

THE WALL STREET JOURNAL.

DOW JONES | News Corp *** MONDAY, OCTOBER 10, 2022 ~ VOL. CCLXXX NO. 85 WSJ.com ★★★★★ \$5.00
Last week: DJIA 29296.79 ▲ 571.28 2.0% NASDAQ 10652.40 ▲ 0.7% STOXX 600 391.67 ▲ 1.0% 10-YR. TREASURY ▼ 20/32, yield 3.883% OIL \$92.64 ▲ \$13.15 EURO \$0.9740 YEN 145.32

What's News

Business & Finance

A stock market fixated on the Fed's fight against inflation is about to see how rapidly rising interest rates have affected companies' bottom lines as third-quarter earnings season kicks off in earnest this week. **A1**

◆ **Some economists** fear the Fed, humbled after waiting too long to withdraw its support of a booming economy last year, is risking another blunder by potentially raising interest rates too much to combat high inflation. **A2**

◆ **EV makers** in Asia and their suppliers are rushing to capital markets to raise money, as they try to take advantage of a surge in demand for energy-efficient autos. **B1**

◆ **Demand for hybrids** is reinforcing the view from Toyota and others that the dual approach will play an important role even as the industry races toward fully electric cars. **B1**

◆ **The strengthening dollar** threatens to undermine a rebound in American manufacturing, handing foreign producers an advantage in selling into the U.S., executives and economists said. **B1**

◆ **The IRS** said it would delay enforcement of new rules for taking required withdrawals from some inherited retirement accounts until 2023. **B2**

◆ **A bankruptcy judge** denied a request by creditors of Hale & Hearty to appoint an interim trustee to oversee the property of the defunct lunch purveyor. **B5**

World-Wide

◆ **British arms maker BAE** said it was considering restarting production of the M777 howitzer, as the big gun's performance on Ukrainian battlefields revives interest in the weapon. **A1**

◆ **Russian rockets** slammed into the southeastern Ukrainian city of Zaporizhzhia overnight, killing at least 17 people and injuring 40 others, the city council's leader said. **A7**

◆ **Three weeks** after anti-government protests erupted across Iran the movement has proved more durable than previous challenges to Tehran's leaders and could pose a continuing threat. **A1**

◆ **Florida officials** began allowing some residents of Fort Myers Beach back to assess their properties after Hurricane Ian severely damaged the island town. **A3**

◆ **Recent economic** developments threaten Biden's efforts to shore up the economy and reduce inflation, introducing fresh vulnerabilities to Democrats' midterm campaign. **A4**

◆ **The leader** of the biotech industry's top lobbying group in Washington is on leave amid dissent within the organization about its direction and concern about its results. **A6**

◆ **North Korean leader** Kim Jong Un oversaw two weeks of military drills that simulated tactical nuclear strikes against the U.S. and South Korea. **A9**

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Russia Moves to Repair Bridge to Crimea After Attack



REPAIRS: Workers restored railway tracks Sunday on the Kerch bridge linking Crimea to Russia, a day after it was damaged by an explosion that Russia blamed on Ukraine. The damage could hurt Moscow's war effort in southern Ukraine. **A7**

Howitzer's Success in Ukraine Rekindles Demand for Weapon

By ALISTAIR MACDONALD AND DANIEL MICHAELS

British arms maker BAE Systems PLC said it was considering restarting production of the M777 howitzer, as the big gun's performance on Ukrainian battlefields revives interest in the weapon.

BAE said several countries had expressed an interest in buying M777s, production of which is currently being wound down. The inquiries come after Ukrainian forces have been using the artillery piece to deadly effect against Russian troops in

recent months.

The company said it was now in talks regarding the restart with the U.S. Army, which runs the weapon's program. The U.S. government must approve any foreign sales. The U.S. Army declined to comment, referring queries on the matter to BAE.

The interest comes as a weekend explosion damaged a bridge connecting Russia to Crimea and further complicated Moscow's war effort in southern Ukraine. Russian forces are struggling to hold off a Ukrainian offensive that

has hit a series of Russian logistics centers and ammunition depots.

In response to the bridge explosion, Russian rockets slammed into the southeastern Ukrainian city of Zaporizhzhia, killing at least 17 people.

The potential resurrection of the M777 howitzer exemplifies how the war in Ukraine could reshape the global armaments industry. High-profile weaponry including the U.S. M142 High Mobility Artillery Rocket System, or Himars, and the Anglo-Swedish NLaw portable antitank missile, which

have proved very effective against Russian forces, are likely to win new orders, analysts said. Meanwhile, the poor performance of many Russian arms is expected to dent their sales on global markets.

The howitzer, a class of mobile, long-barreled battlefield gun, has long been a cornerstone of modern artillery. However, it has taken on a more prominent role in the war in Ukraine than in other recent conflicts such as the one in Afghanistan or the second war in Iraq.

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Jittery Markets Head Into Earnings Season

Corporate results to offer a glimpse at how businesses are holding up as Fed raises rates

By KAREN LANGLEY

A stock market fixated on the Federal Reserve's fight against inflation is about to see how rapidly rising interest rates have affected companies' bottom lines.

The S&P 500 has fallen 24% in 2022 as the central bank ratchets up rates and investors attempt to reassess stock valuations and the durability of corporate profits. The third-quarter earnings season that kicks off in earnest this week will give analysts the broadest look yet at how business has held up as costs continue to rise, higher rates threaten demand and a strong dollar squeezes overseas income.

Judging by the violent reactions to several early-reporting companies, the coming corporate results seem unlikely to calm a market that has been particularly volatile of late. The S&P 500 has notched moves of at least 1% in 11 of the past 14 trading days, the most in such a time frame since April 2020, according to Dow Jones Market Data.

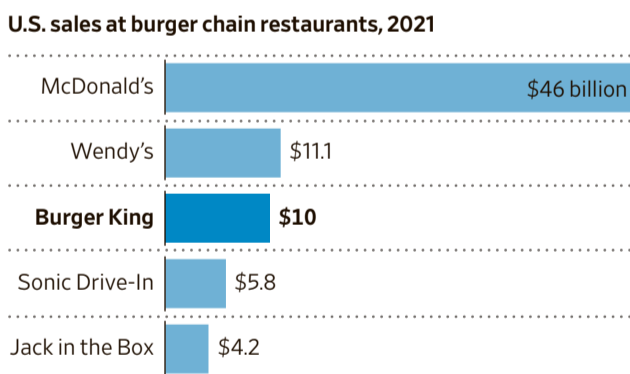
The broad U.S. stock index fell 2.8% Friday after the latest jobs report showed the labor market remained robust, potentially strengthening the case for continued large rate increases. Even after a short rally early last week, the S&P 500 remains on pace for its worst year since the 2008 financial crisis.

Analysts are forecasting 2.4% growth in third-quarter

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◆ James Mackintosh: Portfolios have little cushion..... B1

Burger King Seeks to Fix Itself

The chain's owner has installed new leadership and revamped everything from restaurant design to burger construction. **B1**



Source: Technomic

Iran's Angry Wave of Protests Poses Serious Test for Regime

By SUNE ENGEL RASMUSSEN

Three weeks after antigovernment protests erupted across Iran—sparked by the death of a woman detained for allegedly violating the country's strict Islamic dress code—the movement has proved more durable than previous challenges to Tehran's leaders and could pose a continuing threat.

Students across the country rallied outside universities on Sunday, chanting slogans in-

cluding "death to the dictator," and schoolgirls marched in the streets of Tehran waving their veils in the air, a gesture that has become a central expression of dissent. The governor of Kurdistan province ordered universities to close, likely to avoid more protests. Stores across the country stayed closed as part of a widening strike of shopkeepers.

The demonstrations are unlikely to topple the government, at least in the short term, activists and political

analysts said. But the deep disaffection they represent and the fact that they target a key pillar of the Islamic Republic and its foundational ideology make them a significant test.

Since the death of Mahsa Amini, a 22-year-old woman taken into custody by Iran's morality police in September, protesters who initially focused on women's rights have broadened their aims, calling for more freedom in life and

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Dickens Fans Are Hoping for an Elon Musk-Twitter Trial

Litigation is playing out in type of court immortalized in 'Bleak House'

By ELLEN GAMERMAN

What in the Dickens is happening in Twitter, Inc. v. Musk, et al.?

If the parties in one of the country's most closely watched legal dramas fail to reach an agreement, a trial will follow in November—a prospect that is particularly fascinating to a very remote group: fans of Charles Dickens.

The fight over Elon Musk's disputed deal to buy Twitter has been playing out in Delaware's Court of Chancery, a judicial arm that every Dickens fanatic knows as the villain in the British author's 1,036-page saga "Bleak House." In the 1852 novel, an inheritance fight is so prolonged in a slow, expensive and corrupt chancery court that

the only ones who win are the lawyers.

"Keep out of Chancery," Dickens writes. "It's being ground to bits in a slow mill; it's being roasted at a slow fire; it's being stung to death by single bees; it's being drowned by drops; it's going mad by grains."

After months of negotiations and litigation between the world's richest man and the social-media company he sought to buy in April, Mr. Musk said in a Thursday court filing that he was working to finance a deal and asked to delay the trial scheduled to start on Oct. 17. Though Twitter opposed his motion, citing the defendants' "refusal to accept their

Quill they or not?



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INSIDE



WORLD NEWS
A town in Thailand mourned victims of a massacre at a day-care center. **A8**



PERSONAL JOURNAL
Gathering for a family dinner is key to kids' health, but it has become harder. **A12**

Paris Cuts Lights To Save Energy

Eiffel Tower and other monuments go dark early for 'energy sobriety.' Will it help?

By Nick Kostov

PARIS—The City of Light is going dark.

Luxury shops across the city are turning off their nighttime lights, plunging the Avenue de Montaigne and other areas renowned for evening window shopping into relative darkness. Tourists are showing up to monuments for late-night photos, only to find somber silhouettes. Even the Eiffel Tower, symbol of France's rise as an industrialized nation, is hitting the off switch early.

The measures come in response to French President Emmanuel Macron's call for "energy sobriety." The government has asked municipalities, households and

companies to reduce their energy consumption by 10% over two years to counter Russia's decision to cut the flow of natural gas to Europe.

Others across the continent are making their own adjustments. Italy's government plans to restrict the heating in homes and businesses. The Netherlands is urging residents to shorten their shower times. Finland is encouraging its population to cut the amount of time they spend on digital devices. Monuments in Germany are also going dark.

French Finance Minister Bruno Le Maire recently said that he would wear turtle-necks this winter as a way to keep warm and save energy. Please turn to page A10

U.S. NEWS

THE OUTLOOK | By Andrew Duhren

Energy Price Controls Test Orthodoxy



The highest inflation in decades and the steep drop in Russian natural gas

exports to Europe have pushed a growing number of governments to experiment with ways to control energy prices. The plans will test the economic wisdom that price controls distort markets and create supply shortages.

In the U.K., the new government is planning to cap household energy costs and pay utilities the difference between the cap and market prices, and Germany is working up plans to cap the cost of electricity and natural gas. The European Union has approved both a plan to claw back some energy companies' profits and redistribute them to consumers, and it is also exploring the creation of a cap on the price of natural gas across the bloc. The U.S. is leading an effort with its allies to cap the global sales price of Russian oil, while a United Nations agency last week called for policy makers to opt for price caps and windfall taxes to fight inflation.

Economic textbooks predict that imposing a lower price on a product will re-

duce its supply. Unless demand is also sufficiently reduced, possibly through rationing, the mismatch between supply and demand can create shortages. Enforcing price controls can also be difficult and require a large bureaucracy. And since controls are usually lifted at some point, higher costs to consumers are only delayed, not prevented. The U.S. imposed price controls during World War II but also rationing. Lines at gasoline stations in the 1970s were blamed in part on price controls imposed at the time.

"Economists tend to be very skeptical of the efficacy of price controls," said Christopher Knittel, an economics professor at the Massachusetts Institute of Technology.

Those concerns have arisen in response to a proposal in the European Union, supported by EU leadership and member states like Italy, France and Spain, to cap the price the bloc pays for natural gas. Opponents, including Germany, worry this will cause suppliers, who are predominantly outside Europe, to send their gas elsewhere. That proposal is separate

from an already approved plan to cap the revenue of non-gas energy producers and redistribute the money to consumers.

Mr. Knittel said the plans risk reducing Europe's access to energy. "Especially with the European energy-market policy interventions, what policy makers do not want to do is exacerbate these problems with their policies, and my fear is that is what these proposals would do," he said.

Similarly, a U.S.-led pro-

Economic textbooks predict imposing a lower price will cut a product's supply.

posal to allow Russian oil exports only at a capped price has met resistance from industry experts who think it could cause Russia to withhold supply, pushing prices higher. Under the price-cap proposal, companies within the G-7 would be barred from servicing Russian oil shipments unless the oil is sold below the cap.

But not all price controls are the same, and advocates

say there are reasons some of today's proposals won't have the predicted negative effects. Germany and the U.K., for example, are seeking to cap the price their households and companies pay through subsidies: Governments will pay the market rate for energy while capping what companies and consumers pay, absorbing the difference themselves. This, they hope, will avoid the negative incentive to supply energy that classical price controls involve.

On the Russian oil-price cap, U.S. officials are aiming to set the cap at a level that would preserve Russia's economic incentive to produce. They believe Russia would accept lower profit margins before shutting in their government's dominant source of revenue.

Some economists, including the University of Massachusetts Amherst's Isabella Weber, also argue the predicted increase in demand in response to price controls won't occur. That is because unlike some other goods and services, households need energy to subsist, and how much they consume is relatively insensitive to changes in prices, or, in economic terminology, "inelastic." This

means price caps would protect consumers without encouraging them to consume significantly more and exacerbate shortages.

The savings to consumers are indeed substantial: The London-based Institute for Fiscal Studies said a typical household in the U.K. can expect to save £1,800, equivalent to \$2,000, during the next year from the U.K. plan. Government officials hope their plan can reduce peak inflation by 4 or 5 percentage points.

Still, Peter Levell, an associate director at the IFS, said without reliable access to Russian natural gas, Europe could face an energy shortage for years. That means governments need to find a way to reduce demand over the long run, he said. Otherwise, unmitigated demand for natural gas across Europe could push gas prices even higher while requiring continuing, large-scale subsidies, he said.

"There's clearly an expectation in the government that this is going to last for a long time. So we need to start thinking about how we can design these systems better," he said.

ECONOMIC CALENDAR

Wednesday: The Labor Department releases a report on the prices that suppliers charged businesses and other customers in September. The **producer-price index** fell in August and **July** from the prior months.

The **Federal Reserve** releases **minutes** from its September monetary-policy meeting, at which officials approved the third consecutive 0.75-percentage-point increase in the benchmark federal-funds rate as it tries to bring down high inflation. The minutes could provide additional details about the discussions over the decision.

Thursday: The Labor Department releases its **consumer-price index** for September, a crucial reading of U.S. inflation trends that measure what consumers pay for goods and services. The consumer-price index rose 8.3% in August from the same month a year earlier, down from annual rates of 8.5% in July and 9.1% in June, which was the highest inflation rate in four decades.

Friday: The Commerce Department releases September **retail sales**. Retail sales, which measure spending at stores, online and in restaurants, rose 0.3% in August from the prior month.

The University of Michigan releases its preliminary reading of **consumer sentiment** for October.

The Commerce Department releases manufacturers' and trade **inventories** for August.

U.S. WATCH



STEPPING UP: With bold colors and costumes, the Hispanic Day Parade NYC 2022 made its way along Fifth Avenue on Sunday.

NEW YORK

Two Shot Outside Home of Rep. Zeldin

Two men were shot Sunday afternoon in front of the Long Island home of U.S. Rep. Lee Zeldin, the Republican candidate for governor of New York, according to police and Mr. Zeldin's campaign.

The men were taken to hospitals where they were being treated, police said. Mr. Zeldin's two daughters were home alone when they heard screaming and gunshots and called the police from the bathroom where they went to hide, Mr. Zeldin said. They were unharmed. Mr. Zeldin and his wife were leading the Bronx Columbus Day Parade at the time.

"Law enforcement is currently at our house. My entire family is at home working with the investigators and providing the security footage from our home cameras," Mr. Zeldin said. "My daughters are shaken but OK.

The shooting appears to be unrelated to the Zeldins, a person with knowledge of the investigation said. Mr. Zeldin said he doesn't know the victims.

Mr. Zeldin, who has represented the eastern two-thirds of Suffolk County since 2015, is trying to unseat Democratic Gov. Kathy Hochul.

In July, a man climbed onto a stage during a campaign rally and attempted to stab him. Mr. Zeldin grabbed the man's wrist until other people tackled him.

Polls in the past month have shown Ms. Hochul leading Mr.

Zeldin by between 2 and 17 points, according to the website Five Thirty Eight. His campaign has focused on crime and inflation.

—Douglas Belkin

NEW YORK

Sorokin Released From Detention

Anna Sorokin, who pretended to be German socialite Anna Delvey to swindle her way into a jet-setting lifestyle, has been released from a New York detention center, officials said.

Ms. Sorokin is residing in New York City while fighting a deportation order, according to her attorney John Sandweg.

Originally from Russia, she later became a German citizen. She would be deported to Germany, according to U.S. Immigration and Customs Enforcement.

A spokesman for ICE confirmed she was released from the agency's custody Friday night. Ms. Sorokin posted a \$10,000 bond Friday as a condition of her release. She is on home confinement and must wear an ankle bracelet and stay off social media, her lawyer said.

Ms. Sorokin gained national attention earlier this year when Netflix dramatized her story in the program, "Inventing Anna."

Ms. Sorokin, 31 years old, was convicted in 2019 of first-degree attempted grand larceny; second-degree grand larceny; third-degree grand larceny; and theft of services in a state criminal court in Manhattan. Prosecutors in the Manhattan district attorney's office said that Ms. Sorokin for years presented herself as Anna Delvey, a wealthy German heiress with an overseas trust fund.

Ms. Sorokin was sentenced to four to 12 years in prison for her

crimes and released on parole from a New York prison in February 2021, Mr. Sandweg said. ICE took her into custody in March of that year, and she was held in a detention center in Orange County until her release Friday.

—Ginger Adams Otis

OBITUARY

Deadline News Site Founder Finke, 68

Nikki Finke, a veteran journalist who founded the entertainment industry news site Deadline and became a brand of her own in Hollywood with a trademark mix of scoops and snark, died Sunday. She was 68 years old.

Ms. Finke died in Boca Raton, Fla., after a prolonged illness, a family friend said.

A former Associated Press foreign correspondent and Newsweek writer, Ms. Finke became a force in Hollywood when she bought a domain name for the \$14 in 2006 and launched the site initially called Deadline Hollywood Daily.

The online version of her long-running print column "Deadline Hollywood" took off, fueled by Ms. Finke's desire to break business news and her willingness to step on the egos of celebrities and studio executives to do it.

Ms. Finke scored countless exclusives, sometimes writing off a single source, which she would make clear to her readers. When her scoop was officially confirmed late by publicists, she would update the story with her signature, "TOLDJA!"

She ended up selling to Mail.com Media Corp., a company founded by media entrepreneur Jay Penske that later became Penske Media Corp.

—Ginger Adams Otis

Pace of Rate Rises Stirs Some Concern

By NICK TIMIRAO

Some economists fear the Federal Reserve—humbled after waiting too long to withdraw its support of a booming economy last year—is risking another blunder by potentially raising interest rates too much to combat high inflation.

The Fed has lifted rates by 0.75 percentage point at each of its past three meetings, bringing its benchmark federal-funds rate to a range between 3% and 3.25% last month—the fastest pace of increases since the 1980s. Officials have indicated they could make a fourth increase of 0.75 point at their Nov. 1-2 meeting and raise the rate above 4.5% early next year.

Fed Chairman Jerome Powell has said the central bank isn't trying to cause a recession, but it can't fail in its effort to bring down inflation. "I wish there was a painless way to do that. There isn't," he said last month.

Still, several analysts worry the Fed is on track to raise rates higher than required, potentially triggering a deeper-than-necessary downturn.

"They've done a tremendous amount of tightening," said Greg Mankiw, a Harvard University economist who advised President George W. Bush. "Recessions are painful for a lot of people. I think Powell's right that some pain is probably inevitable...but you don't want to cause more than is necessary."

Until June, officials hadn't lifted rates by 0.75 point, or 75 basis points, since 1994. They usually preferred making smaller quarter-point increases that gave them more time to see their economic effects.

"I would slowly ease the foot off the brake," Mr. Mankiw said. "That means probably for a given meeting, if they're debating 50 or 75, go with 50 instead of 75."

Former Fed Vice Chairman Donald Kohn agrees it is near time for Fed officials to slow their rate increases. "They need to downshift soon. They need to somehow downshift without backing off," he said.

