johnson, a Democrat, has said he would sign it. Chicago restaurants would begin bumping up servers' pay next July.

"What you are hearing is that workers in my community can't get a raise because some restaurants can't figure out how to make money," said Jesse Iñiguez, co-founder of Back of the Yards Coffee in Chicago, at the hearing.

At his Farm Bar restaurant, Callahan's 11 servers, bartenders and runners made an average of \$39.90 an hour including tips last year, according to restaurant records. The restaurant did \$2.1 million in sales in 2022, and Callahan paid \$696,567 for wages, benefits and other labor costs. If Callahan had paid the full minimum wage, his labor costs would have been \$795,689, the records show.

Farm Bar earned a 3.3% profit last year without factoring in one-time federal aid for restaurants operating during the pandemic, according to the records.

Yield Surge Threatens Fed Goal

Continued from Page One

1.3%, giving up all their gains for the year. The S&P 500 declined 1.4%; The technology-heavy Nasdaq Composite dropped 1.9%.

If the recent climb in borrowing costs—along with the accompanying slump in stock prices and stronger dollar—continues, that could meaningfully slow the U.S. and global economies over the next year. The swiftness of the recent rise also increases the risk of financial-market breakdowns.

The likeliest causes appear to be a combination of expectations about better U.S. growth and concerns that

huge federal deficits are pressuring investors' capacity to absorb so much debt.

Last year's increases in long-term Treasury yields were driven by market expectations of higher short-term rates as the Fed tightened policy and by investors demanding extra compensation to hold longer-dated assets due to fears of higher inflation.

But neither of those factors appear to be driving higher rates now, which is putting the focus on other influences. Those include reduced demand for Treasuries from foreigners, U.S. banks, and domestic portfolio managers who traditionally have purchased government bonds as a hedge against a downturn in stocks and other risky assets.

"It's perplexing. No fundamental explanation is convincing," said Daleep Singh, chief global economist at PGIM Fixed Income. Treasury Secretary Janet

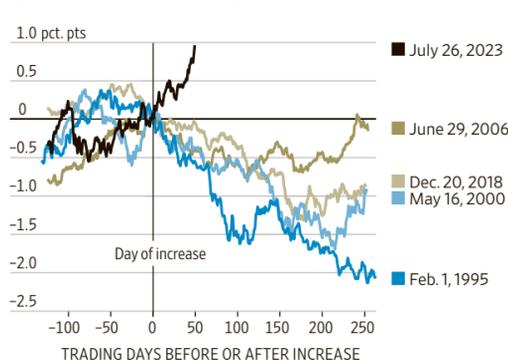
Yellen said Tuesday it wasn't clear whether bond yields would settle out at higher levels over the long run.

"It's a great question, and it's one that's very much on my and the administration's minds," she said in a moderated discussion at the Fortune CEO Initiative conference in Washington.

The lack of an obvious culprit for the latest rise in longer-dated yields suggests the so-called term premium, or the extra yield that investors demand for investing in longer-dated assets, is rising. That would mark an abrupt reversal following the low-inflation, low-growth environment that prevailed between the 2008-09 financial crisis and the 2020 Covid-19 pandemic.

A higher term premium means even if inflation is under control, borrowers will have to pay more than before because investors want extra compensation for the risks as-

Change in 10-year Treasury yields from six months before to 12 months after a Fed rate increase



Note: Except for July 2023, these mark the last Fed rate hike for a given interval of rate rises. Source: Tradeweb ICE Clases

sociated with locking up their money for longer periods.

A sustained rise in Treasury yields will be costly for the U.S. government because it would face still-higher borrowing costs. The public debt of the U.S. has doubled to

around \$26 trillion over the last eight years.

The run-up in borrowing costs is sending mortgage rates to new 23-year highs, with more lenders now quoting rates above 7.5% for the 30-year fixed loan. Higher borrowing costs could weigh on stocks and other asset prices, leading to weaker investment, hiring, and economic activity.

Since the beginning of August, the S&P 500 has shed nearly 8% while the U.S. dollar has climbed almost 5% against a basket of foreign currencies.

Goldman Sachs economists estimate that if the tightening in financial conditions that began in late July is sustained, that could reduce economic output by 1 percentage point over the coming year.

That could weaken the case for the Fed to raise interest rates later this year. "We're going to have to watch it,"

Cleveland Fed President Loretta Mester said. "Those higher rates will have an impact on the economy, and we just have to take that into account when we're setting monetary policy."

Investors haven't changed their expectations in recent weeks that the Fed is nearly done raising rates. They see a rising probability, however, that the central bank holds rates at current levels through next year. And once the Fed starts cutting rates, investors see fewer reductions than they did three months ago.

The current run-up in bond yields accelerated at the end of July, when the economy began to show signs of reacceleration amid stronger-than-expected consumer spending. Since then, investors and Fed officials have scrapped their projections that the economy would stumble.

Fed officials have raised their expectations for economic growth next year because "underlying momentum in the economy is quite a bit stronger than we thought...and I think that's also what market participants are doing," Mester said.

Fed Chair Jerome Powell acknowledged last month that rate increases had not slowed the economy as much as anticipated. Some officials believe the government's response to the pandemic made the private sector more resilient to the effect of higher interest rates, while others have suggested interest rates simply haven't been high enough for long enough to dent demand meaningfully.

THE WALL STREET JOURNAL
 (USPS 664-880) (Eastern Edition ISSN 0099-9660)
 (Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)
 Editorial and publication headquarters: 1211 Avenue of the Americas, New York, N.Y. 10036
 Published daily except Sundays and general legal holidays.
 Periodicals postage paid at New York, N.Y., and other mailing offices.
 Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.
 All advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, N.Y. 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.
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CORRECTIONS & AMPLIFICATIONS

TikTok parent ByteDance's cash and cash equivalents stood at \$21.4 billion at the end of March 2022, compared with \$17.7 billion at the end of 2021. An Oct. 7, 2022, Page One article about the company incorrectly gave the figures as \$42.6 billion and \$34.1 billion, respectively.

Zach Wilson is in his third season with the New York Jets.

A Business & Finance article on Tuesday about television ratings for Sunday night's game between the Jets and the Kansas City Chiefs incorrectly called him a rookie.

A photo with a Review essay on Saturday about the 50th anniversary of the Yom Kippur War showed armored personnel carriers. The caption incorrectly called them tanks.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.

U.S. NEWS

Work on Electrons Earns Physics Nobel

Three scientists win prize for research exploring behavior at a tiny time scale

By AYLIN WOODWARD

The Nobel Prize in physics was awarded to three scientists whose research demonstrates a way to create extremely short pulses of light that can provide information about processes inside atoms and molecules.

The winners are Pierre Agostini of Ohio State University, Ferenc Krausz of the Max Planck Institute of Quantum Optics and the Ludwig Maximilian University of Munich and Anne L'Huillier of Lund University in Sweden.

The Nobel committee on Tuesday celebrated the three scientists' achievements, which help explore the behavior of electrons at the time scale of attoseconds.

There are the same number of attoseconds in one second as there have been seconds since the birth of the universe roughly 14 billion years ago. The laureates' work has enabled the investigation of processes at this time scale, which

are so rapid that they were previously impossible to follow, according to the committee.

"We can now open the door to the world of electrons," said Eva Olsson, chair of the Nobel committee for physics, adding that physics at the attosecond level gives researchers the opportunity to understand mechanisms governed by electrons, negatively charged subatomic particles that are found in all atoms.

Before this work, electrons' blistering speeds made them challenging to study, and it was almost impossible to identify the subatomic particles' behavior at a single moment in time.

"I see this as kind of the latest in what is a long and remarkable saga of human beings trying to develop ways of timing events to shorter and shorter time scales," said Peter Armitage, a professor of physics and astronomy at Johns Hopkins University who wasn't involved in the research.

This is the time scale you want to look at to understand how atoms form molecules, how electrons around atoms behave and the physical processes that are happening in any chemical reaction, he added.



From left, Ferenc Krausz, Anne L'Huillier and Pierre Agostini won the Nobel Prize in physics for research that helps explore the behavior of electrons at the time scale of attoseconds.

The committee chose to award work in this field of research because it opens up entire new areas of study, according to Robert Rosner, president of the American Physical Society and professor of astronomy, astrophysics and physics at the University of Chicago.

"They've basically created a tool that allows you to look at phenomena and time scales that we've never been able to explore before," said Rosner, who wasn't involved in the work.

The research could have po-



tential applications in the fields of electronics, chemistry and medicine, helping scientists understand and control how electrons behave, according to Mats Larsson, a member of the Nobel committee for physics.

Attosecond pulses of electrons might be used in medical diagnostics, he added, including one day assisting with diagnosing early-stage cancer for improved treatment.

Armitage said an improved understanding of atomic and molecular interactions and mi-



croscopic chemical reactions using this new research tool could be important for various things in the health industry, like understanding how to achieve "tailored molecular interactions for making new drugs."

The research may have other applications too, he said, including contributing to the development of superconductors—materials that can conduct electric currents without any energy loss—that can operate at higher temperatures.

The work could also help

scientists develop an improved method of harvesting energy from light, according to Armitage. This harvesting process—generating electrical power by converting solar radiation into electricity—is known as photovoltaics. It tries to emulate how plants use sunlight to synthesize food during photosynthesis.

L'Huillier was teaching when one of the committee members called and informed her she was one of the winning laureates.

"The last half-hour of my lecture was difficult to do," she said. "There are not so many women who get this prize, so it's very, very special."

L'Huillier is only the fifth woman to win a Nobel Prize in physics. She and her fellow laureates will share the 11 million Swedish kronor prize, the equivalent of \$1 million.

Acting Ohio State University President Peter Mohler congratulated Agostini, an emeritus professor, in a statement Tuesday morning.

"The Nobel Prize is the pinnacle of scientific achievement," Mohler said. "All of us at Ohio State celebrate this recognition of Pierre's lifetime of research and scholarship."

More Women Sue Columbia, Alleging Sex-Abuse Coverup

By DOUGLAS BELKIN

An additional 301 patients of a Columbia University gynecologist sued the school Tuesday, alleging the doctor sexually abused them during physical examinations, more than doubling the number of victims who have come forth.

The suit, the third civil case filed against Columbia involving Robert Hadden, alleges that he molested his patients and that hospital administrators, nurses and other doctors helped cover up the abuse.

Anthony DiPietro, attorney for the plaintiffs, said the coverup was widespread and went on for years. "Columbia has shown very clearly that the only thing they care about is their money, and if that is the case I want to hit them as hard as I can where it hurts them the most and hopefully they won't let this happen again in the future," he said.

Columbia responded Tuesday with a comment released last month by the school's president, Minouche Shafik. "As an institution, Columbia continues to grapple with the magnitude of harm done to the patients of former physician Robert Hadden," she wrote. "We offer our deepest apologies to all his victims

and their loved ones."

The cases against Hadden now include about the same number of survivors as the case against Larry Nassar, formerly a doctor at Michigan State University and USA Gymnastics. Nassar's case involved more than 500 sex-abuse victims.

Hadden practiced medicine from 1987 to 2012. He lost his license in 2016 after pleading guilty to two state charges of criminal sex acts. The case drew renewed attention in 2020, after Evelyn Yang, wife of onetime presidential hopeful Andrew Yang, came forward as one of Hadden's victims.

In 2021, Columbia paid a \$72 million settlement to 79 of the doctor's former patients. In 2022, the school paid a \$165 million settlement to 147 patients. Hadden was sentenced in July to 20 years in prison for enticing four victims to travel to his New York City office and engage in unlawful sexual activity.

A lawyer for Hadden didn't immediately respond to a request for comment.

The lawsuit filed Tuesday in New York Supreme Court leverages a state law passed last year that opens a look-back window for victims of

sexual abuse. It temporarily extends the statute of limitations on civil cases involving gender-based violence. The window closes next month, DiPietro said.

The suit includes dozens of graphic allegations by the women, named as Jane Doe, being abused while in Hadden's office, often with nurses and other doctors present. He is accused, among other things, of conducting painful and unnecessary breast, vaginal and rectal examinations without wearing gloves.

The suit describes Hadden as "the most prolific serial sexual predator in New York State history" and alleges hospital staff and administrators knew as early as 1994 that Hadden was abusing patients when a complaint was sent to the acting chairman of the department of obstetrics and gynecology. It further alleges that nurses, physicians and other assistants were often in the exam room during the assaults and did nothing to stop the abuse.

In 2012, New York City police arrested Hadden in his office after a patient charged him with abuse. The school hired a lawyer to represent Hadden. He was back at work the following week, the suit says.

Phones to Get Emergency Alert Test

By ERIN AILWORTH

An emergency alert will sound on mobile phones across the U.S. Wednesday afternoon as federal officials conduct a nationwide test of the country's emergency alert systems.

The test by the Federal Emergency Management Agency and the Federal Communications Commission is scheduled to begin at about 2:20 p.m. EDT Wednesday. The mobile phone version, known as a wireless emergency alert, will be broadcast for about 30 minutes to compatible phones that are turned on, within range of an active cell tower and in a geographic area where the wireless provider participates in the emergency alert program.

While it is possible for cell users to manually adjust their phone settings to opt out of some wireless emergency alerts, like an Amber alert for a missing child, users can't opt out of a national alert. Some older model cellphones may not receive the alert. Nor will cellphones that are turned off or in airplane mode.

This is the third nationwide test of the wireless emergency alert system, but only the second to test all cellular devices.



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U.S. NEWS

Biden Son Pleads Not Guilty to Gun Charges

His appearance in federal court comes months after earlier deal fell apart

By C. RYAN BARBER AND SADIE GURMAN

WILMINGTON, Del.—Hunter Biden pleaded not guilty Tuesday to felony gun charges, opening a new chapter in his long legal saga in the same federal courthouse in Delaware where, roughly two months earlier, he had hoped to put those troubles behind him.

Biden, who appeared during a 25-minute hearing, pleaded not guilty through his lawyer, Abbe Lowell, to three felony charges related to his 2018 purchase of a handgun, during a court hearing that opened a new stage in the Justice Department's prosecution as his

father campaigns for re-election.

Biden left the courtroom through a side door after the hearing. Outside, a single demonstrator wearing a striped jailhouse costume held a sign that said "Lock Biden Up." If convicted on all three charges, Biden faces up to 25 years in prison.

In a statement released after the hearing, Lowell said the gun charges were the "result of political pressure from President Trump and his MAGA allies to force the Justice Department to ignore the law and deviate from its policies in cases like this one."

Attorney General Merrick Garland has repeatedly denied that the Justice Department's steps in the case were motivated by politics and has insisted that he hasn't interfered in the investigation. After the July hearing, Garland conferred special counsel status

on David Weiss, a Trump appointee who has overseen the investigation as the U.S. attorney in Delaware. The appointment formally gave Weiss added flexibility to bring charges outside of Delaware.

"Mr. Weiss has authority to pursue this case, he's the supervisor of this case, and at the end of the case—because he's now special counsel—he will have to provide a report which will explain his prosecutorial investigative decisions," Garland said Tuesday during an unrelated news conference. "At that point, the American people will see the reasons for the steps that have been taken."

The court appearance underscored the heightened legal peril that Hunter Biden, 53 years old, faces on several fronts.

After months of scrutiny from House Republicans, he now figures prominently in an impeachment inquiry into

President Biden focused on the younger Biden's business dealings and those of other members of the Biden family. Hunter Biden has brought civil lawsuits alleging the invasion of his privacy, including one against the Internal Revenue Service over disclosures two agents made while voicing concerns about the investigation into his taxes.

Hunter Biden's most immediate problem is the criminal indictment on charges to which he pleaded not guilty Tuesday. In July, he was set to admit to failing to pay his taxes in 2017 and 2018, as part of a plea deal that would have allowed him to avoid prosecution on a gun charge. The deal dissolved during the hearing, as federal prosecutors and his legal team disagreed in open court about the immunity it granted the president's son from potential additional charges.

Prosecutors didn't bring tax charges against him last month, but they could still do so. Weiss has signaled that he may bring such a case in either California or Washington, D.C., where the younger Biden lived during the years at issue.

In the fallout of that court hearing, Biden was charged last month with lying about his drug use when he purchased a handgun in 2018 and with illegally possessing the weapon. His indictment centered on a federal-government form he was required to fill out when he purchased a .38-caliber handgun from a Delaware gun store.

Prosecutors have alleged that, when asked on that form about whether he was using drugs, Biden answered that he wasn't. He has publicly said he struggled with addiction to crack cocaine and alcohol around the time of the gun purchase.

Trump Is Scolded For Post on Law Clerk

By JACOB GERSHMAN

The New York judge presiding over Donald Trump's civil-fraud trial on Tuesday scolded the former president for posting a baseless rumor about the judge's law clerk and imposed a gag order that forbids the parties from making public comments about his staff.

Arthur Engoron reprimanded Trump for posting an item on Truth Social, since deleted, that linked the clerk to Senate Majority Leader Chuck Schumer (D., N.Y.).

"Personal attacks of members of my staff are unacceptable," Engoron said.

Earlier Tuesday, Engoron threw cold water on the former president's claim that he had scored a major win in his case.

Trump left the Manhattan courtroom late Monday afternoon with words of praise for Engoron, the same judge Trump earlier criticized as biased and rogue. Trump told reporters he had won a game-changing concession from the judge that limited the time period covered by the case.

"The statute of limitations is a very real thing in this country and that would be about 80% of this case would be over," Trump said.

At the start of Tuesday's proceedings, Engoron pushed back on Trump's interpretation. He reiterated that the misconduct claims against Trump and his business couldn't predate 2014, but said that the state could introduce testimony about older documents as long as they related to newer allegations.

Engoron's remarks concerned testimony by the New York attorney general's first witness, Trump's former longtime accountant Donald Bender of Mazars, who spoke about his firm's preparation of Trump's financial statements. Trump attorney Chris Kise on Monday repeatedly interrupted the questioning of Bender, insisting that the statute of limitations prevented the witness from discussing accounting materials more than a decade old.

The judge allowed Kevin Wallace, a lawyer in the attorney general's office, to continue questioning Bender as long as he delivered on his "promise to connect the dots." Bender returned to the stand Tuesday and spoke more about his firm's accounting work, which the state claims Trump and his family exploited to camouflage the value of their assets in deals with banks and insurers.

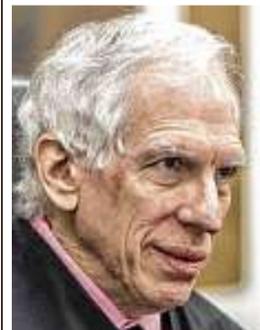
Bender's firm last year said it could no longer stand by financial statements it had previously prepared for Trump, and cut ties with his company.

The accountant testified that it was Trump's former chief financial officer, Allen Weisselberg, who insisted that the financial statements stray from generally accepted accounting principles.

During his cross-examination, Trump attorney Jesus Suarez tried to pin blame on Bender for discrepancies in the financial statements, including the grossly overestimated physical size of Trump's triplex residence in Trump Tower.

Bender said he relied on the Trump Organization for the supporting data about the apartment.

New York Attorney General Letitia James's civil fraud lawsuit alleges Trump misled banks and lenders by inflating asset values. James, a Democrat, is seeking \$250 million in penalties and other sanctions that could cripple Trump's business. The judge last week found that the state had proven a key fraud allegation before trial.



Justice Arthur Engoron



Rep. Matt Gaetz spoke on the House floor Tuesday in favor of his motion to vacate the chair of Speaker Kevin McCarthy.

McCarthy Is Ousted As Speaker

Continued from Page One would cancel votes for the rest of the week to regroup and allow contenders to step forward, with a vote as soon as next Wednesday.

"Unfortunately, 4% of our conference can join all the Democrats and dictate who could be the Republican speaker in this House," McCarthy said in televised remarks. "I will not run for speaker again."

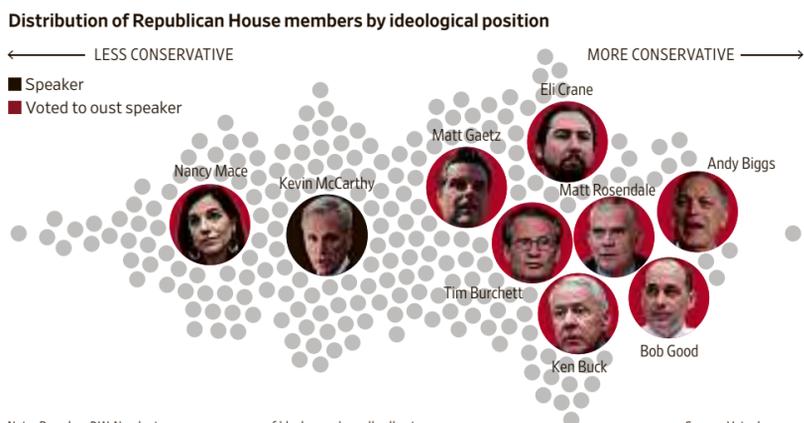
No speaker had ever before been removed from office, and the move puts the GOP at the mercy of the dozen or so dissidents, barring some sort of deal with Democrats.

GOP lawmakers left an evening closed-door meeting weary from days of fighting and shocked at its repercussions. No further votes were expected in the House this week, with the chamber effectively paralyzed until a new leader is chosen.

"We have to figure out a way forward with a group of people that are hell bent on disruption," said Rep. Dan Crenshaw (R., Texas).

It was unclear who the next speaker nominee for Republicans would be, although House Majority Leader Steve Scalise of Louisiana was seen as a top contender. When asked if he wanted to be speaker, he said that he hadn't "made any announcement," but felt good despite being treated for blood cancer. Others seen as contenders include Reps. Chip Roy (R., Texas), Jim Jordan (R., Ohio), and Kevin Hern (R., Okla.).

McCarthy was made vulnerable by the GOP's thin majority—just 221-212—and a rule pushed by conservatives that any single member could seek to remove him from office, as a condition of his being named speaker in the first place. In his press conference, asked if he had any advice for the next speaker, he



Note: Based on DW-Nominate scores, a measure of ideology using roll call votes

Source: Voteview.com

said: "Change the rules."

Gaetz had criticized McCarthy for months, charging that the speaker had broken his word to conservatives on spending bills and how he would run the House.

McCarthy and his allies have said the effort was a personal vendetta by Gaetz that would hurt the Republican Party.

This week, days after McCarthy passed a short-term spending patch with Democratic votes, Gaetz led the charge to remove McCarthy, putting his motion to oust the speaker up for a vote on Tuesday afternoon.

McCarthy and his allies tried to project confidence, saying the vast majority of his conference supported him.

"At the end of the day, keeping government open and paying our troops was the right decision. I stand by that decision," McCarthy said before the votes.

McCarthy allies immediately moved to table, or kill, the Gaetz measure. But the vote failed, with 11 Republicans and all Democrats opposed.

With his prospects rapidly dimming, McCarthy's allies spent an hour feuding with Gaetz on the floor in a series of angry speeches and retorts. Rep. Garret Graves (R., La.) excoriated Gaetz for fundraising off his efforts to oust McCarthy, and even some of the House's most conservative Republicans praised their embattled colleague, saying he exceeded expectations of what the House

could achieve.

"If this House of Representatives has exceeded all expectations, then we definitely need higher expectations," Gaetz shot back on the floor.

The House then went ahead with the Gaetz measure, calling the roll alphabetically, with each member shouting a vote. The measure passed 216-210, with Gaetz and seven other Republicans plus all Democrats voting to remove McCarthy, vacating the speaker chair and teeing up another vote soon to choose the next leader.

"The office of speaker of the House of the United States House of Representatives is hereby declared vacant," said Rep. Steve Womack (R., Ark.), who presided over the vote.

All the Republicans to vote to oust McCarthy were hard-line conservatives, except for one: Rep. Nancy Mace (R., S.C.), who said that McCarthy has broken his word on taking up legislation related to women's issues and community safety, as well as on budget issues.

"This is about trust and keeping your word," she said on social media. McCarthy disputed that, saying he had not broken any promises.

House Republicans met behind closed doors late Tuesday

win their support, and that this fight was a problem the GOP had to solve itself.

In January, it took 15 ballots over four days to elect McCarthy as speaker, as McCarthy worked to win over holdouts.

"They must find a way to end the House Republican Civil War," said Rep. Hakeem Jeffries of New York, the chamber's Democratic leader, before the votes.

Democrats were also still seething that McCarthy, after striking a deal with President Biden to set fiscal 2024 spending at \$1.59 trillion, went ahead and blessed GOP bills setting spending at a net \$1.471 trillion. He followed that up by announcing an impeachment inquiry into Biden.

McCarthy's allies argued that removing the speaker would plunge the chamber into chaos and limit the GOP's ability to make progress on conservative goals.

"This is a terrible distraction from the conservative agenda. He wants to get it over with so we can get back to work," Rep. Dusty Johnson (R., S.D.) said.

Centrist Republicans beseeched their Democratic friends to side with McCarthy, with Rep. Brian Fitzpatrick (R., Pa.) warning that his ouster would trigger a government shutdown in mid-November and put aid to Ukraine at risk, with ripple effects for Taiwan. Many Republicans are also deeply frustrated by Gaetz, who they believe is motivated by a desire to claim the limelight rather than policy. Gaetz has said that is untrue.

Democrats cast the problem as entirely of the GOP's own making. Even the centrists who were earlier seen as one route for McCarthy to remain in power said he had offered no concessions.

Following the motion-to-vacate vote, Rep. Patrick McHenry (R., N.C.) stepped in as speaker pro tempore of the House, under post-9/11 rules requiring the speaker to name a temporary replacement in case of a vacancy. He immediately gavelled the session to a close.

—Lindsay Wise and Eliza Collins contributed to this article.

'They must find a way to end the House Republican Civil War.'

it would be better to keep McCarthy in office, just as the government faces a mid-November funding deadline and big questions such as the future of U.S. support for Ukraine are in play. But it quickly became clear that there was little appetite to help him, unless the party won major concessions, and McCarthy made clear he wouldn't cut a deal.

Democratic leaders recommended that colleagues vote against saving McCarthy, saying he had done nothing to try to

U.S. NEWS

U.S. WATCH



Vice President Kamala Harris performed the swearing-in ceremony at the Capitol for Democrat Laphonza Butler, left, to succeed the late Sen. Dianne Feinstein (D., Calif.) on Tuesday. Butler's wife, Nenek Lee, center, holds the Bible.

BALTIMORE

Multiple People Shot at University

Multiple people were shot at Morgan State University in Baltimore on Tuesday, police said.

The Baltimore Police Department said officers were on the scene for an "active shooter situation" on the campus of the historically Black university. The address given for the shooting appeared to match a residential building. "We're asking everyone to shelter in place and avoid the area," police said on X, the platform formerly known as Twitter.

Police spokesman Vernon Davis told the Baltimore Banner that at least four people were shot. Their conditions weren't known.

Police spokesperson Amanda Krotki also said "multiple victims" were shot.

—Associated Press

FCC

Company Fined For Space Junk

Dish Network is the first U.S. company to pay an FCC fine for littering outer space.

Like many companies with space operations, satellite TV provider Dish retired a satellite last year by leaving it to float in orbit. The satellite added to the more than 100 million estimated pieces of space junk larger than one millimeter.

The Federal Communications Commission, which regulates the satellite, TV and other industries, said Monday that Dish left the satellite too close to the area reserved for working satellites. The agency ordered the company to pay \$150,000. The FCC said it was the first time it took action over space debris and that it was stepping up its satellite policy efforts.

—Alyssa Lukpat

NEW YORK

Clue Allegedly Left On Ransom Note

A fingerprint on a ransom note led police to a kidnapping suspect's camper in New York where 9-year-old Charlotte Sena was found hidden in a cabinet, ending a two-day search sparked by the girl's disappearance during a family camping trip, officials said.

Craig Nelson Ross Jr., 46, was arrested Monday at the camper parked at his mother's house, Gov. Kathy Hochul announced Monday.

Ross was arraigned overnight in town court in Milton, N.Y., on a charge of first-degree kidnapping, the state police said Tuesday. He was being held without bail at the Saratoga County Correctional Facility. Charlotte vanished while riding her bike Saturday at Moreau Lake State Park, some 35 miles north of Albany.

—Associated Press

WASHINGTON, D.C.

Successor for Feinstein Sworn In

Former union leader and Democratic insider Laphonza Butler was sworn in as the newest member of the Senate, replacing California Sen. Dianne Feinstein after her death and becoming only the third Black female senator in history.

Butler was appointed by California Gov. Gavin Newsom on Sunday, just two days after Feinstein died at her home in Washington. Butler is a longtime fundraiser and strategist in the state's Democratic circles and was the head of Emily's List, a national organization that raises money for women candidates who support abortion rights.

On the Senate floor Tuesday, Butler was sworn in by Vice President Kamala Harris, who served as the second Black female senator.

—Associated Press

U.S. Alleges Firms In China Are Tied To Fentanyl Trade

BY SADIE GURMAN

WASHINGTON—U.S. officials announced a raft of indictments and sanctions against China-based companies and their employees related to the trafficking of chemicals used to manufacture large quantities of illicit fentanyl, the most deadly illegal drug the U.S. has ever experienced.

The legal moves Tuesday are part of a Biden administration push to stop the flow of the painkiller into the U.S. Chinese companies produce chemicals, known as precursors, that are shipped to Mexican cartels, which use them to produce fentanyl and smuggle it into the U.S. The effort also focused on networks that traffic xylazine, a veterinary-grade sedative often mixed with fentanyl that can leave users severely disfigured.

"This global fentanyl supply chain, which ends with the deaths of Americans, often starts with chemical companies in China," Attorney General Merrick Garland said, joining officials from the U.S. Drug Enforcement Administration, Postal Inspection Service and Homeland Security and Treasury departments in announcing the actions.

All stages of this supply line have proved very difficult to interrupt. The U.S. likely had more than 111,000 drug overdose deaths in the 12 months through April this year, according to the modest recent estimates from the Centers for Disease Control and Prevention.

Synthetic opioids—a category dominated by fentanyl—were involved in roughly 70% of those deaths.

The indictments brought in Florida charge eight companies in China and 12 of their employees with crimes related

to manufacturing and distributing the precursor chemicals for illicit drugs as well as money laundering.

As part of the administration's coordinated action, the Treasury Department also levied sanctions on 28 individuals and entities it said were part of the drug-trafficking network. Among those targeted include Du Changgen, who officials said leads the network, overseeing sales and distribution to dozens of traffickers in the U.S., cartels and others.

All of the people and companies charged by the Justice Department are believed to be in China, and none have been arrested.

"It is our intention to bring every one of these defendants to justice in the United States," Garland said. But with no extradition treaty with China, the chances are slim they will ever be brought to the U.S. to face prosecution.

Some of the defendants boasted about their ability to skirt U.S. customs and move the chemicals directly into the U.S. using tactics that included employing fake return addresses and disguising the product in mislabeled packaging such as dog food bags, officials said.

Others included a pharmaceutical company in China that exported vast amounts of chemicals to the U.S. and Mexico, including a drug trafficker affiliated with the Sinaloa cartel who prosecutors said went on to make fentanyl in Mexico later sold in the U.S.

The indictments build on similar prosecutions announced in June and come as a delegation of U.S. officials, including Garland, are traveling to Mexico this week to discuss the fight against fentanyl.

—Jan Talley and Jon Kamp contributed to this article.

Amazon Relied on Secret Code

Continued from Page One

tool," an Amazon spokesman said. "Project Nessie was a project with a simple purpose—to try to stop our price matching from resulting in unusual outcomes where prices became so low that they were unsustainable. The project ran for a few years on a subset of products, but didn't work as intended, so we scrapped it several years ago."

Project Nessie is one of a number of instances in which the FTC's complaint contends that Amazon's monopoly power had broad impacts on raising consumer prices across retail.