Fed officials left rates near zero last year as they focused on spurring a strong labor market recovery. The war in Ukraine this spring sent commodity prices higher and fueled concerns that inflation might become embedded into wage and price contracts.

"Moving in these 75-basis-point steps was effective when the Fed had a long way to go. It becomes more problematic when they need to calibrate policy more carefully, and I believe we're approaching that point," said Brian Sack, who ran the New York Fed's mar-

kets desk from 2009 to 2012 and is now the director of economics at hedge-fund manager D.E. Shaw.

Some Fed critics say the current surge in inflation is the result of global disruptions rather than an overheated U.S. labor market, and they are pointing to signs that prices have begun to fall for a swath of goods and services, including commodities, freight shipping, and housing.

Housing costs have contributed notably to inflation in recent months amid large increases over the past year in residential rents. But housing demand is falling sharply as the 30-year mortgage rate nears 7%, a 16-year high—a direct result of the Fed's rate increases. Home prices started to fall this summer in more U.S. markets, and economists at Goldman Sachs expect price drops of between 5% and 10% nationally by the end of next year. Apartment rent increases



Chairman Jerome Powell says the Fed can't fail in its bid to bring down inflation.

also have begun to slow.

Asset prices have also taken a beating, which tends to reduce spending and investment. A portfolio invested 60% in stocks and 40% in bonds is down nearly 20% this year.

"The housing market doesn't look pretty, and that will eventually spread to the rest of the economy," said Mr. Mankiw. Lower asset prices will, too, at some point, he said.

Fed officials are cautious about expecting inflation to fall because it has consistently defied such forecasts over the past year. Some have pointed to risks of additional economic disruptions—for example, higher energy prices this winter if Russia suspends oil sales.

Eric Rosengren, who headed the Boston Fed from 2007 until last year, said he sees the Fed's projected policy path as broadly appropriate. "If anything, I think the risks show they're going to have to raise rates a bit more than they're suggesting," he said.

CORRECTIONS & AMPLIFICATIONS

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U.S. NEWS

Ian-Hit Residents Allowed To Return To Homes

By GINGER ADAMS OTIS

Florida officials began allowing some residents of Fort Myers Beach back over the weekend to assess their properties, more than a week after Hurricane Ian severely damaged the island town on its path of destruction through the state.

Access to beachfront properties began in a phased roll-out Saturday morning with residents who have homes on the north side of the town, according to local officials.

Florida's Medical Examiners Commission raised the state's confirmed death toll to 94 as of Friday. The majority of the victims were over age 50. Most died from drowning, the state said.

Five people were also killed in North Carolina, one in Virginia and two in Cuba.

Gov. Ron DeSantis said he is giving portable toilets, shower trailers and hand-washing stations to Fort Myers Beach to make it easier for residents trying to clean up destroyed homes.

"We're going to do that to make sure that the folks here still have access to those basic necessities," the Republican governor said at a Saturday press conference.

Residents had been kept away from the affected area while first responders searched the rubble and debris for survivors and victims.

"I want to be very clear: There is not a single structure that is unaffected in the town," Fire Chief Ron Martin said. "Every single structure is considered unsafe until they are inspected and that inspection is verified."

A publicly released plan called for residents with proof of a local address to travel to the island on buses that stop every 500 feet along roads on the north side of the island. After 1 p.m., buses would only carry passengers off the island.

The area is still without water and power, according to Mr. Martin, who urged residents to avoid contact with remaining floodwaters that could contain toxins or dan-

Residents had been kept away from the area while first responders searched.

gerous materials.

Florida's west coast—including the barrier islands of Fort Myers Beach, Sanibel and Pine Island—took the brunt of Hurricane Ian's land-fall on Sept. 28.

The storm hit those towns and others in surrounding Lee County with 150-mile-per-hour winds and a massive storm surge. It smashed homes, knocked out bridges and roads, brought down power lines and generated deadly flooding, both on the coast and inland.

Electricity has been partially restored to North Fort Myers and parts of Cape Coral, according to Lee County Electric Cooperative, which services the region. Sanibel and Pine Island are still without power, the utility said.

Fights Over Columbus Statues Persist

By KRIS MAHER

Two years after statues of Christopher Columbus were caught up in protests following the killing of George Floyd, some cities are still vexed about what to do with them, as interest groups continue to fight about whether the explorer should be celebrated or sidelined.

In Pittsburgh, a 13-foot-tall likeness of the Genoa-born explorer has been wrapped in plastic while a court battle plays out. Chicago's mayor has yet to decide what to do with two Columbus statues the city removed in 2020. Meanwhile, a statue of Columbus sculpted this past spring to replace one that protesters threw into Baltimore's harbor two years ago has yet to find a home.

On Monday's federal Columbus Day holiday, the controversy over its most visible symbol shows no sign of being resolved soon.

Many Italian-Americans regard Columbus as a heroic figure who should be celebrated for his accomplishments as an explorer. Many Native Americans and others associate him with atrocities against indigenous people and the emergence—years after his landing in what is now part of the Bahamas—of the trans-Atlantic slave trade. The opposing views are part of a larger national discussion playing out in schools, statehouses and elsewhere about whether and how certain historical events should be reinterpreted today.

Italian-American organiza-



A monument to the explorer in Pittsburgh is wrapped in plastic while a court battle plays out.

tions have filed state lawsuits in Pittsburgh, Philadelphia and Chicago, and two federal lawsuits, in New Jersey and Pennsylvania, aimed at protecting statues of Columbus or preserving his namesake holiday where there are efforts to change it to Indigenous Peoples' Day.

"We're not going to sit still and allow others to erase any meaningful part of our history," said Basil Russo, president of the Conference of Presidents of Major Italian American Organizations.

Many Columbus statues were erected after a mob lynched 11 Italian-Americans in New Orleans in 1891. Franklin D. Roosevelt declared Columbus Day a national holiday

in 1934. On Friday, President Biden issued two proclamations for Oct. 10, 2022, naming it both Columbus Day and Indigenous Peoples' Day.

So far, courts have reached differing conclusions about whether cities have the right to remove Columbus statues. Earlier this year, a New York state judge blocked the mayor of Syracuse from removing a statue, saying the city was bound to maintain it by a covenant the city entered into with private donors in 1990.

Last month, a Court of Common Pleas judge in Pittsburgh ruled the city may remove a statue erected in Schenley Park in the 1950s. The city's art commission had

recommended in 2020 that the statue be taken down, and the Italian Sons and Daughters of America sued in October of that year to block the move.

The judge in the case, John T. McVay Jr., cited a 2009 U.S. Supreme Court majority opinion written by Justice Samuel Alito which held that "privately funded monuments placed in public parks represent government speech."

Judge McVay said the opinion gave the city of Pittsburgh the right to remove the statue. Miguel Sague Jr., a board member of the Council of Three Rivers American Indian Center in Pittsburgh, said he hopes the city will now take down the statue.

"This goes way beyond public speech," he said. "From the time that Columbus met the Taino, my ancestors, his mind was thinking, 'How can I exploit these people mercilessly?'"

A spokeswoman for Pittsburgh Mayor Ed Gainey declined to comment on the ruling and said the city is "looking at next steps on the statue."

George Bochetto, an attorney for the Italian Sons and Daughters of America, said he believes the mayor's office doesn't have the authority to overturn a legislative ordinance that sanctioned the statue, and he has filed an appeal.

"Those of us who are fighting to preserve and save the Columbus statues are not saying that other ethnic groups are not entitled to their monuments or holidays," he said.

In Chicago, Mayor Lori Lightfoot formed a committee two years ago to study the city's monuments. In August, it said the image of Columbus "has become a bitter reminder of centuries of exploitation, conquest and genocide" and that the two statues of him the city removed in 2020 should not be returned.

Ms. Lightfoot said in August that she looks forward to more dialogue on the issue.

In Baltimore, John A. Pica Jr., a former state senator and head of Italian American Organizations United Inc., is trying to find someone to host a marble Columbus statue commissioned after people protesting Mr. Floyd's killing pulled down another Columbus statue on July 4, 2020.

More Businesses Try 'Second-Chance' Hiring

By ALLISON PRANG

A labor shortage has pushed more employers to recruit employees who have served prison time.

In recent years, small businesses and big U.S. companies including banks and pharmacy chains say they have recognized that so-called second-chance hiring offers a chance to ease societal inequities. It also helps them find more workers in a tight job market.

Union Pacific Corp. in the spring started hiring people who had been incarcerated, said Beth Whited, the railroad company's executive vice president for sustainability and strategy.

Ms. Whited said the company has been recruiting for maintenance, train and electrical workers. About 120 people have either been hired or are in the application process in several U.S. cities.

"We're really trying to think about the whole person," Ms. Whited said. "What really happened, what have they done to rehabilitate and learn new skills, what's their motivation for coming to work so that we're really thoughtfully considering people."

Finding steady, formal employment has long been a challenge for people who have been convicted of crimes. Job applications often ask about felony convictions, even though there have been efforts across the country to ban such a question. After that, a background check may flag a job seeker's criminal history, potentially invalidating the application.

These roadblocks contribute to higher unemployment rates for formerly incarcerated people. Their unemployment rate was estimated at over 27%, according to a 2018 report from the Prison Policy Initiative.

Some organizations that advocate for employment for people with criminal records say the current labor shortage has led to more interest from potential employers.

In a survey of almost 900



Pamphlets and books fill a table at the Lafayette, Calif., office of Jails to Jobs, which was founded by Mark Drevno, below.

human-resources professionals by the Society for Human Resource Management Foundation that concluded in January, 46% said they recruited people with criminal records more often than they did a year ago.

"There's so many employers that are desperate to hire workers," said Mark Drevno, the founder and executive director at Jails to Jobs Inc., a Lafayette, Calif.-based organization that helps people with criminal records find jobs. "It makes economic sense and so that's why it's on their radar, I think."

About 600,000 people are released from federal and state prisons annually, according to the Justice Department. Just having an arrest record can hurt people's employment prospects, even if charges were dropped.

Some of the largest U.S. companies are behind the push. The Second Chance



Business Coalition—a group of companies that work to share best practices on hiring people with a criminal background—was formed in 2021 with 29 companies and now has more than 40. Among those are JP Morgan Chase & Co., American Airlines Group Inc., AT&T

Inc. and CVS Health Corp.

Having big companies involved lends credibility to second-chance hiring, said Tim Owens, co-founder and president of the Bloomington, Minn.-based Redemption Project, a group that pairs inmates with mentors and jobs.

Employer interest in the Redemption Project has also grown, he said. "I think a lot of employers are looking at this as an untapped talent pool, and given the shortages everywhere they're open to looking at maybe different groups they hadn't looked at before," Mr. Owens said.

About one-tenth of JPMorgan Chase's new hires last year, roughly 4,300 people, had criminal records, according to Nan Gibson, executive director for JPMorgan Chase's PolicyCenter. Many of them are placed into teller positions and

other jobs at bank branches, said Michelle Kuranty, the company's global head of talent acquisition sourcing.

Some companies consider hiring people with criminal records part of their diversity and inclusion efforts.

Black people are disproportionately likely to be imprisoned. In state prisons, where most convicted prisoners are incarcerated in the U.S., Black people are imprisoned at almost five times the rate of white people, according to the Sentencing Project, a criminal-justice policy research and advocacy group.

"Demographically there's a large minority population that has [been] or is incarcerated and so it was an opportunity for us to lean in and do an even better job," said Ernie DuPont, CVS's executive director of workforce initiatives.

Las Vegas Stabbing Suspect Will Be Evaluated for Mental Health

By ZUSHA ELINSON

An attorney working with the man accused of committing the stabbing attack on the Las Vegas Strip said he would seek to evaluate the suspect's mental health to determine whether he is competent to stand trial.

Yoni Barrios, 32 years old, will be charged with two counts of murder and six counts of attempted murder, prosecutors said. He is a Guatemalan citizen who investiga-

tors believe was in the U.S. illegally, according to a law-enforcement official.

Scott Coffee, a public defender who expects to be appointed to represent Mr. Barrios, said: "The first thing we have to determine is whether he is competent to move forward."

The victims in Thursday's attack included showgirls who posed for photos with tourists, as well as others who were nearby.

Anna Westby said she was

trying to save the life of a fellow showgirl when the attacker plunged his knife into her own back.

Ms. Westby said she screamed for help, asking for someone to put pressure on her wound as she tried to stanch the bleeding from Maris DiGiovanni's chest.

"I start losing consciousness because I'm losing so much blood and so I lay my head on Maris's chest and I noticed that she stopped breathing," Ms. Westby said.

She gave a firsthand account of the attack that left six people wounded and two dead, including Ms. DiGiovanni, from her hospital bed in a video provided by her employer, Best Showgirls in Vegas.

The Clark County medical examiner's office said the second person killed was 47-year-old Brent Hallett of Las Vegas.

The rampage has shaken Las Vegas, particularly those who work along the Strip. Cheryl Lowthorp, owner of

Best Showgirls in Vegas, said she has pulled her 50 or so showgirls off the Strip for now.

"We are in recovery mode," said Ms. Lowthorp. "Nobody is exempt from the madness."

Ms. DiGiovanni, who died of a chest wound, was a 30-year-old former schoolteacher and world traveler who was "beautiful, eloquent and amazing," said Ms. Lowthorp.

The attack began after Mr. Barrios asked to take a photo with a group of four show-

girls, according to Ms. Westby and law-enforcement officials. He asked if he could have his company logo in the photo and then pulled out a knife, Ms. Westby said.

"Before we could even give an answer...he stabbed Maris in the heart," said Ms. Westby.

The women fled but the man chased after them. He stabbed another woman in the back and attacked Ms. Westby, puncturing her lung. He then ran off, continuing to stab others before he was arrested.

U.S. NEWS

New Economic Clouds Form For Democrats

By Ken Thomas
and Amara Omeokwe

WASHINGTON—Recent economic developments threaten President Biden's efforts to shore up the economy and reduce inflation, introducing fresh vulnerabilities to Democrats' midterm campaign.

Democrats aiming to keep their narrow control of the House and Senate have benefited in recent months from voter enthusiasm over abortion access, an issue seen as favoring their candidates after the Supreme Court struck down the right to the procedure. But oil production cuts by the Organization of the Petroleum Exporting Countries, rising prices at the pump and the Federal Reserve's efforts to tame inflation with successive rate increases stand to roil the economy and potentially bolster Republicans' prospects.

Most Americans continue to have a pessimistic view of the economy, recent polling shows, and Mr. Biden's performance on economic issues has consistently received negative ratings. An NBC News poll last month found registered voters evenly split on which party they preferred in Congress, but backing Republicans by 19

percentage points on dealing with the economy.

Economic signals in the coming weeks will be scrutinized. A string of healthy economic news could help tip the House and Senate results in Democrats' favor, while signs of resurgent inflation or economic contraction could diminish their chances of keeping control of both chambers.

The latest reading came Friday, with the monthly employment report showing the economy created 263,000 jobs in September and the jobless rate fell to 3.5%, data the White House called a sign the job market was cooling somewhat but remained healthy.

"We needed to bring inflation down without giving up all historic economic progress that working-class and middle-class people have made. That's exactly what we're seeing," Mr. Biden said in Hagerstown, Md.

In the speech, he highlighted the infrastructure and semiconductor spending packages he signed into law, while cautioning that Republicans would try to roll back recently passed Democratic policies if they win control of Congress, such as Medicare's ability to negotiate some drug prices and a corporate minimum tax.



President Biden, shown Friday in Hagerstown, Md., highlighted his infrastructure and semiconductor spending laws.

The jobs report capped a recent stretch of volatility in financial markets, with lingering concerns about a possible recession and worrisome indicators in the economy, which has been marked by still-high inflation, a contraction in economic output and mortgage rates that have reached multiyear highs.

Republicans have accused Mr. Biden of pursuing policies—including a \$1.9 trillion Covid-19 relief package last year and a sharp slowdown in oil-and-gas leases on federal land—that have driven up inflation, led to stagnant growth and undermined domestic energy production. GOP lawmakers say Mr. Bi-

den is in denial about the pressures higher gasoline and grocery prices put on households.

"It is hard to square President Biden's boasts about the economy with the real economic Americans are facing," said Rep. Kevin Brady (R., Texas), warning of the dangers of slow growth mixed with inflation.

Paul Begala, a Democratic strategist, said Mr. Biden deserved credit for communicating a message of economic progress while also acknowledging the difficult financial circumstances faced by many voters. But he said the current conditions present chal-

lenges for any incumbent.

"We're getting whipsawed through a really tough economy. No one is handing out gold stars right now. Voters very, very rarely cast a vote to say, 'Thank you.' They may cast a vote to say, 'Screw you,'" Mr. Begala said.

The Fed has raised interest rates at five consecutive meetings, driving up borrowing costs across the economy and raising the prospects for a recession in the coming months, economists say. The September jobs data pointed toward a labor market that is cooling but still on a solid footing, setting up the Fed to approve another large inter-

est-rate increase next month and driving declines on Wall Street, where stock and bond prices have slumped this year.

The most recent data have shown inflation has eased some but remains near its highest level in 40 years.

Average gasoline prices, which eclipsed \$5 a gallon in mid-June, steadily declined during the summer months. But the average price at the pump crept up recently to \$3.90 a gallon, from \$3.75 a month ago, according to AAA/OPI. Prices could get a further boost from the decision by OPEC and its Russian allies to cut crude output by 2 million barrels a day.

GOP Gains in Congress Would Challenge IRS Funding

By Richard Rubin

WASHINGTON—Republican control of either the House or Senate could jeopardize the Biden administration's plans to expand the Internal Revenue Service, with GOP lawmakers positioned to withhold funding should they gain power.

Republicans unanimously opposed the IRS spending that Congress just passed, and their stance effectively puts the future of tax enforcement on the midterm election ballot. Winning would give them ample opportunities to use government-funding bills to reverse or weaken tax enforcement.

On the stump, in campaign ads and in their policy outline, Republican candidates have railed against the \$80 billion IRS expansion. Rep. Kevin McCarthy (R., Calif.), the House minority leader, said a new Republican majority's first bill in January would aim to repeal it. President Biden could veto that measure. Democrats united around the \$80 billion so the IRS could hire tens of thousands of workers, audit



Rep. Kevin McCarthy (R., Calif.), at lectern, has taken aim at Democrats' \$80 billion IRS expansion.

more high-income Americans, improve taxpayer service and implement better technology.

The real challenge to Democrats' IRS plans goes beyond Mr. McCarthy's first-day agenda. It is embedded in the agency's continuing need for lawmakers to approve annual

spending that rises steadily to cover workers' cost-of-living pay increases and other expenses. Between now and the end of 2031, when the \$80 billion expires, those annual budgets are projected to total \$138 billion.

If Congress approves all

that, the \$80 billion pays for a significant expansion of tax enforcement and customer service. If Congress cuts or flatlines the annual budget, the IRS could be forced to deploy some newly approved funds to maintain current operations, limiting the agency's ability to

collect unpaid taxes. The expanded IRS funding would generate \$180 billion in revenue, according to the Congressional Budget Office.

Lawmakers on both sides are preparing for more arguments about IRS funding, and as they campaign to win back control of Congress, Republicans are reprising concerns about the agency's record and intentions.

"In the real world, when someone does a bad job, they get their funding cut and/or they get fired," said Sen. John Kennedy (R., La.), an Appropriations Committee member who criticized the IRS for failed information-technology projects.

Annual budgets typically become law inside larger legislation where Republicans and Democrats posture, then compromise to prevent government shutdowns. In those multifaceted negotiations, presidents have limited ability to threaten vetoes over particular priorities. Indeed, the flat IRS funding that led to audit-rate declines and worse tax-

payer service largely occurred during the Obama administration when the House was under Republican control.

"You're doing the year-end, all-of-government bill. Then how big a fit are you going to pitch over a couple hundred million dollars?" said Mark Mazur, who was a senior Treasury Department official in the Obama and Biden administrations.

Republicans haven't said what they plan to do about annual IRS budgets if they win the House, Senate or both. But their stances give some strong indications. GOP lawmakers give priority to taxpayer service and technology upgrades over enforcement, and they have issued sometimes hyperbolic warnings about armed IRS agents. A 2021 Treasury document says the IRS could hire 87,000 employees with the \$80 billion; not all would be auditors and only a small minority of IRS workers are armed criminal investigators.

Of the \$80 billion, more than \$45 billion is for enforcement.

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Trial on Russia Probe's Origin Set to Begin

By Aruna Viswanatha
and Sadie Gurman

WASHINGTON—Special counsel John Durham is set to take his second case to trial, as he winds down his three-year inquiry into the origins of the Federal Bureau of Investigation's 2016 probe into alleged ties between Russia and the presidential campaign of then-candidate Donald Trump.

The trial is seen as a major test of Mr. Durham's work given his first prosecution ended in an acquittal. Washington, D.C.-based analyst Igor Danchenko, who served as a central source for a dossier of opposition research material about former President Trump in 2016 and his alleged ties to Russia, is scheduled to face trial beginning Tuesday on five counts of making false statements to the FBI about where he got some of his information.

The judge overseeing the trial in Alexandria, Va., U.S. District Judge Anthony Trenga, has expressed some doubts about the case, saying Mr. Danchenko had a persuasive defense. Last week he limited the evidence prosecutors can use, agreeing with Mr. Danchenko's lawyers that some of the evidence the government hoped to introduce wasn't directly related to the charges it filed and could confuse jurors.

Mr. Durham is completing a several-hundred-page report he will submit to Attorney General Merrick Garland at the end of

his tenure, according to people familiar with the matter. His office has relayed to a defense attorney they don't expect to bring charges against another person who was a focus of the investigation. One of the lead members of Mr. Durham's team, Andrew DeFilippis, withdrew from the case against Mr. Danchenko in August and is joining a private law firm. Mr. Durham has indicated he will try parts of the case against Mr. Danchenko himself, as he has already made some court appearances.

Through the prosecution of Mr. Danchenko and a previous trial of a lawyer for the 2016 Clinton campaign, Mr. Durham's office has sought to portray allies of former Democratic presidential nominee Hillary Clinton as providing the FBI with inaccurate and misleading information about Mr. Trump and Russia in an effort to damage her then-rival's campaign.

Republicans have said Mr. Durham's allegations expose actions they view as having improperly undermined Mr. Trump's early days as president. Mr. Trump and his supporters have long advocated that Mr. Durham charge a host of officials involved in the FBI's Russia probe, which the former president frequently called a witch hunt, but the inquiry has fallen short of the outcome they were seeking.

The former Clinton lawyer, Michael Sussmann, was acquitted in May of a charge of lying



Special counsel John Durham

to the FBI.

Democrats and some former prosecutors have described the cases as based on thin evidence given the context in which the Clinton allies shared the information they believed to be credible and at a time when Russian hackers were stealing Democrats' emails and making them public.

U.S. intelligence later described the leaked emails as an effort by the Kremlin to help Mr. Trump. Russia has denied it meddled in the campaign. The Trump campaign denied any coordination with Moscow.

In the case against Mr. Danchenko, prosecutors allege he misled the FBI about his sources for the dossier, which claimed close ties between the Trump campaign and Russia and was ultimately compiled by a former British intelligence of-

ficer, Christopher Steele. The memos, which were later mostly discredited, gained enough credibility initially within the FBI that agents used the information to seek surveillance of a former Trump campaign adviser.

In particular, prosecutors allege Mr. Danchenko had obtained some of his information from Democratic public relations consultant Chuck Dolan, who had also worked for Russian clients, even though he told the FBI he hadn't used Mr. Dolan as a source. They also said he misled the FBI by saying he believed some information had come from the head of a Russian-American business group, Sergei Millian, even though he hadn't had any contact with Mr. Millian. Mr. Millian, who has denied speaking with Mr. Danchenko, couldn't be reached for comment.

In a September motion, Mr. Danchenko's lawyers described the prosecution as a case of "extraordinary government overreach," saying their client provided hours of truthful interviews to the FBI and the statements at issue were ambiguous and equivocal. Mr. Danchenko had acknowledged to the FBI he spoke to Mr. Dolan about issues "related" to the dossier's contents, and Mr. Danchenko only claimed to the FBI that he received an anonymous call that he believed may have been Mr. Millian, according to the facts prosecutors laid out in the indictment.

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U.S. NEWS

Troops Aim to Live Off Land in Next Conflict

By Ben Kesling

CRIPPLE CREEK, Colo.—On the first day of training in the mountain forest on a recent fall day, Army Spc. Jennifer Evans struggled to properly sharpen a butcher's knife. Two days later, she was expertly slicing roasts and steaks off a cow carcass and had learned to boil down the bones to make broth.

Spc. Evans was with a handful of military cooks being trained to butcher and prepare meat in austere conditions, skills that have the potential to make the U.S. military more nimble and combat-effective in the event of major conflict. The training, which began a few years ago as a pilot program for Green Beret cooks, recently expanded to include conventional units.

During two decades of conflict in Iraq and Afghanistan, the U.S. military has largely come to rely on bulky truck convoys or air resupply to provide soldiers not only bullets and fuel, but also every morsel of food, even at remote combat outposts.

Military leaders say such lengthy supply chains may not be workable in a potential future large-scale conflict and are preparing troops to be more able to live off the land. They are rolling out lessons on how to source all sorts of food, including meat, through local means.

The shift to foraging, the military term for sustaining a unit using local agricultural products and supplies, means military cooks like Spc. Evans need to know more than how to reheat prepackaged food. They need to know how to find and prepare meals for soldiers in remote locations who need protein-rich nutrition. And in a remote Colorado camp near Pikes Peak, she moved on from boiling beef

bones to learning how to slice a fresh pork chop from a pig butchered the day before.

Cooks can be considered afterthoughts in the military, she said. "But it's not just opening a bag of rice and boiling water."

The first field-butcher training class came about in 2014 because the Green Berets were repeatedly getting bouts of diarrhea, according to Master Sgt. Myron Billingsley, a senior culinary specialist assigned to the Green Berets.

Special Forces often work in small teams in remote locations, where getting resupplied can be difficult. And the American gut sometimes isn't prepared for local hygiene practices. Leaders realized they could bypass resupply head-

Military leaders say lengthy supply chains may not be workable anymore.

aches—and troops lost to dysentery—by teaching their cooks how to identify and purchase healthy livestock from local farmers, and then ethically slaughter and expertly butcher them. When those meats were combined with locally sourced items like rice and beans, Green Beret teams could be fed on the local economy.

So Master Sgt. Billingsley decided to resurrect specialized training for their cooks, a skill that hadn't been taught for at least a generation. At the time, he was stationed at nearby Fort Carson, Colo., when he sat down at a local restaurant with a local civilian butcher, Jason Nauert, and devised a weeklong crash course for cooks attached to Special

Forces units to teach them butchering skills.

"That's a lost art," said Master Sgt. Billingsley. "If I'm in the middle of nowhere and someone brings me an animal, I can break it down."

Since then, hundreds of troops have come through the course, including teams from the Air Force and Marine Corps.

On a recent day in the mountains of Colorado, Spc. Evans and the other Army cooks gathered around Mr. Nauert. "Are you going to teach us how to use every part of the animal?" asked Sgt. Brenden Leal, a cook with the Fourth Infantry Division, a conventional Army unit that has recently begun training its cooks.

"Uh, yes," Mr. Nauert replied to the group, most of whom said they had never learned how to cut a steak off a carcass.

Master Sgt. Billingsley said it wasn't uncommon for Green Berets to leave cooks behind when they deployed, lacking respect for what a skilled chef can do. But in the years since he helped launch the field-butcher training course, units often now ask for cooks who can leverage local sources of food and prepare healthy, protein-rich meals for the elite troops.

Some Marines have also taken Mr. Nauert's course. Lt. Col. Julian Tsukano, who until recently was in charge of the school that trained Marine cooks, said reliance on contractor-run chow halls—which were the norm in Iraq and Afghanistan—could leave a huge gap in readiness if there is another global conflict.

"We used to have butchers and bakers in the Marine Corps but they've gone away as we've gone to an industrial model of logistics," he said.

It is a model where just



U.S. troops learn skills such as skinning a goat, top, and butchering a section of cow, above, at the Austere Butchering course in the wilderness near Cripple Creek, Colo.

about every bite for troops in Iraq or Afghanistan was trucked or flown into big bases. "We could build bases where we owned lines of communications and our supremacy was unquestioned," he said.

But even in those countries, deployed troops darkly joked about the absurdity of driving convoys of supply trucks on bomb-laced roads so chow halls could have crab legs and ice cream.

In other conflicts, like a potential war in the Pacific, Marines might be spread over

thousands of miles and just as many islands and can't depend on regular convoys to deliver ice cream, or even Meal, Ready-to-Eat rations, known as MREs, Lt. Col. Tsukano said.

Bret Devereaux, a research affiliate at the University of North Carolina who studies ancient militaries, said the current war in Ukraine gives important lessons about taking supplies from local populations, referencing stories of Russian troops' looting and mistreating people in occupied areas.

"The Russian method of 'foraging' is what foraging usually looks like," he said. "For a lot of armies, that's not a big deal, but for the U.S. Marines, you don't want them stealing washing machines."

Marines teach ethical foraging, in part, because it is the right thing to do and, in part, because a cooperative local populace can be a help on the battlefield.

"If you mistreat the locals, then God help you," said Dr. Devereaux. "They're going to tell the enemy where you are."

Biotech Lobby CEO on Leave Amid Clash With Board Members

By Jared S. Hopkins and Ted Mann

The chief executive of the biotechnology industry's top lobbying group in Washington is on leave amid dissent within the organization about its direction and concern about its results, according to people familiar with the group.

"The BIO CEO is currently on leave," a spokesman for the Biotechnology Innovation Organization said in response to inquiries from The Wall Street Journal. He declined to comment further.

The CEO, Michelle McMurry-Heath

Heath, didn't respond to requests for comment. It couldn't be determined how long she has been on leave. As recently as Thursday, she was tweeting on behalf of the organization.

People familiar with the matter said a special meeting of the group's board was planned for this week.

Dr. McMurry-Heath has led the organization since mid-2020. She and some board members clashed on multiple fronts, people familiar with the matter said.

Some members have wanted BIO to engage more on general social issues not directly con-



Michelle McMurry-Heath

nected to healthcare policy, while she felt the organization's advocacy should stay focused on biotech, some people said.

Some board members expressed concerns about her performance and management style, people familiar with the matter said.

BIO has conducted a review of her job performance, some people familiar with the matter said. Some of those people questioned whether the review was fair.

The organization had opposed the recently passed Inflation Reduction Act, which triggered drug-pricing rules that are expected to be the most significant changes in nearly two decades to how the government pays for prescription drugs, in-

cluding caps on patient spending and drugmakers' price increases. The organization said the legislation would "erect barriers to developing much-needed new therapeutics and combating future pandemics," according to a September news release.

BIO is a prominent voice on behalf of drugmakers in the nation's capital, including many biotechnology companies; it lobbies policy makers on government issues such as taxes and regulations. The Pharmaceutical Research and Manufacturers of America, or PhRMA, is the other top industry group

and represents large companies. BIO's board is vast, with more than 100 directors, tax filings show. A smaller executive committee of the board with about 20 members, including representatives of major drugmakers and smaller biotechnology companies, helps lead the organization.

The group includes around 1,000 member companies and had a roster of more than 90 lobbyists in 2021, according to federal filings compiled by the Center for Responsive Politics, a nonprofit that compiles and publishes federal lobbying and campaign-finance filings.

FROM PAGE ONE

Earnings Season Set To Begin

Continued from Page One
earnings for S&P 500 companies, according to FactSet. The small share of S&P 500 companies that have already unveiled their results have reported earnings that in aggregate are only 0.4% higher than a year earlier. Four of every five of those companies have seen their shares fall in the days surrounding their reports, the data provider shows.

"The picture that they're painting, I would say it's not a very good one," said Nadia Lovell, senior U.S. equity strategist at UBS Global Wealth Management.

Over the past month, stocks including FedEx Corp., CarMax Inc., Nike Inc. and Carnival Corp. have slumped by double-digit percentages in single sessions after disappointing the market with their results or commentary.

Investors plan this week to examine results from big banks including JPMorgan Chase & Co., Citigroup Inc. and Wells Fargo & Co., as well as PepsiCo Inc., Delta Air Lines Inc. and Walgreens Boots Alliance Inc.

They also plan on Thursday to scrutinize data on consumer-price inflation, which has the

potential to jolt the market for better or worse as investors try to anticipate the Fed's next moves. Traders are betting that the central bank raises rates by another supsize 0.75 percentage point at its November meeting, according to CME Group's FedWatch Tool.

"Earnings are important," said Alex Chaloff, co-head of investment strategies at Bernstein Private Wealth Management. "But as far as earnings being the beacon for the future of the market? No, it's less important this quarter. Inflation is

the number one, two and three most important data point."

Still, the roster of companies slated to open their books in the coming weeks will give investors a sense of how the Fed's actions are filtering through the economy. Higher rates cool demand by raising borrowing costs for businesses and households, but it takes time for those effects to be seen. Companies also are trying to manage higher costs without alienating consumers weary of price increases.

Wall Street analysts in re-

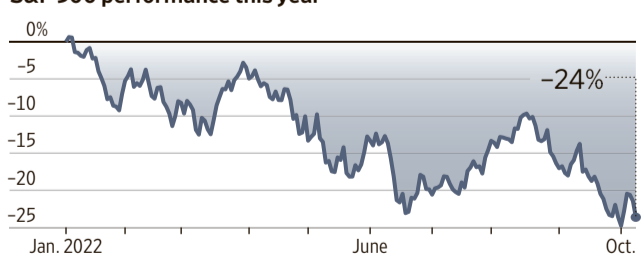
cent months have moderated their bullish outlook for corporate profits. Over the third quarter, they trimmed forecasts for S&P 500 third-quarter earnings by 6.8%, the largest cut to estimates during a reporting period since the second quarter of 2020, according to FactSet. Analysts also dialed back their projections for the fourth quarter and 2023.

Some investors think earnings expectations are still too rosy, with S&P 500 profits forecast to grow 7.8% next year even as worries mount that the U.S. could be facing a recession.

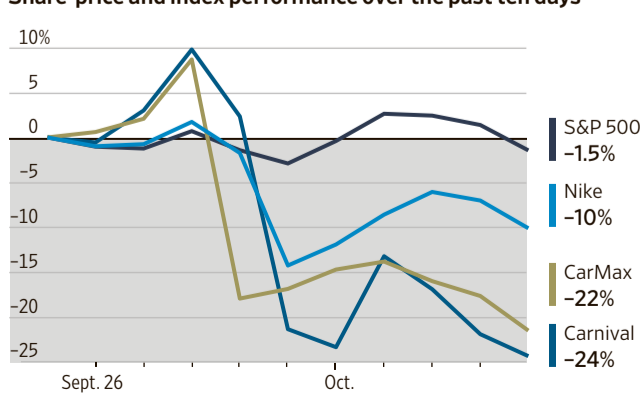
That suggests stocks could be more expensive than a frequently cited valuation metric makes them out to be. The S&P 500 traded last week at 15.9 times its projected earnings over the next 12 months, in line with the 20-year average of 15.7, according to FactSet. But if earnings estimates are optimistic, that implies shares aren't as cheap as they might appear. The market has been so focused on clues about the path of interest rates that even investors who believe companies are doing a good job managing inflation don't necessarily expect earnings season to spark the next leg higher for stocks.

"There are so many naysayers out there," said Diane Jaffee, a senior portfolio manager on TCW Group's relative value team. "I don't know if they'll give the companies credit yet for really being able to manage their business as well as I think they have been."

S&P 500 performance this year



Share-price and index performance over the past ten days



Source: FactSet

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WORLD NEWS

Russia Scrambles to Restore Supply Lines

Strikes on Zaporizhzhia kill at least 17 after explosion damages bridge to Crimea

Russian rockets slammed into the southeastern Ukrainian city of Zaporizhzhia overnight as Moscow raced to restore transportation links to Crimea after a major explosion damaged the bridge connecting the peninsula to Russia.

By Ian Lovett in Kyiv, Ukraine, and Ann M. Simmons in Moscow

The damage to the 12-mile bridge, critical for moving arms, ammunition and other military supplies, has the potential to hurt Moscow's war effort in southern Ukraine, where Russian forces are struggling to hold off a Ukrainian offensive.

Russian President Vladimir Putin, in his first public comments on the incident, blamed Ukraine and called it a "terrorist attack" aimed at civilian infrastructure.

"Its plotters, perpetrators, and masterminds are the Ukrainian security services," Mr. Putin said Sunday in a televised recording of a meeting with his top federal investigative official.

Kyiv didn't claim responsibility for Saturday's attack,



A firefighter watched Sunday as part of a wall fell from a residential building damaged by Russian strikes in Zaporizhzhia, Ukraine.

though senior Ukrainian officials celebrated it on social media.

Mykhailo Podolyak, a Ukrainian presidential adviser, responded to Mr. Putin's accusation on Twitter, calling it cynical and pointing to Russia's attack on residential areas of Zaporizhzhia. "There is only one terrorist state here and the whole world knows who it is," he said in the tweet.

Targeting the bridge would follow a game plan that Ukraine's military has used effectively in recent months: disrupting Russian forces' rear supply lines to deplete their strength and demoralize them before pushing ahead with an assault.

As fighting rages on the southern front—where Ukraine is attempting to dislodge Russians from territory they

seized in the opening weeks of the war—Ukrainian forces have hit a series of Russian logistics centers and ammunition depots in the area.

On Saturday, Ukraine also used HIMARS rockets to destroy a railway hub used by the Russian military in the southern part of the Donetsk region, which could have served as another resupply route to the occupied south.

Using long-range HIMARS rocket systems supplied by the U.S., Ukraine has already disabled most of the Kherson region's bridges across the Dniro River, which separates the Russian-occupied Kherson city and its surroundings from other Russian-held territory.

"If they're not able to repair the bridge and use it to the extent that they need to—and if they cut the land

bridge—you can see this will be a very challenging situation to resupply," said Ben Hodges, a retired U.S. lieutenant general who commanded the U.S. Army in Europe, of the situation in Crimea. "Not only Russian forces there but also the people that live there."

The Russian military relies heavily on rail transport for its logistics, and the critical, direct rail line passes over the damaged bridge. "That railroad is essential for bringing in more heavy equipment or for getting it out," said Mr. Hodges.

On Sunday, Russia's Ministry of Transport said long-distance passenger and freight trains were again departing Crimea and crossing the bridge into Russia. Russian authorities didn't say whether trains would begin moving from Russia into Crimea. Cars were also being permitted to cross the bridge, but it remained closed to trucks.

The Russian strikes on Zaporizhzhia killed at least 17 people and injured 40 others, according to Anatoly Kurtev, president of the city council. Dozens of apartment buildings were damaged or destroyed, and the death toll was expected to rise, authorities said.

Zaporizhzhia, which is about 30 miles from the front lines, has become a constant target of Russian shelling in recent days.

Attack Damages Crucial Link for Military, Economy

By ANN M. SIMMONS

MOSCOW—Russia's Kerch Strait Bridge has been the economic and military lifeblood of its occupying force on the Crimean Peninsula since its opening in 2018, and more recently a vital conduit for its troops in southeast Ukraine.

Before an explosion damaged a section of the 12-mile structure on Saturday, roughly 40,000 cars daily traveled the

four lanes, two in each direction, while the two railway tracks allowed around 50 trains to travel round-trip between Crimea and mainland Russia daily, according to official information published about the bridge.

Russia's Defense Ministry said it was confident troops could be fully supplied by existing land and sea routes.

Who detonated the explosion remains unclear. Ukrainian

President Volodymyr Zelensky has vowed to retake Crimea, which Russia seized from Ukraine in 2014, but Ukrainian officials haven't taken responsibility for the attack.

The weekend explosion struck a symbolic, physical and logistical blow to Russia, exposing a weakness in its readiness to protect important infrastructure, threatening to stifle commercial traffic to Crimea, and hindering Mos-

cow's already faltering military campaign in Ukraine, some Russian analysts said.

Russia's military relies primarily on the bridge to ferry heavy weapons, ammunition, fuel and troops from mainland Russia to Ukraine's southern Kherson and Zaporizhzhia regions that President Vladimir Putin last week signed laws to formally absorb.

The overland rail connection to Kherson, Zaporizhzhia

and Crimea currently isn't operational, as the main rail line runs through areas controlled by Kyiv, and secondary lines have been dismantled by Kyiv. Moscow has few other viable options for supplying the tens of thousands of troops it has deployed in southern Ukraine.

The bridge, which Russia built in defiance of international law, also provides a commercial lifeline to the peninsula.

When the bridge was built at a reported cost of \$3.6 billion, it was hailed as a powerful impetus for the development of the entire transport infrastructure of the peninsula that would help bolster the economy of the region, while choking the economic development of Ukraine.

President Vladimir Putin opened the bridge four years ago. "This is truly a historic day," he said at the time.

Howitzer Draws New Customers

Continued from Page One

The performance of the M777 in particular has been enhanced by the increasing use of precision GPS-guided shells, rather than traditional unguided shells. The M777 is also one of the most plentiful pieces in Ukraine's Western-supplied artillery, which includes at least 170 of the guns received from the U.S., Australia and Canada.

Easy for troops to operate and less expensive than many other similar types of Western artillery, the M777's reliability and versatility have drawn attention among military specialists and analysts.

"The demonstration of the effectiveness and utility of a wide variety of artillery systems is what is coming out of the Ukraine conflict," said Mark Signorelli, a vice president of business development at BAE, one of the world's largest defense companies.