The FTC declined to comment on the redacted material in the complaint, but FTC spokesman Douglas Farrar said: "We once again call on Amazon to move swiftly to remove the redactions and allow the American public to see the full scope of what we allege are their illegal monopolistic practices."

In a statement last week, top Amazon lawyer David Zapolsky said the FTC is misunderstanding how online pricing and competition work.

"If they were successful in this lawsuit, the result would be anticompetitive and anti-consumer because we'd have to stop many of the things we do to offer and highlight low

prices—a perverse result that would be directly opposed to the goals of antitrust law," Zapolsky said.

A central argument the FTC makes is that Amazon's power over third-party sellers on its website leads to higher prices for consumers, even those who are buying goods from a rival.

Essentially, sellers feel they have no choice but to use Amazon because of its reach, consumer base and logistics prowess, but the company prohibits them from offering their products at a lower price at other retailers than on Amazon, where nearly 40% of all e-commerce in the U.S. occurs, the FTC alleges. If they offer lower prices elsewhere, Amazon "punishes" them, according to the FTC, downgrading their listings so that shoppers don't see them.

The FTC alleges that because Amazon's cost to sell is higher than other platforms due to its fees, it creates a higher price point for goods across retail, since sellers must use their Amazon price as their floor. Fees and charges to Amazon sellers have exploded in recent years, and the company now pockets nearly half of the dollar amount for every sale a third party makes on the platform.

A new report from the Institute for Local Self-Reliance, a research and advocacy group, found that between 2014 and 2023, Amazon's cut of third-party seller sales rose from 19% to 45%. The report includes Amazon's fees related to selling on the platform, advertising on it and fulfillment of orders. More than 60% of

Amazon's retail sales come from third-party sellers.

The FTC alleges that sellers feel compelled to use Amazon's logistics program to be eligible for inclusion in Amazon's Prime program, and they buy advertisements on Amazon.com to ensure they reach its vast pool of customers.

"Amazon's one-two punch of seller punishments and high seller fees often forces sellers to use their inflated Amazon prices as a price floor everywhere else," the complaint says.

Amazon in its statement said it is a trusted partner for millions of sellers because it provides "the most effective set of services for creating thriving, successful businesses" and has invested billions of dollars to aid sellers. It also said it provides its merchants with choices and that sellers can succeed without using the company's advertising or logistics services.

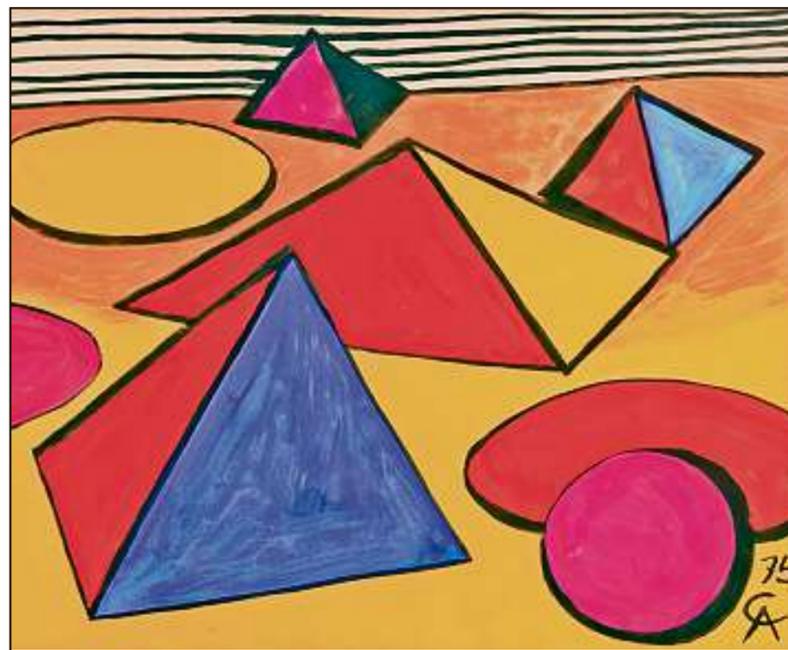
Internally, some Amazon executives have worried about how the company's policies affected pricing throughout retail, some said.

For instance, if an Amazon seller making a hat lists it at \$20 on Amazon.com to cover their shipping costs, referral fee and advertising costs, it must also charge \$20 for that hat on its own website, though the cost of doing business would be much less if a buyer purchases directly from them because there would be no referral fees or advertising costs.

"It's become pay to play," said Brandon Fuhrmann, an Amazon merchant who sells kitchen products. Because Amazon in recent years has given more space in search results to advertising, merchants said they feel forced to pay for the advertisements.

Amazon has made improvements for sellers throughout the years. Merchants said the company has gotten better at communicating issues, and it has provided them with greater analytical tools to measure sales performance. In online posts following the FTC suit, some sellers expressed support for the company and said the FTC claims were misguided.

—Sebastian Herrera and Jim Oberman contributed to this article.

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ALEXANDER CALDER

Modern master. Rare painting. Playful vibrance.



This rare painted work by celebrated artist Alexander Calder showcases his fascination with color and perspective. A vivid gouache and ink, the strategically ambiguous *Mer de sable* (*Sea of sand*) can be enjoyed as a total abstraction or conjure a sand-swept desert punctuated by pyramids. Similar paintings by the artist

are held at the Museum of Modern Art and the Guggenheim. Registered in the archives of The Calder Foundation, no. A1166. Dated 1975. Signed "CA/75." Paper: 22⁷/₈" h x 30¹/₂" w. Frame: 31" h x 38³/₈" w. #31-7793



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The FTC complaint contends that Amazon's monopoly power had broad impacts on raising consumer prices across retail.

U.S. NEWS

Justices Wary of Arguments Against CFPB

BY JESS BRAVIN
AND ANDREW ACKERMAN

WASHINGTON—A lawsuit that could cripple the Consumer Financial Protection Bureau faced a skeptical Supreme Court, with justices across the spectrum pushing back on arguments that the agency's funding mechanism was so anomalous as to be unconstitutional.

Setting up the CFPB in 2010, Congress authorized it to draw funding each year from the Federal Reserve up to an inflation-adjusted cap that is now \$785.4 million, according to a bureau budget document. A group of payday lenders unhappy with some of the bureau's regulations won lower-court decisions finding that structure unconstitutional because, in contrast to most federal agencies, the CFPB could continue funding itself indefinitely rather than rely on an-

nual congressional appropriations.

The lenders' lawyer, Noel Francisco, told the Supreme Court that the mechanism insulated the CFPB from congressional supervision, since changing it would require amending the Dodd-Frank financial overhaul that created the agency, a tougher legislative task than passing an appropriations bill. Many Republicans have opposed the agency from the outset—and Francisco argued that Democrats running Congress in 2010 chose that structure to prevent Republicans from curbing the CFPB when they won the majority.

"Look, everybody knew what was going on in 2010," said Francisco, who served as solicitor general in the Trump administration. "They wanted to insulate a future CFPB from political pressure from a future Congress," he said, and there-

fore established an unprecedented way to fund the agency.

But several justices struggled to find support in the Constitution's text for Francisco's argument.

"I get your point that this is different, that it's unique, that it's odd, that they've never gone this far," said Justice Clarence Thomas. "But not having gone this far is not a constitutional problem."

Francisco's argument rested on the Article I clause providing that money could be drawn from the Treasury only "in Consequence of Appropriations made by Law." That, he said, in general implied an annual appropriation rather than a continuing funding source.

Justice Ketanji Brown Jackson said those words carried no such suggestion. "The founders said we are trying to give to the legislature the authority to make the determination of how the government is funded, period," she told Francisco. "You're saying a provision of the Constitution is unconstitutional."

When she took the lectern, the Biden administration's lawyer, Solicitor General Elizabeth Prelogar, said annual appropriations were only one of several ways Congress historically has funded agencies, citing examples tracing from the 18th century for the customs service, the post office and the national mint. The Constitution places a tem-

poral limit on appropriations for only one department: the Army, which can be funded for a maximum of two years, reflecting the framers' concern over the risk posed by standing armies.

Justice Samuel Alito asked if there were any limits to the government's theory. Could, for instance, Congress authorize the Federal Trade Commission, whose current budget is about \$430 million, to draw up to \$1 billion each year to use as it sees fit?

Prelogar said Congress could do even more—it need not even impose a cap. "We think that is well-grounded in history and in fact is how many agencies are funded today, particularly in the financial regulatory space," she said.

A decision in Tuesday's case, CFPB v. Community Financial Services Association of America, is expected before July.

The agency was set up to be funded each year by the Federal Reserve.

Fed Boosts Its Presence On Social Media

BY SURYATAPA BHATTACHARYA

"Hi, I'm Jay Powell." Jerome Powell, chairman of the Federal Reserve and one of the most influential people in the country, launched the central bank's new Instagram account with a video, known as a reel, announcing its newest social-media outreach.

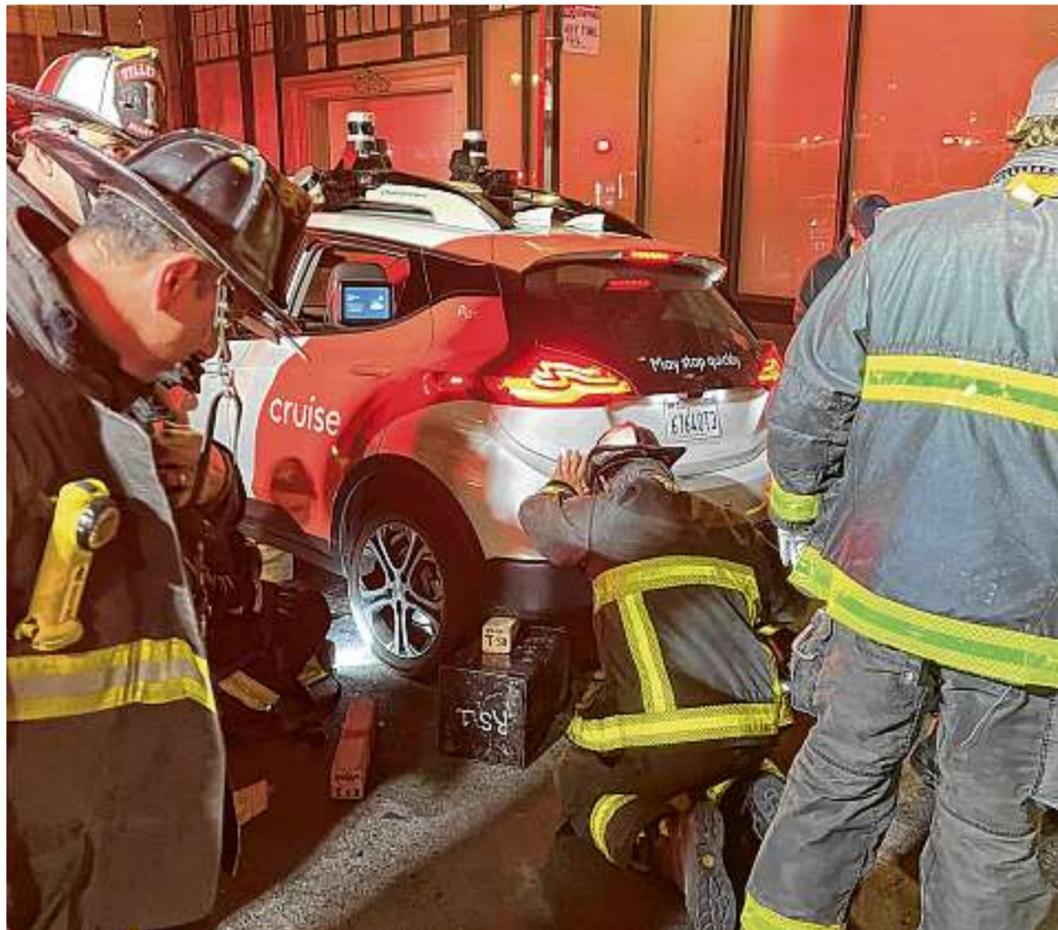
In the video, the first post on @federalreserveboard, Powell said the Fed, a bastion of careful language whose words are pored over by investors trying to predict its interest-rate decisions that influence the U.S. economy, is "working to promote a healthy economy and strong financial system. That mission starts with you."

The Fed also joined Threads, Meta Platforms' answer to X, formerly known as Twitter, on Monday. Joining Threads requires an Instagram account. Meta, which owns Instagram, didn't respond to a request for comment.

When Powell speaks, the world takes notice. The Fed's mandate is to promote stable prices and maximum employment, and markets scour every word for clues as they carefully watch any changes in language that could signal a policy shift.

The Fed is no stranger to social media. Before Instagram and Threads, the most recent addition was its Facebook page, created in 2016. (Facebook is also owned by Meta Platforms.) It also has accounts on X, YouTube, LinkedIn and Flickr, an early-internet photo-sharing site.

Driverless Car Pins Victim of Hit-and-Run Driver



A woman was severely injured in San Francisco after a hit-and-run driver plowed into her, launching the pedestrian into the path of a driverless Cruise car, according to video footage taken by Cruise.

The autonomous Cruise vehicle came to a stop on top of the pedestrian, ac-

ording to the San Francisco Fire Department. The video of the collision was viewed by The Wall Street Journal. Rescue crews had to lift the car off the woman, who was taken to a hospital with traumatic injuries.

The driver of the other vehicle fled the scene, the self-driving car company said.

"Our heartfelt concern and focus is the well-being of the person who was injured and we are actively working with police to help identify the responsible driver," said Cruise, which is majority owned by General Motors.

The San Francisco Police Department confirmed that

Cruise is cooperating with the investigation.

The driverless vehicle was moving through a green light, and the pedestrian was walking across moving traffic, Cruise said. The vehicle was in autonomous mode, and there were no passengers, Cruise said.

—Joseph De Avila

Gangs Infiltrate Airports

Continued from Page One

According to law-enforcement authorities, government agencies and security specialists. "This is a huge challenge," said Peter Nilsson, head of Airpol, a European law-enforcement group tasked with fighting crime at airports. Tackling insider threats stemming from rapid hiring at airports is among Airpol's post-pandemic priorities, he said.

"We raised a warning when, after the pandemic, we had all airports more or less in the world rehiring people," he said.

Similar warnings about criminal groups targeting airport workers to be their accessories have come from the U.S. Transportation Security Administration, the U.K.'s National Crime Agency and Airports Council International, an industry group.

Airport workers are particularly attractive recruits for criminal organizations. Experts point to examples where baggage handlers have been recruited to shift contraband-filled suitcases from international flights onto domestic carousels, bypassing checks by customs security; runway workers have been tasked with



A shot from surveillance video at Miami International Airport shows a worker allegedly involved in the March theft of \$1.2 million of Samsung devices. His lawyer declined to comment.

planting narcotics in the panels of aircraft; and customs officials have been paid to wave through bags known to contain illicit items.

While there has always been some degree of threat posed by insiders, experts said the mass hiring after the pandemic has given criminal entities the chance to plant or recruit new accomplices.

Hundreds of thousands of new staff have joined the aviation industry, typically with less experience and security know-how. There has also been an increase in the use of temporary security passes, requiring less-thorough screening, to ease staffing shortages.

"You have the same criminal activities or the same terrorist groups that already wanted to attack aviation.

They will find new people," said Sonia Hifdi, head of aviation security policy at the International Civil Aviation Organization, the United Nations' aviation arm.

The combination of low pay at a time of inflation and dissatisfaction among airport workers amid the post-pandemic recovery is also making some more susceptible to criminal recruiters, experts warned.

"You've got unhappy people, people desperate for money and criminal organizations looking to expand their reach," said Andy Blackwell, an analyst at ISARR, an aviation security specialist. "It's fertile ground right now."

Blackwell said the number of serious security incidents recorded by ISARR involving airport insiders worldwide so

far this year is 48, up from 35 for all of 2022. Those include a cargo handler in Miami being arrested after allegedly stealing \$1.2 million worth of Samsung cellphones from a DHL freight container, and two United Airlines bag handlers in San Francisco being charged with removing marijuana from checked luggage and sneaking it out disguised as trash in 20-gallon bin bags.

Security training was difficult during the pandemic, and there has been pressure on resources to provide that training to new staff since then, which the U.N.'s ICAO said has added to the vulnerabilities. Workers who left their jobs while on furlough but who still have access codes to secure areas of airports and insider knowledge of operations also

pose a risk, the agency said. "If you ask an airport security manager what keeps them awake at night, most would say the insider threat," said Philip Baum, managing director of aviation-security consulting firm Green Light.

In Belgium, two baggage handlers were arrested in July after being caught offloading suitcases stacked with 265 pounds of cocaine. In Portugal, runway workers in Lisbon were arrested in December for allegedly operating a similar scheme after being noted by authorities for their lavish spending. In Canada, about \$15 million in gold and other high-value goods were stolen in April from an Air Canada restricted-access cargo facility at Toronto Pearson Airport.

Not all crime committed by insiders is orchestrated by external groups. In July, three TSA security officers at Miami International Airport were caught on CCTV palming items from hand-luggage bins into their pockets. Footage shows the workers allegedly stealing \$600 in cash and other high-value goods from passengers' bags as they adjusted items in trays before sending them through X-ray machines.

The TSA said it had removed the officers and shared findings with police.

A new TSA mandate will require physical screening of workers at most airports, similar to the checks undergone by passengers, which brings the U.S. closer to meeting international standards.

FDA Clears Novavax's Updated Covid-19 Vaccine

BY PETER LOFTUS

Americans will soon be able to choose a third option in the updated Covid-19 booster-shot campaign.

The Food and Drug Administration on Tuesday authorized the use of **Novavax's** Covid-19 shot in people age 12 and older. The shot has been updated to target a strain of the coronavirus that was circulating this year, which health authorities say could help protect people through the fall and winter.

The Centers for Disease Control and Prevention's recommendation in September that most people receive updated booster shots applies to all updated boosters cleared by the FDA, now including Novavax's, a CDC spokesman said.

The recommendation clears the way for the vaccine to become available in pharmacies and other vaccination sites.

Novavax said it priced the updated vaccine at \$130 a dose, but most people are expected to be able to get it with no out-of-pocket cost.

The company said it has millions of doses that will start to become available in the coming days. The shots will be offered at more than 13,000 sites around the U.S., including retail pharmacies and physician offices.

"There were questions about the ability of Novavax to manufacture the vaccine on time and in the right quantities," Novavax Chief Executive John Jacobs said. "We now have supply and we believe we have ample supply to support our projections."

In September, the FDA cleared the use of the first two updated Covid-19 booster shots: one from Pfizer with its partner BioNTech, and one from Moderna. The CDC recommends the shots for everyone age 6 months and older, and at least two months after their latest Covid-19 vaccine dose if they have been previously vaccinated.

The rollout of the new boosters has been bumpy. Some people seeking out the shots have had appointments canceled or faced confusion with insurance coverage. For the first time, Covid-19 shots are being distributed through the commercial market, rather than being purchased in bulk and distributed by the federal government.

The Novavax Covid-19 vaccine is different from those offered by Pfizer-BioNTech and Moderna. Those vaccines use messenger RNA, or mRNA, to trigger immune responses. The Novavax vaccine contains a protein resembling one found on the surface of the coronavirus to trigger an immune response.

"Today's authorization provides an additional Covid-19 vaccine option that meets the FDA's standards for safety, effectiveness and manufacturing quality," said Peter Marks, who leads the FDA's vaccines division.

The protein targeted by the updated shot is from the XBB.1.5 variant of the coronavirus, which was one of the more prevalent strains circulating in the U.S. in June at the time FDA advisers recommended that vaccines be updated to target it.

Since June, the XBB.1.5 variant has receded while newer variants have become more prevalent. Like XBB.1.5, the newer strains are descendants of Omicron, so the updated shots should still work, according to many vaccine researchers.

Novavax said animal tests showed its updated vaccine could still generate immune responses against some of the more recently circulating variants, in addition to targeting the XBB.1.5 variant.

The Gaithersburg, Md., company was one of the drugmakers that received U.S. funding starting in 2020 to develop a Covid-19 vaccine when the pandemic was raging.

Its Covid-19 shots haven't been used as much as the ones from Pfizer-BioNTech and Moderna.



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WORLD NEWS

Two Killed in Thai Shooting, Suspect Arrested



APPREHENDED: Thai police arrested a teenage boy with a handgun after he allegedly opened fire inside Siam Paragon Mall, a shopping center in Bangkok, on Tuesday, killing at least two people, a visitor from China and a citizen of Myanmar.

Canada Urges India to Halt Expulsions

By PAUL VIEIRA

OTTAWA—Canada sought to dial down tensions with India in the wake of a diplomatic upheaval, calling on the government of Indian Prime Minister Narendra Modi to refrain from further expulsions of Canadian diplomats.

Prime Minister Justin Trudeau told reporters that “we are not looking to escalate,” after ties between the two nations were roiled by Canada’s assertion last month that India played a role in the killing of a Sikh independence leader on Canadian soil—an accusation the Indian government has called absurd.

Trudeau said it was “important for us to have diplo-

mat on the ground working with the Indian government.”

In June, the Sikh leader, Hardeep Singh Nijjar, 45 years old, was shot multiple times while sitting in his gray pickup in the parking lot of a temple in Surrey, British Columbia. Nijjar, the temple president, died on the scene, and police say they are looking for three suspects.

Following the allegation, Canada expelled an Indian diplomat, identified as Pavan Kumar Rai, the local station chief for India’s foreign-spy agency. The next day, India expelled a Canadian diplomat. Neither the Indian nor Canadian governments named the diplomat expelled, although Indian news media

identified the diplomat as the local Canadian intelligence station chief.

On Sept. 21, India’s Ministry of External Affairs said it planned to expel more Canadian diplomats in India, in response to what India deemed foreign interference in Indian affairs.

The Financial Times reported Tuesday that the Modi government is demanding 41 Canadian diplomats leave by Oct. 10. Neither Trudeau nor Foreign Minister Melanie Joly confirmed that India had made a specific demand and had set a deadline. India’s Ministry of External Affairs declined to comment.

India’s High Commission in Canada also declined to com-

ment on staffing numbers. A representative for Canada’s foreign department didn’t respond to a request for comment on diplomats posted in India.

India has also suspended visas for Canadian nationals looking to visit. Before going public with its allegations, Canada suspended negotiations with India on a liberalized-trade treaty.

Indian authorities designated Nijjar a terrorist in 2020, alleging he was involved in the funding and organizing of radical activities in India.

The rift comes after years in which both countries made efforts to get beyond the issue of Sikh separatism. Canada is home to the largest population of Sikhs outside of India.

Egypt’s Autocrat Wiends Power in Re-Election Bid

By CHAO DENG

CAIRO—As Egypt prepares for a presidential election, authorities have detained dozens of opposition figures. Potential challengers to President Abdel Fattah Al Sisi say they are facing obstacles getting on the ballot. And some Egyptians have received food vouchers in exchange for their support.

Sisi, the 68-year-old general who came to power in a military coup a decade ago and this week announced his intention to run again, is seeking to bolster his standing amid a crippled economy, double-digit inflation, soaring national debt and a reduction in aid from the U.S.

The stakes for the just-called December poll are high, even for an autocrat known for winning elections by crushing margins—including with 97% of the vote in 2018.

A third term would cement Sisi’s position for another six years, potentially buying him time to prolong his term further by enacting laws.

Late Monday, Sisi announced his candidacy at a conference celebrating his record at the new administrative capital, a large construction project begun under his leadership.

“I have resolved to nominate myself for you [the people],” Sisi said.

U.S. lawmakers recently withheld \$235 million in American aid to Egypt over its human-rights record and lapse in the rule of law.

Opposition politicians have accused some prospective candidates of cutting deals with the Sisi regime to help him hold on to power. Two presidential aspirants said they have been trying for more than a week to garner

the tens of thousands of popular endorsements needed to qualify as a candidate. But they say they have faced physical obstruction from both police and plainclothes security officials, as well as from people professing to support Sisi.

A spokesman for the president referred questions to the National Elections Authority, which didn’t respond to a request for comment.

The NEA said in a statement on its Facebook account Sunday that it had fixed unspecified “technical issues” at a few government notary offices managing endorsement submissions; it also said it extended working hours to address overcrowding.

Ahmed Tantawi, a journalist and former lawmaker who is seen as the most credible challenger to Sisi, has faced the most harassment according to activists, and hasn’t so far got the endorsements needed. More than 80 members of his campaign have been arrested in recent weeks.

Crowds of Tantawi supporters gathered at one government registry in Cairo on Tuesday. “The first time I came, I saw a Tantawi supporter get beaten up,” said Yasmine Nader, a 30-year-old former schoolteacher. By midday, Tantawi’s supporters were outnumbered by crowds of middle-aged Egyptian women who arrived by bus, professing their support for Sisi.

On Monday, at a performance advertised by the pro-Sisi Nation’s Future Party as celebrating the coming anniversary of Egypt’s 1973 war with Israel, one woman said that she and most others were attending for “money and benefits” without elaborating.

—Summer Said
contributed to this article.

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WORLD NEWS

A Soldier's On-Ground View of Bakhmut Fight

Ukraine pays a high cost in the symbolic battle to try to retake the ruined city

By IAN LOVETT
AND NIKITA NIKOLAIENKO

KOSTYANTYNIVKA, Ukraine—As the squad of Ukrainian soldiers crept along the tree line toward the Russian bunker, artillery fire sent their enemies scrambling for cover. This was the chance they had been waiting for.

A soldier nicknamed Sniper sprinted forward and tossed a grenade into the tunnels where Russian soldiers were sheltering. It exploded, sending smoke billowing. The Russians rushed out and Ukrainian forces hit them with mortars. Soon after, Ukraine took the position and then the entire road.

Previous waves of Ukrainian troops and several strikes with explosive drones had failed to dislodge the Russians from a bend in the road near the tiny village of Andriivka, a village 6 miles south of Bakhmut with fewer than 100 inhabitants before the war. The Ukrainians had taken heavy casualties.

But Sniper's assault helped tip the course of the battle in Ukraine's favor. Two weeks later, Ukraine's 3rd Assault Brigade seized Andriivka. Then other Ukrainian units took the neighboring village.

The victories give Ukrainian forces control of high ground south of Bakhmut, which Russia seized in May after the longest and bloodiest battle of the war. Ukrainian President Volodymyr Zelensky has made retaking the city—Russia's only significant gain in the past year of fighting—a key military goal for this year. With the main thrust of the counteroffensive in the southeast making slow progress, a victory in Bakhmut would bolster morale at home and provide allies abroad with evidence that Ukraine can win back lost ground.

Some U.S. officials and military analysts question the wisdom of expending valuable troops and equipment on a shattered city of little strategic value. Ukraine would be better served, they say, concentrating forces in the southeast, where its army is seeking a breakthrough.

But Ukraine is pressing ahead here, aiming to show progress to doubters at home and in Washington. Advocates of the approach say it also pins down Russian troops where their defenses, while formidable, are weaker.

"By conducting a secondary



Ukrainian soldiers who took part in fighting near Bakhmut met fierce resistance. 'The trenches were full of bodies,' one soldier said. 'Most were Russians, but some were ours.'



effort in Bakhmut, the Ukrainians have managed to fix multiple Russian divisions," said Jack Keane, a retired U.S. Army four-star general who now serves as chairman of the Institute for the Study of War.

The question for Ukraine is the cost. With Russia's population more than three times its neighbor's, each Ukrainian casualty is more expensive.

"The trenches were full of bodies. The ground was covered in bodies," said a soldier from the 3rd Brigade known as Billy, a hulking, clean-shaven 24-year-old. "Most were Russians, but some were ours." According to Ukrainian military rules, Billy and the other soldiers interviewed for this article requested to be identified

only by their call signs.

At the end of summer, Ukrainian infantry began to advance on Andriivka. Its value stems from its location overlooking Bakhmut. A road runs through the village into the city, as does a rail line.

"The idea is to cut off supplies and movement in and out of the city," said Slip, a battalion commander in the 3rd Brigade.

Russia's Defense Ministry didn't respond to a request for comment about Moscow's loss of Andriivka.

In late August, Ukrainian forces sent troops down a road that enters Andriivka from the northwest. Around 40 Russian troops were defending just 100 yards of road



Note: Russian-controlled area as of Sept. 27
Source: Institute for the Study of War and AEI's Critical Threats Project
Emma Brown/THE WALL STREET JOURNAL

lined with trenches. Artillery bombardments made the road a no-go for vehicles, which would have immediately drawn withering fire.

It took more than a week—and the dash to the Russian tunnels by Sniper—to bring Ukrainian troops to the edge of Andriivka. Then they had to win a foothold in the village.

On the morning of Sept. 13, a soldier called Sikach and a handful of others edged forward under the cover of smoke from a mortar bomb.

They pushed through the final trench and entered the remains of the first house in the village, then dashed into the next house. Another small team worked down the other side of the street. They com-

municated by shouting as the Russians had jammed their radios. A rocket-propelled grenade landed nearby, badly wounding two men.

The next several hours were chaos.

Russian armored vehicles drove back and forth across the far end of the village. Bullets whizzed in all directions. A Ukrainian machine gun team tried to enter the village but were hit before reaching the first house.

The Russians told their commanders they could hold on, afraid of delivering bad news, Russian prisoners later told the Ukrainians. As the Ukrainians pushed forward, Russian commanders didn't know what was happening or where to send re-

inforcements, helping Ukrainian forces make progress even though they were drastically outnumbered.

Though the first two waves of Ukrainian soldiers took heavy casualties, the subsequent ones broke through. They moved slowly down the street, sprinting from one house to another between artillery fire, and seized a basement at the corner, shooting several Russians dead on the way and capturing others. Then they raced across a field to the village's other street, a block south, and seized several houses on its east side.

When Russians tried to send in reinforcements from the east, Ukraine pummeled them with artillery.

That night, Ukrainians broke through Russian defenses in the tree line to the west. The Russians left in the village were surrounded.

During the night, most of the remaining Russians tried to sneak out of the village to the east and south. The Ukrainians shot and killed at least 11 of them, including a battalion commander, soldiers involved in the assault said, bringing the number killed to at least 200. Ukrainian casualties, Slip said, were far fewer.

On the morning of Sept. 14, Ukrainian drones spotted movement at only one house, where they knew several Russians were sheltering. They decided to try to take them alive, as they needed prisoners to exchange for Ukrainians in Russian custody.

Slip recorded an audio message, then his troops flew a drone carrying a speaker. "Russian servicemen... We're offering you the chance to surrender," Slip said in the recording. If they gave themselves up, he said, they would be treated humanely. If they declined, he said, "We'll destroy you," adding they had 10 minutes to decide.

Three Russians soon emerged from the basement. As they walked with their hands up, a mortar landed right beside them, killing one.

The Ukrainians, who said the strike was a Russian attempt to prevent the surrender, took the other two into custody. Their commander was dead in the basement. The Ukrainians aren't certain what killed him.

—Michael R. Gordon
contributed to this article.

Watch a Video



Scan this QR code for video showing fierce fighting in the front-line village.

U.S. Aid Cutoff Threatens Ukraine's Economic Stability

By WILLIAM MAULDIN
AND MARCUS WALKER

WASHINGTON—The U.S. funding system for Ukrainian salaries and Kyiv government expenditures is expected to run out in the next month absent a fresh infusion of money from Congress, Ukrainian and American government officials said.

As a government shutdown loomed, Secretary of State Antony Blinken warned Senate Minority Leader Mitch McConnell on Sept. 24 that Ukraine would face a severe economic and political shock in the middle of the counterof-

fensive this fall if Congress cut off assistance to Kyiv.

The U.S. and other donor nations effectively pay the salaries of 150,000 civil servants in Ukraine and more than half a million teachers, professors and school workers, not to mention government expenses ranging from healthcare to housing subsidies.