BAE said that if inquiries from prospective M777 buyers, which include countries in Central Europe, turned into actual orders, it could lead to up to 500 new howitzers.

"Inquiries don't always turn into contracts," said Mr. Signorelli. To restart the M777 production line profitably, the company needs at least 150 unit orders, he said.

The U.S. Army isn't expected to add to its stockpile of M777s. The Army and Marines have purchased more than 1,000 of the guns, which entered service in 2005.

The M777 was primarily manufactured in the U.K. but often assembled in the U.S., and the program is currently in the final stages of producing its last orders, for India.

Phillips O'Brien, professor of strategic studies at the University of St. Andrews in Scotland, said that HIMARS and other Western rocket-launch systems have probably been more important in destroying Russian logistics and control centers.

"But when it comes to engaging Russian military forces

M777 Howitzer

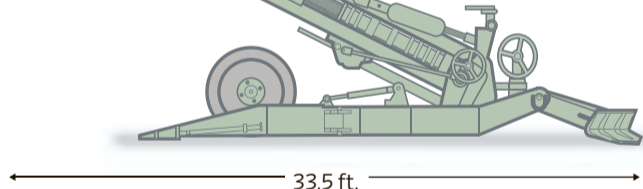
Max firing range: 14 to 24.2 miles
Max rate of fire: 4 rpm
Weight: 4.2 tons

In service: 2005
Origin: U.K./U.S.

Crew number:



155mm
39-caliber barrel



Source: Military-Today
Jemal R. Brinson/THE WALL STREET JOURNAL

directly in the field, the M777s, one assumes, are carrying a larger burden," he said.

The M777 has positives and negatives when compared with rival guns. Unlike the German Panzerhaubitze 2000 and French Caesar howitzer, which are also being used in Ukraine, the M777 has to be towed. It also has a lower fire rate than those other European weapons, according to an officer in Ukraine's military intelligence.

However, the M777 has found favor with Ukrainian forces for its greater accuracy and ease of use, he said.

BAE said if inquiries turned into orders, it could lead to up to 500 new howitzers.

The M777 fires standard Western ammunition, meaning Ukraine is less reliant on dwindling supplies of Russian-made shells, said Mark Cancian, a senior adviser with the CSIS International Security Program and a former artillery officer in the U.S. Marine Corps. The M777 can also fire a wider variety of projectiles, including guided shells, than the Soviet artillery that had been in Ukraine's armory, he said.

The U.S., the U.K. and Sweden have given the howitzer new capabilities by creating GPS-guided shells that are far more precise than earlier-gen-

eration unguided projectiles.

The 155mm Excalibur shells, developed by Raytheon Technologies Corp. and BAE, can strike within less than 10 feet of a target, even at their maximum range of around 30 miles, according to Pentagon and company documentation. Targeting of traditional artillery shells grows increasingly imprecise with firing distance because of wind and other factors. Even modern unguided Western-made artillery shells can land as much as 500 feet from a target located 15 miles away.

That kind of precision, previously achievable only with laser-guided projectiles or expensive air-to-ground explosives, is changing combat. U.S. HIMARS rocket launchers and larger M270 Multiple Launch Rocket Systems use similar GPS-guided missiles that have wrought crippling damage on Russian forces.

While the rockets used in U.S. guided missile systems cost \$150,000 each, the sort of standard shell used in an M777 is \$800, Mr. Cancian said, citing Defense Department budget documents. A guided Excalibur shell is around \$68,000, he said.

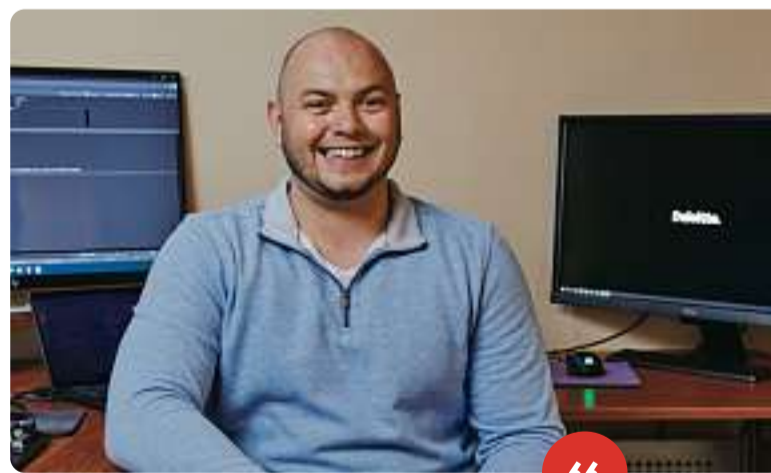
But as the U.S. and its allies supply Ukraine, they are depleting their own inventories. The war has, for instance, run down U.S. stocks of ammunition used in howitzers, and the Pentagon has been slow to replenish its arsenal.

—Gordon Lubold contributed to this article.

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WORLD NEWS

Massacre Shatters Thai Community

Families hold ceremony at day-care center where children were among the 36 killed

By Jason Douglas
and Wilawan Watcharasakwet

UTHAI SAWAN, Thailand—During a Buddhist ceremony, family members of 23 slain children knelt outside the child-care center where they were killed three days earlier, calling out their names and asking them to come home.

In Thailand, Buddhists believe the spirits of the dead linger at the place of death, and they must be called back to their bodies before they, and those they leave behind, can find peace.

"We are here," a monk dressed in orange robes called out Sunday over the low gate to the building, which remains sealed off. Relatives lighted incense and brought toys, milk and candy to help coax the spirits to leave.

"I would ask all the spirits: Come back with me," the monk said.

Sunday's ritual marked an important step in this rural community's efforts to save the pain of the deadliest mass shooting in Thailand's history. In an act of violence with no parallel in this quiet agricultural region in northeast Thailand, a former police officer shot or hacked to death 36 people before turning his gun on himself.

Among the dead was a teacher at the school who was eight months pregnant. Many of the children, killed during their afternoon naptime, were 3 or 4 years old, and some were younger still. One 2-year-

old adored pizza. Another was wild about soccer. A 4-year-old loved classical Thai dancing and showing off on stage, his family said.

"We can never get over this," said Nongluck Jantayen, aunt to three of the slain children. Chayanond Thongbhuban, whose family called him Asean, was a sporty kid who looked out for his more sensitive cousin, Athipbordin Seelumtai, or Asia. The third child, Aphiwut Manochart, known in his family as Title, was a quiet boy, she said. The three cousins, who were all 3 years old, loved being together.

"It will be in my memory forever. I cannot accept this," Ms. Nongluck said.

The child-care center where the massacre took place sits near the middle of a rural district closer to Laos and its capital, Vientiane, than it is to Bangkok. People here live in bungalows or small, two-story homes and farm mostly sugar cane, residents say, as well as potatoes and rice.

It is common for grandparents to farm the land and raise their grandchildren, while younger people seek better-paying jobs elsewhere in Thailand or move overseas to earn bigger money, residents say.

Some from the villages nearby have worked on cruise ships, while others have found employment in the Middle East or even picking fruit in places as distant as Finland or Sweden.

Those who stay tend to farm with the older generation or work in two factories nearby, one of which processes the farmers' sugar cane and another that grinds rock into aggregates for construction.

People here know one an-



A woman held a photo of one of the victims of the mass killing following a Buddhist ceremony Sunday in Uthai Sawan, Thailand.

other. Many say they knew the killer, 34-year-old Panya Kamrab, and the children who were his victims.

"I saw those kids all the time," said Jirawan Promduang, who had enrolled her 4-year-old daughter at the child-care center before moving her to a bigger school. They loved their teachers, who were kind and honest, she said.

Ms. Jirawan said she doesn't know how the community will put the chilling events behind it.

"It will be very difficult to get over it," she said. "We will try to forget it, but it will not be easy."

The area's schools and its three temples are where families come together, residents say. In the days since the killings, people have thronged those temples, bringing garlands of flowers for the memorials and meals for the community. Cash to support the families has poured in from as far away as Spain. A group of Vietnamese women traveled from a nearby province with parcels of food.

At the time of the attack, as many as 80 children were enrolled at the child-care center, drawn from settlements dotted across the district, said Adisai Kijjanuwatra, abbot of Wat Nongkungsri Phosri-somporn, one of the temples. But fewer children were at the center than usual on Thursday. There was a school holiday approaching, and the onset of the rainy season means many don't make it in at this time of year, residents say.

Of the children slain, 15 belonged to families from the nearest village who worship at his temple, he said. He knew them all. They would play in the shadow of the temple and call him "uncle" or "grandfather," he said.

In the wake of the killings, he sought out the parents to try to bring them comfort.

"Be full of courage and live your life," he said he told one grieving couple. "They are in a good place now. It is hard to let go, but we have to let them go."

In their efforts to understand the killings, many here

cite drugs, which they describe as a blight on their community that ensnares teenagers and workers alike. Police said the killer had a history of drug abuse and was fired as a police officer after being arrested for methamphetamine possession. An autopsy showed he hadn't taken any narcotics before the attack. He was scheduled to appear for a court hearing on Friday in connection with the drug-possession charge.

Mayor Taweesak Chantasri, a former journalist and political activist who oversees a larger region that encompasses the district of Uthai Sawan, said methamphetamine abuse is common. Some workers on the plantations and in the factories have been known to get hooked after taking it to help finish grueling shifts or meet production quotas, he said.

"It's a very difficult problem," he said. Cheap and abundant, "the drugs are everywhere in society," he added.

As for the killer himself, Mr. Taweesak said his job as a police officer granted him status

in the community. The loss of his job, the mayor said, fueled an anger that shattered this community when it erupted Thursday. Police said he was also plagued by money worries and fears his wife would leave him.

People must have faith, the mayor said, and rely on Buddhist teachings to try to recover the peace they have lost.

"That is the way to get over it," he said. "Physically, we can do nothing."

After the ceremony Sunday, relatives collected bags containing the possessions their children had with them in school, which will be burned alongside their remains in ceremonies paid for by Thailand's king.

The abbot said he would continue visiting with his stricken flock to try to help ease their suffering. "We need to give them time to heal their hearts and minds," he said.

"This feeling is going to ease little by little. It might be very difficult now, but everything will be better and we will get through this together."

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WORLD NEWS

Accords Benefit Israel's Defense Industry

By DION NISSENBAUM

TEL AVIV—When the United Arab Emirates was looking last year for ways to protect its high-profile World Expo from possible drone attacks launched by Iran-backed militants, it secretly turned to a new friend: Israel.

Faced with the possibility that Iran and its allies could launch destabilizing attacks on the lucrative event, the Persian Gulf nation bought a small Israeli air-defense system designed to bring down hostile drones, according to former Israeli leaders and defense-industry officials. Those people said the Rafael Drone Dome air-defense system protected the Dubai Expo.

Emirati officials declined to discuss the issue.

The deal is part of the expanding ties between Israel and like-minded Middle East countries that view Iran as the region's biggest threat. In the two years since breakthrough diplomatic agreements with

the U.A.E., Bahrain and Morocco, Israel has embraced its expanding regional acceptance by signing defense deals with once-wary neighbors, welcoming high-profile Arab leaders to Jerusalem, and transforming Dubai into one of the top tourist destinations for Israelis.

Few have benefited more from the warming relations than Israel's military contractors.

Israeli defense companies have sealed more than \$3 billion in deals with the three countries, Israel's Ministry of Defense said. The new growth market helped drive Israel's global military sales to a record \$11.3 billion last year, according to the ministry. Military sales to Gulf countries hit 7% of total exports last year, the ministry said.

Israeli military contractors have signed deals to send advanced air defenses to the U.A.E. and Bahrain, according to former Israeli officials and defense contractors. They have sealed a deal with Morocco to

build drone factories there, defense contractors said. They are in talks to sell the three nations everything from advanced radar technology to cybersecurity systems, defense contractors said.

In one of the most far-reaching deals so far, Israel cleared the way earlier this year for the U.A.E. to buy an

Warming relations in Middle East help boost Israel's global military sales.

advanced mobile air-defense system known as Spyder, which uses missiles to shoot down hostile drones, cruise missiles and other threats, according to people briefed on the deal. The sale, which was previously reported by Reuters, came amid Emirati frustrations with the limited U.S.

support the U.A.E. received after Iran-backed Houthi fighters in Yemen used long-range drones to attack the nation's capital earlier this year.

"It's a new playground," said Stacy Dotan, the chief marketing officer and director of the board at the Avnon Group, an Israeli company that has sold drone defense systems to the U.A.E. and Morocco.

The Abraham Accords, signed two years ago, marked the start of a new chapter in Israel's relations with its Middle East neighbors. The accords accelerated the once-covert ties that Israel built for decades with countries that officially refused to recognize its creation in 1948.

The breakthrough agreements have created a huge boon for Israeli military companies, which are known for air defense. Those systems are in great demand in the U.A.E. and Saudi Arabia, which Iran-aligned militias in Yemen have attacked with drones and

cruise missiles. Israeli security officials say they have had more than 150 meetings with counterparts in Bahrain, Morocco and the U.A.E. since the accords were signed.

But the new cooperation has its limits. Israeli officials said there are still tight restrictions on what Israel will sell to its Gulf neighbors. The focus now, they said, is on selling air defenses. Israeli government approval to sell advanced offensive weapons is unlikely to come any time soon.

The Avnon Group was able to capitalize on the warming relations because the company had experience working with the U.A.E. even before the accords, said Ms. Dotan.

"It's not like a one-night stand," she said. "You're not looking to go in and sell everything all at once. You're building up a relationship with your local partner. Once you've done a couple of small projects, they know they can trust you."

Kim Led Tactical Nuclear Exercise

By TIMOTHY W. MARTIN

SEOUL—Kim Jong Un oversaw two weeks of North Korean military drills that simulated tactical nuclear strikes against the U.S. and South Korea, vowing to take all military countermeasures if necessary and expressing no interest in dialogue, state media said.

Pyeongongyang had conducted seven weapons tests since Sept. 25—including an early Sunday morning launch of two ballistic missiles.

North Korean state media had said very little about its recent flurry of weapons activity, other than to characterize them as responses to joint military drills by Washington, Tokyo and Seoul or as exercising its sovereign rights of national defense.

On Monday, coinciding with a major holiday celebrating the country's ruling Workers' Party, North Korea said the tests were rehearsals for tactical nuclear weapon strikes against neighboring enemy airports, airfields, military command facilities and ports.

The exercises served as training for loading warheads at launch silos—including at an underwater location—as well as striking selected targets, state media said. A Thursday missile launch over Japan showcased a new intermediate-range weapon. The training included air exercises involving more than 150 North Korean fighter planes.

"This is the verification of the operation posture of our war deterrent," Mr. Kim was quoted as saying. The exercises, he added, send "an obvious and clear demonstration of informing the enemies of our nuclear response posture and nuclear attack capabilities."

North Korean state media didn't specify when Mr. Kim made the remarks.

Iranians Keep Up Protests

Continued from Page One

politics and the ouster of the country's Islamic leadership.

At the heart of the protests is the Islamic head covering, or hijab, which has been mandatory for Iranian women since 1983, four years after the Islamic Revolution that brought the Islamic clerics to power.

"This moment is significant because it has unleashed the potential for longer-lasting civil disobedience," said Narges Bajoghli, a Johns Hopkins University anthropologist who studies Iran. "Given that half the population must veil, this issue cuts across class, ethnicity and social position."

Mass protests in the streets of big cities—dispersed by the authorities with force—have given way to sporadic but frequent and widespread demonstrations involving women removing their headscarves. It is a type of everyday resistance that is difficult for authorities to stop.

The spontaneous, unpredictable nature of the movement creates a form of whack-a-mole for security forces that are already stretched thin in Tehran and beyond, while images of pro-government toughs using force against unveiled schoolgirls are amplifying public anger.

The hijab is the most visible symbol of adherence to the Islamic Republic's ultraconservative interpretation of Islam, in which women's dignity must be protected by modest clothing.

The movement has upended the Iranian authorities' playbook for suppressing protests. Tehran has used violence to put down previous uprisings, even as other Middle Eastern governments tumbled. Iranian lead-



A fire burned on Tehran's streets Saturday. Students across Iran held antigovernment rallies Sunday.

ers have managed to consolidate their hold on power and go back to business as usual.

Previous mass protests were rooted in allegations of election fraud or economic hardship and never captured the support of enough Iranians to overwhelm the government or force it to make significant concessions.

The latest protests have unprecedented support from Iranians across class, gender and age, and come after years of economic hardship that has driven millions of Iranians into desperation.

Universities and schools have become the most recent hotbeds of opposition, with girls as young as high-school age and preteens removing headscarves and telling Education Ministry officials and paramilitary commanders to "get lost."

Artists have jumped in with work that supports civil disobedience. Last week, an anonymous artist poured red paint in famous fountains in Tehran in a work he called "Tehran Drowned in Blood," according to photos and footage posted by activist network 1500tasvir.

"Baraye," a song composed from tweets about Iranian women's struggle for freedom

by singer Shervin Hajipour, has become an anthem of the uprising.

Iranian public-opinion surveys are often unreliable. But the number of people espousing staunch support for the government appears to be shrinking.

According to a poll in March by Gamaan, an independent research group based in the Netherlands, 18% of Iranians want to preserve the values and ideals of the Islamic Revolution. The survey involved about 17,000 respondents living in Iran. A 2020 study by the group found 72% of Iranians opposed mandatory veiling.

The crackdown by security forces on demonstrators has fueled more public anger. Dozens have been killed, including at least three teenage girls whose faces have become rallying images of the movement. On Saturday, state television was hacked by a group of activists who posted the pictures of the three girls during a live broadcast, and projected onto the screen an image of Supreme Leader Ali Khamenei in flames.

"Every family, to some extent, has been harassed by the state," said Fatemeh Haghajati, a former Iranian law-

maker now based in the U.S. as executive director of the Nonviolent Initiative for Democracy, a pro-democracy activist group. "This dissatisfac-

tion and anger has been there, beneath the skin of society, for a number of years."

Protesters have responded to government violence by adapting. Many have sought refuge inside universities or taken to rooftops to chant slogans such as "Death to the dictator." Others prepare for clashes with law enforcement.

"We are no longer frightened," said a protester in Tehran who had been beaten by members of the Basij militia during a recent rally for not covering her hair.

When preparing for a protest, the woman said she wears dark clothing, removes her jewelry, covers her tattoos and dons a surgical mask. She said she packs extra clothes, water, a lighter and vinegar in case she and fellow demonstrators are hit with tear gas.

"I don't usually take my phone with me, and if I do, I make sure to delete all the information that would cause trouble for me," she said.

WORLD WATCH

GERMANY

Sabotage Is Blamed For Train Outage

Berlin blamed sabotage for an outage that temporarily shut down train traffic across northern Germany on Saturday, raising tensions in the country two weeks after explosions damaged key gas pipelines between Germany and Russia.

It was "clearly a deliberate act" in which crucial communication cables were "consciously and deliberately cut" in two separate locations, German Transport Minister Volker Wissing said.

Deutsche Bahn, the country's national railway operator, said that because of the damage to the cables, "which are indispensable for train traffic, Deutsche Bahn had to stop train traffic in the north for almost three hours."

It said the incident had disabled communication with trains and stranded thousands of passengers at the start of the weekend in the states of Lower Saxony, Bremen, Hamburg and Schleswig-Holstein. Traffic resumed by late Saturday morning, according to the company.

—Tom Fairless



DESPERATE: A woman searched for a missing relative Sunday after flooding caused by heavy rains in Las Tejerías, Venezuela.

UNITED NATIONS

Force Sought to Aid Haiti in Cholera Crisis

United Nations Secretary-General António Guterres has requested members of the Security Council to consider the deployment of a special armed mission in Haiti to address a rapid deterioration in security that is fueling a humanitarian crisis in the Western Hemisphere's poorest country.

In a letter to the U.N. Security Council on Sunday, Mr. Guterres urged the international community to consider the request made

by Haitian Prime Minister Ariel Henry last week for the immediate deployment of an international specialized armed force to restore public security and break the stranglehold by powerful armed gangs on the country's main port.

The blockage of the fuel terminal in Port-au-Prince has paralyzed services required to prevent the spread of a cholera outbreak, including the distribution of drinking water, said Stephane Dujarric, a spokesman for Mr. Guterres. At least 60 cases of cholera have been identified in Haiti, according to the U.S. State Department.

—José de Córdoba



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WORLD NEWS

Solar Rollout Hits Hurdles in Rural Europe

BY MATTHEW DALTON
AND ELIZA COLLINS

PARIS—Europe's plans for a massive expansion of solar power are hitting an obstacle on the ground: regulations that preserve green space on the densely populated continent and aim to protect the heritage of the countryside.

In France, thick rulebooks restrict where solar farms can be built, resulting in years of delay before construction can begin. Local officials in Spain are trying to slow the spread of solar farms that they fear could scar the countryside. In Italy, developers must clear layers of bureaucracy and avoid ancient ruins to build solar farms in rural areas.