The telephone call from the U.S. secretary of state was a plea for GOP lawmakers to include Ukraine funding in stop-gap measures to keep the U.S. government open, according to their aides.

Six days later, Congress

passed a funding bill without aid for Ukraine. Officials in Washington and Kyiv are now looking at what an expected drop in aid means for the country's ability to keep its government running and its economy afloat.

The Washington debate over economic aid to Ukraine has divided Congress, with some Republicans saying U.S. funds should support the American economy.

"I don't see alternatives—U.S. funding is crucial for Ukraine's survival," said Bill Taylor, former ambassador to Ukraine and current vice pres-

ident at the congressionally funded U.S. Institute of Peace.

On Tuesday, President Biden spoke with world leaders including the heads of state of the United Kingdom, Canada, Italy, Japan, Poland and Romania, the French foreign minister, and the secretary-general of NATO, to coordinate support for Ukraine.

"As President Biden made clear, we cannot under any circumstances allow American support for Ukraine to be interrupted," said John Kirby, a spokesman for the White House National Security Council. "Time is not our friend."

Since the war began, most lawmakers and members of the public have focused on the hardware, including tanks, helicopters, advanced missile systems and millions of rounds of ammunition, all of which the U.S. is uniquely positioned to provide. Yet when Blinken visited Kyiv in September, Ukrainian Prime Minister Denys Shmyhal began a meeting by thanking him for a little-known stream of civilian-budget aid paid via the World Bank. "All wages that are now paid in Ukraine in the public sector over the past year, including social and

other programs, are funded through this," Shmyhal said.

In all, the World Bank's "Peace" program has sent Ukraine \$23.4 billion, with \$20.2 billion funded by the U.S. and \$2 billion from the U.K.

Republicans who oppose all funding for Ukraine see federal dollars going to a foreign government as a symbol of not putting domestic priorities first. "We're paying for just about everything" in Ukraine, Georgia Republican Rep. Marjorie Taylor Greene said on X.

—Lindsay Wise
and Gordon Lubold
contributed to this article.

WORLD WATCH



HOPPED UP: Bavarian riflemen fire gun salutes on the steps of the Bavaria statue at the Theresienwiese fairgrounds during the last day of Oktoberfest in Munich.

ITALY

Bus Crash Kills 21 Near Venice

A bus crashed near the Italian city of Venice after falling from an elevated street, killing at least 21 people and injuring several others Tuesday, authorities said.

Venice prefect Michele Di Bari said that 21 people were killed, including two children, and that there were 15 survivors from the crash in the Mestre suburb of Venice. He said tourists were aboard, though there was no immediate word on the nationalities of the victims.

Venice Mayor Luigi Brugnaro wrote on X, formerly Twitter, that the scene of the crash was "apocalyptic."

According to local media, the bus fell a few meters before crashing close to Mestre's railway tracks, where it caught fire.

—Associated Press

PAKISTAN

Crackdown on Migrants Planned

Pakistan announced a major crackdown on migrants in the country illegally, saying it would expel them starting next month and raising alarm among foreigners without documentation who include an estimated 1.7 million Afghans.

The country's caretaker Interior Minister Sarfraz Bugti said Tuesday that any migrants in Pakistan illegally should go back to their countries before the end of October to avoid mass arrest and forced deportation.

He said the government planned to confiscate the property and assets of illegal migrants, and would set up a special phone line to offer rewards to members of the public who tip off authorities about such migrants.

—Associated Press

CONGO

Four Convicted in Protesters' Deaths

A military court sentenced a Congolese military colonel to death and convicted three soldiers following the deaths of more than 50 people who were protesting the U.N. peacekeeping mission earlier this year.

Col. Mike Mikombe, former commander of the Republican Guard in the eastern city of Goma, was sentenced Monday. Congo hasn't enforced the death penalty in more than 20 years, effectively making it a life sentence.

Three other second-class soldiers from the same unit were sentenced to 10 years in prison.

Two other officers were acquitted, including Col. Donat Bawili, who headed the Congolese armed forces regiment in Goma at the time.

—Associated Press

Our friend and colleague, **Evan Gershkovich**, was detained by Russia on March 29 during a reporting trip and accused of espionage. Evan, The Wall Street Journal and the U.S. government vehemently deny the allegation and have called for his immediate release.

Evan's colleagues, friends and family will be sharing stories about him each week.

To show support for Evan, please follow the latest updates at [WSJ.com/Evan](https://www.wsj.com/Evan) and add the hashtag **#IStandWithEvan** across social media.



A necessary chore of a foreign correspondent for a U.S. newspaper is answering questions from East Coast-based editors in the middle of the night. If Evan minds hearing from me so late, he doesn't show it.

One day last year I heard from a mutual colleague that Evan had grown up in Brooklyn. I'm a Manhattan boy myself and always eager to chat about New York, so I struck up a conversation.

"Hola," he emailed. "I'm technically New Jersey-born and raised but my grandparents lived at Brighton Beach [in Brooklyn] so I spent a ton of my childhood out there."

Though we didn't have a New York upbringing in common, Evan and I got to corresponding about our respective Russian-Jewish families. Living as we do in such a vast and varied country, I found quiet joy and satisfaction chatting with a bright young colleague about our shared heritage.

During another late night on a story, I told Evan we were done as it neared 11 p.m. in Moscow. He agreed, but five minutes later was back online, sending me notes. That's the kind of reporter Evan is: Working around the clock when the story demands it, devoted to the culture and people of Russia without ignoring the country's many real problems, ready to share credit for triumphs and accept responsibility for mistakes, and tolerant of pestering editors.

God willing, Evan will soon be back in the newsroom and on the job where he belongs and staying up late to finish edits and get the story right. I can't wait to see what he files.



Daniel Nasaw
WSJ National Security News Editor

#IStandWithEvan

THE WALL STREET JOURNAL.

FROM PAGE ONE

Ploggers Compete For Trash

Continued from Page One

Italy, a land of beauty, is also a land of uncollected trash. The country struggles with chronic littering, inefficient garbage collection in many cities, and illegal dumping in the countryside of everything from washing machines to construction waste. Rome has become an emblem of Italy's inability to fix its trash problem.

So it was fitting that at the recent World Plogging Championship more than 70 athletes

from 16 countries tested their talents in this northern Italian city. During the six hours of the race, contestants collect points by racking up miles and vertical distance, and by carrying as much trash across the finish line as they can. Trash gets scored based on its weight and environmental impact.

A mobile app ensures runners stay within the race's permitted area, approximately 12 square miles. Athletes have to pass through checkpoints in the rugged, hilly park. They are issued gloves and four plastic bags to fill with garbage, and are also allowed to carry up to three bulky finds, such as tires or TVs.

Genoa, a gritty industrial port city in the country's mountainous northwest, has a trash problem that gets worse the further one gets away from

its relatively clean historic core. "It's ironic to have the World Plogging Championship in a country that's not always as clean as it could be. But maybe it will help bring awareness and things will improve," said Francesco Carcioffo, chief executive of Acea Pinerolese Industriale, an energy and recycling company that's been involved in the race since its first edition in 2021. All three world championships have been in Italy.

Events that combine running and trash-collecting go back to at least 2010. The sport gained traction about seven years ago when a Swede, Erik Ahlström, coined the name plogging, a mashup of *plocka upp*, Swedish for "pick up," and jogging.

Saturday's event brought together a mix of wiry trail

runners and environmental activists, some of whom looked less like elite athletes.

"We like plogging because it makes us feel a little less guilty about the way things are going with the environment," said Elena Canuto, 29, as she warmed up before the start. She came in first in the women's ranking two years ago. "This year I'm taking it a bit easier because I'm three months pregnant." Around two-thirds of the contestants were Italians. The rest came from other European countries, as well as Japan, Argentina, Uruguay, Mexico, Algeria, Ghana and Senegal.

"Three, two, one, go," a race official shouted over a loudspeaker, and the athletes sprinted off in different directions. Some stopped 20 yards from the starting line to collect

their first trash. Others took off to be the first to exploit richer pickings on wooded hilltops, where batteries and home appliances lay waiting. As the hours went by, the athletes crisscrossed trails and roads, their bags became heavier. They tagged their bulky items and left them at roadsides for later collection. Contestants gathered at refreshment points, discussing what they had found as they fueled up on cookies and juice.

Canuto used an abandoned shopping cart to wheel in her loot. It included a baby stroller, which the mother-to-be took as a good omen. Her total haul weighed a relatively modest 100 pounds, but was heavy on electronic equipment, which was enough for her to score her second triumph. In the men's ranking, Ortega, the

Spanish plumber, brought in 310 pounds of waste, racked up more than 16 miles and climbed 7,300 feet to run away with the title.

Zanelli, the defending champion, didn't make it onto the podium. He said he would take solace from the nearly new Neapolitan coffee maker he found during the first championship two years ago.

Contestants collected more than 6,600 pounds of trash. The haul included fridges, bikes, dozens of tires, baby seats, mattresses, lead pipes, stoves, chairs, TVs, 1980s-era boomboxes with cassettes still inside, motorcycle helmets, fans, traffic cones, air rifles, a toilet and a soccer goal. "This park hasn't been this clean since the 15th century," said Genoa's ambassador for sport, Roberto Giordano.

Violence Takes Hold In Ecuador

Continued from Page One

Villavicencio, was gunned down in August.

Worried about Ecuador's deteriorating security, the De Winters now intend to sell.

"I had to let go of my dream," said De Winter.

Ecuadorians and foreigners alike have had to dramatically alter their way of life as a country that had been known for its natural beauty and relative safety quickly turned into one of the world's most violent. This year, Ecuador is on track to top 7,000 killings, seven times the number in 2018, government data shows.

Transshipment hub

Driving the carnage is the country's transformation into a transshipment hub for drugs from neighboring Colombia, where cocaine production hit a record high. The disarmament of Colombian drug-trafficking guerrillas in 2016 led to a power vacuum as other gangs battled to take over the routes into Ecuador, with its hundreds of miles of unguarded coast.

Powerful local gangs help Mexican cartels and Albania mafia move the drugs to consumers in the U.S. and Europe. Police are outgunned, while the government has been distracted by protests and political gridlock following the pandemic.

President Guillermo Lasso, who, facing an impeachment vote, shut congress in May, says his government has seized record amounts of cocaine from what he calls narco-terrorists that threaten Ecuador's democracy. He sent soldiers onto the streets in hard-hit coastal cities and has tried to wrest back control of prisons controlled by the gangs.

Last week the Biden administration, facing a surge of Ecuadorean migrants fleeing violence and poverty, signed an agreement with Quito to boost cooperation to combat illicit maritime activity, including drug trafficking.

'So much grief'

So far, Ecuador hasn't been able to stanch the bloodletting. Emergency-room doctors talk of how they have been held at gunpoint by gangsters to save their bullet-riddled comrades. Alberto Benavides, a Catholic priest who holds frequent funerals for homicide victims, said he ran for cover when gunmen opened fire at a recent service.

"I didn't look back. It was traumatic," he said. "There is so much grief watching mothers have to bury their sons."

Last week, the government ordered thousands of children in the biggest city back to virtual classes amid parent concerns about gang violence at schools. Some teachers received WhatsApp messages purporting to be from one of the country's biggest gangs threatening to kidnap students if they don't make extortion payments. "We have people inside the school," one message read, accompanied by photos of guns.

Even though he has police protection, Ruben Balda, the prosecutor in charge of tackling organized crime in Manta, feels the danger. On a recent day, a decapitated goat was left outside his office. The last



A body on the street in Manta, Ecuador, last month, the victim of an apparent hitman. Below, Isabel Montaña is raising two grandchildren after her son died in a 2021 prison riot. 'You try to explain to them that God took him away,' she said.

time that had happened another prosecutor was gunned down.

He takes precautions in a country on track to have a higher homicide rate than crime-ridden Venezuela and Honduras. Wooden bookshelves cover his office windows to prevent gunmen from firing at him from outside. He avoids taking the same route to and from work. His family rarely goes out.

"My children can't play in the park, they don't go to soccer or music classes," he said. "We never go to social events."

Speed boats

Winning convictions isn't easy, even with the support Balda has from U.S. law-enforcement agencies. In December, a court here exonerated 18 defendants, some of them boat owners, who had been accused of using large vessels to refuel cocaine-laden speed boats.

"It was an awful message for our citizens and the criminals," Balda said of the ruling. "You feel powerless. We didn't just dedicate a lot of time to the case, but we also confronted people with a lot of economic power, and that puts our lives at risk."

The surge of violence is buffeting Ecuador as it prepares for a second-round presidential vote on Oct. 15. Frontrunner Daniel Noboa, the 35-year-old son of one of Ecuador's wealthiest men, has said he would militarize Ecuador's porous borders and turn ships into prisons, positioning them in the Pacific. He pledged to generate jobs and improve schools, reducing poverty and undercutting the ability of gangs to recruit young members.

"We're living an internal war," said Noboa, who campaigns with a bulletproof vest.

In December 2020, a Colombian hit man walked into a plush shopping mall here in Manta and pumped eight bullets into Jorge Luis Zambrano, head of the powerful Choneros gang that police say is allied with Mexico's Sinaloa Cartel.

Sinaloa's Mexican rival, Jalisco New Generation Cartel, ordered the homicide, police say, triggering Ecuador's descent into violence as the Choneros lost its monopoly over drug routes and now



battles other gangs for territory.

"Ecuador was caught unprepared," said Mike Vigil, former chief of international operations for the U.S. Drug Enforcement Administration. "I don't think anybody really saw this situation coming."

Now, in coastal cities like Manta, the stronghold of the Choneros, police say safe houses for hit men have sprouted up. The assassins only step outside to kill, torching their getaway vehicles afterward, according to Manta's police chief, Luis Cano.

"They're invisible," he said in an interview.

Cano added that Ecuador's coast was left unguarded after a 2009 decision by Ecuador to end American drug-interdiction flights out of an air base in Manta. "There isn't any control," he said. "That's why we're coveted by drug traffickers."

The ubiquitous gangs gen-

erate cottage industries tied to the drug trade. Here in this region of sandy white beaches, the fishermen of Jaramijó near Manta who catch skipjack tuna now use their pangas—small, slow-moving boats—to traffic drugs north.

A crew of three can make \$150,000 moving cocaine out to sea, past the famed Galápagos Islands and then north to drop-off points near Central America and Mexico, according to police. It's a lot of money for fishermen who live in small, tin-roofed homes and were accustomed to earning \$20 on a good day of fishing.

"The necessity is so big, and I'm not ashamed to say it, that there are days when we lie down without eating anything because we don't have money," said a 64-year-old woman in Jaramijó whose son was jailed for trafficking cocaine on his boat.

Security companies have seen a boom in business as

the wealthy hire bodyguards and bulletproof their vehicles. One company developed a contraption that allows drivers to spray a burst of grayish cloud from their vehicle, providing a moment to escape carjackers.

"It's like taking sand in the face," said Jhon Molina, who developed the system with his father after a relative was robbed at gunpoint in Guayaquil, Ecuador's biggest city, which is patrolled by soldiers.

Rampant extortion

Jess Wiseman, a native of New Orleans, moved to the popular beach town of Salinas, 70 miles from Guayaquil, in December with plans to start a distillery. He had read that Ecuador was one of Latin America's safest places.

"I was dealing with information lag when I was doing my homework," he said.

When he arrived, he heard about rampant extortion of businesses. A few months later, an Italian restaurant owner in Guayaquil was kidnapped in broad daylight. He was freed six days later after paying a ransom, the businessman said.

"Everything I'm seeing now is that the violence has doubled in the last six months," said Wiseman. "That is pretty disturbing."

Just days ago, Wiseman moved to Medellín, the Colombian city that was once the world's murder capital.

Guayaquil, a city whose port is used to transport cocaine, is ground zero for Ecuador's violence. Guayas, the province where Guayaquil is

located, is on track to top 3,000 killings this year, up from 291 in 2018, government figures show.

The bodies of young men from the city's poor barrios fill up the Angel Maria Canales cemetery, where they are laid out in concrete crypts, stacked 10 high.

They include Ana Morales's son, Miguel.

The 23-year-old was serving a three-year sentence for robbery at the notorious Litoral Penitentiary when he was killed in a September 2021 massacre of 122 inmates. Morales had rushed to the prison and saw her son's body when the relative of another inmate did a video call and showed her images of the dead inside the prison walls.

'Dismembered'

"Imagine the pain," said Morales. "For a mother to see her son there, dismembered."

Morales said her son and other inmates were killed because they didn't want to join one of the gangs fighting for control of prisons, from which security officials say jailed gang leaders orchestrate trafficking, extortion and homicides. She now leads a group of relatives that demands improved prison conditions, as well as justice for the families of those who've died behind bars.

Isabel Montaña's son, Andy, was killed two months later at the same prison. She now spends her days caring for his two children, aged six and seven.

"You try to explain to them that God took him away, that he's in heaven, that he's taking care of us," said Montaña. "But they say, 'I want my dad back, I don't want him up there, I want him here.' He was everything to them."

The prison violence quickly spread into the streets of Guayaquil—affecting institutions unaccustomed to the killings.

Two years ago, a half a dozen armed men burst into the emergency room of a public hospital in Guayaquil where Dr. Danilo Dávila was trying to save bullet-ridden patients, including a local crime boss.

Dressed in baseball caps and hoodies, the gangsters pointed their guns at Dávila, telling him to save their leader—or else.

"I told them, 'Easy, we are going to do our job, just let me look at him,'" said Dávila. "But he was already gone."

Hospital homicide

They didn't harm Dávila. But not long after, hit men walked into another hospital to finish off a man who had survived an attempted homicide. They sprayed his room with bullets. But the man had been discharged hours earlier. Another patient, a woman, had just settled in. She was killed, police said.

"That was the moment I knew that things were going to get really bad," said Raúl Alcívar, director of the privately run Hospital Alcívar.

The hospital installed bulletproof doors. Security personnel wear bulletproof vests. They've exchanged batons for 9mm Glock handguns. Last year, the hospital treated 160 patients with gunshot injuries, up from an average of 15 a year before the pandemic.

At the end of August, two brothers arrived after a rival gang shot them up. Both died.

"There was a lot of internal damage," said Dávila, who now leads Hospital Alcívar's emergency room. "Who could survive being shot more than 10 times?"



The Angel María Canales Cemetery houses the bodies of some who died in prison riots.

PERSONAL JOURNAL.



CARRY ON
DAWN
GILBERTSON

Unless it's an early morning caffeine emergency or vacation mimosa, I'd sooner board last than spring for snacks and drinks at the airport.

Yet there I was on Sunday, wearing out the company credit card at shops and restaurants for a few hours at Sky Harbor International Airport.

My mission: See how far \$100 would go in an era of high inflation and daily social-media posts on outrageous airport prices. That's a deceptively complicated task in a place where the same two bottles of water cost \$5 in one spot and \$8 down the hall.

New York Times columnist David Brooks went viral in September for lamenting his \$78 meal at Newark's airport. The restaurant got the last laugh: His burger and fries cost \$17.78 and the rest of the bill was booze. It launched a \$17.78 special, including liquor, in his name at its Trenton, N.J., location. (Brooks later told PBS that the tweet was "insensitive" and that he shouldn't have written it.)

Airport sticker shock has existed as long as baggage carousels. Airport authorities across the country have tried to keep prices in check by mandating prices roughly in line with those outside the airport, a practice called street pricing.

That price gap between a bag of cool-ranch Doritos in your neighborhood and at the airport has widened at many airports. Major concessionaires have successfully argued that airport prices should be higher because it costs more to run businesses in airports, from rent to labor. Today, nearly 80% of major airports charge above street pricing, a practice called street-plus, according to a 2023 survey by trade group Airports Council International-North America.

In Los Angeles, the figure is street plus 18%. Kansas City, plus 15%. In the New York area, LaGuardia, JFK and Newark, plus 10%. Street prices are defined and monitored differently at each airport. In 2021, a viral social-media post about a \$27.85 beer at LaGuardia got management in hot water and set off a government investigation. After a series of new enforcement efforts, that outlandish price went away.

Some price controls
A small number of airports, including those in Salt Lake City and Portland, Ore., still maintain street pricing.

"Street [pricing] is better for the passenger," says Bill Wyatt, who runs Salt Lake's new airport and used to oversee Portland's. "Those are residents in many cases, and those are people whose needs we need to attend to."

Some airports have no price controls, including Phoenix, home



It Can Be Easier to Fly Through \$100 at the Airport These Days

In Phoenix, our reporter found rising prices for some items, deals on others; happy with a Happy Meal



There was a deal on Aquafina water, but none of the snack items proved to be a bargain.

to hubs for American and Southwest airlines. City leaders voted to discontinue the street-pricing-plus-10% policy in 2018. Airport officials say competition keeps prices in check.

"If a passenger is dissatisfied with the pricing, they can go across the concourse to another food offering," says Roxann Favors, the airport's chief revenue officer.

The varying policies explain why you'll find different prices for the same items, even on the same trip.

In my unscientific Phoenix experiment, my \$100 went further than expected. In a couple of cases, the



prices I found were the same as those outside the airport.

Not all bad news

The first pleasant surprise: a relative deal on bottled water. One shop in the airport's Terminal 4, which handles about three-quar-

ters of passenger traffic, offered a buy-one-get-one deal on a 20 oz. bottle of Aquafina. The first bottle cost \$3.99, the second \$1. A nearby vending machine had the same price but no BOGO offer.

Yes, that's more than what a case of water might cost outside the airport, and two bottles might be more than you need, but let's call it a small victory. An even better strategy: Bring your own water bottle and fill it up after security.

Less impressive was the price tag on a Quest chocolate-chip protein bar: \$5.99. I can buy a box of four for under \$9 at Walmart or Target, which is why I usually pack my own.

My haul of treats—small bags of peanut M&M's, Nerds gummy clusters, pistachios and white cheddar Cheez-Its—was embarrassing. And not just because it set me back \$28.96. The teen boys behind me in line had been walking around the store complaining that they couldn't afford any of the snacks.

At \$5.99, the 5.3-ounce bag of M&M's was the cheapest of the snacks, but no bargain. (Another store at the airport was selling it for \$6.99!) By comparison, my local Target sells a bag three times that size for \$7.29; my CVS, double-sized bags at two for \$9.

At Wendy's, large fries and a chocolate Frosty cost me \$10, a

couple dollars more than at a local outlet. I didn't buy one, but was surprised to find a four-piece McDonald's Happy Meal for \$5.79, compared with \$6.09 at my local McDonald's. A kale and quinoa salad at La Grande Orange, a popular local chain's airport branch, was \$15 plus tax, a dollar more than at the original location in Phoenix.

The biggest expense of the day was money I don't mind spending when not on the company dime: \$40 including tip for a salad with chicken and a glass of rosé from Cowboy Ciao, a Scottsdale fixture. The original restaurant is gone, but its name and signature chopped salad live on at the airport.

The salad cost \$17, the same price charged by the two local restaurants that offer it. A 6-ounce glass of an Arizona—yes, Arizona—rosé was \$14, a few dollars more than outside the airport.

Sydney Frigerio graduated from college this year and doesn't usually spend on airport food and drinks. On her way home to London from a family visit on Sunday, she splurged on a mushroom pan fry, guava margarita and spiked seltzer at Cowboy Ciao. The bill was \$55 before tip.

She justified it by the long layover and a parting gift.

"My mom gave me 50 bucks," she said.

MY RIDE | BY A.J. BAIME

Italian Stallion Sticks To Short Runs Now

Jeff Muss, 62, a rocket engineer living in Sacramento, Calif., on his 1971 Lamborghini Espada, as told to A.J. Baime.

My father was a successful general contractor, and by the late '60s he could have had one of a number of exotic cars. He decided the Lamborghini Espada was the most beautiful car he had ever seen. He arranged with the Lamborghini factory to buy one, and, in 1971, he and my mother flew to northern Italy. I have photos of them traipsing around Italy with this car.

I was 10 and wasn't invited on this trip. Not long after, we moved to Dallas. We had the Lamborghini and two Jaguars, and none of these cars were particularly practical. I remember going to my new school in the Lamborghini because both of the Jaguars were dead. If the Lamborghini was our most reliable car, you knew there was trouble. During the 1973 gas crisis, my father took me hunting in central Texas. This car was getting between 9 and 12 miles a gallon, and we had huge plastic jugs of gas so we could be assured of getting home.

The Espada was, in its time, a true grand touring car, meaning it was built to travel elegantly and fast, on long-distance road trips. It can fit four people and luggage. The Espada first appeared at the Geneva auto show in 1968. At that time, Lamborghini had only been making cars for a few years. The company made the Espada for 10 years, and it was the bestselling Lambo-



'It is a quirky car,' Jeff Muss says of his 1971 Lamborghini Espada, which was a company bestseller.

ghini of that time. [The automobile company was founded in 1963 in Sant'Agata Bolognese, by entrepreneur Ferruccio Lamborghini. Lamborghini sold 1,227 Espadas from 1968 to 1978, according to its website.]

My father drove the car throughout the 1970s, then it got driven less frequently. By the 1980s it went through spells of not getting driven at all. Then my father would get excited and get it back in action. Around 2015, he was living in Virginia, and he called me on the phone. He said, "Why don't you come down

and drive the car and decide if you want it?" So I did. The truth is, I had always wanted this car. It got put on a truck and shipped to California, and unloaded near a freeway. I drove the car home. Within a day, the clutch had gone out.

For eight years, it has lived in my driveway with a cover over it. I drive it once a week because that is what keeps it happy. I drive it to Napa Valley, or to Amador County to go wine tasting. There is a high-end grocery store near where I live called Corti Brothers; people always ooh and ah over it in the parking lot. I have had the V-12 engine rebuilt and the paint redone, but other than that, it is unrestored.

To me, the Espada smells like gasoline, leather and testosterone. My wife likes it less than I do. She jokes that it breaks every time I drive it. It is a quirky car and its value hasn't appreciated the way other Lamborghinis of its era have. But that is why I can afford to fix it when it breaks. Being a rocket engineer, I can often fix it myself. Parts can be difficult to get hold of. Do I drive it fast? Not anymore. The only time I got a ticket in it, I was 21 and street racing some guy in a Camaro. Live and learn.

The car doesn't get to go on the long road trips that it was designed for anymore. But it lopes along smoothly, every mile an adventure.



CLIFFORD FOR THE WALL STREET JOURNAL (2)

PERSONAL JOURNAL.

Bonds Beckon: Here's What to Know

It's worth buying them as Treasury yields hover around 5%, even as their relative complexity scares off some investors

By OYIN ADEDOYIN

Ignoring the potential money to be made in bonds right now is a mistake. After bond returns hovered near zero for years, a series of interest-rate increases by the Federal Reserve has spurred a great return of yield in the bond market, be it corporate or government or almost any other issuer. The 10-year U.S. government bond, or Treasury, is yielding a high of 4.5%.

Investors have largely taken notice as sales of Treasuries more than tripled since 2021, according to the U.S. government.

Yet many people steer clear of bonds because they are more confusing than putting money in a bank certificate of deposit or a high-yield savings account. Part of the complexity is that bonds trade on the open market. This means buying a bond and then selling it has been a bad investment for almost three years now. Buying a bond and holding it to maturity, however, is what's now making money.

For example, if you put \$5,000 in a bond with a 4% yield, assuming you reinvest your interest payments, you will have nearly \$6,100 by the time it matures, according to Nerdwallet's calculator.

Still, there remain many questions about what exactly to buy. Does it make more sense to jump on the highest-yielding bonds, or is it better to lock in good rates for longer? Is it better to buy bonds directly from the government, a brokerage firm or as part of a bond fund? How much do I make on bonds after taxes and fees?

And then there is the big question. How many bonds should I buy?

What is a bond, exactly?

Bonds are the oldest form of investment. Unlike a share of stock, which gives an investor a tiny ownership stake in a company, a bond is a share of a loan to a government or company.

The price of that bond is based largely on the investment world's perception of the safety of the issuer. Bonds pay a set return each year, called a coupon, over a set period ending on a maturity date.

This is why bonds are known as fixed-income. And why it is much better to own debt than owe it.

Investors can trade bonds, though not quite as simply as they can trade stocks. A key difference: The price of a bond moves in the



▲ Sales of Treasuries have more than tripled since 2021.

opposite direction to interest rates. As rates rise, the value of older bonds with lower coupons falls.

Investors traditionally put 60% of their money in stocks and 40% in bonds. That formula fell somewhat out of favor while stocks were in a lengthy bull market and bonds underperformed.

Stocks made up the majority of Tony Santocono's Vanguard investment portfolio at the end of 2020. Once the Fed began raising rates, he slowly increased his bondholdings to take advantage of the high yields. Now his portfolio is about 45% bonds and 55% stocks.

The 57-year-old Texas resident

works as a training specialist for the Department of Veterans Affairs. He said he plans to retire in three years and the interest he's gaining on bonds is going to help him do so.

Short and longer-term bonds

Yields—a fancy word for the money you get back—right now are higher for short-term Treasuries than longer-term ones. Most often, people will compare the 2-year Treasury with the 10-year. When people talk about the spread, they are referring to the difference in yield between these two bonds.

The benefit of a short-term bond right now is you get more

money back—the yield on a 2-year Treasury was at 5.1%, compared with around 4.6% for the 10-year as of September. The downside is that you lose the opportunity to lock in a potentially higher return for longer should rates drop in the future.

One solution is a bond ladder, that is, dividing your investments among bonds with progressively later maturity dates. Investors should also choose bonds based on savings goals and how soon they will need the money, said Kendall Meade, a financial planner at SoFi.

Credit ratings and hidden expenses

Always check a bond's credit ratings before you buy. A poor rating means the bond issuer, such as a corporation, is less likely to pay you back. This can be enticing because the issuer will likely offer you a higher interest rate. It also means they are more likely to default, which would mean you incur a loss.

"The more financially risky a company is, the higher interest rate that they're going to have to pay in order to be able to issue bonds," said Zach Mersberger, regional director and partner at Merit Financial Advisors.

Bonds might also have hidden expenses to look out for. You might have to pay a markup fee for an individual bond. That can be anywhere from 1% to 5%, depending on the broker.

This is one reason Treasuries are good investments to start with.

Where to buy bonds

You can buy Treasuries and most other bonds through a brokerage firm such as Charles Schwab, Fidelity or Vanguard. Government bonds can also be bought directly from TreasuryDirect, a government website. (Yes, it looks a little like the 1990s internet.)

"It's a lot easier than 20 years ago when you had to call a broker and set the parameters to have them sell you the bond directly," said Brian Spinelli, co-chief investment officer at Halbert Hargrove, a California wealth-management firm.

One tricky part of buying a bond is that you are often not buying directly from the issuer. Instead, you are buying from another investor and the price of that bond has shifted since it was initially issued. One advantage of using a brokerage firm is that their sites will take the guesswork out of how much the change in the market price of your bond will affect your final return.

Bond funds vs. individual bonds

A diversified portfolio is a key to all investing. Bonds are no different. One way to achieve this with your fixed-income investments is to buy bond funds instead of individual bonds.

Bond funds and ETFs can be attractive because they are pools of hundreds and sometimes thousands of different bonds. Bonds funds often don't hold bonds until maturity.

Taxes

Like all capital gains, earnings on fixed income are often taxable. The actual tax, however, varies greatly.

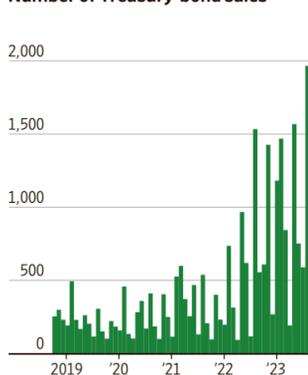
The importance of tax can't be overstated. Take certificates of deposit, which are now yielding near bonds at many financial institutions. The problem is that CD interest is taxed as ordinary income, as high as 37%.

The interest on Treasuries, on the other hand, is exempt from state taxes.

Municipal bonds are exempt from both state and local taxes if an investor buys the bond from the same state they live in. Corporate bonds have no tax benefits, so investors still need to pay both state and federal taxes on them.

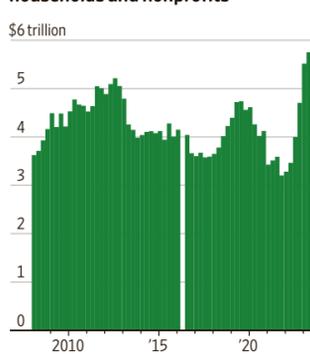
Keep in mind that bonds within a tax-sheltered account like a 401(k) or an IRA aren't taxed until you withdraw the money.

Number of Treasury-bond sales



Sources: TreasuryDirect (bond sales); Federal Reserve (bonds held)

Bonds held by American households and nonprofits



The Kids Need a Ride. Enter the Car Nanny.

By ALINA DIZIK

Parents have learned to navigate jam-packed schedules and school commutes with military precision. But even some of the greatest planners can't solve the ultimate challenge: finding someone to drive their school-age children in different directions all week long.

With schools letting out around 3 p.m., parents are getting help beyond the typical neighborhood carpool. Back-to-the-office policies and a national school-bus driver shortage have compounded the stress. Those without flexible schedules or eager-to-help extended family are coming to terms that they'll need to shell out for a driver to save time and shuttle their kids.

It's always been challenging to recruit reliable part-time workers for the after-school gap. Finding people willing to work afternoons amid growing demand and more options for flexible gig work has made finding part-time drivers for children even more difficult.

Lindsay Heller, a consultant who advises families on child care, calls this job the driving nanny. Heller is based in Beverly Hills, Calif., and has clients around the country. She says rates range from \$18 to \$35 an hour for workers with experience and clean

► Tiffany Harris uses Taxi Mom for her school-age children.

driving records. Parents typically find this help through an agency, word-of-mouth or social media, she says.

She hears from more clients with multiple school-age children who need to get to a mix of after-school activities. They might not have access to reliable public transportation, or children old enough to use it. "With two working parents, they realize that they literally can't be in three places at once," she says.

Afterschool marathon

Jenna Kavanaugh says she hired a driver for her three school-age children in Austin, Texas. Most weekdays, she shuttles them to Spanish and math tutoring, soccer practice and volleyball.

Kavanaugh hired the car nanny for 20 hours a week, which helps her feel calmer and adds consistency to pickups. She doesn't expect her new employee to prioritize making snacks or playing with her kids, like her previous nanny did when the children were younger.



Parents who have hired driving help say they are reluctant to mention it to neighbors or friends because it can sound pretentious.

"She's basically our Uber driver for four hours," says Kavanaugh, 45, who recently returned to work as a physician assistant. The family is considering purchasing a car specifically for their part-time employee, who started in August.

Wendy Denham, a family and child psychologist based in Los Angeles, says she hired a car nanny about a year ago. With her 12-year-old son and 13-year-old daughter sometimes ending school at different times, she drives back to school a second time for another pickup. Then she shepherds them to activities, including musical theater and cross country, before bringing them home. This can take close to an hour, not counting the wait at activities.

"It's impossible for working parents," says Denham, whose husband works from home and takes care of the children once they return. The family, which found the help through Heller, pays roughly \$1,000 a month for the afternoon pickups.

No day at the beach

Gladys Solorzano, who lives in Quincy, Mass., started work as a car



passed background checks and arrive in company-owned cars. A pass for 25 rides within a three-mile radius costs \$425 in Houston and \$475 in Washington, D.C.

Even parents for whom private drivers are outside of the budget are looking for ways to outsource the rides. Tiffany Harris, of Richardson, Texas, now uses Taxi Mom, a company that offers passenger vans to ferry groups of kids, including her two school-age children. She pays \$150 a week because of a sibling discount and the company's financial-assistance offering.

The service allows for on-line tracking so she knows when her 13- and 15-year-olds make it to school. On the return route, the driver waits until they walk into the house and lock the door behind them before departing.

"It's such a relief," says Harris, 35, a medical assistant who works 13-hour shifts. "I don't have any family up here."

Other solutions

In Chicago, Toby Baker, 37, says his nearly two-hour one-way commute across the city each morning and afternoon has become grueling this fall. With children in two different public schools that canceled bus service this year and a private school that doesn't offer transportation, he drives 20 miles through city traffic. Baker says the commute is no longer sustainable and prohibits him from work travel for his sales job.

After speaking to applicants and having one driver back out at the last moment, Baker realized that few are willing to stand in the kind of traffic he endures each day—even for decent pay.

Instead of continuing to look for another driver, the family plans to move to a location in the middle of their kids' three schools.

"We're hoping that moving will give us all that time back," he says.

ARTS IN REVIEW

There is no one named Lupin in “Lupin,” though its namesake’s spirit hovers over the proceedings like a nimbus of French cigarette smoke:

Arsène Lupin, “gentleman thief” and master of disguise, was created in 1905 by author Maurice Leblanc and has inspired stage productions, TV shows, comic books, ghost-written sequels and, in this series, the roguish Assane Diop, whose police-thwarting criminal capers are based on the cases of Leblanc’s be-monocled burglar.

The rollicking crime dramedy, about to enjoy its third installment on Netflix, stars the popular comic actor Omar Sy, which is part of the joke: Mr. Sy is about 6-foot-3, imposingly large, black, and his character frequents the moneyed milieus of Paris where most of the people are none of those things. It is certainly convenient for viewers to be able to pick Assane out of any of the surroundings in which he’s trying to hide. But it suggests that the entirety of French law enforcement has taken the concept of blind justice to an extreme. The exception is the detective Youssef Guedira (Soufiane Guerrab), a fellow Lupin aficionado, who saw the pattern of Assane’s capers early on, though his colleagues think he’s daft.

For existing fans, the reappearance of this very French series—among the most-watched foreign shows on U.S. Netflix—comes not a minute too soon. The first of the initial 10 episodes, which were split into two seasons, made its debut in January 2021. The teaser for season 3 was released more than a year ago. With all the anticipation, delay and build-up, one would expect the new season to be a blockbuster. And? Generally speaking, *c’est très bon*, though the noble effort to expand the storyline beyond Assane’s creative purloining of expensive stuff sometimes shows the strain. So does the involvement of characters unseen and unknown in the previous two seasons.

Nevertheless, the natural charisma of Mr. Sy remains, as do the charms of his principal co-star, Ludivine Sagnier, who plays his estranged but nevertheless long-suffering wife, Claire.

Part of the plot-expansion plan for the show created by George Kay (in collaboration with François Uzan) involves a much larger role for Claire, who after the raucous conclusion of season 2—and the victory over the malignant Hubert Pellegrini (Hervé Pierre), and



Etan Simon, Ludivine Sagnier and Antoine Gouy, above left, Omar Sy and Soufiane Guerrab, above right, and Mr. Sy, top, in the show that borrows its title from Maurice Leblanc’s gentleman thief

Assane’s subsequent disappearance—has been left the target of police investigators and the press. The Robin Hood aspects of As-



TELEVISION REVIEW | JOHN ANDERSON

Literary Lifting on Netflix

The French crime series returns with a third season of well-read cops and robbers



sane’s exploits have made him a media hero and Claire, along with their son, Raoul (Etan Simon), can go nowhere without being hounded by questions and photographers. Assane feels bad about this, but he and his lifelong friend and accomplice, Ben (Antoine Gouy), are in the process of correcting Assane’s one failed heist, namely the 2017 theft of the so-

called Black Pearl (which “ended the French-Tahitian War in 1847”). Matters then get even more involved, with Assane faking his death and burial and dealing with a number of ghosts out of his past, who have taken on very corporeal and sometimes malevolent form. There seems little question that there will be a season 4, though if it takes as long to arrive as season 3, devotees will grow impatient. The cast is a welcoming lot—Shirine Boutella is memorable as detective Sofia Belkacem, who scoffs at Guedira’s theories but grows a little envious over his relationship with a reporter who becomes one of his Lupin-converts, especially after she sees how Assane’s exploits follow

the path of the Leblanc books.

The new season is also heavy with flashbacks to Assane’s youth, during which the teenage orphan (Mamadou Haidara) met the young Claire (Ludmilla Makowski) and was first launched on his felonious path. Mr. Sy is more a presence than a dramatic force, and the young Mr. Haidara is similarly charming, but Ms. Sagnier makes Claire captivating and complex, and it is noteworthy, too, that Ms. Makowski has clearly modeled her character’s mannerisms after those of the older Claire. A directorial choice, perhaps, and a good one, but just one of the details that make a playful show much more involving and sophisticated than it ever had to be.

Lupin, season 3
Thursday, Netflix

Mr. Anderson is the Journal’s TV critic.

OPERA REVIEW

‘Dead Man Walking’: Death-Row Drama

By HEIDI WALESON

Jake Heggie’s “Dead Man Walking” opened the Metropolitan Opera’s 2023-24 season on Sept. 26, a Met premiere that was symbolic on many levels. When the piece had its world premiere in San Francisco in 2000, new works were occasional events in American opera houses, sprinkled delicately, even apologetically, into seasons of standard repertory for fear of rebellion from traditional audiences. Yet this season, extrapolating from the sell-out crowds that attended its productions of Terence Blanchard’s “Fire Shut Up in My Bones” in 2021 and Kevin Puts’s “The Hours” in 2022, the Met is banking on a whopping six contemporary works, one-third of the total number of productions, to bolster its generally flagging box office.

Things have clearly changed over 23 years. The rate of creation and production of new works at American houses has accelerated, particularly in the past decade, with plucky companies like Opera Theatre of Saint Louis and Opera Philadelphia along with smaller, experimental outfits like the Prototype Festival and the Industry leading the way. In 2016, the first year that the Music Critics Association of North America gave a “Best New Opera” award, Missy Mazzoli’s “Breaking the Waves” was selected from a rich field of 18 North American world premieres.

“Dead Man Walking” also normalized the idea that opera could and should tackle contemporary subjects and stories. Earlier works like John Adams’s “Nixon in China” (1987) were once derisively called “CNN Operas.” By contrast, the success of “Dead Man Walking,” based on Sis-

ter Helen Prejean’s 1993 book (also a 1995 film) about her experiences as spiritual adviser to prisoners on death row, made the controversial topic of capital punishment a fit subject for the opera house. It is the most frequently produced new opera of this century, with a remarkable 75 productions, often accompanied, with Sister Helen’s participation, by symposia and panel discussions. Its many successors include works on such up-to-the-minute topics as LG-BTQ issues (Laura Kaminisky’s “As One,” Gregory Spears’s “Fellow Travelers”); police killings of black men (Jeanine Tesori’s “Blue”); and Alzheimer’s disease (Lembit Beecher’s “Sky on Swings”). In June, San Francisco Opera will present the American premiere of Kaija Saariaho’s “Innocence,” which deals with the fallout from a school shooting.

Terrence McNally’s libretto traces Sister Helen’s relationship with Joseph De Rocher, a prisoner convicted of the rape and murder of a high-school-age couple, as his last appeals fail and his execution date

approaches. Much of the opera takes place within the Louisiana State Penitentiary in Angola, and the Met’s marquee production team, headed by Ivo van Hove with set and lighting design by Jan Versweyveld, created a strikingly austere environment: a blank-walled box, with a smaller cube suspended above the stage.

No bars or shackles are visible; An D’Huys’s drab costumes blend in; and Christopher Ash’s scene-establishing projections are reserved for the outside world—a blurry but still explicit video of the crime, which is played several times, and the road that unfurls as Sister Helen makes her first long drive from New Orleans to Angola. In the prison, subtle lighting color changes and precise



directing evoke the lonely horror of imprisonment and impending death that affects both principal characters. In a few of scenes, two onstage camera operators film their faces in close-up, projecting their expressions onto the upper cube and offering an additional window into their feelings. The camera also zoomed in as the lethal injection needle was inserted into De Rocher’s arm, and on the sudden widening of his eyes as the poison took effect, bookending the shock of the opening killing with a concluding one.

The production supplied some of the weight and interiority that the opera itself lacks. The libretto carries the story; Mr. Heggie’s music doesn’t create or develop characters, relying instead on a noisy, propulsive orchestra and multiple climaxes. Scenes are often too long. The insipid earworm hymn associated with Sister Helen seems at odds with her dynamic personality, as do her meandering arias; it’s hard to find De Rocher’s mix of fear and ag-

▲ Wendy Bryn Harmer, Rod Gilfry, Joyce DiDonato, Krysty Swann and Chauncey Packer

gression in his music. When Mr. Heggie does provide a lyric tune, the moment often comes across as manipulative rather than authentic.

The top-flight cast made the most of the piece. Mezzo-soprano Joyce DiDonato, who first sang Sister Helen at the New York City Opera in 2002, was all coiled intensity, visibly and audibly grappling with her determination to hate the sin but love the sinner. Bass-baritone Ryan McKinny, buff and tattooed, poignantly captured some of the insecurity underlying De Rocher’s macho posturing and bravado. As Sister Rose, Helen’s confidante, soprano Latonia Moore shone with Ms. DiDonato in one of the opera’s best moments, a duet about forgiveness. Susan Graham, who sang Sister Helen at the San Francisco world premiere, took on the role of Joseph’s mother, Mrs. De Rocher. Her plea for his life

at the pardon hearing was acutely characterized with deliberate fumbling; even better was the final meeting of mother and son, just before his execution, when she refused to let him apologize or confess.

Rod Gilfry, Krysty Swann, Wendy Bryn Harmer and Chauncey Packer were affecting as the parents of the murder victims. Raymond Aceto, Chad Shelton and Justin Austin had lively cameos as the prison’s warden, its condescending priest, and the motorcycle cop who stops Sister Helen for speeding and then lets her go. Yannick Nézet-Séguin let the orchestra loose with all its noise and bombast.

The three other Met premieres this season are all vintage: Anthony Davis’s “X: The Life and Times of Malcolm X” (1986) in a newly revised version, co-pro-

duced with four other companies; Daniel Catán’s “Flores en el Amazonas,” a well-traveled Spanish-language work from 1996; and John Adams’s “El Niño” (2000), which will feature notable Met debuts by singers Julia Bullock and Davónne Tines, conductor Marin Alsop, and director Lileana Blain-Cruz. “Fire” and “The Hours” are being revived. The initiative will continue: A new \$10 million gift from the Neubauer Family Foundation has been earmarked to subsidize 17 Met premieres from 2023-24 through 2027-28. Some will no doubt be brand new; others selected from the enormous wealth of new opera that has emerged over the past two decades. The Met has finally caught up, and is going all in. Rightly so. New work is the future of opera.

Ms. Waleson writes on opera for the Journal and is the author of “Mad Scenes and Exit Arias: The Death of the New York City Opera and the Future of Opera in America” (Metropolitan).

OPINION

Ukraine's Hunter Biden Risk



BUSINESS WORLD
By Holman W. Jenkins, Jr.

Trump and Hunter Biden. His case amounted to: Hey, don't look at me. I'm only in charge here.

One dispositive outcome so far is that the federal indictments of Mr. Trump have helped him to a near lock on the Republican nomination, the most overdetermined result in social science history.

CBS's Scott Pelley asked one obvious question: Were the special-counsel charges meant to damage Mr. Trump for the general election? He failed to ask another: Did the department consider that its indictments would help ensure Mr. Biden got the Republican opponent that he so publicly said he wanted?

Mr. Garland insisted he was never pressured by the White House and would have resigned, but an Everest-size asterisk attaches to his claim. In a heavy-handed leak to the New York Times last year, Mr. Biden's aides spoke freely if anonymously about the president's "frustration" with his Justice Department, his desire for Trump indictments. Mr. Biden, according to the Times, "said privately he wanted Mr. Garland to act

less like a ponderous judge and more like a prosecutor who is willing to take decisive action."

Mr. Garland also insisted to CBS that the U.S. attorney making all decisions in the Hunter Biden case, David Weiss, is a Trump appointee, a line he repeated nine times before a recent House hearing.

A big asterisk attaches here too. Mr. Biden, as president, publicly declared that Hunter had "done nothing wrong." Mr. Weiss is a Republican who made his career in Biden-dominated Delaware and was approved for his job by the state's two Biden-loyal senators. Until this year's GOP House takeover, Mr. Weiss was reportedly looking to end the Hunter investigation without charges. Whatever the outcome now, he let the statute of limitations expire on Hunter's most politically embarrassing failure—his failure to pay taxes on millions in Ukraine earnings when his father was vice president and in charge of Ukraine policy.

Yet every word out of Mr. Garland's mouth had less to do with justifying the decisions his department made, or even explaining them, than with maintaining his distance from them.

This was also the week when, to avoid a shutdown, the House punted on Ukraine funding, which will now be subject to a stand-alone partisan spat.

Another Biden appointee of upstanding reputation finds himself in an awkward situa-

tion. In January, CIA chief William Burns was reported to have undertaken a secret mission to brief Kyiv on the future of war aid after the GOP House takeover.

"Top of mind for Zelensky and his senior intelligence officials during the meeting," said the Washington Post, "was how long Ukraine could expect U.S. and Western assistance to continue following Republicans' takeover of the House and a drop-off in support of Ukraine aid among parts of the U.S. electorate."

How Joe's bid for a second term imperils his most important achievement.

Oh, to be a fly on the wall. It isn't just the GOP House takeover. It's Joe Biden's decision to seek a second term that guarantees a re-entanglement of Ukraine aid with the Hunter Biden mess. Republicans have already lofted these questions into a formal impeachment inquiry. It guarantees a revisiting of the effort by three of Mr. Burns's predecessors (and 48 other former intelligence officials) to get Mr. Biden across the finish line in 2020 by lying to the American people about Hunter's lost laptop. It guarantees a revisiting of Mr. Biden's own lies about the laptop and his personal meetings as vice president with

Hunter's Ukrainian clients.

Add Ukraine to those at risk from Mr. Biden's hardly compulsory decision to run again, which even many Democrats quietly criticize.

In no known universe would an opposition party not make partisan hay out of Hunter, whatever peril it poses for the domestic political viability of Ukraine aid. Many Republican voters and officeholders support that aid, but we're headed down an uncharted path.

The American people, in polls, persistently desire a different choice from both parties in 2024. Predictions of civil disorder and disrupted government, regardless of who wins, are increasingly bruited. Anti-Trump Republicans could once comfort themselves with a powerful argument to use on fellow Republicans: Mr. Trump is unelectable. By the looks of his recent polls, Mr. Biden is taking away that argument too.

The predicament of respectable Biden appointees like Messrs. Garland and Burns is the least of the symptoms but ought to awaken a more honest discussion of whether Mr. Biden is essentially throwing the country under a bus because he wants a second term. Mr. Biden has been a better friend of Ukraine than might have been expected after Russia's invasion, but even Ukrainians might begin to feel he's a friend who doesn't know when it's time to say goodbye.

BOOKSHELF | By Dominic Green

The Path To Perfection

Self-Made

By Tara Isabella Burton
(PublicAffairs, 288 pages, \$30)

“What a piece of work is a man!” said Hamlet. “In apprehension how like a god!”—yet also the “quintessence of dust.” Hamlet is both full of himself and a “king of infinite space,” lost in his own imagining. No wonder Shakespeare’s melancholy prince fascinated Freud. The search for that elusive modern ideal, the true self, generated what the historian Christopher Lasch called “the culture of narcissism.” Today the big businesses of self-care and self-indulgence fill the infinite space of the digital kingdom.

Tara Isabella Burton’s “Self-Made: Creating Our Identities From Da Vinci to the Kardashians” is a history of our seduction by the “myth that we are supposed to become our best selves.” The pursuit of perfection was once a Christian goal, but the goal changed as the social landscape shifted. A “radical, modern reimagining of the nature of reality,” Ms.

Burton argues, has been under way since the Renaissance, leading us to pursue a perfected self-image in the eyes of others.

The original sinner and “inventor of the selfie,” Ms. Burton writes, was Albrecht Dürer, the “devastatingly good-looking bon vivant” who made no fewer than 13 self-portraits. In one of his “masterpieces of self-veneration,” Dürer adopted the full-frontal pose traditionally reserved for Jesus, darkening his blond locks and raising his index finger and thumb as if he were the

Messiah. Dürer signed his work, fought against impostors and bought his own printing press. As Ms. Burton says, we would now call him an expert at branding.

The Renaissance’s “new vision of reality,” Ms. Burton writes, redefined us “not in the image of God but in that of our own desires.” The Reformation surely also helped this along, accidentally of course, because Protestants sought to internalize Scripture, and God now spoke in their vernacular. Either way, while the spirit moved Christians, the pagan idea of genius migrated from inhabiting sacred shrines to forming the source of our inner essences. Man was the measure of all things, including the divine.

In the 18th century, Ms. Burton argues, the modern idea of genius bifurcated into “aristocratic” European reaction and “democratic” American bootstrapping. When Benjamin Franklin wrote that life was “the bold and arduous project of arriving at moral perfection,” he believed that the goal could be attained by any “middle-class gentleman” who was prepared to put in the hours. In the late 1800s, the author writes, mass marketing and the expansion of the economy transformed America’s “dream of democratic self-making” into a capitalist endeavor fixated on the individual. “Millionaires are a product of natural selection,” the Yale political scientist William Graham Sumner explained. What did that say about everyone else?

Ms. Burton, who holds a doctorate in theology and recently published “Strange Rites: New Religions for a Godless World,” sees the economy of self-making as a “capitalistic mirror image of the medieval worldview.” Social power was once unfairly divided between hereditary elites and peasants, and souls between the damned and the saved. Social media presents a similar democratic deficit and a similar division of labor. Beneath the semi-divine Kardashians, the digital peasants toil; where once they generated value by working in the fields, today their minds generate “content” for a handful of companies.

Obsession with crafting our identities long preceded the digital age, even if it's now easier than ever to make a spectacle of ourselves.

The “aristocracy of genius” may have widened in the centuries after the Renaissance, Ms. Burton observes, but it was still an aristocracy, so it could not be open to all. From the start, self-making demanded its counter-image, a “lifeless, bovine public to witness the spectacle.” The author notes that the French word for the undifferentiated masses, *la foule*, carries connotations similar to that of the current teenage slang “basic.” It also brings to mind the idea, derived from computer games, that some people are mere NPCs (non-playable characters) whose lives serve mostly as background.

The Marquis de Sade, Ms. Burton argues, “set the stage for the vision of man that would follow”: of the genius whose desires, freed from external authority, give him “the power to make himself the closest thing to divinity in a godless world.” Sade and other libertines of the 18th and 19th centuries separated themselves from the bourgeois and the peasant by embracing “perversity.” The Marquis lived his best life, fantasizing in print about murder and child rape until the authorities, failing to permanently put him away for kidnapping and torture, ended his self-liberation and locked him up for “libertine dementia” in 1801.

England’s first dandy, Beau Brummell, restricted himself to being cheeky to royalty and dressing with excessive punctiliousness. Oscar Wilde’s branding, the green carnation, was Brummell-meets-Baudelaire, a literary pose provocative enough *pour épater les bourgeois*. As Ms. Burton shows, 19th-century self-makers were frequently what we now call “queer.” But then, just as Freud set to work, the early 20th century gave rise to excessively macho self-makers such as the proto-fascist Gabriele D’Annunzio and the very fascist Benito Mussolini. In one of many sharp asides in this wide-ranging and ingenious survey, Ms. Burton notes that fascism was self-making applied to politics: the beautiful over the good, the aesthetic without ethics. She sees the same tendency in Andy Warhol’s lampoon of the Hollywood myth, promoting “superstars” who were neither super nor stars.

These grave matters lead us, as though by historical algorithm, to Kim Kardashian’s callipygous posterior. Ms. Burton asserts that the fame of Ms. Kardashian, a member of the hereditary-celebrity elite, is a victory of the aristocratic over the democratic model. It might be the other way around: Ms. Kardashian is the empress of the internet by popular acclaim. Either way, Ms. Burton is right and brave to surmise that hollow self-making offers the wrong kind of answers to the modern bourgeois or digital peasant who wants to live a happy or meaningful life. If the n-word, narcissism, appears only fleetingly in “Self-Made,” it is because it is now everywhere.

Mr. Green is a Journal contributor and a fellow of the Royal Historical Society.

Fusion Voting Could Lower the Temperature



POLITICS & IDEAS
By William A. Galston

to coexist with fellow citizens who disagree with us on fundamentals.

Nevertheless, there is hope. Although the center of American politics is weaker than it was two generations ago, it hasn’t disappeared, and many in the middle long for a more consensual brand of politics. The Supreme Court’s decision to overturn *Roe v. Wade* and return the issue of abortion to the states has exposed that support for extreme abortion policies is modest at best and most Americans want an approach that gives weight to competing considerations. In a similar vein, I suspect that public distaste for another government shutdown helped move House Speaker Kevin McCarthy toward a deal with Democrats on a short-term continuing resolution.

There is mounting evidence that institutional changes below the level of constitutional amendments can increase opportunities for voters to express more-moderate sentiments. Fortunately, our federal system allows for more experimentation along these lines than is available in countries with more cen-

tralized political systems.

Ranked-choice voting has been employed at both the municipal and state level, with promising results. CEO turned political reformer Katherine Gehl helped persuade Alaska to endorse a new system that combines a nonpartisan primary with ranked-choice voting to pick the general-election winner from among the top four primary finishers. In their book, “100% Democracy: The Case for Universal Voting,” political analyst E.J. Dionne and former Connecticut Secretary of State Miles S. Rapoport argue for adopting the Australian system, which requires all citizens to vote and enforces this requirement with a fine no larger than a parking ticket. (Full disclosure: I was a member of a working group, which included the book’s authors, that examined this option and recommended its adoption.)

A once-popular option—fusion voting—also deserves renewed attention. In this system, a candidate could be the nominee of more than one political party. The votes cast for this candidate would be tallied separately by party and then combined to determine the candidate’s total support. During much of the 19th century, most states used this system, which had its greatest effect in the three decades after the Civil War, when the two major parties enjoyed nearly equal support, allowing minor parties to influence election outcomes.

This system enabled vot-

ers, who weren’t comfortable with the stances of either major party, such as supporters of the Greenback and Populist parties, to cast a ballot without wasting their vote on a candidate with no chance of winning or inadvertently helping their less-preferred major-party candidate win. In addition, fusion voting forced the major-party candidates to compete for nominations. Also, candidates

Coalitions between minor and major parties would make U.S. politics milder.

who cared about getting re-elected were more likely to see themselves as the head of a winning coalition and less likely to ignore the preferences of minor-party members of their coalition.

Led by Republicans who believed that fusion voting helped Democrats, Republican-controlled state legislatures moved against this system at the end of the 19th century, and before long both parties became comfortable with a duopoly that minimized the influence of minor parties. Most states enacted prohibitions on fusion voting that persist to this day.

In the mid-1990s, a Minnesota-based minor party brought suit against the state’s antifusion law on the grounds that it violated that party’s rights of association

guaranteed by the First and 14th amendments. The case eventually reached the Supreme Court, which in *Timmons v. Twin Cities Area New Party* (1997) upheld bans on fusion voting. Many, including me, find the court’s argument deeply unpersuasive. After all, a principal purpose of political parties is nominating candidates for office, and antifusion laws prevent minor parties from nominating the candidates of their choice if major parties also back them.

The court’s decision left states free to permit fusion voting if they choose. Our politics would be better if all did. Parties to the left of the Democrats and the right of the Republicans might try to tug the parties in their direction by dangling the prospect of endorsement, but most potential minor-party voters say they would prefer a new party between the Democrats and Republicans, closer to the center of public opinion.

If states permitted major parties to compete for a minor party’s nomination of their candidate, the winning candidate would tend to be less extreme and have a broader base of support. Fusion-minded parties wouldn’t satisfy voters who regard as unacceptable both major-party candidates, but it would leave them as free as they are now to back alternatives to these candidates. No one would lose except factions in both major parties who want their leaders to ignore moderate and centrist voters.

A Glimmer of Hope in Higher Education

By Susan J. Crawford
And Kenneth G. Langone

The president of Bucknell University, John Bravman, stood behind a placard bearing the words “Freedom of Expression” last month and kicked off a year-long forum on the subject. Mr. Bravman introduced columnist George Will, who inveighed against censorship for 45 minutes, skewering both political parties in the process.

It was a dream come true, considering the cancel culture flourishing on many college campuses. In 2021 we wrote a letter in these pages with the headline “Alumni Are Fed Up and Ready to Fight Back.” We saw what was happening at our alma mater and colleges nationwide and decided to do something about it.

We began Open Discourse Coalition, an alumni and student-supported organization. The coalition is an independent, nonprofit organization

with an office blocks from Bucknell University. Its goal is to advance the school’s mission to offer students diversity of thought with an unwavering commitment to free speech.

Prominent speakers, confident they will be heard, have been drawn to Bucknell to discuss and debate national issues, with students from

A new organization that champions free speech is thriving.

the right and left turning out in large numbers. Experts on some of society’s thorniest topics have civilly discussed, disagreed and answered challenging questions from students.

It “was not nearly as polarized as what I expected,” one student wrote in response to a program. Another: “I was

pleasantly surprised at how civil the conversation [was] and highly appreciated the respect both views gave each other.” One professor told us it was the first time he heard two differing perspectives on gun control at the same program in more than 20 years on campus.

Bucknell students can also participate in workshops, small group meetings and one-on-one mentoring. A select group of upperclassmen spend every Saturday in September studying leadership. The seminar is so popular it doubled in size by its second year and had a wait list in its third year.

Open Discourse Coalition also sponsors a faculty association—the Bucknell Program for American Leadership. Members support cultural and ideological diversity within the tradition of the liberal arts. They have hosted programs for students featuring such speakers as Jason Riley, Naomi Schaefer

Riley, Jordan Peterson and Edward Snowden.

Our organization’s effect is spreading. Students from Susquehanna University, 15 minutes away, have begun attending Open Discourse Coalition programs at Bucknell and are asking how they can have this on their campus. The Alumni Free Speech Alliance, which began with five groups in 2021, has added 11 more, including Open Discourse Coalition.

While many speakers on college campuses are still being shouted down, Open Discourse Coalition’s success signals that civil discourse is possible. We must make universities centers for the free exchange of ideas.

Judge Crawford is a senior judge on the U.S. Court of Appeals for the Armed Forces and chairman emerita of Bucknell’s board of trustees. Mr. Langone is a co-founder of Home Depot.

OPINION

REVIEW & OUTLOOK

Republicans Cut Off Their Own Heads

A band of eight Republicans succeeded in ousting Kevin McCarthy as House Speaker on Tuesday, and we trust they're happy. They now have the chaos they wanted, though it isn't clear what else they hope to achieve. Their clever plan seems to be to cut off their own heads.

Mr. McCarthy lost his job, but he rose in our esteem in recent days by the way he has handled this threatened coup. He put the country first on Saturday in refusing to let the plotters shut down the government for no good purpose. Then on Tuesday he declined to ask Democrats for a power-sharing deal in return for votes to rescue his Speakership. He put his party above his job, and his reward is that he is the first Speaker ousted in history. The vote was 216-210.

In retrospect the die may have been cast at the start of this Congress when Mr. McCarthy conceded to a rule that any single Member could offer a motion to vacate his chair. He may have had no choice to win the job, and he did so assuming at least some goodwill among his critics. The reality is that they were always lying in wait to strike.

We refer to Reps. Matt Gaetz, Nancy Mace, Eli Crane, Andy Biggs, Matt Rosendale, Bob Good, Tim Burchett and Ken Buck. They united with Democrats to topple a Republican Speaker without a plan, a replacement, or even a policy goal in mind. Four percent of the Republican conference trumped the 96% who supported the Speaker.