The European Union is rely-

ing heavily on solar power to hit its renewable energy targets and blunt the impact of Russia's natural-gas cutoff. The EU is aiming to get 45% of the bloc's energy supplies from renewable sources by 2030. The goal would more than triple its solar-power capacity by then, making it the continent's biggest source of electricity. Officials have been optimistic of reaching their goal in part because solar panels are less obtrusive than towering wind turbines, in theory rousing less opposition from the public.

Putting solar panels on roofs is the low-hanging fruit in that plan. But there aren't enough roofs in Europe to hit the bloc's targets. Officials and executives say many more solar parks on the ground are needed. The EU

has proposed legislation that aims to accelerate permitting for all kinds of renewable energy projects, part of a sweeping effort to end Europe's dependence on Russian gas.

France, the EU's largest country by territory, is a weak link in the bloc's plan. French regulations have pushed solar development to previously industrialized land—instead of green space—allowing only those projects to sell power at a premium. That has sent developers hunting for a relatively limited number of factories, abandoned mines and other previously used land, sending the values of such properties soaring.

"The volumes of renewable energy are limited by this land," said Xavier Barbaro, chief execu-

tive of Neoen, one of France's largest solar-power developers. "Renewables in France won't expand unless the rules are loosened on farms and forests."

A climate law drafted by the government of President Emmanuel Macron aims to achieve net-zero loss of green space by 2050, and imposes new requirements on local authorities to limit development on such land. The law contains an exemption for solar farms, but developers must show that the project won't damage the soil or prevent it from being used for agricultural purposes.

Mr. Macron said last month that France needed to vastly expand its deployment of solar panels and called for more projects that would integrate panels into farmland. "We know it's

feasible," he said, adding: "We must go much faster."

In Spain, public opposition is growing to the large number of solar farms under development. Mayors in Andalusia are protesting decisions by the national government to allow hundreds of solar farms to be built in a region renowned for its cultural sites, rolling countryside and agricultural products. In some cases, olive trees have been uprooted to make room for solar panels.

"We consider it necessary to establish areas of exclusion for the installation of large-scale renewable projects," the mayors wrote last week to the Andalusian Parliament. "A planned and rational process is urgently needed."

Bureaucracy is a challenge

across the continent. Developers say the regional agencies that review solar park proposals are often understaffed. Neoen says that 40% of its French projects in the pipeline have been awaiting regulatory decisions from local authorities for more than two years.

In Italy, a project must first be approved by the national authority and then goes for regional approval where bids can easily be rejected, said Paolo Rocco Viscontini, the president of Italia Solare, a solar association. He said one major reason projects get stopped is because of proximity to ancient ruins.

"If they want to create problems it's easy to create problems in Italy with all the archaeological and cultural constraints," he said.

Paris Cuts Lights to Save Power

Continued from Page One

The next day, Mr. Macron also appeared in a turtleneck.

The efforts have even some government officials asking whether some of the gestures are justified, or if they don't sufficiently move the needle in Europe's energy crisis.

"Sobriety isn't to stop living, working and receiving tourists. Sobriety is making the savings that make the most sense in terms of energy consumption," Mr. Macron's energy minister, Agnès Panzani-Runacher, told television news channel BFM. Turning off monument lights, she added, "is probably not the biggest source of energy savings."

Paris hasn't estimated the energy savings from dimming the lights alone. It's one of a range of measures that the city expects will cut energy usage by about 8%, including plans to lower thermostats in its buildings. Mayor Anne Hidalgo has said the darkened monuments send a signal to residents that they, too, need to save energy.

"We must stop believing that people are only attracted by light," said Paris Deputy Mayor Emmanuel Gregoire. "People are not mosquitoes."

The European Union has recommended that countries voluntarily curb their gas consumption by 15%. Those that relied heavily on Russian natural gas, including Germany and Italy, might need to cut consumption even more. The target, proposed by the EU's executive, could become mandatory in an emergency with some exceptions.

Whether countries run out of natural gas this winter will depend on many factors, including how effective companies and governments are in stockpiling the fuel, reducing consumption and diversifying supplies. It will also hinge on the weather. A long, harsh winter would increase gas demand for heating and could lead governments to ration gas.

France unveiled its 50-page plan to save energy during a news conference this week that featured nine government ministers and lasted more than three hours. The government is a major energy consumer in France, and measures included cutting off hot water in public building bath-

rooms and capping heating at 64 degrees in all public buildings, including courthouses and publicly run museums.

Ministers said official vehicles would need to reduce their speed to save energy. Driving at around 68 miles an hour rather than 80 miles an hour on highways reduces fuel consumption by a fifth, the report said.

The measures urge the French to make a number of changes at home: Use electrical appliances like dishwashers and washing machines only outside peak consumption hours, unplug computers and TVs that aren't in use and take shorter showers.

The government has also suggested that companies ask employees to work from home on certain days, allowing offices to go dark to save energy. The national employers federation Medef pushed back on any proposal to increase working from home.

France's report said that public lighting is the second largest consumer of energy for municipalities after regulating the temperature of buildings, representing 31% of their electricity expenditure. The Mediterranean city of Nice has also set a target of reducing energy consumption by a tenth this winter, in part by extinguishing the facades of museums as well as all decorative lighting in the city between 11 p.m. and 5 a.m.

"We will publish our electricity and gas consumption every week," said Prime Minister Elisabeth Borne. "Depend-



The Eiffel Tower, above, goes dark at 11:45 p.m.; President Emmanuel Macron sports a turtleneck.

ing on this and the weather, we will see if we have made the necessary energy savings."

The cut in Russian gas has already led to factory closures across Europe, threatening the region's economy, which is more reliant on the likes of steelmakers, chemical producers and car makers than the U.S.

Governments hope that finding incremental savings, such as through turning off lights at landmarks, will be enough to get them through winter. In Paris, where tourism is a big piece of the economy, the new sobriety is particularly visible due to the quantity and star power of its attractions.

The ornamental exteriors of

city-owned structures are now turned off at 10 p.m., including the gothic Tour Saint-Jacques, the arched facade of the Petit Palais and the giant Hôtel de Ville, or city hall. The Palace of Versailles—a symbol of excess in prerevolutionary France—is doing the same.

The Eiffel Tower's lights turn off two hours early, at 11:45 p.m., when the monument closes for tourists. Lighting up its hundreds of lights has traditionally accounted for roughly 4% of its power consumption, according to the company that operates the monument.

On a recent evening, Asia Willis, a film and TV publicist from Los Angeles, was surprised to discover the glass

pyramid of the Louvre museum had lost its jewel-like splendor. The structure—usually illuminated from within late into the night, punctuating the courtyard of the former royal palace—had become a void. "I'm really sad," Ms. Willis said. "It's really unfortunate that it's dark. It's still a really beautiful sight, but I wish the lights were up. I love the architecture. It's a missed opportunity. The city gets so many tourists, especially this museum."

Paris came to be called the City of Light in the 17th century, when its police chief tried to improve security at night by installing thousands of lanterns and torches. Two centuries later, the city became a leader in urban electrification.

France is usually a net exporter of electricity. But the loss of Russian gas, along with technical problems across its fleet of nuclear plants, has forced the country to import electricity.

EDF SA, the world's largest owner of nuclear-power plants, is vital to Europe's energy supply. Unexpected corrosion on the cooling systems of its nuclear reactors in France as well as maintenance have forced more than half of its 56 reactors offline. The issues have resulted in France's nuclear output reaching a 30-year low.

Hervé Laporte, 55, who runs a small dry cleaning business in Paris, said that he has been trying to save energy. "When you're a small business, your

energy expenditure is crystal clear in your balance sheet at the end of the year," he said.

With energy costs high and business slow, he has had to make changes. He pointed to a machine that irons clothes automatically. "It's been a year since I turned it on. It consumes a lot of watts," he said.

He called turning off lights at Paris monuments "small potatoes."

"You look around and offices are lit, probably with old bulbs that consume a lot of energy," he said. "It's all PR. The Eiffel Tower going dark, Parisians couldn't care less. There are serious savings to be found."

In Paris's "golden triangle" shopping district, boutiques owned by LVMH Moët Hennessy Louis Vuitton SE now turn off their lights between 10 p.m. and 7 a.m., one of a range of measures the company has rolled out to save energy. Luxury stores have traditionally kept the lights on later into the night, allowing storefronts to essentially act as billboards.

LVMH encountered some technical difficulties in making sure that its dozens of brands, including Dior and Tiffany, would turn off the lights in their stores earlier, said Hélène Valade, environmental development director at LVMH. One challenge, she said, is that the luxury group didn't have control over when to switch off the lights at some of its stores, because they don't always own the actual buildings.

The company is now ensuring that its more than 500 stores in France are fitted with electric meters to give it better control over their energy use, Ms. Valade said. The conglomerate will be extending its new energy-saving measures through Europe in November, and the rest of the world after that.

More restrictions are on the way with Christmas approaching. The Champs-Élysées, the city's most famous avenue, will have festive lighting for six weeks this year, rather than seven in previous years. The Champs-Élysées committee has also asked that all boutiques, shopfronts and screens on the avenue turn off their lights after 10 p.m. from Oct. 15, with the exception of restaurants and cinemas.

Romain Tang Thai Sen, 20, was walking through Paris with a friend on a recent evening. The darkened Eiffel Tower was a statement, he said, for people far beyond city limits.

"Turning off the lights," he said, "these are values that we have to spread through the entire world."

Dickens Fans Root For Trial

Continued from Page One

contractual obligations," the judge granted a stay of the trial, allowing both parties until Oct. 28 to complete a deal.

Mr. Musk may indeed keep out of chancery, if his recent move to reinstate his \$44 billion offer to purchase Twitter succeeds. Today, chancery courts are largely used to settle disputes over contracts, trusts, estates and other non-criminal matters.

The latest twist in the Twitter-Musk case feels to some Dickens enthusiasts like one of the author's classic cliffhang-

ers.

"This is absolutely typical of a Dickensian plot," said Mark Charles Dickens, great-grandson of Charles Dickens, family genealogist and former board chair at the Charles Dickens Museum in London. "Everyone hopes that this is edging closer to resolution, but that can often be a false dawn."

Some admirers of the Victorian novelist are quietly rooting against an out-of-court settlement. They're yearning for the nostalgic literary charms of an actual chancery-court saga. It barely matters to them that Delaware's modern chamber, which has already acted swiftly in the Twitter-Musk case, has little in common with the "Bleak House" chancery court beyond the name.

The legal fight is a boon for the bookish on social media.

"This is the Court of Chancery. Suffer any wrong that can be done you rather than come here!" Carleton College President Alison Byerly tweeted after reading about the case, citing lines from that novel's first chapter.

"It struck me as funny that this avatar of modern technology was being linked with this very old-fashioned notion of the British legal system," Ms. Byerly said later. "Elon Musk very much positions himself as being about the leading edge of the future, and to see this reaching back into the past, it was so completely incongruous."

Delaware's Court of Chancery declined to comment. Twitter and Mr. Musk didn't respond to requests for comment.

Most chancery courts disappeared in England and the U.S. by the late 19th-century,

their duties merging into the broader legal system. But a handful of U.S. states never got around to dissolving these courts. As a flood of businesses began incorporating in Delaware in the early 1900s, the state needed a judicial system to resolve corporate disputes and chose its chancery court to handle the workload. Hence, the Twitter-Musk litigation, playing out against the backdrop of the chancery court in 2022.

"I wasn't aware of there being one in America, I must say," Mr. Dickens, the great-grandson, said of the Delaware chancery. "It would be disappointing if it is settled out of court and we are denied witnessing a little history being made."

While Delaware's court of chancery still handles issues such as guardianships, it is best known for what legal ex-

ports call speed and acumen in rulings relating to business equity. In the 1950s, one of the court's pro-integration rulings became part of the larger Brown v. Board of Education decision outlawing segregation in public schools.

For a literary audience, Twitter v. Musk sounds too Dickensian to resist.

"There is a person whose name is a scent fighting a company whose name reminds one of birds—Dickens would just love that," said Stephen Gillers, law professor emeritus at New York University.

Dominic Gerrard has read "Bleak House" twice, watched the 15-part BBC miniseries and listened to the 43-hour audiobook. The host of the podcast "Charles Dickens: A Brain on Fire" couldn't help making a Dickens connection to the trial.

"The term 'chancery' makes

me think of lives being ruined and wasted," he said. "It's pure delusion and an addiction." Mr. Gerrard sees the author's dim view of the chancery court in the bird names chosen by Miss Flite in "Bleak House." "The little crazy old lady," in the book's words, gives many of her caged birds dreary names such as "Waste," "Madness" and "Ruin."

As a young man, Dickens worked briefly as a law clerk and then as a chancery-court reporter. He dealt with the chancery court in real life as well, when he filed a copyright suit involving an imitation of his newly released "A Christmas Carol." Dickens won the case, but lost money after court costs. In his books, Dickens reliably lampoons the lawyers and the legal system itself. Mr. Bumble puts it bluntly in "Oliver Twist." "The law," he says, "is a ass."

FROM TOP: LAURENCE BEAUFORT FOR THE WALL STREET JOURNAL; LUDOVIC MARIN/AP/GETTY IMAGES


**WORK
& LIFE**
**RACHEL
FEINTZEIG**

You're showing up at the office again. Are you getting the face time that matters?

Many of us used to rack up the in-person interactions and career exposure we needed by osmosis—trying to impress the big boss when she walked by, absorbing tips from a cubicle-mate's phone calls, reminding colleagues of our presence just by sitting at our desks. After all, everyone was there, every day.

Now we're contending with a mishmash of hybrid schedules. Colleagues dash in for an hour or two, then head back out—to a client meeting, a kid's school play, who knows where—lingering at their desks not long enough to say hi. Or maybe you're the one who'd rather not station yourself at the office for hours on end.

How do you get the face time you need now? And is it even as necessary as it once was?

Can't we just focus on, say, our work?

There's still good reason to put in some face time. But there's a smarter way to get it than pretending you live at your desk.

"Power is still going to be where the boss is," says Dan Cable, a professor of organizational behavior at London Business School who has studied the concept of passive face time, or simply being seen at the office. This doesn't mean giving a presentation, he notes, or actually producing something of value. Pas-

sive face time often just means...sitting there.

"A lot of times I wouldn't be doing anything," Dr. Cable said of a job he had years ago at PepsiCo Inc., where he made sure to come in before the boss and stay at least 10 minutes after he left.

Research from Dr. Cable from before the pandemic found that such appearances matter. Employees observed doing their work during normal business hours made study participants think of descriptors such as dependable and conscientious. Employees who were ob-

high-profile assignments, raises and promotions, simply because your name pops into the heads of those making decisions.

Of course, this is all a game, in a way. After 2½ years of increased flexibility and perspective shifts, many employees wonder: Can't we skip the politicking and the theater?

They acknowledge that humans value relationships and dole out rewards to those they like and trust. But when it comes to excessive displays of corporate loyalty, their response is: Meh. I'd rather just focus

country, Mr. Groebe said no, thanks.

"I'm starting to frame my life around life as opposed to work," he says.

During her 21 years at Deloitte, Deepa Purushothaman recalls saying yes to every recruiting panel and networking session that came her way.

"I don't even think I stopped to realize that I had a choice," she says. "Everything was a face-time opportunity."

Looking back, she wonders whether it was worth it. She probably would have made partner any-

When you do put in the effort, be strategic about who you're getting in front of. Amii Barnard-Bahn, a Sacramento, Calif.-based executive coach, recommends making a list of the five to 10 most important people for your career. Who could place you on the right project, help you get your work done or push for your raise? Whose career would you love to emulate, and who's a difficult colleague who could sabotage you if you don't have a good relationship?

Be open to adjusting your schedule to catch people. To avoid getting ghosted, say something like, "I'm not normally in on Monday afternoons, but if you'll definitely be there, I'd love to schedule some time." Try to be helpful, coming to colleagues and managers with targeted updates on projects or questions about how you can assist them. With executives, "be brief, be relevant, be gone," says Ms. Barnard-Bahn.

Amanda Patrick noticed that her colleagues were often swamped with department meetings on Mondays and Thursdays, the days her employer, which helps manage associations and events, wants everyone in. So she started coming in on Wednesdays, a quieter day in her Washington, D.C., office, when she gets to spend more quality time with the co-workers who are around. She has also left handwritten notes for colleagues on their desks, expressing gratitude for their help on a project.

After months working from home earlier in the pandemic, she's come to see face time differently than before, she says.

Now, it's something precious.

Smarter Ways to Get Office Face Time

You can boost your profile at work without pretending you live at your desk

served at the office after hours were twice as likely to be characterized as committed and dedicated.

These days, we might win such accolades just from showing up to the office when we're supposed to.

"You don't have to stay until 9 before you get extracurricular points," Dr. Cable says. Just go in and "you're seen as one of the good ones, somebody who really cares."

It's all about being more salient in the boss's mind, says Jeffrey Pfeffer, professor of organizational behavior at Stanford Graduate School of Business and author of a book about obtaining power at work. Whether it's fair, you're increasing your chances of landing

on doing my job.

"I don't have to fight to climb the corporate ladder in a Machiavellian way or attend every single one of these cocktail hours," says Tom Groebe, a 24-year-old who works in a sales office for a luxury hotel in Chicago.

He's required to work from the office every day, and he says he's grateful for that. He often runs into the hotel general manager—who otherwise might not know he existed—and makes a point to hand the leader his papers from the printer or pop into his office to share an issue he noticed.

But when a director invited him to a reception with higher-ups who were flying in from around the

way, she figures. Maybe she wouldn't have been so burned out. And the exhausting nights when she attended the dinner anyway, but didn't much feel like chatting—did those do more harm than good?

"If you're in the corner with low energy, that's probably the worst thing you can do," she says.

Now the co-founder of nFormation, an online community for professional women of color, she recommends employees adjust their face time based on what's going on in their work lives. Approaching year-end reviews, or a time when bosses are divvying up assignments? Head in more. Just looking to stay steady with your career? Not as important.

MY RIDE | A.J. BAIME

She Hits the Road in Style In This Classic Roadster

MELON DORIS, 73, an architectural designer living in Beaufort, S.C., on her 1962 MG MGA 1600 Mk II, as told to A.J. Baime.

In 1968, I graduated from the Fashion Institute of Technology in New York. I always loved cars, even though no one in my family knew anything about them. My boyfriend, Ken, had a 1956 Chevy Bel Air (he ran out of gas in this car on our first date), and when he graduated college, he bought a 1967 Corvette. He taught me to drive in that car. I was living in Brooklyn, and I needed a car to get to my first job on Long Island.

I saved like crazy. Ken found my MGA in a post on the bulletin board at his employer. I turned over \$800, he bought the car, and he spent about a month compounding the dimpled paint. I have a photo of myself sitting in the car in his parents' driveway, in Hicks-ville, Long Island, the day I picked it up in 1968, which was the year before Ken and I were married.

That little roadster [referring to a two-seat, open-top car] was

my daily driver for six years. In the winter, sometimes the engine wouldn't start, and I would have to roll it and pop the clutch to get it going. The car had no air conditioning, no radio—it was very rudimentary. The "A" model was built by MG in England, from 1955 to 1962. [The brand still exists today.]

As I got older, the thought of a real heater won me over and I bought a 1973 Chevy Nova. We pushed the MGA into the garage, as it needed repairs and wouldn't pass inspection. And that is where it stayed. Our son and daughter would get in it in the garage and go on imaginary road trips.

Then, one snowy day, our son (who had recently graduated college) said, "Mom, Dad, when you are...uh...gone, what should we do with the MGA?" That is when Ken and I decided to restore the car. It had been sitting for over 30 years; the tires were deflated and fused to the floor of the garage. Ken is an engineer and he could fix everything on the car. I worked a lot on the interior. It

Melon Doris and her husband, Ken. Her 1962 MG sat in the garage for years before they got it back on the road.



took about a year.

At one point, we went to Abingdon, England, where the car was built. There are records there, and we got the formula for the original paint—Old English White—so we could have the car



painted just as it was when it left the factory.

We started taking trips in the MGA in 2005. We have been as far north as Cape Breton Island in Nova Scotia. I have driven it all the way to Key West. Just weeks ago, we drove the car to Colorado and back, with a sign on the car's rear reading "Colorado or bust!"

But it was our trip to Savannah, Ga., with an MGA club, that changed our lives. As lifelong Northeasterners, we fell in love with the South. In 2015, we moved

to South Carolina where we could drive the MGA all year long. I drive it nearly every day.

I often think that once you fall in love with a car you have an invisible tattoo that can only be seen by people who love a car, or cars, as you do. Some of our most treasured friends are in the MGA family. When our daughter asked to use the MGA to drive away from her wedding ceremony in 2014, I knew that this car was a family member that brings joy to us all.

PERSONAL JOURNAL.

By JULIE JARGON
AND ANDREA PETERSEN

Why It Became So Difficult For Families to Eat Together

For busy families, gathering together for dinner can feel like an impossibility. Children could use it now more than ever.

Robin Black-Burns's teenage daughter has after-school activities that fall over dinnertime, making evening meals at home a thing of the past. The SUV has become their de facto dinner table.

Ms. Black-Burns's daughter, 14-year-old Athena Burns, has dinner in the car four nights a week, eating during the hourlong drive home from robotics-club meetings. Ms. Black-Burns usually arrives at her daughter's school 15 minutes early to eat her own dinner in the front seat while waiting for Athena.

Athena, a freshman at a private high school in Virginia, had a similarly demanding evening schedule in middle school. The mother and daughter have been eating on the go for years.

"We wonder why so many kids have anxiety," Ms. Black-Burns says. "Well, gee, they have a rigorous academic schedule and after-school activities and they're eating in the car."

A youth mental-health crisis that was building for a decade before the pandemic has worsened over the past two years. In 2021, 44% of high-school students said they felt persistently sad or hopeless in the past year, according to data from the Centers for Disease Control and Prevention. At the same time, mounting scientific research shows that gathering for regular meals and conversation might be one way to build children's emotional resilience.

Nationwide surveys show that the number of dinners parents and children eat together has fallen in recent decades. The primary reason: the conflicting schedules of working parents and kids.

"It's so basic that people forget about it," says Ellen Rome, head of the Center for Adolescent Medicine at



Robin Black-Burns and her daughter, Athena Burns, often eat dinner in their car because of Athena's activities. Ms. Black-Burns cooks on Sundays for the week ahead.

Cleveland Clinic Children's Hospital in Ohio. Gathering around the table, Dr. Rome says, is "a useful mechanism for creating connectedness and role-modeling behaviors

Family dinners are key to kids' health, but schedules often get in the way.

that parents want children to emulate."

Teens who have frequent family dinners have lower rates of drug and alcohol use compared with those who share fewer family

meals, several pivotal studies have found. The kids also have fewer symptoms of anxiety and depression and are less likely to attempt suicide. Family meals are also associated with better nutrition and lower obesity rates among children.

Such studies find a correlation between a family's frequency of gathering at the dinner table and the positive outcomes for children, but researchers debate whether the dinners themselves are causing the benefits, or are a proxy for a family's well-being and resources.

Parents and teens say in numerous surveys that they value family dinners but time constraints prevent them from having more. The

pressure to excel in school and get into a good college pushes children into numerous after-school activities that often occur during dinnertime. For parents who work several jobs or have shifts or commutes that run into dinner hours, family mealtime just isn't possible.

A continuing long-term study by the University of Minnesota's Project Eating and Activity in Teens (EAT) research team aims to learn more about eating and weight-related problems that affect young people. It began in 1997 and involved nearly 5,000 adolescents from diverse backgrounds in the Minneapolis-St. Paul area. A quarter of respondents reported eating seven or more family meals in the prior week. One-third said they ate together one or two times, if at all. The study found that higher-income families ate together more often than lower-income families did, a gap that has widened in subsequent phases of the study.

Eating on the go

Last year, when Athena was in eighth grade and playing tennis and taking piano lessons, Ms. Black-Burns often bought fast food at drive-throughs. She and Athena both gained weight. During a routine checkup, Athena's doctor advised Ms. Black-Burns, a single mother, to arrange healthier meals.

Ms. Black-Burns began cooking meals for the week ahead on Sundays. Before she picks up Athena from school, she heats up the entree and packs it in an insulated bag. She also brings fruit or vegetables and salads, along with fancy plastic utensils to make mealtime feel special.

Ms. Black-Burns says she and Athena have both lost weight. Still, both say they wish dinner didn't have to be this way.

Athena says she misses the elementary-school years when after-school activities ended by 4:30 p.m. and she could eat dinner at home with her mom.

"Those were great times when I could give a summary of my day and my mom would tell me about her day. I miss that," she says. "Even though we're in the car together, it's not the same as sitting down at a table."

Two to three nights a week

Jerica Berge, a professor in the department of family medicine and community health at the University of Minnesota and a co-investigator on the teen-eating study, has continued to follow Project EAT research participants from a 2010 survey group, adolescents then who are now in their 20s.

Those who had eaten two to three family meals a week as teens had lower rates of obesity and eating disorders, as well as better mental-health outcomes

says Frank Elgar, a child psychologist and professor of psychiatry at McGill University in Montreal.

The presence of screens during dinner—something that is overwhelmingly common, according to several studies—can undo some benefits of communal meals.

Having the TV on in the background has been found to reduce the quality of children's meals. More recent studies have shown that meals without digital distractions are associated with lower obesity rates and higher-quality family interactions.

Rodney Lee, a lawyer, and his wife, Roxanne Lee, an executive at a telecommunications company, say they eat dinner with their three children four or five times a week. Electronics aren't allowed at the table, but the kids sometimes want to rush through the meal to get back to their gadgets. Ms. Lee likes to use a deck of conversation-starter cards to get the children talking.

"I really want to know, who did you play with today, what did you learn, if somebody hurt their feelings," says Ms. Lee.

"Sometimes they don't want to open up. They want to get on their devices or be done."

With busy careers and two of the children playing competitive soccer, some nights family dinner for the Lees, who live in Woodland Hills, Calif., is Chick-fil-A. But two or three times a week, Mr. Lee cooks with 8-year-old Beckham and 7-year-old twins Rohman and Remington.

"Part of this is just my love of food and sharing it with them," says Mr. Lee. "It's just become a way for us to bond."

Making it work

Like many dual-career families, Saana Rapakko Hunt and her husband, Gareth Hunt, of San Carlos, Calif., have a hard time eating din-



than those who had eaten fewer meals together, she found. Those young adults now give priority to dining with their own children and partners.

Young adults who had eaten meals with their families three to five times a week as adolescents had even more-significant physical and mental-health benefits, Dr. Berge found.

A family meal doesn't



Rodney Lee, above, enlists his children, including 8-year-old daughter Beckham and 7-year-old son Rohman, in food prep. Gareth Hunt and Saana Rapakko Hunt arrange their work schedules so at least one can eat dinner with their kids, below.



ner together. But they created a routine to make sure one parent could always eat with their children, ages 4 and 6.

Searching for the special sauce

Researchers are trying to unravel what it is about family dinners that yields mental-health benefits for kids and teens. Some psychologists believe family dinners are a proxy for other factors associated with better outcomes for children, such as higher household income, less family stress and strong parent-child relationships.

"What you're measuring is probably a slew of social advantages that some kids have and other kids don't,"

FROM TOP: SHURANI HUANG FOR THE WALL STREET JOURNAL (2); ROXANNE LEE, CHRIS HUNT

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ARTS IN REVIEW

ART REVIEW

In Brooklyn, A Grand History on View Once More

BY LEE LAWRENCE

Carved in red sandstone around the 11th or 12th century, a beautiful Indian maiden tilts her head, possibly to catch her reflection in a mirror as she rims her eye with kohl, an ancient cosmetic. Made more than 1,000 years earlier for a Han tomb in China, two guardians with masklike faces and bulging eyes perch atop pillars on which etched dragons slither and swirl. Painted in jewel tones and hair-thin lines in late 15th-century Iran, a horseback rider swivels in the saddle, the better to pull on the lasso around his enemy's neck. And a close look at a 16th-century Tibetan ritual apron reveals goddesses dancing on lotuses and a powerful tantric duo, carved into beads made of human and animal bone.

This is but a sampling from the

A 20,000-square-foot installation displaying 700-plus works opens at the Brooklyn Museum.

Brooklyn Museum's galleries of the Arts of Asia and the Islamic World. About 10 years ago, these galleries were closed for a much needed renovation and their works moved into storage. Many have now returned along with a number of objects never before exhibited; all have been carefully conserved. In 2017, Arts of Korea opened, followed by the galleries for China and Japan in 2019, Southeast Asia in 2021, Buddhism and the Himalayas earlier this year. Arts of the Islamic World and Arts of South Asia now complete the more than 20,000-square-foot installation, whose eight galleries display 700-plus works.

The collection's primary strengths range from iconic Indian temple art, Korean ceramics and Chinese cloisonné to lesser collected areas like Korean garments, works by Japan's indigenous Ainu and 18th- and 19th-century art from Iran's Qajar Dynasty. But it is also broad and the curatorial team—Joan Cummins, senior curator of Asian Art who collaborated with Susan Beningson and Alison Baldassano for Arts of China and Arts of the Himalayas, respectively, and Aysin Yoltar-Yildirim, associate curator of Islamic Art—has used it to highlight distinctive regional arts as well as to show off the rich variety within them.

As we move through the eight galleries, the color of accent walls changes and wall texts situate us geographically. There is no doubt that each region's art exhibits particular predilections and styles, as some of the juxtapositions in Art of Buddhism bring out. Two Buddhas sit in meditation, their right hands touching the earth to signal enlightenment. Their iconography is the same even though one is from 14th- to 15th-century Thailand, the other from 17th or 18th-century Myanmar. But the Thai statue's hand pours over his knee, fingers undulating like waves, while the Myanmar Buddha's wrist bends sharply, and all four fingers point down, straight and unnaturally even in length. The Thai artists cast the figure in bronze. Those in Myanmar, however, created a lightweight statue by arranging cloth soaked in lacquer over a basic armature, which they removed once the cloth was dry and stiff enough to carve in details.

In Arts of the Islamic World, Ms. Yoltar-Yildirim also points out regional differences while confronting the persistent misconception that all art from Islamic cultures is devoid of figural representation. This is certainly the case in a small grouping of "religious art" that includes a Turkish prayer rug and tilework from Iran and Syria in a space that suggests a mosque's mihrab. Here we see only calligraphy and geometric, architectural or floral designs. The lion's share of the gallery space, however, features secular contexts and, there, we encounter portraits, including large 19th-century oil paintings from Iran, along with depictions of hunters, courtiers, literary heroes, you name it. An engaging display of ceramics invites us to gather 'round it as though for a meal, and the vessels sport all manner of animals—real, mythical and human.

There are instructive surprises in the Asian galleries, too. In Arts of



Clockwise from top right: 'Fragment of a Female Figure Applying Eye Makeup' (11th-12th century); installation view of Arts of China; 'Wine Jar With Fish and Aquatic Plants' ((1279-1368); 'Prayer Carpet' (18th century); 'Kongō-kai Mandara' (14th century); 'Seated Prince' (c. 1825)



Buddhism, for example, where we might expect works from Tibet to illustrate esoteric or tantric sects, the mandalas on view are, instead, from 14th-century Japan. We almost see Ms. Cummins winking. For although these pertain to a major form of Buddhism in Japan, they are not as

readily associated with the country as, say, the Zen paintings that have remained in storage.

Many pieces throughout speak to cross-border exchanges. In Arts of China, an iconic blue-and-white porcelain wine jar from the 14th century shows fish swimming among

and communities. It is good to keep this in mind as we immerse ourselves in the sensual beauty of gods, goddess and couples in love. One of the few reminders of South Asia's religious pluralism appears in two ivory carvings: a remarkable 17th-century "Christ as the Good Shep-

herd" from the Portuguese colony of Goa and a relief, made for a Mughal court, of antelopes fleeing predators. It covers a horn used to store gunpowder.

A few pieces also point to rich tribal and folk traditions, most notably a Shiva carved in low relief on a door sometime in the 1800s. His hair springs like twin fountains from his head while he plays a tune on the veena. This is a gentle, approachable side of the god, one of myriad delights that we can revisit at will now that the Asian and Islamic galleries are finally open.

Ms. Lawrence writes about Asian and Islamic art for the Journal.

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SPORTS

The Ratings Body at Center of Golf Fight

LIV Golf's quest to get accredited by the Official World Golf Ranking brings the sport's power players inside the same battle

By LOUISE RADNOFSKY AND ANDREW BEATON

LIV Golf made a curious decision in the past week to partner with a little-known golf tour that hasn't staged events in years. LIV, though, had a clear goal in mind: taking a backdoor approach to getting world ranking points that its players covet, but currently don't receive.

The top golfers who have defected from the PGA Tour for LIV are making loads of money, but one thing they aren't getting are those points, which are crucial to making even more cash and playing in golf's major championships. So far, the secretive body that grants ranking points, the Official World Golf Ranking, isn't awarding them for LIV events.

For the warring golf circuits, there's now a crucial issue: should LIV's results be considered as part of the body's complex and previously closely guarded formula for approving new tours?

LIV's deal with the MENA Tour, a developmental circuit in the Middle East and North Africa, was such an odd maneuver that it prompted the OWGR to issue a highly unusual statement saying that LIV still wouldn't get in immediately.

"Only after the review is complete will a decision be made on awarding points," OWGR said.

The struggle between the PGA Tour and its Saudi-owned rival LIV Golf for control of the sport is playing out not just on golf courses, but across all three branches of the American government. It's also being fought around a little-known entity based in Surrey, England, whose statisticians churn out a weekly pecking order for the best golfers on the planet.

The Official World Golf Ranking is no mere fan compendium. It's a critical pathway for golfers to get into events such as the Masters. Players' deals with sponsors also often escalate based on where they stand in the rankings. LIV players are tumbling in the rankings, and are only set to grow more anxious the steeper they fall.

The fight brings together all of golf's power players: The four majors, along with the PGA Tour and DP World Tour (also known as the European Tour) sit on OWGR's board. And the length of time it takes for LIV to get into OWGR could determine whether the new circuit breaks through, or faces an existential threat, in the wider golf ecosystem. In effect, the fight for OWGR is about control of the game, and whether the golf establishment can continue to apply its traditional standards, or has to yield to a new, hungry challenger.

It could fall to a U.S. court to decide. The OWGR claim looms large in the antitrust lawsuit in which



Bryson DeChambeau hits a tee shot during the LIV Golf Invitational Bangkok tournament at Stonehill Golf Course.

LIV is arguing that the PGA Tour has acted improperly to squash a rival, including collaborating with the wider golf establishment. In a counterclaim, the PGA Tour says that LIV made promises it couldn't keep in order to poach players.

If LIV doesn't get its way, it could also trigger additional litigation on this specific issue in Europe, said people familiar with LIV's position, or a push to get the majors to accept alternative rankings.

No move is too minute, or too bold, for LIV to try to get its players back in fast. That's why in recent days, it formed its alliance with the MENA Tour, in a new bid to prop up players' rankings starting this weekend while it continues to fight for LIV events to make the OWGR cut.

The MENA Tour is already accredited but hadn't competed since the pandemic's onset. Suddenly this month, it was back, appearing as LIV's partner for LIV's long-scheduled event this weekend in Bangkok (which isn't actually in the Middle East or North Africa).

Phil Mickelson, Dustin Johnson and others aren't just the hottest names playing for LIV. They play for MENA, now, too, dubbed "MENA Tour members" by its commis-

sioner. OWGR didn't buy it.

LIV argues that after snapping up some of the best players in the world—as measured by OWGR—that the rankings need to include them to continue to be considered valid. Without LIV players properly rated, they believe, the rankings would simply be inaccurate. British Open champion Cameron Smith, for

The Official World Golf Ranking is a critical pathway for golfers to get into the Masters.

instance, was No. 2 in the world when he joined the rebel tour.

LIV also says that OWGR has made clear it reserves the right to incorporate tours that don't meet all the criteria, and reject tours that do, and that it's being treated unfairly at the behest of the dominant golf tours that control the OWGR board in another instance of monopolistic behavior.

OWGR's broad position is that its validity comes from making sure that the events meet its rigorous

standards for inclusion—and that the best players in the world may currently be playing in LIV competitions that fall short.

People familiar with OWGR's opaque process—its full requirements for accreditation aren't publicly available—say there is a lengthy review process and they aren't going to give LIV special treatment. For a new tour to be considered by OWGR, its organizers need to express interest, then submit an application with supporting documents to show how they meet the OWGR's criteria, people familiar with OWGR's process said. It also needs to be proposed by an existing circuit, with the Asian Tour, which received a \$300 million investment from LIV, taking care of that.

Applications are reviewed by OWGR's technical committee, not its governance board, and are on average accepted, from the time of the expression of interest, in a year and a half. LIV submitted its application in July, though it met with OWGR in March.

Some of the criteria are straightforward and no problem for LIV, such as a requirement that play be governed by the rules of golf as established by its governing bodies. There's also no disagreement that

LIV has knocked one requirement out of the park: having a minimum of 10 tournaments, with an average purse of \$30,000 or more.

But some of the key criteria where LIV may face resistance from OWGR are fundamental to LIV's structure. Its small fields of 48 players, inside tournaments that last just 54 holes, fall short of OWGR's standards, the people familiar with the process said. They added that they expect tournaments to average at least 75 players and that non-developmental circuits should play the standard 72 holes. The LIV events also do not have a cut, which is required.

LIV believes it has made an effort to meet those standards, according to LIV executives. It has added an additional 72-hole LIV Golf International Series, which will have a cut and 128 players apiece, pulling the average above 75.

LIV executives note that there are accredited events, including ones on the PGA Tour such as its Tour Championship, that do not have a cut and feature smaller fields. Those tournaments, though, are the exception not the rule.

The upstart circuit does not dispute that it falls short on one of the key criteria: that a tour must demonstrate compliance with the guidelines for at least a year. LIV's first full season isn't until next year, when it's introducing other elements that it hopes will bring it up to code. That means, according to the typical process, LIV would need to wait until 2024—at least.

Here, LIV is hoping for an exception.

"In light of the implications for OWGR and its credibility of not affording LIV Golf players appropriate points, and in view of LIV Golf's unprecedented strength of field for a tour in its infancy, we have urged that OWGR gain comfort with LIV Golf's status, because it is plainly in the best interests of the OWGR, players, and the game to do so," LIV Golf CEO Greg Norman wrote in an August letter to players and their agents.

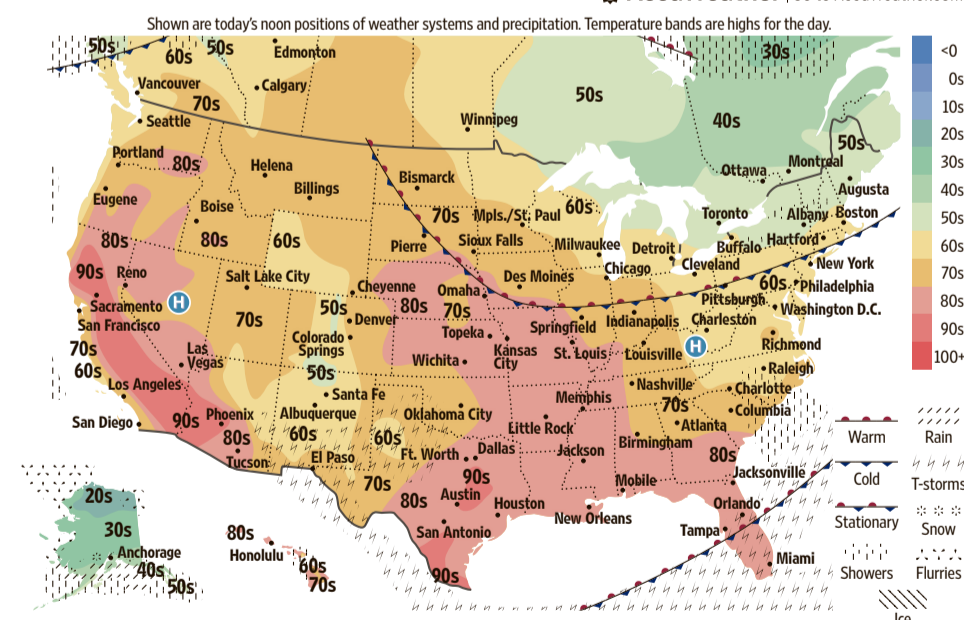
For now, LIV's players project to continue falling in the rankings as the battle plays out. Those golfers who are eager enough to boost their ranking could turn to playing on some Asian Tour events, as former Masters champion Patrick Reed did earlier this year.

Rory McIlroy has emerged as one of the PGA Tour's staunchest defenders, and even he said he would have no problem if LIV were eventually accredited.

"I certainly would want the best players in the world ranked accordingly," McIlroy said.

He also added a stiff caveat. "You can't make up your own rules," he said. "There's criteria there and everyone knows what they are. If they want to pivot to meet the criteria, they can."

Weather



Forecasts and graphics provided by AccuWeather, Inc. ©2022

U.S. Forecasts

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

Table with 4 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists major US cities and their weather forecasts.

International

Today (Hi, Lo, W), Tomorrow (Hi, Lo, W)

Table with 4 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists international cities and their weather forecasts.

The WSJ Daily Crossword | Edited by Mike Shenk

A crossword puzzle grid with numbered squares and some pre-filled letters. The grid is 13 columns wide and 13 rows high.