Mr. Biggs argued on the floor that the House hadn't passed the 12 annual spending bills on time, but that's because of demands from Members like him. He and Mr. Gaetz offered mainly a list of grievances and supposedly failed promises that had no chance of being realized this Congress. Their real motive looks to be spite, personal and political, and the result is to sow chaos in their own ranks.

Democrats decided not to assist Mr. McCarthy, and no doubt they are enjoying the Republican turmoil. Their decision may have been made when Rep. Alexandria Ocasio-Cortez said on the weekend that she would vote to oust Mr. McCarthy. Minority Leader Hakeem Jeffries would have jeopardized his own leadership if he had backed the Democratic left.

But Democrats may come to miss the former

A gang of eight ousts a Speaker with no plan or replacement in mind.

Speaker if the chaos lasts for some time and leads to government shutdowns or failure to pass aid to Ukraine. The next Speaker might be weaker than Mr. McCarthy and even less willing to say no to the rejectionists.

Mr. McCarthy accomplished more than he gets credit for during his short tenure as Speaker. He negotiated a debt-ceiling deal that put a cap on domestic discretionary spending and clawed back some unspent pandemic money. He created the special China committee that is building a bipartisan consensus on how to defend Taiwan and respond to the Communist Party's ambitions. He also moved to restore some bipartisan comity to the Intelligence Committee after Adam Schiff's partisan manipulation.

The ouster captures the degraded state of the Republican Party in this era of rage. Members in safe seats can fuel their own fund-raising and careers by claiming to "fight" against all and sundry without doing the hard work to accomplish what they claim to be fighting for. Mr. Gaetz is the prototype of this modern performance artist, as he raises money for a potential run for Florida Governor.

As we went to press, the path forward for the House wasn't clear. North Carolina Rep. Patrick McHenry becomes Speaker Pro Tem, per a list Mr. McCarthy had submitted to the House clerk. But the search for a permanent Speaker could be long and chaotic.

Mr. McCarthy said Tuesday night in classy remarks that he won't run again. Other names will surface, but who in the world would want the chair knowing it comes with the constant peril of being ousted? Anyone courted for the position should refuse to accept without a change in House rules so the support of at least 20 Members would be required to vacate the Speaker's chair. The House majority can't be held hostage to the Jacobins on either side of the aisle.

Meanwhile, the House is essentially frozen. The putative GOP majority is weaker, and its ability to gain any policy victories has been undermined. Oversight of the Biden Administration will slow or stop. Republicans in swing districts who are vulnerable in 2024 will be especially wary of trusting the Gaetz faction, and regaining any unity of purpose will be that much harder. The crazy left and right are cheering, but no one else is.

Justice Gorsuch on the Spending Power

The Supreme Court on Tuesday heard oral arguments in a challenge to the Consumer Financial Protection Bureau's novel self-funding scheme (*CFPB v. Community Financial Services Assn.*) A telling moment came when Justice Neil Gorsuch pressed the Solicitor General on the limits to the agency's appropriations power.

Democrats insulated the CFPB from political accountability in the Dodd-Frank Act by letting it obtain its funding from the Federal Reserve, unlike any other federal agency. Payday lenders say this violates the Constitution's command that "no Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law."

The CFPB's legal brief argued the scheme was constitutional in part because the law sets a limit of \$734 million, adjusted annually for inflation, on the amount that the Fed can transfer to the bureau. But the Solicitor General on Tuesday contended that the CFPB's self-funding arrangement would be constitutional even if there were no cap.

"Could Congress pass the same law with no upper limit, allowing the executive branch to determine however much it wished to take?" Justice Gorsuch asked. SG Elizabeth Prelogar replied: "We don't think that Congress would have to provide a statutory specified amount."

Justice Gorsuch then probed: What if the President requested a trillion dollars from the Fed for

Is there any ceiling, or floor, to what the CFPB can decide to spend?

the agency? Ms. Prelogar wavered, noting that the law limits the CFPB's funding to what the director determines is "reasonably necessary." But other than that, she couldn't articulate even a hypothetical upper limit. If there's no ceiling, is there a floor?

"What if the President decided zero was the appropriate sum? I'm not going to take any money. I don't like the CFPB," Justice Gorsuch asked. Ms. Prelogar replied that if the President didn't enforce the laws, "I would expect Congress to step in and change the funding mechanism," but "I don't think the Appropriations Clause would be a check there."

Under the Administration's theory, there's no limiting principle to executive power. A Democratic Congress could empower the Internal Revenue Service to fund itself like the CFPB with no spending limit. But a Republican President could also later zero out the IRS's tax enforcement funding.

Justice Clarence Thomas said the CFPB's unprecedented funding scheme doesn't make it unconstitutional per se. But as Noel Francisco, who represented payday lenders, argued, "At a bare minimum, the Appropriations Clause requires Congress to determine how much the government should be spending."

Congress abdicated its spending power by delegating it to the CFPB. Surely this wasn't what the Framers intended by writing checks and balances into the Constitution.

Iowa's Tax-Cut Triumph

Kim Reynolds is spending time with the Republican presidential hopefuls barnstorming her state, and we hope they're taking notes on her record. The Iowa Governor has made her state a model of good tax policy, and she says she's only getting started.

Ms. Reynolds said last week that Iowa wrapped up its fiscal year with a surplus of \$1.83 billion. That may sound small compared with overgrown blue-state budgets, but it's about 22% of what the Hawkeye State spent in 2023. It's also the third surplus in a row in the Governor's tenure.

These results have followed significant tax cuts that have helped the state's economy. Since revenue surged during the pandemic recovery in 2021, Ms. Reynolds and the GOP Legislature have cut the state's individual income tax rates. The top rate has dropped to 6% from 8.53% since 2022, and it is scheduled to drop to a flat 3.9% rate by 2026.

Iowa's top corporate tax rate next year will drop to 7.1% from 9.8% in 2022, and it is scheduled to fall to 5.5% if the state keeps hitting its revenue targets. For property owners, the Legislature this year capped the annual increase in assessed value, reducing local tax collections by about \$100 million.

Ms. Reynolds connected these dots when she announced the budget surplus last week. "We've seen what the powerful combination of growth-

oriented policies and fiscal restraint can create," she said in a statement. Income, corporate and franchise-tax receipts rose by about \$500 million from 2021 to 2022 after the tax cuts.

Crucially, state spending has grown modestly since 2021, despite annual increases in per pupil school funding. Steady job growth has pushed the state's unemployment rate down to 2.9%.

Now the Governor wants to raise her bet on this winning formula. "My goal is to get to zero individual income-tax rate by the end of this second term" in 2027, she said.

If that happens, Iowa will join its neighbor South Dakota in the club of states with no tax on income. Iowa is already charging ahead of most Midwestern peers—particularly Minnesota, which resembles the progressive states on the coasts with a 9.85% top income-tax rate. As for the fiscal risk to Iowans, the state is sitting on a \$2.74 billion taxpayer relief fund that will grow again in January.

The Iowa tax experience belies the claims of the left that cutting taxes produces deficits. In Iowa the tax cuts have helped to produce record surpluses that then can be used to cut income-tax rates further. Ms. Reynolds has also shown that you can cut rates across the board, even at the top, and succeed politically. The GOP presidential candidates could stand to ask her for a few tax-cutting pointers.

LETTERS TO THE EDITOR

Why the Fed's Unprecedented Losses Matter

Jason Furman's "Profits and Losses Don't Matter at the Federal Reserve" (op-ed, Sept. 28) gets it wrong in several respects. First, the loss of an average yearly profit of \$75 billion certainly does matter when the national debt is already staggering.

Second, Mr. Furman seeks to justify the Fed's quantitative-easing policy because it had the effect of "bolstering the economy" by depressing long-term interest rates. This foolish policy led to the asset-liability mismatch that placed the Fed in its current loss position and created the housing-market bubble that makes it so difficult for first-time buyers to purchase a home today. Keeping interest rates artificially low does juice the economy, but at the cost of a terrible later reckoning. We are experiencing this today in heightened inflation and asset bubbles.

You can praise the Fed for its current policy of raising rates to reduce inflation, but please don't praise it for the mistakes that led it to have to take these drastic measures.

HOWARD B. ADLER
Potomac, Md.

Mr. Adler served as deputy assistant Treasury secretary for the Financial Stability Oversight Council, 2019-21.

Mr. Furman excuses the Fed's unprecedented losses, which have surpassed \$100 billion on their way to

\$200 billion or more, suggesting taxpayers shouldn't care. To the contrary, taxpayers should care that the Fed will spend, without authorization, \$200 billion or more that will be added to their future taxes.

These Fed losses are the result of a radical and exceptionally risky Fed choice to build a balance sheet resembling a giant 1980s savings and loan. In the process, it stoked bubbles in bonds, stocks, houses and cryptocurrencies, in addition to inducing enormous interest-rate risk in the banking system. Those risks have now come home to roost.

Mr. Furman argues that the Fed's negative capital position doesn't matter. If so, why cook the books to avoid reporting it? The Fed books its cash losses as a "deferred asset" so that it can obscure its true negative capital position. The Fed changed its own previous accounting rules precisely so it could do so. We know what would happen if Citibank tried that.

Who authorized the Fed to take an enormous interest-rate bet, risking taxpayer money? Nobody but the Fed itself. Does "independence" give the Fed the right to spend hundreds of billions of taxpayer dollars without congressional approval? That question needs to be debated.

ALEX J. POLLOCK AND PAUL H. KUPIEC
Mises Institute and AEI
Lake Forest, Ill., and Washington

No Apologies for Avoiding a Race to the Bottom

Standing up for workers isn't political or a punishment—as characterized in Mary Anastasia O'Grady's "Biden Does Big Labor's Bidding in Mexico" (Americas, Sept. 25)—it's what's right, and we won't apologize for it. Workers are the backbone of the global economy, and for too long there has been a race to the bottom, casting their dignity aside for reduced costs and exorbitant profits. House Democrats changed that through the U.S.-Mexico-Canada Agreement, finally giving us recourse to remedy abuses and violations through our trade agreements.

U.S. Trade Representative Katherine Tai was a key Democratic negotiator of the USMCA. She never wavered in putting American workers first. Her tenacity and moral conviction made the first of its kind, rapid-re-

sponse labor mechanism possible. When we hold our trading partners accountable, we enhance our own workers' competitiveness. The USMCA was a tremendous bipartisan accomplishment that showed the world what our nation values and what's possible in U.S. trade agreements. Already this commitment has ushered in significant wins for workers, including increased wages and finally recognizing their hard fights for collective bargaining.

We are a nation of workers, built by workers. The opportunity to protect our greatest asset with safe workplaces and wages that allow them to live and raise their families with dignity is building the race to the top. It should be celebrated by all.

REP. RICHARD E. NEAL (D., MASS.)
Springfield, Mass.

Trudeau-Bashing Will Not Change the Facts

Sadanand Dhume's "Why Indians Can't Stand Justin Trudeau" (East Is East, Sept. 28) bashes the Canadian prime minister. But Mr. Trudeau doesn't need to win a popularity contest in India. He is a duly elected leader representing his country, and a Canadian citizen, Hardeep Singh Nij-

jar, was murdered in June 2023 in Vancouver. Canada has accused India of being complicit in his murder and demanded its cooperation on this serious issue. If India still claims to abide by the rule of law, which is under assault these days over there, it is in the country's interest to cooperate fully rather than react with anger.

Sikhs in Punjab have longstanding, legitimate grievances against the Indian state, and many Sikh human-rights activists have been eliminated or have disappeared, most notably Jaswant Singh Khalra and the religious leader Gurdev Singh Kaunke. To suggest that the majority of Sikhs in Canada and India don't support a sovereign, independent Sikh state is mere speculation. Only a fair and free referendum in Punjab, where Sikhs are in the majority, can settle this issue.

RAMINDER SINGH
Troy, Mich.

The Defects of Human and Even Artificial Intelligence

Regarding Joshua Ben Rosen's "AI Can Do as Bad a Job as Your PR Department" (op-ed, Sept. 21): Human communication is mostly imperfect, even in well-thought-through text. It has unintentional "defects" in logic or aesthetics, and such subtleties can reveal valuable information about the writer or the situation. With AI, by contrast, there is nothing to be read between the lines. That is worse than rhetorical nothingness.

JIE YUAN
Westford, Mass.

"Meaningless nothingisms," concocted by AI for companies that have cut writing staff, remind me of one human being's speechifying: Vice President Kamala Harris. No professional speechwriter could turn that out. Tossing a good word salad takes certain rhetorical skills.

BILL APPLE
New York

Who Wants to Be Speaker?

Comparing a possible new House speaker to "the next wife of King Henry VIII" ("A Shutdown for Dummies," Review & Outlook, Sept. 30) is unfair to King Henry. Of his six wives, two died of natural causes (one of them outlasting the king), two were amicably divorced and only two were beheaded. Worse odds surely await Rep. Kevin McCarthy's successor.

CURT COVEY
Livermore, Calif.

CORRECTION

The marble panels used on the exterior of the new Perelman Performing Arts Center in New York are 7/16ths of an inch thick. A Sept. 27 architecture review "More Than Meets the Eye" misstated their dimensions.

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

Pepper ... And Salt

THE WALL STREET JOURNAL



"The Startup's goal is to melt snow by harnessing rage."

OPINION

Politics on Pause in Ukraine

By Jillian Kay Melchior

Opponents of aid to Ukraine, and even some supporters, have criticized the country for postponing elections. Parliamentary and presidential votes were originally scheduled for this month and next year, respectively. “So to recap,” Tucker Carlson said in June, “we are currently fighting a war for democracy on behalf of a leader who just casually announced he’s happy to end democracy.” After a visit here in August, Sen. Lindsey Graham said: “We need an election in Ukraine next year.”

The man who lost the 2019 election to Volodymyr Zelensky disagrees. Former President Petro Poroshenko, who remains an influential opposition figure, says in an interview that holding elections during the war would be “a catastrophe for Ukraine.” He adds that wartime elections would be “unconstitutional” and “definitely not” democratic.

Even the man Zelensky defeated agrees it would be catastrophic to hold an election while war rages.

Mr. Poroshenko isn’t alone in this view. In September 100 Ukrainian organizations signed a letter claiming “elections and full-scale war are incompatible.” They warned that a vote could lead to “the loss of legitimacy of both the process and the elected bodies” and “significant destabilization of the state in general.” Signatories include many of the nation’s most respected civil institutions, including Transparency International Ukraine, the Anti-Corruption Action Center and the Kyiv School of Economics.

Vigilance about democratic backsliding is wise, especially when the country is under martial law. Yet Mr. Poroshenko and others raise valid legal, practical and security concerns, amplified by the certainty that Russia will do whatever it can to undermine domestic and global confidence in Ukrainian elections.

There are constitutional and legal constraints on wartime elections, notes Olha Aivazovska, head of OPORA, a private organization that is considered Ukraine’s top election watchdog. Elections alone don’t make a liberal democracy, as the Russians could attest if they had the freedom to do so. The rule of law is also essential, and Article 83 of the Ukrainian Constitution states that members of Parliament remain in office until martial law is over and a new election can be held.

Current law also prohibits amending the constitution or holding presidential or parliamentary elections during martial law. “Now some in the West are asking us to break the law,” says Ukrainian political analyst Mykola Davydiuk. Mr. Zelensky has suggested he’d be open to an election if lawmakers amend the martial-law legislation.

Such a change would be politically charged, in part because restrictions on some freedoms under martial law could disadvantage the opposition. One particularly worrisome curtailment involves Ukraine’s broadcast media, which Mr. Zelensky consolidated at the start of the war. Six television stations now produce a round-the-clock “TV marathon.” A senior official involved in its creation told Radio Free Europe/Radio Liberty that this was “simply an efficient response to an obvious need to coordinate official information during wartime.”

But “the state is fully controlling the narrative and the presence of differing opinions,” says Ivanna Klymush-Tsintsadze, an opposition lawmaker from Mr. Poroshenko’s



Petro Poroshenko served as Ukraine’s president, 2014-19.

European Solidarity party. The TV marathon has excluded participation of three channels that are traditionally more pro-opposition, and opposition figures say they get less airtime.

The opposition channels continue to broadcast online, including on YouTube, and no comparable government restrictions apply to print and digital media. But elderly Ukrainians in particular rely on TV broadcasts for news. Such extraordinary government controls over the airwaves might have been justifiable in early days of Russia’s full-scale invasion, but it has become less reasonable as the war enters its 19th month. Mr. Zelensky could strengthen Ukrainian democracy by ending the TV marathon.

Beyond the press restrictions, martial law also allows for some restrictions on assembly, including the imposition of curfews and prohibitions on “peaceful meetings, rallies, marches and demonstrations.” Even when such constraints are imposed for legitimate security reasons, they could impede political candidates’

ability to organize and campaign.

One reason elections are paused under martial law is to ensure that government officials can focus their attention on war instead of campaigning. Ukrainians fear a wartime election could undermine national unity. The country’s contests are competitive and sometimes acrimonious. Vladimir Putin, a veteran of the KGB, specializes in fomenting and exploiting societal division.

Another challenge is that not all Ukrainians can partake in a wartime election. Already during the 2019 elections, an estimated 12% of Ukrainians couldn’t participate because they lived in occupied Crimea and the Donbas. Ukraine has acknowledged their disenfranchisement in part by leaving some seats in Parliament vacant.

Russia now holds even more Ukrainian territory, and last year it held sham referendums to annex four occupied regions. One worry is that if Ukraine held elections now, it could amount to the de facto political abandonment of voters in newly

occupied territories. That portion of the electorate at least had a say in the current leadership chosen in Ukraine’s last election.

The United Nations estimates that nearly 6.2 million Ukrainians have left the country, and facilitating their votes would be complicated. Ensuring confidence in the integrity of digital voting or mail-in ballots from abroad would be another challenge, as would making it possible for soldiers along a 600-mile front to participate in the elections without disrupting military operations.

Russia may target election sites if Ukraine announces where and when voters should cast ballots in person. The Kremlin has frequently targeted civilians. In June Russia shelled evacuation points as Ukrainians fled flooding after the destruction of the Nova Kakhovka dam. In April 2022 a Russian missile struck the Kramatorsk railway station, killing at least 58 civilians evacuating from war-torn areas.

Ukrainians may be willing to risk going to the ballot box anyway, but will international observers come to monitor the vote? Roughly 20% of the territory Ukraine controls is in range of Russian artillery. Russian drones and missiles can strike anywhere, and Ukraine’s air defenses can’t ward off all such attacks. Without observers, a wartime election wouldn’t be as transparent or thoroughly vetted as prior ones, which would create an opening for Russia to call the results into question.

Postponing the election for a year or so seems prudent given the legal complications and practical concerns. But delaying the vote indefinitely could put wind in the sails of Russian propaganda about Ukrainian democracy. All the more reason for the West to give Kyiv what it needs to hasten victory.

Ms. Melchior is a London-based member of the Journal editorial board.

‘No Guardrails’ Foretold Today’s Breakdown 30 Years Ago

By Matthew Hennessey

A framed copy of a March 1993 editorial written by Daniel Henninger hangs in the Midtown Manhattan conference room where the Journal opinion staff meets. My colleagues and I refer to the piece with reverence. We frequently use its headline—“No Guardrails”—as a shorthand for the devolution of societal norms, a process that seems to be accelerating.

“No Guardrails” is striking for several reasons. It’s three decades old, which makes it something of a time capsule. But as reports from bygone eras go, it is shockingly fresh and familiar. The editorial laments the loss of “a time in the United States when life seemed more settled, when emotions, both private and public, didn’t seem to run so continuously at breakneck speed.” If you’re paying attention at all, you can relate.

Donald Trump’s recent suggestion that Army Gen. Mark Milley, the departing chairman of the Joint Chiefs of Staff, might deserve execution for his communications with China after the Jan. 6 riots was a No Guardrails

moment. So was Gen. Milley’s riposte alluding to Mr. Trump as a “wannabe dictator.” The debate last month over the U.S. Senate dress code had No Guardrails written all over it.

On Saturday afternoon, as the House was preparing to vote on a bill to keep the government funded, Rep. Jamaal Bowman (D., N.Y.) pulled a fire alarm in the Capitol. His apparent purpose was to disrupt the proceedings, delay the vote, and increase the likelihood of a government shutdown that his media allies would blame on Republicans.

Schools teach children that raising false alarms is a dangerous business. It can cause panic that leads to injury. It diverts resources from real emergencies and potentially puts first responders at risk. Mr. Bowman knows all this because he is a former middle-school principal. He claims to have made an honest mistake and pulled the alarm by accident, but that strains credulity. It’s likelier that the guardrails have fallen away, even—or perhaps, especially—in Congress.

The erosion of norms goes far beyond politics as anyone who has ever been online knows. Social media is

filled with videos of breakdowns, beat-downs and freak-outs. Only in a society without guardrails does it feel right to film a crime in progress or a person in distress for public titillation.

Urban life is degenerating because the traditional authorities have removed essential guardrails. Police and prosecutors have stopped doing their jobs. Large chains like CVS, Walgreens and Target are pulling out of

Daniel Henninger’s 1993 editorial noted an erosion of norms. Things have gotten much worse.

American cities because shoplifting has been effectively decriminalized. New York City has surrendered its streets to bullies, pot-heads and the untreated mentally ill. Now Gotham’s health commissioner advises residents to carry Narcan, or naloxone, the medicine that reverses opioid overdoses. New Yorkers who would rather not live in a society without

guardrails are nevertheless expected to provide first aid to its victims.

Mr. Henninger identified August 1968, “when the Democratic National Convention found itself sharing Chicago with the street fighters of the anti-Vietnam War movement,” as the moment when America “began to tip off the emotional tracks.” For those of us whose memories aren’t that long, there are other contenders—the Clarence Thomas confirmation hearings, the Clinton impeachment, *Bush v. Gore*. Donald Trump’s 2015 trip down the escalator will cast a long shadow in the American political mind.

In 2012, after the Sandy Hook school massacre, Mr. Henninger revisited “No Guardrails.” He wrote that it wasn’t “a plea for retrieving a mythical past” but an argument that “we would be better off if our intellectual, political and cultural elites rediscovered—and publicly revered—the protective virtues of self-control and self-restraint.” Maybe that seemed possible in 2012.

To Trump Republicans, “guardrails” sounds like “Make America Boring Again.” They love to cheer their champion as he lays waste to

political convention and common decency. If we’re one election away from losing the country, who cares about manners? He fights, they say.

Even before Mr. Trump’s rise, Democrats had similarly convinced themselves that they were democracy’s guardians and every low stragem was justified. Remember Senate Majority Leader Harry Reid’s 2012 assertion that Mitt Romney hadn’t paid taxes for 10 years? Four years later, Reid justified this lie: “Romney didn’t win, did he?”

The prospect of a Trump restoration gives both sides an excuse for all manner of unscrupulous tactics. The 2016 election cycle will look like a garden party compared with what’s coming. I make a point to read “No Guardrails” from beginning to end every few months. I do it in part because I still can’t believe I get to work alongside Dan Henninger—but mostly as a reminder that, amid all the allegations and fire drills, none of this has come suddenly. The guardrails have been gone for a while.

Mr. Hennessey is the Journal’s deputy editorial features editor.

The Data Prove Government Is Spending Too Much

By Grover Norquist And Vance Ginn

The U.S. national debt recently passed \$33 trillion, more than 120% of gross domestic product. Left-wing politicians assert that Americans are undertaxed, but the data show that the government spends too much.

Americans for Tax Reform launched the Sustainable Budget Project in September to document the rise in government spending over the past decade. The results are clear: Overspending is the problem.

Between 2013 and 2022, aggregate annual spending by the 50 state governments, excluding federal funds, increased 51.7%. Total annual federal spending rose 69.4% during the decade, more than three times as fast as the 21.6% increase in the rate of population growth plus infla-

tion. If government grows faster than this rate, then it is growing faster than the average taxpayer can afford.

Had the federal government limited the growth in spending to a maximum of the population growth rate plus inflation during that decade, in 2022 the federal government would have spent \$1.6 trillion less than it did, resulting in at least a \$200 billion surplus. If the federal government had done this over the past two decades, the national debt would have increased by less than \$500 billion instead of \$19 trillion.

If state governments had limited spending growth to the rate of population growth plus inflation during the last decade, they would have spent \$1.39 trillion in 2022, \$344 billion less than the \$1.74 trillion they actually spent.

Had federal and state govern-

ments simply grown no faster than the rate of population growth plus inflation, taxpayers could have been spared at least \$2 trillion in taxes and debt in 2022 and trillions of dollars more over time. The U.S. hasn’t needed drastic budget cuts, just slower, more sustainable debt growth.

Our project defines each state’s overspending problem by providing a dollar-figure spending ceiling and allowing anyone to see how government spending in a state has grown relative to the rate of population growth plus inflation. It will publish and promote an annual benchmark spending level for every state, which lawmakers must not exceed if they want to keep state spending in check.

Limiting state spending to the Sustainable Budget Project benchmark isn’t impossible. Lawmakers in more states are beginning to imple-

ment the sorts of structural reforms necessary to slow the rate of government spending to a sustainable clip. During the past decade, Colorado and Texas have demonstrated that this can be done.

Federal and state layouts are vastly outpacing the combined rate of inflation and population growth.

Colorado spent a cumulative \$12.8 billion less over the past decade than what could have been available under the benchmark. State lawmakers could have dramatically cut the state’s individual income tax. Instead, there is a push in Colorado to raise taxes and destroy the Tax-

payer’s Bill of Rights, the state’s constitutional requirement that all tax increases be subject to voter approval and revenue collected in excess of the state spending cap be refunded to taxpayers.

Texas spent \$16.4 billion less than the benchmark over the past decade, savings that could have been used to eliminate its gross-receipts-style franchise tax and other bad taxes. Rather than continuing to keep state spending in check, Texas lawmakers instead passed the largest state budget in the state’s history this year.

Excessive spending at the federal, state and local levels of government deserves more attention. Tax hikes are easy to identify, but there has been no objective, binary metric to determine whether a state government spends too much. By focusing on the rate of population growth plus inflation, the Sustainable Budget Project provides such a standard.

Governors and state legislators need to implement reforms and practice restraint to slow the steep upward trajectory of government spending. That lawmakers in large, politically important states have already demonstrated this ability has shown their counterparts in other states and in Washington that sustainable budgeting is possible. With more modest growth in state government spending, lawmakers can lower taxes and Americans can keep more of what they earn.

Mr. Norquist is president of Americans for Tax Reform. Mr. Ginn, a senior fellow at ATR, served as chief economist of the White House’s Office of Management and Budget, 2019-20.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Notable & Quotable: Bowman

Miranda Nazzarro reporting for the Hill, Oct. 2:

Rep. Jamaal Bowman (D-N.Y.) condemned the use of the word “Nazi” in a list of talking points sent to Democratic colleagues Monday amid a GOP push to punish Bowman for pulling a fire alarm. . . .

“I just became aware that in our messaging guidance, there was inappropriate use of the term Nazi without my consent,” Bowman wrote in a post on X, formerly known as Twitter. “I condemn the use of the term Nazi out of its precise definition. It

is important to specify the term Nazi to refer to members of the Nazi party and neo-Nazis.”

In the memo . . . Bowman’s office suggested several talking points his Democratic colleagues could use to defend the lawmaker, including one that targets what the office claimed are Nazi members of the Republican Party.

The suggestion was written as, “I believe Congressman Bowman when he says this was an accident. Republicans need to instead focus their energy on the Nazi members of their party before anything else.”



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Dow's 2023 Gains Are Wiped Out

Ten-year Treasury yield tops 4.8%, as investors load up on cashlike securities

By RYAN DEZEMBER

An intensifying bond selloff sparked new losses on Wall Street on Tuesday, wiping out what was left of the Dow Jones Industrial Average's gains for the year and pushing the yields on Treasuries to multiyear highs.

The losses were broad, with risky technology firms, rate-sensitive banks and real-estate owners and companies that rely on discretionary spending leading the way lower. Utility shares were the only industry segment in the S&P 500 to rise. They added 1.2%, bouncing off big losses Monday.

The Dow shed about 431 points, or 1.3%, and the blue-chip stock index ended the

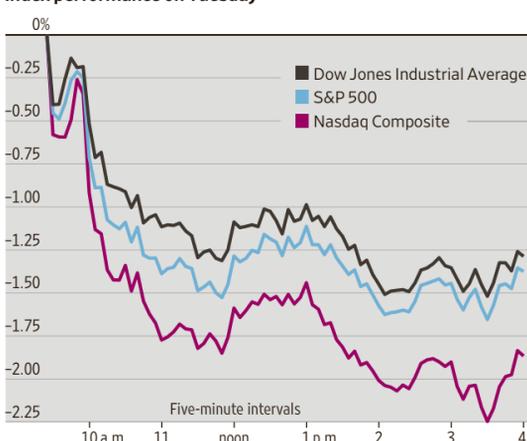
session down 0.4% so far in 2023. The S&P 500 declined 1.4%, with nearly 13% of the stocks in the index hitting 52-week lows. The technology-skewed Nasdaq Composite fell 1.9%.

Meanwhile, the yield on the 10-year Treasury note exceeded 4.8% for the first time since August 2007, ending Tuesday at 4.801%. Two-year note yields rose to 5.148% and the payout on 30-year bonds hit 4.936%.

Besides luring yield-seeking investors away from dividend-paying stocks, Treasury yields that are so comfortably above the rate of inflation—real yields—are likely to weigh heavily on companies' results and pressure their shares, said Mabrouk Chetouane, head of global market strategy at Natixis Investment Managers.

"If real interest rates continue to increase in the next weeks, we could see real damage in the equity markets," he

Index performance on Tuesday



Source: FactSet

said. "They will all suffer from the cost of capital."

Wary of plunging stocks and getting locked into lower-yielding bonds, Natixis, which manages more than \$1.2 trillion, has recently boosted the

proportion of its portfolio that is held in cash, Chetouane said.

Investors around the world are hoarding cash, which is paying around 5.5% in money-market funds and via short-

term Treasury bills. Even well-known bond trader and DoubleLine Chief Executive Jeffrey Gundlach advocated a strategy of "T-Bill and Chill" at the Grant's investment conference in New York Tuesday.

Jerry Braakman, chief investment officer of First American Trust of Santa Ana, Calif., said he has been looking for bargains among healthcare and energy stocks, which trade at lower prices relative to future earnings than the big technology stocks that had fueled this year's rally. The firm has also beefed up its allocation to cash.

"Cash pays you at the moment and keeps some dry powder to buy into an equity-market swoon," he said. "No one gets fired for holding cash."

Employment data Tuesday showed job openings increased to 9.6 million in August from 8.9 million in July. Please turn to page B5

Jurors in FTX Trial May Lack Crypto Knowledge

By JAMES FANELLI AND CORINNE RAMEY

When jurors size up FTX founder Sam Bankman-Fried for the first time, they might not know much about the world of cryptocurrencies. The prosecution and defense each could try to use that to their advantage.

Jury selection began Tuesday in the criminal case against Bankman-Fried, 31 years old, who is on trial for a series of actions that allegedly led to the meltdown of the FTX crypto exchange last year.

Bankman-Fried is charged with stealing billions of dollars from customers of the FTX crypto exchange and using the money in large part to cover risky bets by its sister hedge fund, Alameda Research. The case involves some complex financial transactions, including allegations that Bankman-Fried instructed a deputy to take a big position in a digital token to manipulate its market price.

As both sides have hurtled toward trial, the case has raised questions of legal strategy. Please turn to page B2

Netflix Plans to Raise Prices After Strike

By JESSICA TOONKEL AND SARAH KROUSE

Netflix plans to raise the price of its ad-free service a few months after the continuing Hollywood actors strike ends, the latest in a series of recent price increases by the country's largest streaming platforms.