FARM TEAM | By Lee Taylor

- Across: 1 Gambler's calculation, 5 Brush partner, 9 Waits patiently, 14 Person, place or thing, 15 German automaker, 16 Bright blue color, 17 Arrive, 18 Zippo, 19 Bacall's love, familiarly, 20 Plant firmly, 22 Fortunate fellow, on the farm?, 24 Pitt of "Bullet Train", 26 Read quickly, 27 ___ de deux, 28 Air conditioner meas., 30 Box office draw, 33 Caterers' coffee containers, 35 Kid around, 36 Fashion Week worker, 40 Subscription update, 42 Steamed or boiled soybeans, 44 "Fake out!", 45 A couple of bucks?, 47 Supplies with weapons, 48 Period, 51 See 23-Down, 52 FedEx alternative, 55 Shelter that's pitched, 56 "Uh-huh", 58 Institution above criticism, on the farm?, 61 Smells, 64 Writer Nin, 65 Erelong, 67 Popular cookie, 68 Arrive at, 69 Facebook thumbs-up, 70 Answer an invitation, 71 English county north of Kent, 72 Observe, 73 Loch with a monster, 74 Smells, 75 Writer Nin, 76 Erelong, 77 Popular cookie, 78 Arrive at, 79 Facebook thumbs-up, 80 Answer an invitation, 81 English county 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OPINION

Blame Lockdowns on Silicon Valley



INSIDE
VIEW
By Andy
Kessler

Lockdowns were a huge policy mistake. I blame Silicon Valley. I know, I know, the real blame resides with ill-informed technocrats who instituted the draconian and non-Jeffersonian lockdowns: the Trump and Biden administrations, blue-state governors, the Centers for Disease Control and Prevention and the rest of the alphabet soup of head-nodding agencies. Yet policy makers implemented lockdowns only because they could—because Silicon Valley provided the tools to lock people in their homes without completely imploding the economy.

Think about it. You couldn't force lockdowns without laptops, Zoom, Amazon deliveries, cloud computing, Slack, QR codes or Netflix. Without them, lockdowns would have lasted two, maybe three weeks tops before the utter destruction of the economy forced everyone back to the workplace. Instead, we took the Faucian bargain of technology-enabled yearlong lockdowns because it was doable. Silicon Valley's tools became shackles.

Lockdowns came with huge costs: job losses, increased crime, stunted learning, delayed medical treatments, violent protests, government spending blowouts, supply-chain disruptions, inflation,

mental-health issues—all avoidable. Like bad air days, I fear bad carbon days will soon invoke climate-emergency lockdowns to keep people from driving.

Technology giveth and technology taketh away. The latest example is the plan to install cameras on every New York City subway car to limit crime. Gov. Kathy Hochul said, "You think Big Brother is watching you on the subways? You're absolutely right. That is our intent." Privacy advocates, such as the New York Civil Liberties Union, are naturally up in arms. Its statement reads, "Living in a sweeping surveillance state shouldn't be the price we pay to be safe."

Smart cities are now possible. Surveillance cameras, congestion pricing, timed traffic lights, buses that actually show up on time, balanced electricity usage, it could be urban utopia. But I wonder when smart cities crash, will we turn them off and then back on again? China has already created smart cities and uses data as scoring inputs for its Social Credit System, which stifles freedom for its citizens. Tech giveth and taketh.

The National Traffic Safety Board last week recommended blood-alcohol monitoring for all new vehicles. Another invasion of privacy, although no word yet from the New York Civil Liberties Union. I would rather we accelerate the move to autonomous driving—"Three beers? We steer!" But

self-driving cars will cause us to forget how to drive and open a whole new can of oil on the ethics of artificial intelligence, who pays for accidents and more.

More give and take: Facebook is good at finding old friends and helping small businesses connect to consumers via cost-effective targeted ads. But it is now considered evil because of

Without technology to keep the economy from imploding, they wouldn't have lasted.

election meddling and "misinformation." Russia spent \$150,000 in 2016 on the most amazingly effective election ads ever. Instagram and TikTok entertain us and track us.

Facial recognition is great at solving unsolvable crimes, but privacy advocates got facial recognition banned in more than a dozen cities from Boston to San Francisco. In 2021 Delta Air Lines and the Transportation Security Administration launched a test of a facial-recognition system to speed security and plane boarding in Detroit. Great stuff. We shouldn't kill nascent technology in the crib.

Scientists genetically modified "golden" rice to solve vitamin A deficiency. They also genetically modified viruses to add "gain of function." Where do we draw the line?

Crispr, the latest gene-editing tool, performs medical miracles and might eliminate sickle-cell and Tay-Sachs diseases. The technology can also modify the surface of pig cells to remove sugar modules and minimize human rejection of implanted pig organs. It is a brave new world. But Crispr can also do what is known as a "gene drive" to modify or eliminate entire species. That might be good for killing invasive wasps, but we should reread Kurt Vonnegut's "Cat's Cradle" for the story of ice-nine.

I brought my vehicle, with its flashy but finicky electronics, to have its software updated, and the dealer bricked it. It's dead in the shop for over two months waiting on a new control board. Good, bad and ugly.

Just because technology exists doesn't mean we have to use it. Algorithms and no-doc loans sped up home buying and led to the 2008 financial crisis. The new electric Dodge Charger Daytona has a synthetic exhaust setup that "mimics the roar of a 797-horsepower Hellcat." I know people who pour liquid smoke on kale and call it bacon. I'm not sure I like these trends.

Technology is unstoppable. We don't need to erect barriers, but we do need guardrails to maximize what technology gives and put policy in place to prevent its use from taking away our liberties. Over the past 32 months, our leaders have failed in that mission.

Write to kessler@wsj.com.

BOOKSHELF | By Leslie Lenkowsky

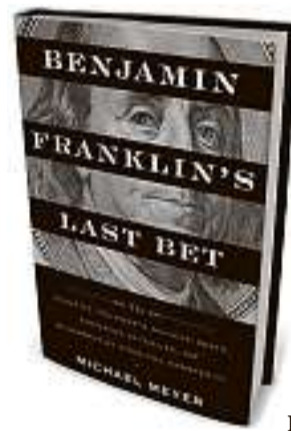
Poor Richard's Generosity

Benjamin Franklin's Last Bet

By Michael Meyer
(Mariner, 338 pages, \$28.99)

Benjamin Franklin isn't exactly an unfamiliar figure in American history. He is renowned as a scientist, inventor, author, diplomat and, not least, member of the convention that drafted the Constitution. But any list of his accomplishments is incomplete if it doesn't include—though it rarely does—his role as a philanthropist. From the moment the Puritans landed in New England, Americans had regarded charitable giving as a personal virtue. Franklin saw it as a civic virtue as well, essential for a country that valued limited government. In many ways, as Michael Meyer shows in "Benjamin Franklin's Last Bet," Franklin was the founding father of American philanthropy, and his charitable efforts can still be instructive today.

During his lifetime, Franklin helped create a variety of organizations to provide services that the colonial government of Pennsylvania did not: a library, a hospital, a school (which became the University of Pennsylvania), a fire



company, a learned society (now the American Philosophical Society), and a mutual-aid association for artisans like himself. These groups were supported by small gifts and subscriptions, often matched by government grants. John Adams, who had little admiration for Franklin, admitted that while his native Boston surpassed Philadelphia in most respects, it lagged in "charitable public foundations."

Franklin's most audacious gifts—and the chief focus of Mr. Meyer's admirable chronicle—were the bequests he made in his will of £1,000 each to Philadelphia and Boston, where he was born. The money was intended to create what are known today as "micro-finance funds"—pools of capital from which to make small loans to skilled tradesmen, repayable over 10 years at 5% interest. Franklin calculated that after 100 years had elapsed—that is, by 1890—each fund would have grown to £131,000, whereupon, he said, the cities could use £100,000 for "public works." The balance would continue to support the small-loan program for another century. At the end of that period, each fund—by Franklin's estimation—would be worth the munificent sum of £4,061,000. (Although converting 18th-century British currency to 20th-century dollars is complicated, Mr. Meyer puts the expected value of Franklin's bequests in 1990 at nearly \$18 million each.) Philadelphia, Boston and their states could then close the accounts and use the windfall for projects to benefit the public.

In the event, Franklin's plan proved too optimistic. Restricting the loans to young, married men, as he had required, reduced the field of potential borrowers, leaving some money unspent. And as the U.S. industrialized, jobs for skilled tradesmen became less attractive than other kinds of work. Inevitably some loan-recipients defaulted, a possibility that the always-diligent Franklin didn't anticipate. As fund-deficits grew, trustees—usually appointed by municipal officials—used the discretion they had under the law to invest the money in higher-paying securities. In Philadelphia, the city's corrupt political machine used some of Franklin's bequest to retire municipal debt.

Although Franklin's money provided financial aid for a modest number of tradesmen (and in Boston, after court approval, for some medical students), it left little mark on the two cities it was meant to benefit during its 200-year run. In Boston, it helped launch and support a small school of engineering and technology aimed at first-generation college students. In Philadelphia, after long delay, the first installment of Franklin's bequest helped a scientific institute (posthumously named in his honor) relocate. In 1990 the second installment was split among the institute, a consortium of Pennsylvania community chests and the Philadelphia Foundation, which established a small program to train "tradesmen and -women."

In his will, Franklin left money to Boston and Philadelphia, calculating what his charitable bequests would be worth in 200 years.

So Franklin's "last bet" was something of a misfire. Mr. Meyer, an English professor at the University of Pittsburgh, tells the tale in wide-ranging detail, adeptly weaving in aphorisms from "Poor Richard's Almanack" to explain what Franklin hoped to accomplish: "He that hath a Trade hath an Estate; and he that hath a Calling hath an Office of Profit and Honor." While covering the well-known highlights of Franklin's life, Mr. Meyer provides revealing accounts of Franklin's relationship with his wife (supportive, despite his long absences from home), his descendants (some of whom sued unsuccessfully to overturn his bequest), and his peers among the Founders, none of whom seems to have valued philanthropy as much as he did. But his giving did inspire others, including Andrew Carnegie, who referred to Franklin as "his teacher."

For all his practical wisdom and foresight, not even Benjamin Franklin could ensure that his "bet" would withstand the changes in American life that were bound to occur over 200 years. Nor could he control how those entrusted with managing his bequest would interpret his wishes, let alone how honest and skillful they would be. Franklin may have been the first—but certainly not the last—benefactor to have set aside funds for the future that would up being used differently from the way he intended.

"Every generation discovers Benjamin Franklin for themselves," Mr. Meyer writes. Were Franklin alive today, Mr. Meyer suggests, he would have been disappointed not just by how little the U.S. invests in its blue-collar workforce but also by how distorted certain kinds of philanthropy have become. Reading reports of large gifts to already well-endowed institutions bearing the names of the "tycoons" who made them, Mr. Meyer asks: "Where would Silence Dogood [a Franklin pen name] fit into a culture of self-promoting philanthropy?"

But of course that isn't the whole story. While the share from wealthy people has been rising, most philanthropy in the U.S. still comes from individuals of more modest means, who use their money (and volunteer time) to support the kinds of organizations Franklin himself helped establish. While his "last bet" didn't pay off as he hoped, the example Franklin set during his life continues to produce dividends.

Mr. Lenkowsky is a professor emeritus at Indiana University.

Biden Flirts With Tropical Tyrants



AMERICAS
By Mary
Anastasia
O'Grady

Obama-era policy of treating governments in Venezuela and Cuba more normally. The Biden administration is signaling that it may go along with these mental gymnastics—no matter how nonsensical.

The Journal reported last week that the "administration is preparing to scale down sanctions" on Venezuela and "to resume pumping oil there, paving the way for a potential reopening of U.S. and European markets to oil exports from Venezuela, according to people familiar with the proposal."

This comes on the heels of production cuts announced by the Organization of the Petroleum Exporting Countries and its allies. To the uninitiated, easing restrictions on Venezuelan oil may seem a credible attempt to lower U.S. energy prices. To the rest of us, it's either stupid or evil—although there's no reason it can't be both.

Mr. Biden has a political problem. Winter is coming and fuel-oil inventories are low, especially in the Northeast. Americans are well aware of the role his green agenda

plays in their hardship. Doing nothing isn't an option.

If looking like a man of action is the objective, Venezuela, where Chevron is eager to restart oil production so it can recover what it is owed by the state, may seem like low-hanging fruit. But the country's infrastructure is so dilapidated and its human capital so obliterated that without significant new investment it can't bring up from the ground much more than the 600,000 barrels a day that it now claims to be producing.

Francisco Monaldi, an oil analyst at Rice University's Baker Institute for Public Policy, told me last week that he estimates that with new U.S. licenses Venezuelan output might increase by around 220,000 barrels a day—in the next year or two.

Since oil is priced on a global market and this would equal only around 0.2% of world demand, it's hard to see how it would help American consumers. Even Biden economists must be able to understand that it's a drop in the bucket, which is why the matter looks more like it belongs in the political department—filed under never-let-a-crisis-go-to-waste.

If the Biden foreign-policy team smells an opportunity to advance "engagement" with Venezuelan despot Nicolás Maduro, it isn't a stretch to think they'll take it, using the fog of war in Ukraine as cover. But on the ground the hit to freedom will be substantial if

the U.S. gives up its resolve to pressure Venezuela to re-establish democracy. Renewing licenses so Venezuela can export more oil to the U.S. and Europe would be a huge favor to the Maduro military dictatorship, which needs hard currency to run its repressive machine and seeks legitimacy on the world stage.

Doing business with dictators in Cuba and Venezuela is foreign-policy malpractice.

This is the kind of foreign-policy malpractice produced by national-security advisers who view efforts to promote U.S. values in dictatorships as imperialism. Mr. Maduro and Cuba's Miguel Diaz-Canel enjoy the "noninterventionism" doctrine. In Venezuela the highest priority is getting the military dictatorship "to the table" to talk about one day holding free elections.

Pigs. Fly. The Biden Cuba policy isn't much better. The administration demonstrated its tolerance for Havana's brutality against its own people in May by easing travel and remittance restrictions, despite the nasty July 11, 2021, crackdown on dissidents. Hundreds of political prisoners rounded up at that time languish in Cuban dungeons. Mr. Biden looks the other way.

Now comes Hurricane Ian, which apologists for the failed revolution view as a glorious opportunity to pounce on the U.S. embargo and try, yet again, to wring money out of the gringos. On Oct. 2, a community organization called the People's Forum ran a full-page ad in the New York Times blaming U.S. sanctions for the suffering of the Cuban people and calling for U.S. aid to Havana to "help our neighbors." Reuters reported on Oct. 7 that Cuban "government and state-run media have repeatedly referenced" the ad.

There are no restrictions on the military dictatorship's purchases of food or medicine from the U.S. But the notorious deadbeat borrower can't get credit from U.S. institutions. As for construction materials necessary to rebuild, they may easily be purchased in Mexico, Canada and Europe—to name a few markets. The regime must know this since a building boom in luxury hotels has been under way since at least 2016.

Plenty of Americans want to help their Cuban brethren. But Havana won't allow private aid organizations or the U.S. government to send donations directly to Cubans. Shipments must go through the corrupt regime.

Venezuelans and Cubans face extreme want. But propping up the military dictatorships that run those countries is no way to advance their interests—or ours.

Write to OGrady@wsj.com.

Justice Delayed for Father MacRae

By Harvey Silverglate

Father Gordon MacRae has been in prison since 1994, when a New Hampshire jury convicted him of sexual assault and he was sentenced to 33½ to 67 years. The charges against him were "built by a determined sex-abuse investigator and an atmosphere in which accusation was, in effect, all the proof required to bring a guilty verdict," the Journal's Dorothy Rabinowitz wrote in 2013. Father MacRae has maintained his innocence all along.

A new development will soon provide Granite State courts an opportunity to reconsider Father MacRae's conviction. The state attorney general has published a so-called Laurie List of law-enforcement officers with credibility problems. The list is named for *State v. Laurie*, a 1995 case in which the state supreme court overturned a conviction after exposure of a detective's dishonest conduct.

The list initially included Detective James F. McLaughlin of

the Keene Police Department, who was the lead investigator in the MacRae case. He made the list for alleged "falsification of records" in an unrelated case in 1985. Detective McLaughlin successfully petitioned to have his name removed from the list, but the New Hampshire

A list of officers with credibility issues calls his 1994 conviction into question.

Center for Public Interest Journalism sued to learn who had been removed. (Detective McLaughlin has declined to respond to local press requests for comment on the list.)

Father MacRae plans to ask a court to throw out his conviction, arguing that Thomas Grover, his only accuser at trial, testified falsely at Detective McLaughlin's behest. As Ms. Rabinowitz has documented, Detective McLaughlin's own reports showed that he attempted a sting by writing a letter to Father MacRae and forging the signature of Jon Grover, the accuser's brother. According to supporters of Father MacRae who run the website BeyondTheseStoneWalls.com, Detective McLaughlin failed to produce and maintain recordings of interviews with alleged victims, despite making adamant statements about the importance of recordings in child-abuse investigations.

In a May 1994 lawsuit, Father MacRae alleged that Detective McLaughlin accused the priest of having taken pornographic photographs of one of the alleged victims. No such photos were ever found. (Detective McLaughlin filed a motion to dismiss the lawsuit with prejudice, which the judge denied. After Father MacRae was convicted in September 1994, the judge dismissed the suit without prejudice.)

Ms. Rabinowitz wrote a series of stories about such cases beginning in the late 1980s.

False and implausible accusations of child sexual abuse led to conviction and imprisonment of innocent people from New York and Florida to Washington state.

All this happened because "believe the children" became a nationwide mantra. Society has a duty to protect young children—but also to assess accusations rationally and fairly, especially when they're improbable, spectacular and horrifying. Journalists, too, must maintain a level of skepticism when cases as improbable as these arise. Any reporter who covers the legal system should have recognized the high probability that these accusations were false.

Most of the defendants in these cases were ultimately released, but their lives had been ruined. The recent development in Father MacRae's case offers hope of another such bittersweet vindication.

Mr. Silverglate is a Boston-based criminal-defense and civil-liberties lawyer.

OPINION

REVIEW & OUTLOOK

California Tries to Regulate 50 States

As political polarization grows, states are increasingly seeking to regulate beyond their borders. On Tuesday the Supreme Court will consider where to draw the line in a challenge (*National Pork Producers Council v. Ross*) to California farm-animal regulations that has far-reaching implications.

California voters in 2018 approved a ballot initiative that established minimum confinement standards for farm animals sold as meat in the state. The law effectively requires that adult female pigs be housed in large group pens even though nearly all hog farmers keep them in individual pens, in part to prevent disease from spreading.

About 99.9% of the nation's pigs are born and raised outside California. The law is an attempt to regulate out-of-state farms, and it imposes costs on farmers that raise prices for consumers across the U.S. Slaughterhouses process hogs from different sources together, and there's no practical way to separate pigs raised for consumers in California's market.

* * *

Pork producers say California's law violates the so-called dormant Commerce Clause, which is the constitutional doctrine that prohibits states from imposing excessive burdens on interstate commerce. Even the Biden Justice Department says California may not regulate "out-of-state activity with no in-state impact based on a philosophical objection."

The Constitution allows states to protect the health and safety of their citizens. But even California concedes its rules do "not directly impact human health and welfare" and aren't "accepted as standards within the scientific community to reduce food-borne illness." The Humane Society sold the law to voters as preventing animal cruelty.

Under the Court's precedents, a state law violates the Commerce Clause if its "practical effect" is to "control [commercial] conduct beyond the boundaries of the State" or if it imposes a burden on interstate commerce that is "clearly excessive in relation to the putative local benefits." California's law does both.

California tries to appeal to Justices Neil Gorsuch and Clarence Thomas, who have criticized this interpretation of the Commerce Clause as a judge-made doctrine. The Justices are right to some extent. The Constitution grants Congress the power to regulate interstate commerce but doesn't explicitly prohibit states or localities

from doing so as well or from imposing laws with extraterritorial effects.

It's also true that the Court has sometimes interpreted Congress's powers to supercede state laws too broadly. *Raich* (2005) pre-empted state law that authorized local cultivation and use of medical marijuana on the thin reed that this could indirectly affect interstate commerce. But here California is seeking to supercede other state laws and impose its moral values on the country.

Ohio law, for one, explicitly authorizes the animal practices that California bans. California ironically argues in its defense that other states are imposing their animal confinement standards. But a patchwork of conflicting state laws would create chaos in the pork market. One impetus for the 1787 Constitutional Convention was to prevent such balkanization.

California says it isn't directly regulating out-of-state farmers—it's merely prohibiting the in-state sale of pork from farms that don't comply with its rules. This is a distinction without a practical difference. In any case, the law empowers California officials to inspect out-of-state farms. That's direct regulation.