The streaming service is discussing raising prices in several markets globally but will likely begin with the U.S. and Canada, according to people familiar with the matter. It couldn't be learned how much Netflix will raise prices by or when exactly the new prices will take effect. Netflix declined to comment.

Over the past year or so, the cost of major ad-free streaming services has gone up about 25%, as entertainment companies look to bring their streaming platforms to profitability and lead price-conscious customers to switch to their cheaper and more-lucrative ad-supported plans.

On Tuesday, Warner Bros. Discovery said the monthly price of the ad-free version of its Discovery+ streaming service was rising to \$8.99 from \$6.99, while the cost of its ad-supported platform remains unchanged at \$4.99 a month.

Streamers are also starting to look at how they can create new pricing tiers around exclusive programming, such as live sports, without running the risk of driving people away from core offerings.

Disney is discussing launching a new live-sports tier of Disney+ in markets outside of the U.S., according to



Netflix had been the lone major streaming company not to raise prices in the past year, focusing on curbing password sharing.

people familiar with the situation. Last month, Warner Bros. Discovery said it would soon add live sports to its Max streaming service that will eventually cost interested subscribers an additional \$9.99 a month.

Apple is selling Major League Soccer's MLS Season Pass for \$12.99 a month to people who subscribe to its \$6.99-a-month Apple TV+ streaming platform and \$14.99 a month to those who don't. The recent move of soccer superstar Lionel Messi to Inter Miami helped drive a surge in U.S. subscriptions to Apple

TV+, The Wall Street Journal previously reported.

Netflix, which stands out from its peers by running a profitable streaming business, has been the lone major streaming company not to raise prices over the past year—focusing instead on boosting revenue by cracking down on password sharing. Its latest price increase came in January 2022.

The company plans to wait until the dual Hollywood writer and actor strikes end before increasing prices. The Writers Guild of America and Please turn to page B4



Note: Monthly prices for each individual service in the U.S. Figures as of Oct. 2, except for Hulu and Disney+, which go into effect Oct. 12, and Prime Video, which was announced by the company but is not yet in effect. Ad-free prices are for the most popular versions. Source: the companies

Meta Floats A \$14 Fee In Europe For Facebook, Instagram

By SAM SCHECHNER

Would people pay nearly \$14 a month to use Instagram on their phones without ads? How about nearly \$17 a month for Instagram plus Facebook—but on desktop?

That is what Meta Platforms wants to charge Europeans for monthly subscriptions if they don't agree to let the company use their digital activity to target ads, according to a proposal the social-media giant has made in recent weeks to regulators.

The proposal is a gambit by Meta to steer around European Union rules that threaten to restrict its ability to show users personalized ads without first seeking user consent—jeopardizing its main source of revenue.

Meta officials detailed the plan in meetings in September. Please turn to page B4

Return-to-Office Rules Aren't Filling Cubicles

By PETER GRANT

First, the good news for office landlords: A post-Labor Day bump nudged return-to-office rates in mid-September to their highest level since the onset of the pandemic.

Now the bad: Office attendance in big cities is still barely half of what it was in 2019, and company get-tough measures are proving largely ineffective at boosting that rate much higher.

Indeed, a number of forces—from the prospect of more Covid-19 cases in the fall to a weakening economy—could push the return rate into reverse, property owners and city officials say.

More than before, chief executives at blue-chip companies are stepping up efforts to fill their workspace. Facebook parent Meta Platforms, Amazon.com and JPMorgan Chase are among the companies that have recently vowed to get tougher on employees who don't show up. In August, Meta told employees they could face

disciplinary action if they regularly violate new workplace rules.

But these actions have yet to move the needle much on the national return rate, and a majority of companies remain content to allow employees to work remotely at least part-time despite the tough talk.

Most employees go into offices during the middle of the week, but floors are sparsely populated on Mondays and Fridays. In Chicago, some September days had a return rate of over 66%, but it was below 30% on Fridays. In New York, it ranges from about 25% to 65%, according to Kastle Systems, which tracks security-card swipes.

Overall, the average return rate in the 10 U.S. cities tracked by Kastle Systems matched the recent high of 50.4% of 2019 levels for the week ended Sept. 20, though it slid a little below the following week.

The disappointing return rates are another blow to office owners who are struggling with Please turn to page B6

INSIDE



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Intel plans to spin off its programmable chip unit, with Sandra Rivera as CEO. B2



AUTOMOBILES
Carmakers post big sales gains, with no impact yet from the UAW strike. B3

Shares Offer Piece of Music Royalties From 'Shrek' Films

By HANNAH MIAO

Everyday investors will soon be able to own a cut of "Shrek" music royalties alongside their stocks and exchange-traded funds.

Starting Thursday, customers of investing platform Public will be able to purchase a slice of the rights to the score of the "Shrek" film franchise and receive quarterly payouts. While royalty payments fluctuate depending on content consumption, the "Shrek" composition rights generated an annualized dividend yield above 8% in 2022 and 2021, according to Public.

The 768-track catalog earns money every time the "Shrek" movies are streamed or aired on television and when the music plays on a theme-park ride. (It doesn't include songs from the movies' soundtracks such as "All Star" by Smash Mouth or "Hallelujah" by Rufus Wainwright.)

Public's foray into music-royalties investing is the latest



The catalog profits when the films are streamed or aired.

effort among financial firms to offer everyday investors access to alternative assets, from blue-chip art to venture capital, that have traditionally been limited to institutions and the ultra wealthy.

"Most people can't go out and buy a million-dollar royalty interest," said Keith Marshall, general manager of alternatives at Public.

Customers will be able to buy shares of an entity owning a piece of the "Shrek" score catalog. Public is conducting an initial offering of 88,970 shares for \$10 apiece. The entity bought a portion of the "Shrek" music rights from an investor who purchased it on Royalty Exchange, a marketplace for buying and selling Please turn to page B2

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Intel Plans a Spinoff of a Unit

By ASA FITCH AND DENNY JACOB

Intel intends to sell a stake in a division that makes programmable chips used in the defense and telecommunications industries as Chief Executive Pat Gelsinger pushes forward with the company's turnaround bid.

The semiconductor giant said the unit, which makes chips that can be reprogrammed after they are made,

would begin to operate as an independent entity on Jan. 1, with a plan to sell shares in an initial public offering within two to three years.

The company may explore private investment in the business, in which Intel is to retain a majority stake, it said. The move, Gelsinger said, would bring Intel more focus on its core business and long-term strategy, while giving the unit independence that would help it

grow its market share. Intel shares rose 2.6% in after-hours trading Tuesday. The stock closed up 23 cents to \$35.69.

Intel expects to report results for the unit separately when it releases its first-quarter earnings report next year.

Intel acquired the business through its \$16.7 billion takeover of Altera in 2015. The unit made \$484 million of revenue in the fourth quarter of 2021, the last quarter when its results

were reported separately, or about 2.4% of Intel's total sales.

Intel named Sandra Rivera as CEO of the unit and Shannon Poulin chief operating officer. Rivera will continue to lead Intel's data center and AI group until a replacement is appointed. Rivera said in a call with analysts that the unit would focus on fast-growing industries for programmable chips including the automotive, aerospace and defense markets.



Sam Bankman-Fried sits beside his defense lawyer, Christian Everdell, on the first day of his fraud trial.

FTX Jury Selection Begins

Continued from page B1
egy: How do you teach jurors about crypto? And do you need to even teach them at all?

For prosecutors, the answer might be no.

"A big part of what the government will try to do is make this simple," said Rebecca Mermelstein, a former federal prosecutor now at O'Melveny & Myers. "Confusion is the friend of the defense lawyer, because if the jury can't understand what was happening, they can't convict."

Instead of giving the jury a crash course in crypto, the government will likely use a familiar playbook: Tell a straightforward story about lying and stealing.

At a recent white-collar conference, a Justice Department lawyer supervising the prosecution said that bringing a crypto case to trial often isn't that different from prosecuting a matter of traditional fraud. "The real question is, was the

defendant making misrepresentations, was the defendant trying to deceive people?" said Scott Hartman, a lawyer in the U.S. attorney's office for the Southern District of New York.

U.S. District Judge Lewis Kaplan, who is presiding over the case, spent much of Tuesday questioning prospective jurors to determine whether they are qualified to serve. A few said they had followed the news over FTX's collapse. Some said they or a loved one had invested in crypto, including one man who told Kaplan that his brother was nearly financially ruined by bad investments.

One prospective juror said he had concerns because he didn't understand crypto, even after his son tried to explain the concept to him.

"I still don't understand how it works," the prospective juror said.

"You probably have a lot of company in this court," Kaplan responded. The judge said he expected to finalize a jury and hold opening statements in the trial Wednesday.

The key to keeping a case easy to understand is to avoid getting into the weeds on dense subjects, said Joshua Naftalis, a partner at firm Palas Partners who tried white-collar cases as a former federal prosecutor.

The U.S. attorney's office, he said, frequently follows a "thin to win" philosophy, meaning prosecutors don't lard their cases up with unnecessary evidence.

When prosecutors do talk about crypto, they are likely to use analogies, such as comparing digital tokens to a share of stock, or phrases like "digital money," lawyers said.

Bankman-Fried has pleaded not guilty and denied any wrongdoing. He has acknowledged that FTX made serious mistakes but has said they weren't criminal acts.

While prosecutors might opt for simplicity, his defense team is likely to take a different tack.

Bankman-Fried's lawyers have said in court filings that they might delve into the com-

plexities of crypto and the lack of clear regulations surrounding the industry, in hopes of showing jurors that their client never intended to defraud anyone. However, most of their proposed expert witnesses on those issues have been rejected by the federal judge presiding over the trial, after prosecutors challenged their relevance to the case. The judge also has limited the use of the other experts, including ones who Bankman-Fried's lawyers said might testify about boom-and-bust markets in crypto and the coding underpinning FTX's trading platform.

"Typically, the defense has the much more complex task of having to explain why things that look wrong aren't really wrong or things that may look like intentional decisions really just reflect poor oversight," said Ellen Brickman, a director at trial-consulting firm DOAR, which frequently advises white-collar defendants on picking a jury and presenting their defense.

Watch a Video

Scan this code to watch a video on the trial of Sam Bankman-Fried.



Leif Abraham's Public says it decided on the 'Shrek' catalog due to its record of payouts years after the movies' release.

'Shrek' Shares Offered

Continued from page B1
music royalties. The composer, Harry Gregson-Williams, sold his rights.

Public plans to offer a secondary market for users to buy and sell shares. Liquidity will depend on customer demand, so it is unclear how easily investors will be able to convert their "Shrek" shares to cash.

The platform is looking to add further music-rights securities for customers after the launch with "Shrek."

While investing in royalties isn't new, money pouring into music catalogs has so far come primarily from big competitors like private-equity firms and institutions such as hedge funds. Public says it is among the first firms offering fractionalized investing in music royalties geared toward small investors. Other new startups such as JKBX are also looking to make stakes in music royalties available for individual investors and music fans.

The market for music royalties has expanded as streaming has exploded. Recorded-music revenue in the U.S. grew in 2022 for a seventh consecutive year, rising 6% to a record \$15.9 billion, according to the Recording Industry Association of America. Streaming accounted for 84% of that revenue.

Music royalties tend to be less aligned with other financial markets and produce steady income even when the broader economy is rocky, according to Public. The company sees music royalties as a way for customers to diversify

their portfolio and reduce correlation with other assets, such as stocks and bonds.

But payouts from music rights aren't as attractive in the current high-yield environment, when investors can get guaranteed 5% returns on relatively risk-free, cashlike instruments.

Shares of Hipgnosis Songs Fund, a London-listed investment vehicle that owns the rights to tens of thousands of songs written by artists such as Shakira and the Red Hot Chili Peppers, are down 11% this year and sit about 40% below their 2021 record.

Income from royalties can also dwindle as songs fade from popularity.

That is why Public says it decided to launch with the "Shrek" music catalog, citing its record of hefty payouts even years after the release of the movies.

"With rates being back, the retail investor has been re-educated around the idea of getting a constant return on cash," said Leif Abraham, co-founder and co-chief executive of Public. "We find these cash-flow-producing alternative assets super interesting."

Public is taking a 2.4% cut of the money raised from the initial offering of the "Shrek" investment vehicle. For each subsequent royalty payment, Royalty Exchange charges a 5% fee for services such as collecting the revenue from the music-rights management company and distributing the funds. A Public affiliate then takes a 5% cut of the remaining payout for additional services, such as accounting and tax work.

Launched in 2019, Public has about three million customers. The platform offers stocks, exchange-traded funds, Treasuries, cryptocurrencies and fractionalized investing in other alternative assets such as fine art and collectible sneakers.

Brookfield Raises \$12 Billion for Deals

By ROD JAMES AND ROBB M. STEWART

Brookfield has closed out fundraising for its sixth main private-equity fund, part of an ambitious plan to raise roughly \$150 billion this year across all its strategies.

The Toronto asset manager, which managed \$850 billion of assets at the end of June, said it collected \$12 billion for Brookfield Capital Partners VI, its largest private-equity vehicle to date. The amount includes a \$3.5 billion commitment from the publicly traded firm, which invests across private equity, real estate and infrastructure.

Other investors in Fund VI include the South Carolina Retirement System Investment Commission, which committed as much as \$100 million last year, the WSJ Pro Private Equity LP Commitments database shows.

The current period of market dislocation has created "significant large-scale opportunities that suit our operationally intensive investment approach," said Anuj Ranjan, president of Brookfield's Private Equity Group.

creasing value. For the past decade, access to cheap debt has largely driven valuation increases, but rising interest rates have choked off much of that capital flow.

Brookfield said it invested \$4 billion from the vehicle in six businesses. The acquisitions include Network International Holdings, a London-listed payment-processing business that the firm took private in June through a £2.2 billion, or roughly \$2.7 billion, deal.

The firm's sixth buyout fund is 33% larger than a predecessor vehicle that closed in 2019 with \$9 billion, but the new fund failed to reach a \$12.5 billion target, according to a person with knowledge of the matter. The earlier fund included a \$3 billion commitment from an affiliate of the firm, Brookfield Business Partners, according to a press release issued at the time.

Brookfield said it expects to increase assets by a record of around \$150 billion this year, despite a difficult fundraising market. Acquiring the 80% of annuity provider American Equity Investment Life Holding that the firm didn't already own is expected to help Brookfield reach that goal. The firm said the American acquisition is expected to add more than \$50 billion to its assets under management.

MUTUAL OF AMERICA LIFE INSURANCE COMPANY
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Notice of Nomination of Directors

In accordance with Section 4210 of the Insurance Law of the State of New York and Regulation 14-A of the Insurance Regulations of the State of New York, notice is hereby given that the Board of Directors of Mutual of America Life Insurance Company has nominated the following named persons as candidates for election as Directors in the class designated to serve until the election in 2027 or until their respective successors have been duly elected.

Gwendolyn Hatten Butler
President and Chief Investment Officer (Retired)
Capri Investment Group
Chicago, Illinois

Kimberly Casiano
President
Kimberly Casiano & Associates
Winter Park, Florida

Wayne A. I. Frederick, M.D.
President
Howard University
Washington, D.C.

General Dennis J. Reimer
U.S. Army (Retired)
Arlington, Virginia

A certificate of nomination of the above candidates has been duly filed with the New York State Department of Financial Services.

The election of Directors of Mutual of America Life Insurance Company will be held at the Home Office, 320 Park Avenue, New York, New York, on Thursday, April 25, 2024, from 10:00 a.m. to 4:00 p.m. Policyholders whose policies or contracts are in force on the date of the election and have been in force at least one year prior thereto are entitled to vote in person or by mail, by proxy or by ballot.

Nicholas S. Curabba
Senior Vice President,
Associate General Counsel
and Corporate Secretary

October 4, 2023

BUSINESS NEWS

Automakers Notch Big Sales Gains

Car market has yet to see an impact from UAW strike-related shutdowns

By SEAN MCLAIN

U.S. auto-industry sales continued to rise in the third quarter, with automakers and buyers largely unfazed by higher interest rates and the impact of a continuing United Auto Workers strike.

Automakers sold an estimated 3.9 million new cars and trucks during the quarter, up about 17% over the year-earlier period, according to J.D. Power, a data and analytics firm.

American car buyers have continued to flock to dealership lots, despite high car prices and a cooling labor market. The sales strength in the car business reflects a resilience in consumer demand with many people giving priority to short-term needs over longer-term goals.

The latest results build on the industry's momentum in the first half of the year, with new-vehicle sales climbing 13% in the January-to-June period after hitting their lowest point in more than a decade in 2022.

The UAW strike, which began in mid-September and has targeted five assembly plants at General Motors, Ford Motor and Chrysler parent Stellantis, has yet to hurt U.S. auto sales significantly.

The three Detroit automakers built up inventory ahead of the work stoppage, which so far has affected plants accounting for about 16% of the companies' North American production, according to research firm Wards Intelligence.

Dealers say they have sufficient supplies of models affected by the factory walkouts, but that could change if the strike goes on and expands further.

The picketing is already having ripple effects. On Tuesday, GM said it would idle 163



More buyers are opting for EVs, hybrids and hybrid plug-ins. The 2023 International Auto Show in Detroit in September.

additional workers in Ohio due to the continuing UAW strike, which affects about 25,000 union employees.

The automaker said the move affects work at the company's Toledo Propulsion Systems facility, which manufactures transmissions and drive units for assembly plants in Michigan and Missouri.

Rhett Ricart, chief executive of Ricart Automotive, which owns dealerships in Ohio, said he had enough Ford Bronco sport-utility vehicles to last for about two months. If the strike goes longer than 45 days, Ricart said he would be buying used Bronco SUVs to stock his lot.

"Broncos are like a Jeep. I have to have them," he said.

GM on Tuesday reported a 21% increase in U.S. sales, a jump largely fueled by its Chevrolet and Buick brands as well as rebounding supplies of its top-selling pickup trucks.

Toyota Motor's U.S. sales climbed 12% in the just-ended

quarter, while Honda Motor's sales rose 53% from a year earlier off strong demand for its smaller, more affordable cars and SUVs.

Ford is expected to report its sales on Wednesday.

Stellantis's U.S. division, which owns Jeep, Ram, Chrysler and other brands, was the one outlier, reporting a 1% drop in sales in the June-to-September period, led by a decline in demand for its pickup trucks and SUVs.

The car company has wrestled with falling sales and market share for much of the year. While the union is on strike at a Jeep plant in Toledo, Ohio, the sales drop in the third quarter was across multiple brands and models.

Dealers and car companies say this year's strong sales are partly driven by buyers who put off purchases during a period of vehicle shortages in past years, which pushed many cars to be sold above manufacturer-suggested retail prices.

The third-quarter sales results were buoyed by fuller dealer lots, which in turn meant fewer price markups and more discounts on the new-car lot.

As a result, the average price paid by car buyers in the third quarter fell slightly from the year-earlier period to \$45,516 a vehicle, J.D. Power's data shows.

"There's been a lot of pent-up demand in the marketplace," said Randy Parker, head of Hyundai Motor's North American division. "The only things keeping things in check are interest rates, because they're making it harder for customers to afford a vehicle."

Several automakers said renewed interest in smaller, lower-priced models, such as subcompact cars and compact SUVs, helped lift sales in the quarter. Executives also said more buyers are opting for eco-friendly alternatives, including fully electric models or hybrids and hybrid plug-ins.

Analysts say a rebound in fleet sales also is helping boost results. Sales to commercial fleet operators and rental-car companies slowed last year as car companies directed their limited production toward individual buyers. But now, the fleet side of the business is coming back and growing faster than retail sales, according to research firm Cox Automotive.

While overall auto sales have remained strong, the electric-vehicle market is showing signs of cooling off, with sales of battery-powered cars having plateaued at roughly 8.5% of the market in recent months.

Some car companies, such as Ford, have seen supplies of their EVs build up. Ford dealers had about 20,500 Mustang Mach-E SUVs in transit or on their lots in August, which equates to about 110 days of unsold inventory, according to Motor Intelligence data. The industry average for all new vehicles was 38 days.

Lawmakers Probe TikTok's Transfers

By GEORGIA WELLS

Sens. Marsha Blackburn and Richard Blumenthal are seeking information about TikTok's executive transfers from ByteDance, its China-based parent company.

In a letter sent to TikTok Tuesday, the Republican and Democratic senators inquired about the relationship, including whether TikTok disclosed recent personnel moves to the U.S. government.

Since the start of the year, the high-profile executives who transferred from ByteDance to TikTok have taken on some of the top jobs in TikTok's moneymaking operations. Some moved to the U.S. from Beijing, and some brought teams with them.

"The personnel changes give the impression that TikTok is attempting to preserve ByteDance's influence over TikTok while avoiding suspicion," the senators say in the letter, which is addressed to TikTok Chief Executive Shou Zi Chew. "We are concerned these personnel changes undermine the security of U.S. data and the representations TikTok has made about its independence from ByteDance."

TikTok has faced scrutiny from U.S. authorities over fears that the Chinese government could pressure it for data about its users or use the app to spread propaganda, concerns TikTok has repeatedly denied.

"In a large, global organization, it is not uncommon for employees to work on different products or geographies over the course of their career. This is neither a recent development, nor is it unique to TikTok," a TikTok spokesman said Tuesday. The company says that in most cases these employees report up to senior-level executives within TikTok.

Who's Who of Distinguished Leaders: 2023 Honorees

Since 1898, Marquis Who's Who has remained the standard for reliable and comprehensive biographical reference material. We are proud to highlight hand-selected listees who have been recognized as Distinguished Leaders in their fields of endeavor.

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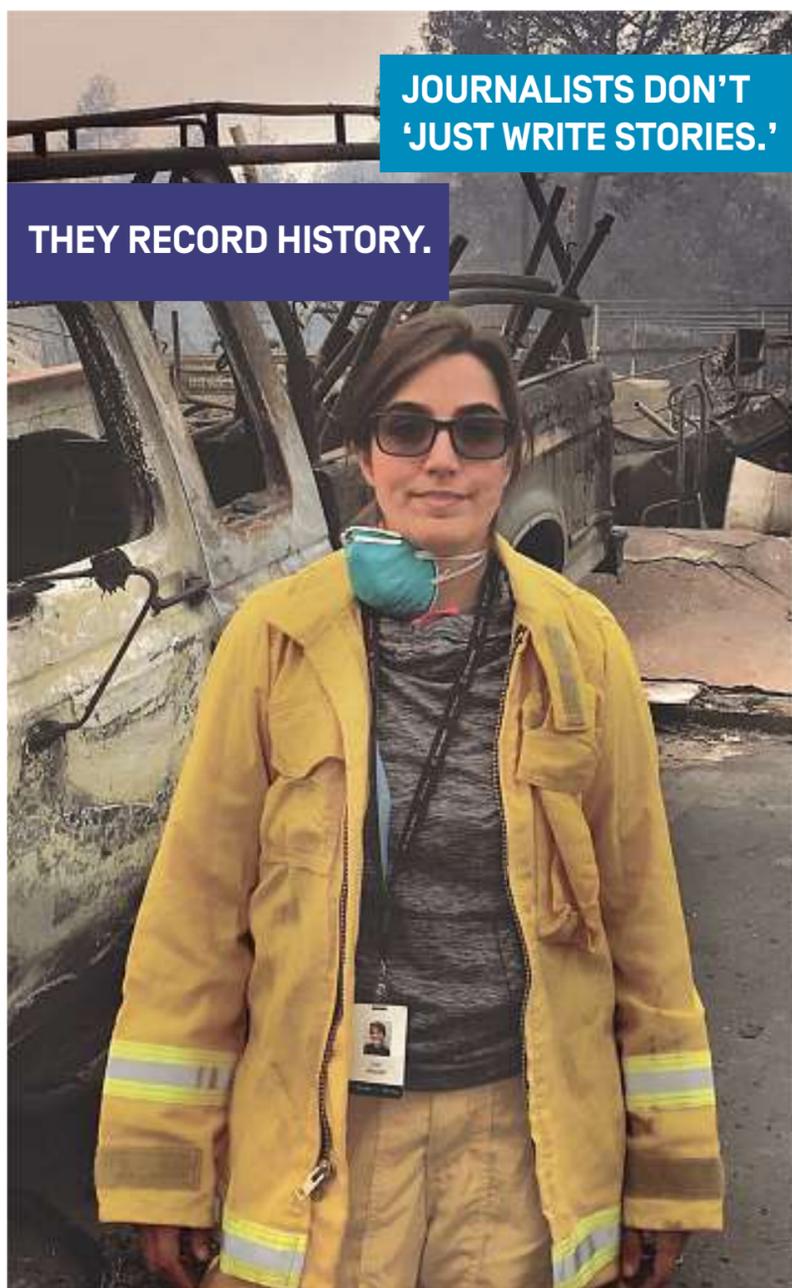
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JOURNALISTS DON'T 'JUST WRITE STORIES.'

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Learn more about the impact your journalism career can have on the world. Wall Street Journal reporter Erin Ailworth and others share career advice at dowjonesnewsfund.org/careers.

TECHNOLOGY

Spotify Sets Pacts to Offer Audiobooks

Agreements with publishers allow users to listen to hours of free content

By ANNE STEELE

Spotify plans to offer subscribers up to 15 hours of free audiobooks each month, an attempt to better compete with Amazon-owned Audible and find a path to profitability.

The streaming company said Tuesday that it would make a selection of more than 150,000 titles available to premium users as part of their existing subscriptions in the U.K. and Australia and expand the program to U.S. listeners this winter. Among the audiobooks it plans to make avail-

able are bestsellers such as Jennette McCurdy's memoir "I'm Glad My Mom Died" and award-winners such as Min Jin Lee's novel "Pachinko."

Spotify said it aims to expand the audiobook market, create a better user experience than existing platforms and make its subscriptions more valuable to users by offering audiobooks alongside its extensive music and podcast catalogs.

Spotify, which first moved beyond nonmusic content with podcasts, wants to become the singular destination for all things audio. It learned with podcasts that forays into fast-evolving formats can be risky and expensive.

It is betting that offering audiobooks—initially at no additional cost—will convince

subscribers to stick around longer. Audible is among the largest audiobook platforms.

"We know that by adding more value into our ecosystem it's a better proposition for our users and subscribers," said Spotify finance chief Paul Vogel.

Under the new offering, Spotify premium users will be able to listen to up to 15 hours a month as part of their existing subscription, and can purchase 10 more listening hours for \$10.99 if they exceed that allotment.

Spotify has signed agreements with all five major publishers, including Penguin Random House and Simon & Schuster, as well as hundreds of independent publishers. It said it expects to consistently have more than 70% of the top

bestselling titles available.

Spotify subscribers will be able to divide up their listening allotment across several titles simultaneously.

Depending on their arrangement with Spotify, publishers and authors will be paid based on either the percentage of a book that users listen to or the number of hours they spend listening.

Spotify entered the audiobook business a year ago, initially offering a catalog of more than 300,000 titles from independent authors and major publishers on a pay-per-download basis.

Vogel said the company learned from that à la carte strategy that when users listen to audiobooks, they spend more time on the service.

Chief Executive Daniel Ek

has said Apple's App Store policies have hampered the rollout of Spotify's initial audiobook offering. Spotify directs users to make purchases through a web browser instead of inside the app, to avoid Apple's 30% commission. App store policies have been a point of contention between the companies for years.

For publishers and authors, Spotify represents another major platform beyond market leader Audible to not only distribute audiobooks but also find potential new listeners. Spotify has 220 million subscribers across the globe—including younger audiences that haven't been as exposed to audiobooks as older generations, Vogel said.

"I've always seen growth when there is choice for con-

sumers," said Chantal Restivo-Alessi, chief digital officer for HarperCollins. "This gives us another avenue for discovery, which may result in audiobook consumption but may also result in book sales."

Restivo-Alessi, who is also CEO of international foreign language at the publisher, said she had seen the appetite for and success of audiobooks in Germany for many years, and always thought there would be a broader opportunity in the medium for Spotify.

HarperCollins, like The Wall Street Journal, is owned by News Corp.

Spotify in July said it is raising the price of its premium individual plans in major markets around the world for the first time, by \$1, to \$10.99 a month.

SoftBank's Son Touts AI Potential

By AKANE OTANI

TOKYO—SoftBank Group Chief Executive Masayoshi Son said artificial general intelligence is so powerful that within the decade, it will surpass all human knowledge.

"Take advantage of it or be left behind," Son said to a crowd gathered for the technology investment company's annual SoftBank World event.

Companies from Meta Platforms to Google parent Alphabet to ChatGPT's developer, OpenAI, have been racing to be at the forefront of artificial intelligence, which proponents have said will transform the way people live.

Son, 66 years old, has made it clear he is a believer. He spent much of his roughly hourlong address Wednesday arguing for widespread devel-

opment and adoption of artificial general intelligence, a computer system able to match human intelligence and reasoning.

By 2030, Son said he believes artificial general intelligence will be 10 times more powerful than all of human intelligence. He laid out a roadmap of what he believes will be achieved in the decades that follow: a full transition to self-driving vehicles that will nearly eliminate road accidents, and Nobel Prize-worthy advancements in engineering and science generated by artificial general intelligence alone.

With the screen behind him showing a photo of a goldfish, trapped in a bowl and looking at a question mark, he made it clear what he thought the audience would become if they chose not to adopt AI.



CEO Mark Zuckerberg has said he would be open to the idea of a paid service to cope with tougher scrutiny about privacy.

Logistics-Tech Startup Gets J.P. Morgan Funds

By ISAAC TAYLOR

J.P. Morgan Growth Equity Partners and Index Ventures have led a \$35 million investment in Loop, a startup provider of audit and payment systems for logistics companies.

Chicago-based Loop plans to use the funding to invest in research and development and expand beyond ground shipping. It services trucking providers but expects to also develop systems for maritime logistics.

Loop's founders started the

business in 2021 while many industries struggled with significant logistical challenges brought on by the Covid-19 pandemic. The startup received \$30 million in a Series A investment round last year.

Supply chain disruptions from the pandemic heightened the need for Loop's services, according to Matt McKinney, a co-founder and chief executive. Loop helps logistics businesses digitize shipment data, and uses artificial intelligence and automated audits to cut unnecessary spending.

Europeans Face Fee for Platforms

Continued from page B1

with its privacy regulators in Ireland and digital-competition regulators in Brussels. The plan has been shared with other EU privacy regulators for their input, too.

Meta has told regulators it hopes to roll out the plan—which it calls SNA, or subscription no ads—in coming months for European users. It would give users the choice between continuing to access Instagram and Facebook free with personalized ads, or paying for versions of the services without any ads, people familiar with the proposal said.

Under the plan, Meta has told regulators it would charge users roughly €10 a month, equivalent to about \$10.50, on desktop on a Facebook or Instagram account, and roughly €6 for each additional linked account, the people said. On mobile devices the price would jump to roughly €13 a month because Meta would factor in commissions charged by Apple's and Google's app stores on in-app payments.

Planning to launch a subscription option for core Meta services is a major turnaround for the company. Meta Chief Executive Mark Zuckerberg has long insisted that his core ser-

vices should remain free and supported by advertising so that they can be available to people of all income levels.

"You don't need thousands of dollars to connect with people who use our services," Zuckerberg said at a 2018 conference in a not-so-thinly veiled dig at rival Apple, where CEO Tim Cook for his part decried what he called a "data industrial complex."

Privacy-conscious users in the U.S. shouldn't expect to be offered the option to pay for ad-free Instagram or Facebook soon. Meta's proposals have been pitched specifically as a way to navigate demands by EU regulators to seek consent

Meta has told regulators it hopes to roll out the plan in coming months.

To be sure, Zuckerberg has also said he would be open to the idea of a paid service to cope with tougher scrutiny about privacy. And earlier this year, amid a broader tech slump and a growing trend toward subscriptions from apps such as Snapchat and X, formerly Twitter, Meta introduced a paid user-verification service.

It isn't clear if regulators in Ireland or Brussels will deem the new plan compliant with EU laws, or whether they will insist Meta offer cheaper or even free versions with ads that aren't personalized based on a user's digital activity.

One issue for regulators, some of the people familiar with the proposals said, is whether the prices Meta is proposing to charge will make the ad-free service too expensive for most people, even if they don't want to have their data used to target ads.

A Meta spokesman says the company believes in "free services which are supported by personalized ads" but is exploring "options to ensure we comply with evolving regulatory requirements."

A spokesman for Ireland's Data Protection Commission, which leads enforcement of EU's privacy law for Meta because it has a regional headquarters in Ireland, didn't immediately have a comment. The European Commission, which enforces the digital-competition law, didn't immediately have any comment.

Meta's proposal to regulators and specifics of the plan such as the price and timing haven't been previously reported. The New York Times reported last month that Meta was considering offering ad-free versions of its apps for a fee.

Driving Meta's proposal has been demands by privacy regulators, led by Ireland, that Meta seek user consent before showing so-called behavioral ads, targeted with user activity

data. In response, Meta had offered to seek such consent as soon as the end of October, The Wall Street Journal previously reported.

Separately, the EU's executive arm said last month that Instagram, Facebook and Meta's advertising network would fall under the scope of the bloc's new digital-competition law, the Digital Markets Act. That law requires user consent before mingling user data among its services, or combining it with data from other companies.

Meta has said it hopes its subscription plan could comply with both edicts. Under the EU law, a user who declines to give consent for certain data use must still be able to access a service. Meta reported its overall revenue in Europe worked out to roughly \$1788 per Facebook user in the second quarter, or just under \$6 per user across all of its apps, on average, per month. The real average-revenue-per-month figure for EU users is likely somewhat higher, however, because Meta's broader Europe region includes several non-EU countries including Turkey and Russia where lower revenue may drag down the average.

Meta estimates it has 258 million monthly Facebook users and 257 million Instagram users for the first half of the year in the EU, according to data it publishes under the bloc's content-moderation law. The company said in a U.S. securities filing that it had 3.88 billion monthly active people on its apps as of June 30.

Netflix To Raise Prices

Continued from page B1

outlined a tentative agreement with studios last week and the Screen Actors Guild, which went on strike in July, restarted negotiations with Hollywood studios this week.

Writers won major concessions in the deal, including new bonus payouts and higher royalties. The streamers will have to find a way to pay increased talent costs—from the writers' settlement, along with an earlier deal with directors and whatever

is finalized with actors.

In July, Netflix stopped offering its basic \$9.99-a-month ad-free tier in the U.S., which had the effect of significantly expanding the price gap between its \$15.49 standard ad-free plan and its \$6.99 ad-supported tier, which it launched in November of 2022.

On Tuesday, Netflix announced that Jeremi Gorman, the company's head of advertising, was leaving after just over a year. Netflix named Amy Reinhard vice president of studio operations, as its new head of advertising.

Next week, the prices of the ad-free versions of Disney's streaming platforms—Disney+, Hulu and ESPN+—are officially going up, an increase the company announced during the summer.

It marks the second time since last fall that Disney raised prices, following a string of similar announcements by the owners of Peacock, Max, Paramount+ and Apple TV+.

The recent wave of price increases comes after entertainment companies lost billions of dollars as they spent big on content while charging bargain-basement prices for their services in pursuit of fast growth.

Boosting the cost of ad-free streaming platforms is also making their ad-supported alternatives more appealing: When Disney's latest price increases go into effect on Oct. 12, the advertising-supported versions of Disney+ and Hulu will be \$6 and \$10 cheaper, respectively, than their ad-free counterparts.

"We're obviously trying with our pricing strategy to migrate more subs to the advertiser-supported tier," Disney Chief Executive Bob Iger said in August during a call with investors to discuss the company's quarterly results.

Discovery have recently said the ad-supported versions of their streaming platforms generate more money per user than their ad-free counterparts, as the advertising revenue more than offsets the lower subscription cost.

Amazon also is adding a new pricing tier for its Prime Video service. Starting next year, the company will include ads in its Prime Video offering and charge U.S. subscribers \$2.99 more for an ad-free tier.

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BANKING & MARKETS

Bond Investors Stay Wary Over Fed

Funds are touted as buying opportunity, but the money isn't flowing in yet

By JACK PITCHER

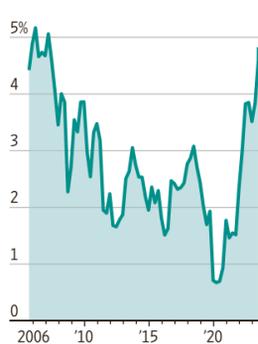
Asset managers have been counting on what **BlackRock** calls a "generational opportunity" in the bond market, now that yields are at decade-plus highs.

Investors ranging from pension funds to retirement savers should be buying longer-term bonds to lock in higher rates, their thinking goes, spurring a flood of inflows to bond funds. BlackRock, for one, has projected assets under management at its bond exchange-traded funds to triple to \$2.5 trillion by 2030.

There is just one problem: Those flows have yet to materialize. Relentless losses in the bond market have spooked investors who appear hesitant to jump in until they feel that rates have peaked.

Investors pulled \$78.6 billion from U.S.-based taxable bond funds in the 12 months through August, according to Morningstar. That is well below the nearly \$300 billion they pulled from equities over

10-year U.S. Treasury yield, quarterly



Source: Ryan ALM, Tradeweb ICE Closes (yield); FactSet (iShares)

iShares 20+ Year Treasury Bond ETF, weekly



the same period but a painful sum, regardless, for asset managers hoping for a windfall. The companies earn a percentage fee on the money they manage, so their earnings are affected by swings in market prices and the amount of money coming in or out.

"Investors remain wary of continued Fed hikes," said Jeff Klingelhofer, co-head of investments at mutual fund shop Thornburg Investment Management. "There's a lot of negative sentiment and investor psychology reacting to rising rates, and the desire is to sit on the sidelines."

Bond prices and yields move inversely, so the Federal Reserve's aggressive interest rate campaign is behind both the steep declines in prices and the sharp climb in yields. It has created an opportunity for investors on two fronts: Yields are at their highest level in more than 15 years, and since bonds pay out their full par value at maturity, investors buying and holding to the end can expect price appreciation, barring a default.

Many on Wall Street are touting the opportunity in the bond market. Deciding when to jump in is the hard part. Treas-

ury yields have pushed higher in recent weeks, with the 10-year Treasury note yield reaching 4.801% Tuesday, the highest level since 2007. Shares of BlackRock's iShares 20+ Year Treasury Bond exchange-traded fund have dropped by more than half from their 2020 peak, a startling loss for investors seeking safety in U.S. government debt.

"When you're in an environment where bond yields go up every day, it starts getting a little nasty," said Steve Sosnick, chief strategist at Interactive Brokers. "I don't see people rushing in to buy bonds right now just because they're kind of a falling knife. They're on sale and lower prices should create demand, but we're not seeing that."

Investors appear content to wait out the bond rout while earning more than 5% in cash-like instruments including money-market funds, which have reported record inflows this year. The question of when, or if, they eventually move that money to longer-duration bond funds is key for asset managers' outlook.

As bond losses accelerated over the past two weeks, BlackRock shares tumbled, at one point falling for nine consecutive trading days. They are off

12% in 2023. Shares of other publicly traded asset managers including **T. Rowe Price**, **State Street**, **Invesco** and **Franklin Resources** are also down, while the S&P 500 is hanging on to a 10% advance.

BlackRock, the world's largest asset manager and bond fund provider, is scheduled to report quarterly results next week and investors will be listening carefully for executives' expectations on fixed-income flows. BlackRock president and co-founder Rob Kapito has called the potential for fixed-income flows a "once-in-a-generation opportunity."

"There is finally income to be earned in the fixed-income market, and we are expecting a resurgence in demand," Kapito said in July, adding that the \$7 trillion sitting in money markets "is ready when people feel that rates have peaked to flood the fixed-income market."

Morgan Stanley analysts still expect a major reallocation to bonds to support BlackRock's stock price in the coming quarters.

"When you really get confirmation and clarity that the Fed is done, we would expect to see more meaningful movement of flows into fixed-income," said Morgan Stanley analyst Michael Cyprys.

Dow's 2023 Gains Are Wiped Out

Continued from page B1

a sign that the labor market remains resilient amid the Federal Reserve's efforts to cool the economy and ease inflation with higher interest rates.

The Labor Department's jobs report on Friday could convince investors that further rate increases are in store this year unless the data are surprisingly weak, said Ed Moya, senior market analyst at trading firm Oanda.

A pair of corporate spinoffs that debuted this week led the market lower.

Investors continued to dump shares of **WK Kellogg** following the cereal maker's spinoff of its snacks business into a separate public company, **Kellanova**. The maker of Froot Loops and Frosted Mini Wheats dropped 16%.

Shares have lost 23% in the two sessions that they have traded separately from the business that sells Pringles and Rice Krispies Treats. The snack spinoff's shares have declined 5.1% since their debut.

Veralto, which had been the environmental business of life-sciences firm Danaher, fell 9.5%. Another loser was spice company **McCormick**, which dropped 8.5% after reporting fiscal-third-quarter sales that disappointed investors. The producer of Cholula hot sauce and French's mustard blamed lower sales volume on a slower-than-expected economic recovery in China, exiting from a business in Russia and selling off low-margin units.

A bright spot, Chief Executive **Brendan Foley** said, is growing market share for its Super Deal herbs and spices as shoppers look to save money buying in bulk. "Our household penetration on larger sizes is greater than pre-Covid," he said.

Overseas stocks fell, too. The Stoxx Europe 600 index and Germany's DAX both declined 1.1%.

At midday Wednesday, Japan's Nikkei 225 was down 1.9% and Hong Kong's Hang Seng Index was down 0.7%. Markets in mainland China are closed this week for a holiday. S&P 500 futures fell 0.2%.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

52-WEEK BILLS	
Applications	\$144,679,497,600
Accepted bids	\$47,248,736,400
* noncompetitively	\$1,826,406,800
* foreign noncompetitively	\$0
Auction price (rate)	94.757289 (5.185%)
Coupon equivalent	5.488%
Bids at clearing yield accepted	36.11%
Cusip number	9127976W1

The bills, dated Oct. 5, 2023, mature on Oct. 3, 2024.

Millennials' Retirement Savings Outpace Elders'

By ANNE TERGESEN

Millennials are on track to surpass their elders in one key source of financial security: retirement savings.

While the generation born in the 1980s and 1990s has lagged behind prior generations when it comes to homeownership and earnings, new data suggests they are saving more for retirement. By the time older millennials now earning a median salary reach retirement, Vanguard estimates, they will be able to replace almost 60% of their pre-retirement income with Social Security and savings from sources including their 401(k)s and individual retirement accounts.

Gen Xers and the youngest baby boomers with median earnings are, by contrast, likely to replace about half of their paychecks in retirement.

What changed? Millennials are saving more and earlier largely because contributing to a 401(k) became the default in many plans. Unlike baby boomer and Gen X workers, many of whom delayed joining 401(k) plans, millennials were often automatically enrolled earlier in their careers. While those who are swept into plans can opt out if they don't want to save for retire-



Some started saving earlier because contributing to a 401(k) became the default in many plans.

ment, few do.

As a result, "the retirement savings picture is getting stronger with each passing generation," said Fiona Greig, global head of investor research and policy at Vanguard Group, which released research on Tuesday comparing the retirement prospects of older millennials, ages 37 to 41, to Gen Xers, 49 to 53, and younger baby boomers, 61 to 65.

The 401(k) might be the backbone of the nation's pri-

ivate retirement savings system, but even its fans say it can fall short of helping people save enough, in part because it exposes workers to big drops in the stock market and allows them to treat their nest eggs like rainy-day funds.

For those with access to 401(k) plans, especially early in their careers, the widespread adoption of automatic enrollment into target-date funds and automatic savings rate increases is helping youn-

ger workers get on track, according to Vanguard.

Among the 1,700 employers that use Vanguard's 401(k) services, nearly 60% automatically enroll new hires, up from 10% in 2006, when Congress passed a law encouraging the practice. Many plans that auto-enroll also automatically raise workers' savings rates, typically by 1 percentage point a year, until hitting a threshold, such as 10% of pay.

Kenneth Adams, 34, said

that when he graduated from college in 2012 and began working as an engineer at a technology company, his employer automatically enrolled him in the 401(k) plan at 3% of pay.

"I wasn't thinking about retirement at all," said the Austin, Texas, resident. "They sent me this letter saying they were going to auto-enroll me, and I said, 'OK, I'll do what it says to do,'" said Adams, who increased his 401(k) savings rate to 12% in 2014 after building an emergency savings account.

"There's not that much financial education in college, which is why automatic enrollment is helpful," he said. "It gives you a default savings option until you educate yourself on what the 401(k) can do for you."

Even with automatic enrollment, Vanguard's research indicates that most American workers aren't saving enough to keep up with the spending typical of today's retirees.

The exception is workers with incomes in the top 5% of the population, who in all three generations save significantly more than they are likely to spend. Millennials in that category, for example, are on track to replace 85% of their income in retirement.

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THE PROPERTY REPORT

The Apartment Market Is Hitting a Construction Lull

Higher interest rates, falling rents contribute to decline in building starts

By WILL PARKER

Many of the cranes crowding skylines from Phoenix to Denver and Dallas will soon come down. They are likely to stay down for a long time.

The number of new apartments starting development has fallen dramatically this year, a consequence of higher interest rates, declining rents and what in some places looks like overbuilding.

Apartment building starts fell to a seasonally adjusted annual rate of 334,000 units in August, marking a 41% decline from the pace seen the same month a year before, according to the Census Bureau. An annual decline of this magnitude has happened only one other time since the subprime housing crisis, real-estate data firm Bright MLS said.

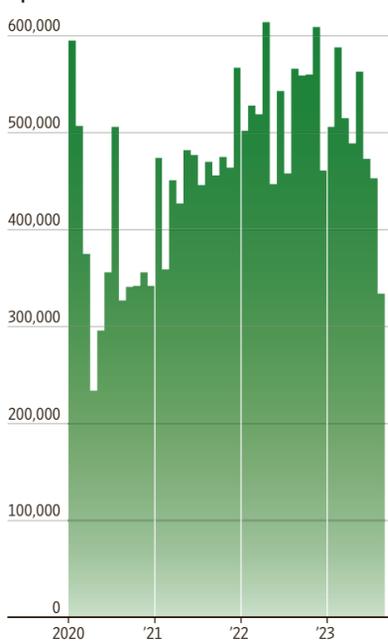
"We expect to see about two years of greatly reduced building," said Greg Willett, first vice president at Institutional Property Advisors, a real-estate advisory company.

Falling starts come on the heels of record apartment construction across the U.S. More rental buildings are expected to open this year and next than at any time since the 1980s, according to some forecasts.

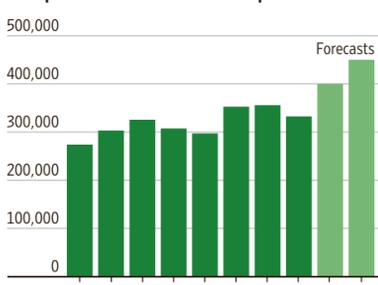
That crush of new rental supply is driving up apartment vacancies and causing rent growth to flatten or even turn negative in some places.

Now, many apartment builders are pausing. They won't keep laying bricks if expected profits can't beat safer investments or if too many other buildings are already

Apartment construction starts*



Completed new construction apartments



Apartment vacancy rate, quarterly



*Buildings of five or more units. Monthly data, through August. Sources: IPA Research Services, Census Bureau, Moody's Analytics (construction starts); IPA Research Services, CoStar Group, RealPage (new construction); CoStar Group (vacancy rate)

coming on line.

The cost and scarcity of construction financing is the chief reason builders say they can't make new projects pencil out. Banks, which have increased reserves to support troubled property loans they already hold, are lending far less often.

When they do lend, they are tightening standards, and the rates they offer are much steeper. A construction loan that once came with about 4% interest now charges close to 8%, said Lauren Brockman, an apartment developer in Denver who builds complexes with between 140 and 350 units.

Developers have tried to compensate by raising more

equity from investors. But convincing investors to jump into construction right now is a tough sell, in part because they can't predict how much a building will be worth when it is finished, said Toby Bozzuto, chief executive of apartment builder the **Bozzuto Group**.

The relative lack of building sales this year means there aren't enough transactions to make solid comparisons or arrive on reliable values, he said.

Builders cited materials costs and rising expenses, such as insurance, as other reasons that planning out new projects is becoming more difficult this year.

Multifamily starts are falling most in places that saw

some of the biggest run-ups in new construction during the pandemic. In Denver, where more than 30,000 apartments are already under way, starts for new ones fell by 66% in the second quarter when compared with the average of starts of all other quarters since 2021, according to Institutional Property Advisors.

Asking rents for apartments in Denver have remained close to flat in 2023, according to several metrics. That is making builders less eager to put stakes in the ground.

"Everybody's leery that if I build today, do I get enough rent inflation between now and when I finish it?" said Brockman.

Luxury Brands Add To U.S. Footprint

By KATE KING

Luxury retailers are spending big on their U.S. real estate, more evidence of the staying power of in-person shopping.

French jeweler Van Cleef & Arpels is opening a new Manhattan location on Madison Avenue. Chanel recently reopened its Beverly Hills flagship after more than doubling its footprint to 30,000 square feet. Gucci is expanding throughout the U.S., and now counts eight Texas locations and a boutique in downtown Detroit.

These operators are part of a wave of European and other high-end brands that are expanding more aggressively in the U.S. They are signing leases for bigger space, offering more food and drink, and venturing beyond traditional high-street addresses into new markets.

Luxury retailers have leased 650,000 square feet of new space in the U.S. over the past 12 months, up from roughly 250,000 square feet the prior year, according to real-estate investment firm **JLL**.

Strong sales since the worst of the Covid-19 pandemic convinced luxury retailers of the importance of bricks-and-mortar stores and enabled them to open more locations, said C. Eber Anokute, manager of retail research at JLL. "Luxury was one of the first categories to see sales return to prepandemic levels," Anokute said. "Real estate was a big part of their strategy when it came to continued growth and expansion."

Retail real estate rebounded quickly from the pandemic as people flocked back to stores. Most retail sectors have performed well in recent years, aside from low-end malls.

Luxury retailers have shone brightest as wealthy Americans continued to spend despite high inflation and rising interest rates. Retail sales of luxury goods in the U.S. are expected to total \$75.68 billion this year, ac-

ording to market-research firm Statista as detailed in a recent JLL report, a nearly 9% increase from last year's \$69.51 billion.

While luxury retailers are less vulnerable to e-commerce than middle-market brands, they still need to draw customers to stores to maintain market share and sales growth, said Luca Solca, senior research analyst, global luxury goods, at brokerage Bernstein.

Brands are spending big to add hospitality components such as cafes and bars.

"There's been quite a significant escalation in the quality of these stores," Solca said. "Physical stores need to be much more compelling, bigger, better, more entertaining."

Luxury stores, as a result, are growing in size. Retailers signed leases for space averaging 5,000 square feet or larger over the past year, according to JLL, a 28% increase from the previous 12 months.

Some are much bigger. French brand Hermès moved one block uptown in New York City last year, opening a new 20,500-square-foot flagship on Madison Avenue that spans four floors and includes makeup, menswear, homewares, equestrian gear, jewelry and leather.

Luxury retailers are expanding beyond the traditional high streets, such as Michigan Avenue in Chicago, Rodeo Drive in Beverly Hills and Newbury Street in Boston. Retail occupancy in these luxury-shopping destinations began falling in 2015 and has dropped significantly since the pandemic's worst months, according to real-estate services firm CBRE.

Luxury retailers also are opening in cities and states where the population has boomed in recent years.

"Places like Austin and Nashville, places like Florida have seen a huge influx of people," said Andrew Goldberg, vice chairman at CBRE. "Those all became areas of growth."

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Office Vacancies Persist

Continued from page B1
vacancy rates near records. The national office average vacancy rose to 19.2% last quarter, just below the historical peak of 19.3% in 1991, according to Moody's Analytics preliminary third-quarter data.

Business leaders in New York, Detroit, Seattle, Atlanta and Houston interviewed by The Wall Street Journal said they have seen only slight improvements in sidewalk activity and attendance in office buildings since Labor Day.

"It feels a little fuller but at the margins," said Sandy Baruah, chief executive of the Detroit Regional Chamber, a business group.

Lax enforcement of return-to-office rules is one reason employees feel they can still work from home. At a roundtable business discussion in Houston last week, only one of the 12 companies that attended said it would enforce a return-to-office policy in performance reviews.

"It was clearly a minority opinion that the others shook their heads at," said Kris Larson, chief executive of Central Houston Inc., a group that promotes business in the city and sponsored the meeting.

Making matters worse, business leaders and city officials say they see more forces at work that could slow the return to office than those that could accelerate it.

Covid-19 cases are up and will likely increase further in the fall and winter months. "If we have to go back to distancing and mask protocols, that really breaks the office culture," said Kathryn Wyld, head of the business group Partnership for New York City.

Many cities are contending with an increase in homelessness and crime. San Francisco, Philadelphia and Washington, D.C., which are struggling with these problems, are among the lowest return-to-office cities in the Kastle System index.

About 90% of members surveyed by the Seattle Metropolitan Chamber of Commerce said

Percentage of workers returning to office compared with pre-pandemic, 10-city average*



*Austin, Chicago, Dallas, Houston, Los Angeles, Philadelphia, New York, San Francisco, San Jose and Washington, D.C. Source: Kastle Systems



New York's office return rate ranges from about 25% to 65%.

that the city couldn't recover until homelessness and public safety problems are addressed, said Rachel Smith, chief executive. That is taken into account as companies make decisions about returning to the office and how much space they need, she added.

Cuts in government services and transportation also are taking a toll. Wait times for buses run by Houston's Park & Ride system, one of the most widely used commuter services, have increased partly because of labor shortages, according to Larson of Central Houston.

The commute "is the remaining most significant barrier" to improving return to office, Larson said.

Some landlords say that businesses will have more leverage in enforcing return-to-office mandates if the economy weakens. There are already signs of such a shift in cities that depend heavily on the technology sector, which has been seeing slowing growth and

layoffs. But a full-fledged recession could hurt office returns if it results in widespread layoffs. "Maybe you get some relief in more employees coming back," said Dylan Burzinski, an analyst with real-estate analytics firm Green Street. "But if there are fewer of those employees, it's still a net negative for office."

The sluggish return-to-office rate is leading many city and business leaders to ask the federal government for help. A group from the Great Lakes Metro Chambers Coalition recently met with elected officials in Washington, lobbying for incentives for businesses that make commitments to U.S. downtowns.

Baruah, from the Detroit chamber, was among the group. He said the chances of such legislation being passed were low. "We might have to reach crisis proportions first," he said. "But we're trying to lay the groundwork now."

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table of stock prices for Tuesday, October 3, 2023. Columns include Stock, Sym, Close, Net Chg, and various sub-sections like A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S.

Table of stock prices for Tuesday, October 3, 2023. Columns include Stock, Sym, Close, Net Chg, and various sub-sections like D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S.

Table of stock prices for Tuesday, October 3, 2023. Columns include Stock, Sym, Close, Net Chg, and various sub-sections like O, P, Q, R, S.

Dividend Changes

Table showing dividend changes for various companies, including Company, Symbol, Yld%, Amount, and Frequency.

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COMMODITIES

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Futures Contracts

Table with columns: Metal & Petroleum Futures, Open, High, Low, Settle, Chg, Open interest. Includes Copper-High, Gold, Palladium, Platinum, Silver, Crude Oil, Light Sweet, and Soybean Oil.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes NY Harbor ULS, Gasoline-NY RBOB, Natural Gas, Agriculture Futures (Corn, Oats, Soybeans, Soybean Meal), and Food (Beef, Pork, Chicken, Eggs).

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Soybean Oil, Rough Rice, Wheat, Wheat (KC), Cattle-Feeder, Cattle-Live, Hogs-Lean, Lumber, Milk, and Cocoa.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Currency Futures (Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, Mexican Peso, Euro) and Index Futures (Mini DJ Industrial Average, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 1000).

Cash Prices

wsj.com/market-data/commodities

Tuesday, October 3, 2023

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table with columns: Tuesday, Tuesday, Tuesday. Includes Energy (Coal, Natural Gas, Oil), Metals (Gold, Silver, Platinum, Palladium), Fibers and Textiles, Grains and Feeds, and Fats and Oils.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Postland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligency; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 10/2

Source: Dow Jones Market Data

Interest Rate Futures

Table with columns: Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, 5 Yr. Treasury Notes. Includes columns for Open, High, Low, Settle, Chg, Open interest.

Biggest 1,000 Stocks | WSJ.com/stocks

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists top performing stocks like Microsoft, Amazon, Google, Apple, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists other top performing stocks like Tesla, Meta, Nvidia, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists more top performing stocks like Oracle, Salesforce, etc.

W X Y Z

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists stocks starting with W, X, Y, Z.

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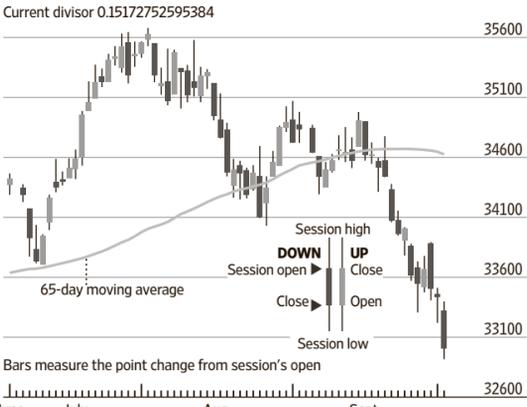
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

33002.38 ▼430.97, or 1.29%
 High, low, open and close for each trading day of the past three months.

Last Year ago
 Trailing P/E ratio 23.89 17.86
 P/E estimate * 18.32 15.62
 Dividend yield 2.19 2.35
 All-time high 36799.65, 01/04/22



S&P 500 Index

4229.45 ▼58.94, or 1.37%
 High, low, open and close for each trading day of the past three months.

Last Year ago
 Trailing P/E ratio * 20.14 17.85
 P/E estimate * 19.43 16.35
 Dividend yield * 1.68 1.81
 All-time high 4796.56, 01/03/22



Nasdaq Composite Index

13059.47 ▼248.31, or 1.87%
 High, low, open and close for each trading day of the past three months.

Last Year ago
 Trailing P/E ratio ** 29.55 22.94
 P/E estimate ** 26.15 20.82
 Dividend yield ** 0.89 0.99
 All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	Low	% chg	52-Week High	52-Week Low	% chg	YTD	3-yr. ann.
Dow Jones													
Industrial Average	33398.54	32916.20	33002.38	-430.97	-1.29	35630.68	29202.88	8.9	-0.4	6.0			
Transportation Avg	14867.89	14620.32	14681.87	-115.52	-0.78	16695.32	12429.60	13.7	9.6	9.1			
Utility Average	792.45	765.47	789.37	6.29	0.80	1002.11	783.08	-15.4	-18.4	-1.8			
Total Stock Market	42631.00	41960.15	42091.78	-624.60	-1.46	45969.67	36056.21	10.1	9.3	7.1			
Barron's 400	952.53	934.02	938.31	-14.21	-1.49	1036.97	862.18	4.3	1.9	9.1			
Nasdaq Stock Market													
Nasdaq Composite	13280.04	13008.60	13059.47	-248.31	-1.87	14358.02	10213.29	16.8	24.8	5.6			
Nasdaq-100	14819.87	14504.14	14565.62	-271.95	-1.83	15841.35	10679.34	25.8	33.1	9.0			
S&P													
500 Index	4281.15	4216.45	4229.45	-58.94	-1.37	4588.96	3577.03	11.6	10.2	8.1			
MidCap 400	2461.27	2418.54	2428.35	-39.97	-1.62	2728.44	2245.21	3.1	-0.1	8.5			
SmallCap 600	1131.19	1113.10	1116.45	-19.80	-1.74	1315.82	1089.14	-1.6	-3.5	8.4			
Other Indexes													
Russell 2000	1749.19	1721.48	1727.15	-29.66	-1.69	2003.18	1682.40	-2.7	-1.9	3.9			
NYSE Composite	15230.01	14993.92	15043.42	-186.59	-1.23	16427.29	13546.80	5.1	-0.9	5.7			
Value Line	531.87	521.93	523.47	-8.40	-1.58	606.49	495.91	-0.5	-2.4	4.0			
NYSE Arca Biotech	4973.32	4893.28	4917.91	-55.41	-1.11	5644.50	4537.71	3.8	-6.9	-2.4			
NYSE Arca Pharma	882.20	863.17	869.83	-12.37	-1.40	925.61	744.66	13.5	0.2	10.1			
KBW Bank	75.99	74.51	74.79	-1.63	-2.13	115.10	71.96	-27.4	-25.8	0.0			
PHLX ^S Gold/Silver	104.82	102.39	104.22	0.69	0.67	144.37	96.42	-4.3	-13.8	-10.0			
PHLX ^S Oil Service	92.60	91.27	92.49	0.46	0.50	98.76	66.53	39.0	10.3	49.1			
PHLX ^S Semiconductor	3464.74	3355.41	3376.58	-72.27	-2.10	3861.63	2162.32	35.1	33.4	15.0			
Cboe Volatility	20.48	17.52	19.78	2.17	12.32	33.63	12.82	-32.0	-8.7	-10.5			

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. †Based on Nasdaq-100 Index
 ‡Nasdaq PHLX
 Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
iShares iBoxx \$ HY Cp Bd	HYG	8,513.8	72.07	-0.08	-0.11	72.54	72.06
SPDR S&P 500 ETF Trust	SPY	6,997.1	421.28	-0.31	-0.07	445.22	421.11
Permian Resources	PR	4,372.5	13.44	...	unch.	13.48	13.43
iSh MSCI Emerging Mkts	EEM	4,303.7	36.05	-1.21	-3.25	37.39	36.05
Kenvue	KVUE	3,488.8	20.26	0.27	1.35	20.27	19.96
CSX	CSX	3,356.0	30.99	0.22	0.71	30.99	30.74
Snap	SNAP	3,277.6	8.54	-0.01	-0.06	8.57	8.32
Petroleo Brasileiro ADR	PBR	3,002.3	14.30	-0.001	-0.01	14.33	14.22

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
MAIA Biotechnology	MAIA	66.2	2.52	0.17	7.23	2.65	2.35
WisdomTree	WT	426.2	7.18	0.43	6.37	7.26	6.68
Altus Power	AMPS	188.6	4.74	0.22	4.87	4.74	4.51
Coherus BioSciences	CHRS	181.1	3.51	0.16	4.78	3.51	3.29
Park Hotels & Resorts	PK	58.3	12.17	0.49	4.20	12.17	11.51

...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Alphabet Cl A	GOOGL	543.3	114.60	-17.83	-13.47	151.09	114.60
Bal-Maine Foods	CALM	410.8	41.95	-5.55	-11.68	47.64	40.27
Calion Biotech	CBIO	196.9	3.92	-0.23	-5.54	4.19	3.83
CareDx	CDNA	80.6	6.62	-0.33	-4.82	6.95	6.62
uniQure	QURE	344.3	6.04	-0.29	-4.58	6.37	6.04

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	916,023,612	7,690,229
Adv. volume*	185,663,031	3,360,474
Decl. volume*	725,543,865	3,900,578
Issues traded	3,009	326
Advancers	475	94
Declines	2,473	219
Unchanged	61	13
New highs	10	0
New lows	443	54
Closing Arms*	0.80	0.49
Block trades*	4,302	92
	Nasdaq	NYSE Arca
Total volume*	4,684,313,035	406,794,951
Adv. volume*	1,468,361,418	100,284,065
Decl. volume*	3,114,063,088	305,603,762
Issues traded	4,482	1,820
Advancers	968	178
Declines	3,356	1,630
Unchanged	158	12
New highs	20	14
New lows	561	304
Closing Arms*	0.61	0.32
Block trades*	30,773	1,801

*Primary market NYSE/NYSE American/NYSE Arca only.
 †(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	644.80	-8.95	-1.37	6.5
	MSCI ACWI ex-USA	282.32	-3.69	-1.29	0.4
	MSCI World	2799.64	-39.14	-1.38	7.6
	MSCI Emerging Markets	939.16	-12.33	-1.30	-1.8
Americas	MSCI AC Americas	1600.74	-23.18	-1.43	9.8
Canada	S&P/TSX Comp	19020.92	-156.26	-0.81	-1.9
Latin Amer.	MSCI EM Latin America	2196.15	-60.57	-2.68	3.2
Brazil	BOVESPA	113419.04	-1637.82	-1.42	3.4
Chile	S&P IPSA	3206.07	-39.36	-1.21	1.1
Mexico	S&P/BMV IPC	50366.39	-893.98	-1.74	3.9
EMEA	STOXX Europe 600	440.70	-4.89	-1.10	3.7
Eurozone	Euro STOXX	431.26	-5.23	-1.20	5.2
Belgium	Bel-20	3461.77	-47.90	-1.36	-6.5
Denmark	OMX Copenhagen 20	2059.59	-31.19	-1.49	12.2
France	CAC 40	6997.05	-71.11	-1.01	8.1
Germany	DAX	15085.21	-162.00	-1.06	8.3
Israel	Tel Aviv	1858.13	-14.40	-0.77	3.4
Italy	FTSE MIB	27482.21	-367.44	-1.32	15.9
Netherlands	AEX	719.67	-4.51	-0.62	4.4
Norway	Oslo Bors All-Share	1467.51	-18.17	-1.22	7.7
South Africa	FTSE/JSE All-Share	70773.21	-464.85	-0.65	-3.1
Spain	IBEX 35	9165.50	-153.50	-1.65	11.4
Sweden	OMX Stockholm	781.69	-10.02	-1.27	-0.02
Switzerland	Swiss Market	10763.37	-100.28	-0.92	0.3
Turkey	BIST 100	8513.54	26.58	0.31	54.5
U.K.	FTSE 100	7470.16	-40.56	-0.54	0.2
U.K.	FTSE 250	17677.76	-299.53	-1.67	-6.2
Asia-Pacific	MSCI AC Asia Pacific	154.79	-2.06	-1.31	-0.6
Australia	S&P/ASX 200	6943.40	-89.81	-1.28	-1.4
China	Shanghai Composite	3110.48	...	Closed	0.7
Hong Kong	Hang Seng	17331.22	-478.44	-2.69	-12.4
India	S&P BSE Sensex	65512.10	-316.31	-0.48	7.7
Japan	NIKKEI 225	31237.94	-521.94	-1.64	19.7
Singapore	Straits Times	3192.35	-16.51	-0.51	-1.8
South Korea	KOSPI	2465.07	...	Closed	10.2
Taiwan	TAIEX	16454.34	-102.97	-0.62	16.4
Thailand	SET	1447.30	-22.16	-1.51	-13.3

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	52-Week Low	% chg
Verity	VERY	11.07	5.37	94.21	11.18	4.70	38.0
POINT Biopharma Global	PNT	12.36	5.68	84.89	12.41	5.59	62.4
ALX Oncology	ALXO	7.51	2.70	56.13	13.64	3.94	-28.6
SciSparc	SPRC	5.10	1.42	38.59	41.34	3.15	-78.9

NEW HIGHS AND LOWS

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % **CHG**: Daily percentage change from the previous trading session.

Tuesday, October 3, 2023

Stock	52-Wk % Sym Hi/Lo Chg	Stock	52-Wk % Sym Hi/Lo Chg	Stock	52-Wk % Sym Hi/Lo Chg
Highs	ApolloStratll A APGB 10.81 0.4	CrixusB3H A BHAC 12.09 -0.8	CN Finance CNF 4.10 1.8	CyberTherap CYT 3.10 6.0	EG Acqn A EGG 12.11 -0.2
AlphaVestAcq ATWU 11.22 4.6	Costco COST 576.19 -1.1	FILLifeBrands FTLF 20.00 -4.1			

Stock	52-Wk % Sym Hi/Lo Chg	Stock	52-Wk % Sym Hi/Lo Chg	Stock	52-Wk % Sym Hi/Lo Chg
ForbinEuroWt FRBW 1.09 13.3	MountainCRV MCAF 0.31 16.7	HHHL Acqn HHLU 11.04 3.4	MurphyUSA MUSA 348.86 -1.2	HorizonTherap HZNP 116.27 0.3	NewRelic NEUR 86.05 ...
ImnioBiopharms IMMX 4.80 5.3	PointBiopharma PNTV 12.41 84.9	Kalsey KLR 7.25 0.1	PerceptorCaplW PCTW 0.13 -9.1	Jabil JBL 130.23 -1.0	SilverBoxIIA SBXC 10.46 -0.1
Index IRX 2.89 4.2	Verity VERY 11.18 94.2	KingsnrgCapV KCVI 10.75 ...	SportsMapTech SMAP 11.00 0.9	LIVCapAcqnl LKGI 10.80 2.1	TwelveSeasll TSUW 10.87 ...
		LifeMD LFMD 6.86 -4.8	LuxUrban LUXH 4.85 6.3		

Lows

Stock	52-Wk % Sym Hi/Lo Chg	Stock	52-Wk % Sym Hi/Lo Chg	Stock	52-Wk % Sym Hi/Lo Chg
ACELYPRN SLRN 9.01 -3.8	AES Un AESC 54.14 -4.6	ATN Intl ATNI 30.68 0.4	AdTheorntVt ADTH 0.02 -1.6	AgreeRealty ADC 53.44 0.7	AllarityTherap ALLR 0.70 -4.0
AES AES 13.24 -4.4	AGBA AGBA 0.55 0.7	Ayro AYRO 1.94 -12.9	AdvanceAuto AAP 52.92 -1.0	Argan ARG 3.53 -5.1	AlliantEnergy LNT 45.15 1.2
ABCellerBio ABCL 4.34 -1.8	AcclPharm ACRX 0.54 4.3	AbCellerBio ABCL 4.34 -1.8	AdventTech ADN 0.39 0.4	Akoya AKYA 4.04 -5.1	AlliantEnergy ALLO 2.95 1.9
AcclPharm ACRX 0.54 4.3	AegonNts2049 AEGF 18.52 -4.0	AdventTech ADN 0.39 0.4	AegonNts2049 AEGF 18.52 -4.0	AlaskaAir ALK 35.98 -2.8	AllstatePfdI ALSI 25.60 -1.2
AcclPharm ACRX 0.54 4.3	AeternaZentaris AZES 2.20 -9.8	AegonNts2049 AEGF 18.52 -4.0	AeternaZentaris AZES 2.20 -9.8	Albermarle ALB 155.15 -3.5	AllstatePfdH ALSH 18.72 -1.6
AcropolisFinW ACOF 0.04 -22.2	Agenus AGNU 1.02 -1.9	AeternaZentaris AZES 2.20 -9.8	Agilent AGI 5.51 -11.8	AlexandriaREit ARE 96.03 -1.8	AllstatePfdL ALSL 17.62 -1.9
AcropolisFinW ACOF 0.04 -22.2	Alight ALIT 6.76 -1.7	Agilent AGI 5.51 -11.8	Alkermes ALK 19.72 -0.7	AlgonquinPwrUn AQU 5.38 -0.4	AltamiraTherap CYTO 0.21 -0.7
AcropolisFinW ACOF 0.04 -22.2	Alkermes ALK 19.72 -0.7	Alkermes ALK 19.72 -0.7	Alkermes ALK 19.72 -0.7	Alkermes ALK 19.72 -0.7	Altria MO 40.91 -1.1
AcropolisFinW ACOF 0.04 -22.2	Alkermes ALK 19.72 -0.7	Alkermes ALK 19.72 -0.7	Alkermes ALK 19.72 -0.7	Alkermes ALK 19.72 -0.7	Amarin AMRN 0.81 0.9
AcropolisFinW ACOF 0.04 -22.2	Alkermes ALK 19.72 -0.7	Alkermes ALK 19.72 -0.7	Alkermes ALK 19.72 -0.7	Alkermes ALK 19.72 -0.7	

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Stock	52-Wk % Sym Hi/Lo Chg	Stock	52-Wk % Sym Hi/Lo Chg	Stock	52-Wk % Sym Hi/Lo Chg	
Broad Market	n.a.	Bloomberg Fixed Income Indices	n.a.	Mortgage-Backed	n.a.	
U.S. Aggregate	n.a.					
U.S. Corporate Indexes	n.a.	Bloomberg Fixed Income Indices	n.a.	Mortgage-Backed	n.a.	
U.S. Corporate	n.a.					
Intermediate	n.a.					
Long term	n.a.					
Double-A-rated	n.a.					
Triple-B-rated	n.a.					
High Yield Bonds ICE BofA	484.47	4.6	High Yield Constrained	9,328	7,781	
467.24	11.1	Triple-C-rated	14,588	13,413	16,916	
3247.43	4.3	High Yield 100	8,889	7,022	8,889	
423.86	4.5	Global High Yield Constrained	9,182	7,868	9,945	
327.08	5.9	Europe High Yield Constrained	7,643	6,646	8,508	
U.S. Agency	n.a.	Bloomberg Fixed Income Indices	n.a.	Mortgage-Backed	n.a.	
U.S. Agency	n.a.					
10-20 years	n.a.					
20-plus years	n.a.					
Yankee	n.a.					
Global Government J.P. Morgan'	512.16	-1.8	Global Government	3,720	2,680	3,720
744.33	-2.5	Canada	4,260	2,880	4,260	
330.20	-0.9	EMUS	3,781	2,461	3,790	
611.25	-1.4	France	3,620	2,290	3,630	
436.72	-1.5	Germany	3,020	1,730	3,030	
276.08	-0.6	Japan	1,120	0,710	1,130	
469.88	-2.0	Netherlands	3,310	1,970	3,320	
739.70	-5.5	U.K.	4,800	3,120	4,840	
764.06	-0.5	Emerging Markets**	8,628	7,102	9,159	

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. †In local currency. ‡Euro-zone bonds. **EMBI Global Index. Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P. Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Coupon (%)	Maturity, in years	Country/	Latest(▲/▼)	2	4	6	8	10	Yield (%)	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasuries, in basis points	Latest	Prev	Year ago
5.000	U.S. 2	U.S.	▲	5.148	5.110	4.866	4.103									
3.875	10	Australia 10	▲	4.801	4.682	4.173	3.650									
0.250	2	Australia 2	▲	4.113	4.096	3.796	3.316	-104.3					-101.6			-79.3
3.000	10	France 10	▲	4.558	4.498	4.013	3.899	-24.6					-18.9			26.4
0.000	2	France 2	▼	3.490	3.531	3.299	1.684	-166.6					-158.1			-242.6
3.000	10	Germany 10	▼	3.523	3.472	3.068	2.494	-128.1					-121.5			-114.2
3.100	2	Germany 2	▼	3.219	3.232	3.007	1.603	-109					-188.0			-250.7
2.600	10	Italy 10	▲	2.968	2.927	2.549	1.913	-18					-176.0			-172.3
3.600	2	Italy 2	▲	4.061	4.037	3.656	2.625	-109.5					-107.5			-148.5
4.350	10	Japan 10	▲	4.923	4.813	4.229	4.200	11.9					12.6			56.4
0.005	2	Japan 2	▼	0.056	0.060	0.025	-0.055	-510.0					-505.2			-416.4
0.400	10	Spain 10	▼	0.764	0.776	0.632	0.244	-404.0					-391.1			-339.2
0.000	2	Spain 2	▼	3.622	3.630	3.394	1.978	-153.4					-148.2			-213.1
3.550	10	U.K. 10	▲	4.055	3.993	3.560	3.073	-74.9					-69.4			-56.2
0.625	2	U.K. 2	▲	4.762	4.737	4.890	4.003	-39.4					-37.5			-10.7
4.250	10	U.K. 10	▲	4.600	4.569	4.430	3.959	-20.5					-11.8			32.4

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Spread, in basis points	Current	One-day change	Last week
UnitedHealth	UNH	5.150	5.40	Oct. 15, '25	26	-11	19	
Cox Communications	COXENT	4.700	6.96	Dec. 15, '42	185	-8	n.a.	
PacifiCorp	BRKHEC	6.000	6.77	Jan. 15, '39	169	-6	170	
Sumitomo Mitsui Financial	SUMIBK	2.130	6.22	July 8, '30	150	-6	n.a.	
Pfizer	PFE	4.300	5.83	June 15, '43	71	-3	65	
Apple	AAPL	3.850	5.64	May 4, '43	58	-2	n.a.	
American Express	AXP	4.050	6.05	Dec. 3, '42	96	-2	89	
Kraft Heinz	KHC	6.875	6.65	Jan. 26, '39	152	-2	142	

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Spread, in basis points	Current	One-day change	Last week
Eversource Energy	ES	4.750	5.93	May 15, '26	100	23	n.a.	
Lloyds Banking	LLOYDS	5.300	7.16	Dec. 1, '45	206	12	n.a.	
Potomac Electric Power	EXC	7.900	6.08	Dec. 15, '38	133	11	n.a.	
Pacific Life Global Funding II	PACLIIF	1.600	6.16	Sept. 21, '28	136	11	n.a.	
UnitedHealth	UNH	2.000	5.78	May 15, '30	97	11	86	
Citigroup	C	8.125	6.68	July 15, '39	158	10	140	
Royal Bank of Canada	RY	5.200	5.90	July 20, '26	97	10	84	
Sumitomo Mitsui Financial	SUMIBK	2.142	6.53	Sept. 23, '30	173	10	159	

High-yield issues with the biggest price increases...

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Bond Price as % of face value	Current	One-day change	Last week
Genworth Financial	GNW	6.500	8.60	June 15, '34	85.500	0.84	85.473	
Ford Motor Credit	...	4.389	7.38	Jan. 8, '26	93.875	0.62	94.250	
ZF North America Capital	ZFFNGR	4.750	7.68	April 29, '25	95.750	0.38	95.798	
Mitsubishi	MITCO	3.375	5.77	July 23, '24	98.128	0.30	n.a.	
QVC	QVCN	4.850	13.00	April 1, '24	96.250	0.25	96.500	
Owens-Brockway Glass Container	...	6.375	6.15	Aug. 15, '25	100.375	0.23	99.208	
Belo	...	7.750	8.22	June 1, '27	98.516	0.07	99.451	

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Bond Price as % of face value	Current	One-day change	Last week
Dish DBS	...	7.750	23.43	July 1, '26	69.500	-3.99	76.500	
Teva Pharmaceutical Finance Netherlands	...	4.100	7.86	Oct. 1, '46	60.274	-1.60	63.000	
Navient	NAVI	5.625	10.67	Aug. 1, '33	69.721	-1.58	73.625	
Occidental Petroleum	OKY	6.450	6.92	Sept. 15, '36	96.062	-1.42	99.451	
Liberty Interactive	LINTA	8.250	38.85	Feb. 1, '30	29.500	-1.38	35.439	
Telecom Italia Capital	TTIM	7.200	8.99	July 18, '36	86.520	-1.34	91.083	
Cleveland-Cliffs	CLF	6.250	8.29	Oct. 1, '40	81.573	-1.31	n.a.	
Sealed Air	SEE	6.875	7.57	July 15, '33	95.250	-1.25	97.000	

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for 2-spread. Note: Data are for the most active issue of bonds with maturities of two years or more. Source: MarketAxess

Mutual Funds

Data provided by LIPPER

Fund	Net NAV	YTD Chg %	Ret	Fund	Net NAV	YTD Chg %	Ret	Fund	Net NAV	YTD Chg %	Ret
Int'lIndstPrem	42.82	-0.60	-4.0	SrsGlobal	12.65	-0.18	2.4	JPMorgan R Class	93.41	-1.37	5.3
LgCpWldIntr	17.31	-0.36	25.7	SrsGrCretail	17.31	-0.36	25.7	CoreBond	9.66	-0.07	NA
SAUSJGldHdF	17.56	-0.24	11.1	SrsIntGrw	18.82	-0.15	3.9	CorePlusBd	6.78	-0.05	NA
SeriesBondFid	8.45	-0.07	-2.5	TotalBond	10.70						

MARKETS

China Evergrande's Shares Soar

Trading was halted last week on news that chairman was being investigated

By SHERRY QIN

China Evergrande Group's shares rose sharply as trading in the beleaguered property developer resumed after being halted last week.

Trading was suspended following disclosure that the property developer's chairman was being investigated by authorities.

In an exchange filing late Monday requesting the lifting of the trading halt, Evergrande said it had no further information to disclose to investors. That may have lifted sentiment in the stock, analysts said.

The disclosure and the trading resumption give investors a sense that there is "hopefully not much more bad news to

come out," said Sandra Chow, co-head of Asia-Pacific research at Creditsights.

Shares jumped 44% to 46 Hong Kong cents, or about 6 U.S. cents, in early trading Tuesday before closing 28% higher at 41 Hong Kong cents.

The stock hit highs near HK\$26 around mid-2020 but has been hammered in recent years, first by the Covid-19 pandemic and then by wider troubles in China's property market. The company has more re-

cently struggled to work through its large debt with lenders. It also recently disclosed that Chinese authorities believe its chairman, Hui Ka Yan, may have committed unspecified crimes and have subjected him to "mandatory measures" while they investigate.

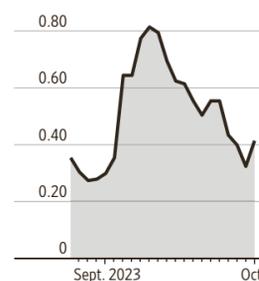
The Wall Street Journal reported Sunday that authorities are investigating whether Hui attempted to transfer assets offshore while the company was struggling to complete un-

finished projects. The company didn't respond to questions over the weekend.

Evergrande's shares have been volatile in recent weeks. They surged 83% in a one day, for example, early in September on media reports that Beijing may roll out new measures to shore up the property sector. A few weeks later, the stock lost about one-fifth of its value in a single session after the company canceled its debt-restructuring plan.

Performance of China Evergrande Group's Hong Kong-listed shares

HK\$1.00



Note: HK\$1=US\$0.13 Source: FactSet

New Highs and Lows

Table with columns for Stock, 52-Wk % High/Low, and % Change. Lists various stocks and their performance metrics.

dogged

/'dɒgəd/ adjective

Despite spending my early life in a shelter, there's no dog more determined than me. Thanks to the National Disaster Search Dog Foundation, if you're ever trapped under rubble after a disaster, I'll find you. That's my job, and what I was born to do. You'll never find a dog more dogged.

THE NATIONAL DISASTER SEARCH DOG FOUNDATION Strengthening disaster response in America by rescuing dogs and partnering them with first responders to save lives. Be Part of the Search™ today. Call (888) 4K9-HERO, visit SearchDogFoundation.org, or write to SDF, 6800 Wheeler Canyon Road, Santa Paula, CA 93060.



Victor Active Search Dog Rescued from Redding, CA. Photographed by Shaina Fishman at SDF's National Training Center.

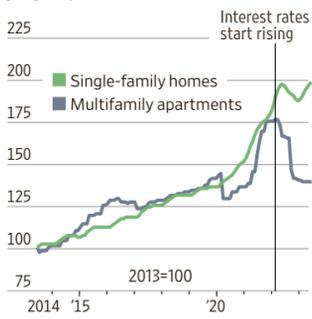


Advertisement for Omaha Steaks featuring a large image of a steak, a price tag of \$99.99 for 16 entrees, and a list of menu items including Bacon-Wrapped Filet Mignons, Air-Chilled Boneless Chicken Breasts, Omaha Steaks Burgers, and Gourmet Jumbo Franks.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

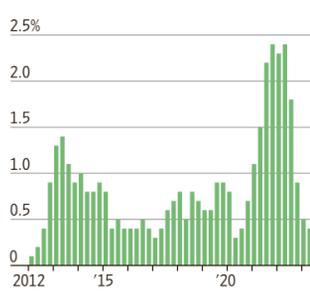
Index of U.S. residential property values



*Assumes a 10% down payment and 7.5% mortgage rate

Sources: Green Street, S&P CoreLogic Case-Shiller U.S. National Home Price Index (property values); John Burns Research & Consulting (landlords); UBS analysis (mortgage costs)

Portion of U.S. home purchases made by landlords with 1,000+ houses, quarterly



Monthly mortgage costs*, share of median household income



Are U.S. Homes Overvalued?

As prices paid for the average single-family property soar, big investors retreat

The pandemic-era flood of Wall Street cash into family houses is drying up. Regular home buyers might welcome a bit less competition, but not the signs that they are overpaying.

U.S. single-family properties are the only type of real estate that has increased in value since interest rates began to rise in March 2022. After a brief dip in the months after the Federal Reserve's initial hikes, house prices resumed their climb. Residential property values reached a record in July, based on the latest numbers from the S&P CoreLogic Case-Shiller Home Price Index.

Investors spent billions buying U.S. single-family homes during the pandemic, lured by blistering rent increases as remote workers looked for more space. They have backed off as debt costs have risen and rent growth has moderated, making it harder to generate a decent investment return. According to data from John Burns Research & Consulting, large landlords bought 0.4% of U.S. homes in the second quarter, down from a peak of 2.4% at the end of 2021.

Listed real-estate investment trusts that specialize in single-family homes, such as **AMH**

Homes and Invitation Homes, have either slowed their buying or become net sellers.

For big corporate landlords that want to grow their portfolios, a better option than paying today's high prices on the open market may be to build new homes from scratch.

The stock market is flashing another warning sign for house prices. Shares of U.S. single-family housing REITs trade at a 20% discount to their gross asset value, according to Green Street's director of research, Cedrik Lachance. Investors may be underestimating the housing market, though. There is a shortage of single-family homes in the U.S., versus a potential glut of apartments if all the projects currently in the pipeline get built. Rent growth is stronger for single-family homes than apartments.

Another reason why apartment values have corrected and single-family home prices haven't may simply be who owns them. Corporate landlords own 68% of apartments in buildings with 100 or more units but only around 3% of America's individual family homes. Big institutional investors "are typically focused on cash returns

as well as changes in economic and financing conditions," says Cohen & Steers analyst Jordan Flannery. For regular home buyers, these factors are only part of the buying decision.

Owner-occupiers are often insulated from tighter financial conditions because they have locked in cheap debt for years. Of all outstanding U.S. mortgages, 61% have a rate below 4%, according to UBS. This is strangling supply as owners who would like to sell up will probably sit tight to keep their mortgage costs low.

Home buyers' budgets are stretched: The monthly cost of a new mortgage is now 42% of U.S. median household income—10 percentage points higher than on the eve of the 2008 housing crash, based on UBS's analysis. With few buyers or sellers, the market might simply freeze.

It can't be a good sign for house hunters that Wall Street is no longer showing up at viewings. Still, buying a home to live in is more than a purely financial investment. This makes the single-family sector different from other property—overvalued, certainly, but perhaps less vulnerable to a crash.

—Carol Ryan

Companies Hang On To Workers

Layoffs are low despite economic hurdles

Everybody knows the U.S. economy faces significant headwinds in the fourth quarter. That includes employers, though they are still showing little inclination to batten down the hatches.

On Tuesday, the Labor Department reported that there were a seasonally adjusted 9.6 million job openings at the end of August, up from July's 8.9 million. With that, the number of job openings per person counted as unemployed remained around 1.5. That compares with an average of about 1.2 in the prepandemic year of 2019.

Other aspects of the report smacked of a job market that, while cooling, is still quite strong. The number of hires continued to outpace the number of people leaving. The number of people quitting their jobs is still historically high, suggesting that workers continue to find new, and better, employment opportunities. Layoffs are higher than a year ago, but still below levels before the pandemic.

All of which jibes with other recent indicators. Weekly jobless claims, for example, remain quite low, while an index of U.S. job openings from job-listing site Indeed remains high. Cooling inflation might make the Federal Reserve less inclined to raise rates again, but a strong job market won't provide reason to cut. And this is all occurring even though employers have been given plenty of cause to worry. Continuing strikes, particularly at Detroit automakers, are likely to hit growth. The resumption of student-debt payments will be cutting into consumers' buying power, as will high gasoline prices. A government shutdown remains a risk. High interest rates are a burden.

So, if employers were looking for excuses to pause hiring, or to trim their workforce, there are plenty on hand. Yet they aren't doing either. This is probably a reflection of an

environment where many businesses are still short-staffed. But it also reflects an environment where the risk of a recession appears more remote than it did even a few months ago, and where employers worry that employees they lay off now will be hard to replace later.

Last week, Duke University, with the Federal Reserve Banks of Atlanta and Richmond, reported that chief financial officers surveyed in late August through early September put the chances of gross domestic product contracting over the next 12 months at 18.9%, down from 24.5% in the second quarter, and the lowest level since the first quarter of 2022. The CFOs also expected, on average, that employment at their companies would grow by 3.9% next year, compared with 1.1% this year. Expecting that you will need to add employees next year is a strong reason not to fire any now.

Investors need to be attentive to hurdles that the economy is facing this quarter, but they should also think about what would happen if the economy manages to clear all of them without stumbling badly. A job market that is this strong could stay strong next year. —Justin Lahart

Job openings per unemployed person



Note: Seasonally adjusted
Source: Labor Department

As Tesla Deliveries Sputter, BYD Looks Alluring

Tesla appears overvalued when compared with traditional carmakers such as Ford and Toyota. Less appreciated, but perhaps more meaningful, is the huge valuation gap that has opened up relative to its closest electric-vehicle peer.

BYD had a much better third quarter than Tesla, with which it vies to be the world's top EV maker. The Chinese company for the first time produced more EVs, though Tesla delivered more by a whisker. These numbers exclude hybrids, which, unlike Tesla, BYD makes.

The Chinese leader has been growing faster than Tesla for some time. In addition to a fresher product range at lower prices, it has the advantage of being the EV champion in China rather than America. While sales of battery-powered vehicles are rising in the U.S., they account for more than a quarter of the larger Chinese auto market.

Tesla had a bad quarter. Analysts downgraded their estimates as the quarter-end approached, citing production pauses in Shanghai and Fremont, Calif., to accommodate a refresh of the Model 3, but the final tally of 435,059 global deliveries missed FactSet's

consensus by almost 6%.

Was the miss just about the technicalities of production and model refreshes, or is Chief Executive Elon Musk slowing output because this year's price cuts haven't stimulated as much additional demand as he hoped? This is the key question ahead of the company's full third-quarter update scheduled for Oct. 18. In its sales report, Tesla said only that it was sticking with its guidance of 1.8 million vehicles in 2023. This implies production of about 450,000 vehicles in the fourth quarter, which would be in line with the quarterly average this year.

BYD's competitive advantage is its in-house battery business, which allows it to produce high-quality EV powertrains at a lower price than competitors. It uses cheaper lithium-iron-phosphate cells rather than the more powerful nickel-rich ones dominant in Western markets, offsetting the performance disadvantage by packing them directly into the vehicle frame.

Unlike Tesla, BYD doesn't seem to be preparing for a driverless future. UBS recently had BYD's Seal model disassembled and found off-the-shelf features for driver assis-



BYD's in-house battery business allows it to produce high-quality EV powertrains at a lower price than rivals.

tance. This choice seems emblematic of its wider approach: While Tesla focuses on technology leadership, BYD offers a highly attractive overall package at an affordable price, says Patrick Hummel, the UBS analyst who led the project.

Value for money could become an EV selling point in the coming years as ownership spreads be-

yond the early adopters who love their Teslas. While the U.S. market is off limits for BYD for geopolitical reasons, the company has just launched in Europe. UBS expects it to rapidly grab market share.

Despite BYD's growth prospects, which are arguably stronger than Tesla's, its shares trade for roughly 19 times its earnings,

compared with 59 times for Tesla. At the start of the year, the multiples were similar, but the revival of the U.S. tech trade, and particularly investor appetite for all things artificial intelligence, has left BYD in the dust. It is another reminder that Tesla's \$883 billion market value isn't really about EVs at all. —Stephen Wilmot

Ramaswamy's Former Firm Is Doing Just Fine

It has been a bad year for biotech stocks. **Roivant Sciences**, the company founded by Republican presidential candidate Vivek Ramaswamy, has been an exception.

Thanks to positive data from two promising drugs, the company's shares more than tripled over the past 12 months, recovering from an abysmal performance for much of 2022. The SPDR S&P Biotech ETF is down 11% over that period.

While the good times at Roivant couldn't have happened without Ramaswamy's contributions, his departure—and his replacement with former Goldman Sachs banker Matthew Gline—is working out just fine for Wall Street. It hasn't been bad for Ramaswamy: His 7% stake in Roivant is worth about \$639 million, making him a billionaire, according to Forbes

magazine.

Ramaswamy reduced his role at the company, stepping down as chief executive in early 2021, leaving his chairman role in February of this year to focus on his campaign. When founders and big personalities leave, questions over a company's growth trajectory are inevitable. But change at the top can be an opportunity for a fresh start.

Ramaswamy started Roivant to license drugs that weren't being prioritized at pharmaceutical companies. Roivant takes a unique approach by creating subsidiaries out of their investments, known as "vants," which they hope to spin off.

Much as in the political sphere, where he courted controversy by vowing to narrow the remit of the Federal Reserve and send the mili-

tary to fight Mexican drug cartels, Ramaswamy has been something of a divisive figure in biotech. Roivant has no doubt notched successes under his leadership, including the sale of stakes in five vants to Japan's Sumitomo Pharma in 2019 for \$3 billion. His success earned him praise from investors.

But others criticized him as excessively promotional, as exemplified by the way in which he talked up an Alzheimer's drug that failed. **Axovent Sciences**, the company, or vant, that tried to bring that drug to market, reached a nearly \$3 billion market valuation before collapsing in value after the pill it was developing failed in a late-stage study in 2017.

While clinical trial failures are par for the course in biotech, the bombast with which Ramaswamy pro-

posed that company made some investors tread carefully around other Roivant companies, investors and analysts familiar with the company said. His departure means investors can analyze Roivant subsidiaries for what they are, with a bit less hype.

And investors like what they see. Last week, Roivant stock shot up after a vant in which it holds a majority stake, **Immunovant**, released results from an early study showing that its drug cut the levels of a key immune marker in the blood while avoiding some safety issues that dogged the company in the past. Earlier this year, a drug being developed by a Roivant unit with **Pfizer** showed great promise in treating inflammatory bowel disease.

Even now that he is officially no longer with the company, Ramas-

wamy's politics continue to be awkward for Roivant. He has criticized what he calls "corruption" at the Food and Drug Administration, a comment Roivant's CEO Gline has disavowed. "I think he's wrong about the FDA," Gline said in an interview. "We have a lot of respect for them as our regulator."

Gline played down the importance of Ramaswamy in investors' minds. "Investors are thinking about our clinical progress and about the new programs we've added," he said. "Of course, if he were still leading the company while running for president that would be a different matter."

Ramaswamy is probably less focused on things such as autoimmune diseases and clinical trials than he once was. For investors in Roivant, that is just fine. —David Wainer