Justice Antonin Scalia once described the dormant Commerce Clause as "an unjustified judicial invention, not to be expanded beyond its existing domain," but nonetheless said he would apply it when precedent compelled him. So it does here. Two centuries of High Court precedent hold that states cannot impose their policies on other states.

Judges often grapple with how to sort permissible state laws that indirectly affect interstate commerce from those that impermissibly intrude on other states' sovereignty. A five Justice majority in *Wayfair* (2018) ruled that states can require out-of-state retailers to collect sales tax. We disagreed, but states have a sovereign interest in collecting tax from their citizens.

California doesn't have a sovereign interest in regulating farm animals in other states. If its regulations are allowed to stand, why couldn't it also prohibit the sale of goods from companies that don't comply with its CO2 emissions caps? Or why couldn't Texas ban the sale of meat by slaughterhouses that employ undocumented workers?

California's law will invite more extraterritorial regulation by other states and open up interstate regulatory battles that will disrupt commerce and further polarize politics.

The Supreme Court considers the limits of state law and interstate commerce.

The D.C. Bus Fare Is a Polite Suggestion

Today's sorry lesson about crime and impunity in America's cities comes courtesy of Washington, D.C., where the fare-box on the bus is more like an offering plate. More than a third of the bus trips now being taken involve fare evasion, but last week the Washington Metropolitan Area Transit Authority said it will crack down beginning in November.

The Metro transit authority says free riders are committing a criminal offense if they're in the Virginia and Maryland suburbs that surround the capital. But some four years ago, the D.C. City Council decriminalized fare evasion over a mayoral veto. Within city limits, fare dodgers face a mere \$50 civil citation. In the old days they might have been staring down a \$300 fine and 10 days in jail.

That hasn't been the only problem. Here's an amazing line from Metro's statement last week: "Tickets are provided by each jurisdiction and until recent action in the District establishing an adjudication and appeals process, Metro did not have tickets to use in the District. Therefore,

Metro did not have the ability to issue fare evasion citations in the District." Stop for a moment to remember that this is the capital city of the world's richest and most powerful country.

Metro says that D.C. is getting its act together, but the lack of consequences has created a boom for lawbreakers.

Halfway through fiscal 2022, riders had skipped payment on some nine million bus trips, or 34%. Compare that to fiscal 2018, when riders evaded fare on 9% of bus rides. Yet transit police took enforcement actions against only 297 fare dodgers in 2021, down from more than 12,000 in 2018.

Proponents of decriminalization say fare evasion is a victimless crime, but Metro is facing a budget shortfall of nearly \$185 million. The transit authority said last week that it "conservatively estimates revenue losses due to fare evasion totaling \$40 million in fiscal year 2022 or 22 percent of the total upcoming budget gap." Incentives matter, and if fare dodgers don't face consequences, taxpayers will be the passengers who really get taken for a ride.

A third of riders don't pay after Washington decriminalized evasion.

The U.N. Abandons the Uyghurs

If pathological optimists still think the U.N. Human Rights Council cares about human rights, they might want to note events last week. A motion was made in Geneva to debate China's abuses against the Uyghurs in Xinjiang province, and the council voted 19-17 not even to discuss it.

Siding with China against the motion were regular lackeys such as Cuba and Venezuela, as well as countries such as Nepal, Indonesia and Pakistan, Qatar and the United Arab Emirates that don't want to offend China or are on the hook as part of its Belt and Road Initiative.

The last four in that list are majority Muslim nations voting to ignore the documented persecution of a Chinese Muslim minority group. Indonesia is the world's largest Muslim country, and Pakistan's state religion is Islam.

In addition to China, the other nations on the dishonor role were: Bolivia, Cameroon, Ivory Coast, Eritrea, Gabon, Kazakhstan, Mauritania, Namibia, Senegal, Sudan and Uzbekistan. There were also 11 abstentions, including India, Mexico and Ukraine. Perhaps Kyiv hopes to keep China from giving military aid to Russia's invaders, but this wasn't Ukraine's finest hour. Mexico under President Andrés Manuel López Obrador has never met a left-wing dictatorship it didn't support.

In August the U.N. High Commissioner on Human Rights published a report that drew on interviews with former detainees in Xinjiang.

"A consistent theme was description of constant hunger and, consequently, significant to severe weight loss during their periods in the facilities," it said. "Almost all interviewees described either injections, pills or both being administered regularly."

Read on, if you have the stomach. "Some also spoke of various forms of sexual violence, including some instances of rape," the report said. "Several women recounted being subject to invasive gynaecological examinations, including one woman who described this taking place in a group setting."

Routine abuses included being deprived of sleep and prayer, in addition to being forced to sing patriotic songs. The report asked China to look into "allegations of torture, sexual violence, ill-treatment, forced medical treatment, as well as forced labor and reports of deaths in custody." It said the pattern of repeated maltreatment in Xinjiang "may constitute international crimes, in particular crimes against humanity."

Pragmatists might be pleased that the motion Thursday failed by only two votes, after a fierce lobbying campaign by Beijing to defeat it. But what a disgrace. Everyone knows the U.N. Human Rights Council is a sinkhole of moral equivalence. But if it can't pass a motion merely to open discussion on China's abuses in Xinjiang, there is no reason for it to exist, or for the United States to continue to be a member.

The Human Rights Council votes not to discuss China's abuses.

LETTERS TO THE EDITOR

Racial Preferences Failed on Their Own Terms

Jason Riley (my colleague at the Manhattan Institute) is one of the few journalists in the mainstream media willing to say the quiet part out loud when it comes to affirmative action: It failed ("Racial Preferences Harm Their Beneficiaries, Too," *Upward Mobility*, Oct. 5).

Mr. Riley defines failure here in two ways. First, in terms of academic "mismatch," or what happens when a student finds herself at a school for which she is academically unqualified. It's not a pretty picture: The student may fall behind her more qualified peers, become dejected and switch to an easier major or drop out altogether. Second, in terms of the discrimination Asian-American high-schoolers have been subjected to since the 1980s on account of their race and ethnicity. Not a pretty picture there, either.

But racial preferences have failed on another front, too. We can see how if we shift our focus from the policy's original justification—helping blacks enter the middle class—to its current one: diversity. This change occurred as a result of Justice Lewis Powell's landmark opinion in *University of California v. Bakke* (1978), in which he posited that affirmative action was needed to foster greater diversity of political and social thought on college campuses. Justice Sandra Day O'Connor reiterated this view in *Grutter v. Bollinger* (2003).

Precisely the opposite has happened. For example, a Knight Foundation-Ipsos study from January found that 65% of college students felt to-

day's campus climate prevents people from saying what they believe for fear of offending someone. This was even higher among conservative students.

The Supreme Court is likely to overturn affirmative action in the coming months for the simple reason that it is illegal. But as Mr. Riley reminds us, this policy should also be tossed out because it has failed.

RENU MUKHERJEE
Policy Analyst, Manhattan Institute
Brookline, Mass.

In reading Mr. Riley's column and the same-day editorial "Illinois's Shocking Report Card," one can connect the issues discussed in the two articles. The "need" for race-based affirmative action for college admissions would cease to exist if the root cause was seriously addressed.

Nothing could be more important than ensuring that all children attain reading and math proficiency. Students, not only in Decatur, Ill., but in all inner-city schools, deserve nothing less. While family and social dysfunction may hamper these efforts, charter schools have proved that success is possible.

What better way to combat supposed white supremacy than by providing the ways and means for these children to succeed? Advancing students to the next grade level when they don't yet have the necessary competency kicks the can down the road until it arrives at college admissions time.

KRISTY LAURIA
Mission Viejo, Calif.

More Than One Way to Think About Identity

Responding to my op-ed "AOC Tries to Bully Yeshiva University" (Oct. 3), Sanford Goldstein rejects an analogy: "Student clubs for Shabbat violators and bacon eaters would be about what people do. An LGBT club is about who people are," he writes (Letters, Oct. 8). The distinction between what one *is* and what one *does*, however, doesn't exist naturally in the world. It is a reflection of a worldview that sees identity—who you are—as a collection of characteristics, rather than as emerging from, or being represented by, what you do.

Though that worldview is culturally dominant, it isn't inevitable. Orthodox Judaism, as Yeshiva University interprets its traditions, may advance a different view. If YU rejects the is-does distinction, that may well

be because it has a different understanding of what makes a person who he or she is, and wants to imbue that understanding in its students.

So many of YU's critics miss that its educational mission isn't confined to forbidding the forbidden and permitting the permitted, but includes transmitting a comprehensive set of ideas about what constitutes a person and a life well lived. When the state, a group of students or even dissident teachers try to stop YU from doing that, they have to justify why they are better-positioned than the school administration to determine what principles an Orthodox Jewish institution can or should advance.

TAL FORTGANG
Fellow, Tikvah Fund
New York

ESG Is About Sustainable Investment Returns

Paul Tice's op-ed "ESG Threat Goes Beyond BlackRock" (Sept. 28) demonstrates a flawed understanding of Environmental, Social and Governance investing and mischaracterizes the mission of my organization, the Principles for Responsible Investment (PRI).

The widespread embrace of ESG investing isn't the result of a hidden hand pulling the strings of the financial market. Investors increasingly recognize that ESG factors are material to their investments and that climate change exposes companies to risk. They know consumers increasingly fa-

vor sustainable products and businesses, and that the alternative to a sustainable global financial system is an unsustainable one. ESG investing is a means to an end: sustainable returns.

PRI's mission is in its name: we advocate for six principles for responsible investment. We're transparent about our aims and ambitions. We promote sustainable investing practices, which means enabling investors to make their own informed decisions.

We want investors to have access to the data they need to make choices about where to direct capital. By contrast, trying to prevent investors from accessing information and limiting the ways in which they can practice sustainable investing does exactly what Mr. Tice accuses ESG's proponents of doing—it undermines investors' ability to make their own decisions.

NATHAN FABIAN
Principles for Responsible Investment
London

All Quiet on Georgia Now?

Regarding Brian Kemp's op-ed "Stacey Abrams Loses Again—This Time in Court" (Oct. 5): It would be interesting to see if Major League Baseball, Coca-Cola and Delta Air Lines, all of which were loudly critical of Georgia's election laws, made any statements in response to the recent ruling that the state's "system of voting is equally open," in effect dismissing the lawsuit filed by Fair Fight and Stacey Abrams.

BOB YOUNGERMAN
Campobello, S.C.

Pepper ... And Salt

THE WALL STREET JOURNAL



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DOUGLAS ROBERTS
Monterey, Calif.

OPINION

A Cold War Program Gets Hijacked

By Neetu Arnold

A Cold War-era federal program has wandered far from its national-security mission and into the woke follies that permeate much of American education. For decades, U.S. colleges and universities have received taxpayer dollars through the Education Department's National Resource Centers, a program intended to bolster U.S. national security at the height of tension with the Soviet Union. But more recently National Resource Centers are promoting unserious academic research or causes irrelevant to national security.

NRC-funded efforts included a training institute last year at the University of Texas, Austin, where teachers of pre-kindergartners through fifth graders were schooled in "(Un)learning patterns of whiteness in literacy teaching." In May, Stanford University's Center for Latin American Studies sponsored a webinar about using picture books to

National Resource Centers were meant to further U.S. interests, not to spread woke propaganda.

initiate "conversations centered on advocacy for LGBT Latina(o/x) youth." The University of Wisconsin-Madison's Center for Russia, East Europe, and Central Asia hosted a graduate student who uses critical race theory in her research on Russia and Ukraine.

Many scholars have questioned CRT's academic rigor, distortions of history, and promotion of racial grievances. In fellowships at Syracuse University and Cornell University, education-school faculty incorporate



PHIL FOSTER

subjects such as environmental justice into teacher-training programs. New York University's Center for Latin American and Caribbean Studies held a 10-month program in which teachers use something called "contemporary critical educational theory" to create "culturally relevant" classroom lessons. The propaganda from such NRC-sponsored initiatives becomes more potent when the efforts include outreach for K-12 teachers, who will pass along what they learn to students.

National Resource Centers were founded to provide language education and knowledge about parts of the world critical to American interests. The centers first received federal support after Congress implemented the National Defense Education Act in 1958. The purpose was to shore up America's national security during the Cold War, when Washington was short on officials with expertise on key parts of the globe.

Much has changed. National Resource Centers have abandoned their

national-security goal and now enforce left-wing ideological conformity under the guise of "international education." Federal funding of NRCs should end.

Advocates such as the National Humanities Alliance claim the National Resource Centers help Americans "engage productively across international borders." But American national security doesn't seem a priority in much NRC-funded work. My new report for the National Association of Scholars shows that NRCs in the Middle East have shifted their attention from security-related topics, including terrorism, over the past 20 years. Instead, these centers focus on social issues such as Islamophobia and immigration.

The concept of Islamophobia allows so-called intellectuals to condemn any reasonable response to Islamic extremism as irrational and discriminatory. While immigration is relevant to national security, my research found that National Resource Centers in the Middle East often back efforts that promote

sympathy for illegal immigration and portray borders as inherently immoral.

NRCs in the Middle East have been assailed by academics and others for their mission drift over the past few decades. Martin Kramer and Stanley Kurtz are two of the scholars who have detailed these centers' biases toward political correctness throughout the 2000s. By the 2010s, lawmakers had substantially reduced federal funding for NRCs. Despite the cuts, the centers have yet to make the necessary self-corrections. Americans should not be on the hook for centers that chose to ignore their national-security mission.

Defunding the centers would cast the U.S. into a national-security and knowledge crisis, NRC proponents warn. But it is no longer 1958. The internet fosters connections with other cultures—without the political correctness that dominates American universities. There are more bilingual speakers in the U.S. than ever, many of whom speak languages the State Department deems critical to national security. Instead of turning to misguided NRCs, we could draw on these individuals when expertise in other languages and cultures is needed.

Other government programs could step in. NRC funds could go to the Education Department's Language Resource Centers, which support language teaching and training. (This assumes the LRCs will refrain from ideological activism.) There also is the Pentagon's Defense Language Institute.

National Resource Centers were created in response to the desperate situation of the 1950s. That emergency has long since ended. NRCs have outlived their purpose, and it is time for them to go.

Ms. Arnold is a senior research associate at the National Association of Scholars.

Putin's Annexations May Cost Him Crimea

By Casey Michel

Vladimir Putin hopes his formal annexation of four regions of Ukraine will help him salvage victory. It matters little to him that none of the annexed areas are fully occupied by Russia, or that Ukraine continues to gain ground against listing Russian forces. For Mr. Putin, the so-called annexations let him claim success to reassure an increasingly nervous domestic audience. While there's a certain logic to his claims, they are shaping up to be another strategic blunder.

Suddenly the peninsula is merely a small part of a portfolio of provinces that he claims as his own.

One can see why Mr. Putin thought this was a good idea. The supposed annexation brings these lands under Russia's nuclear umbrella. Given how often Mr. Putin has rattled his nuclear saber in recent weeks, this is a dangerous development. More broadly, the annexation is a way for Mr. Putin to assert that he is returning "historic" lands to Russia. Mr. Putin is spinning it as a victory, preening during Friday's annexation announcement. "There is nothing stronger than [these regions'] determination to return to their true historical homeland."

But no other government has recognized the annexations, and the Kremlin's hold on these areas grows more tenuous by the day, undercutting its claims of victory. Most troublesome for Moscow, Mr. Putin's so-called annexation threatens to unwind Russia's only serious success in Ukraine—its taking of Crimea.

For years, Mr. Putin and his defenders have proclaimed that Crimea was the mantle of Russian civilization—an area where Russian culture and Russian heroism originated. "Everything in Crimea speaks of our shared history and pride," Mr. Putin said after Moscow's 2014 move to annex the region, which it has since held militarily. Those opposed to Mr. Putin's rule also parroted such talking points, echoing Moscow's belief that Crimea was somehow exceptional. Even jailed Kremlin opponents like Alexei Navalny refrained from calling to return the peninsula to Ukraine.

A *sotto voce* consensus emerged in the West after Crimea was taken. While no Western government recognized Russia's claim to the region—the few governments that did were autocracies like Nicaragua, Cuba and Venezuela—there was also little appetite to support Ukrainian efforts to retake it. Even after Mr. Putin launched his February offensive, there has been constant Western hand-wringing about whether to support Ukrainian military moves to reconquer Crimea. Everyone conveniently ignores that a majority of Crimeans backed Ukrainian independence from the Soviet Union in 1991.

Now, though, Mr. Putin has broken the illusion of Crimea's singularity by lumping it in with his newly annexed lands, which no one abroad would recognize as Russian. And few Russians have the same attachment to them; I doubt many could find the freshly annexed Zaporizhzhia on a map. Mr. Putin has reduced Crimea to one small part of a portfolio of provinces that the revanchist maniac claims as his own. This will make it far easier for the Ukrainians to argue that they need to reclaim all Ukrainian territory, including Crimea, from Russian forces.

The West's timid concern about the potential dangers of returning Crimea to Ukrainian rule will likely cease. Mr. Putin's claim to the region is now indistinguishable from his annexations of Kherson or Luhansk, which every Western nation still considers Ukrainian land. Kyiv won't get complaints from the West if it takes Crimea and may well get the arms to do so if it asks.

That reality is something the Kremlin, wrapped up in its own paranoia and propaganda, doesn't seem to have recognized. But the logic is inescapable. Moscow's claim to Crimea has been revealed as an irredentist despot's attempt to flatten and brutalize a piece of Ukraine. Crimea should be returned to Kyiv's control and the sooner the better. Happily, the only thing standing in the way is the Russian military, and we all know what that means.

Mr. Michel is an adjunct fellow with Hudson Institute's Kleptocracy Initiative and author of "American Kleptocracy: How the U.S. Created the World's Greatest Money Laundering Scheme in History."

Gavin Newsom Finds a Tax Hike He Doesn't Like

LIFE SCIENCE
By Allysia Finley

California Gov. Gavin Newsom is laying the groundwork to run for president in 2024. That may explain why he is opposing Proposition 30, a November ballot measure that would raise the Golden State's already punishing top 13.3% income-tax rate to subsidize electric vehicles.

"Prop. 30 is a Trojan horse that puts corporate welfare above the fiscal welfare of our entire state," Mr. Newsom says in a TV ad. No, he hasn't been struck by a bright light on the road to the White House. His opposition seems to have less to do with the harm the tax hike would do to his state than with who is opposing it: the California Teachers Association and wealthy liberal donors.

The initiative is being bankrolled almost exclusively by Lyft, the San Francisco-based ride-share company, which has spent \$45 million in support. Lyft's involvement requires some explaining, though it doesn't make complete sense.

Democrats in 2018 enacted legislation requiring the California Air Resources Board, known as CARB, to set out a plan to electrify the fleets of ride-hailing services such as Lyft and Uber. The law didn't establish firm electric-vehicle targets for the companies.

In summer 2020 Lyft and Uber tried to win favor with liberals amid a ballot fight with labor unions by pledging a full transition to electric vehicles nationwide by 2030. How exactly they planned to achieve that goal was unclear, since their drivers own their own cars. Most don't drive for the companies full-time or earn enough to buy an EV. The companies would probably have to mandate that their mostly part-time and lower-income drivers swap their gasoline-powered cars for more expensive EVs—or kick them off their platforms. The latter would increase passenger wait times and fares, which would lead to fewer customers using their services.

Their announcement backfired. CARB mandated in May 2021 that electric vehicles make up 90% of ride-hailing miles by 2030, up from about 2%. Lyft complained the mandate "could economically harm low- and moderate-income drivers" and demanded more government handouts to help the company comply. The \$12,000 in federal and state subsidies for buying an electric car wasn't enough.

The governor is allied with the teachers union against a ballot measure bankrolled by Lyft.

Uber has a stronger balance sheet and more diversified business owing to its food-delivery service. So it might be able to provide additional EV subsidies for its drivers. But for Lyft, which is fast bleeding cash amid high driver turnover, the mandate could trigger a business death spiral in one of its strongest geographic markets.

Hence Lyft's ballot campaign to soak the rich. Proposition 30 would raise the state's top income-tax rate on Californians making more than \$2 million to 15.05%—the highest in the country—from 13.3%. About 80% of the \$3.5 billion to \$5 billion in revenue annually would fund electric vehicles and charging stations—mostly for lower-income drivers—and the other 20% would go to wildfire mitigation. The latter is intended to broaden public support.

Lyft helped progressive regulators take the company hostage, and now it's pointing a gun at the heads of the state's wealthy denizens. The bizarre thing is that Lyft probably wouldn't get much of a lift from Proposition 30. It's unlikely that even bigger subsidies would induce part-time drivers to replace their gas-powered cars before they break down.

Proposition 30's primary beneficiary would be auto makers, many of which are struggling to meet the state's aggressive electric-vehicle

mandate. It's not implausible, then, that Lyft could be a stalking horse for General Motors, which was an early investor in the ride-hailing company and has been rumored to be interested in buying it.

The corporate welfare for auto makers may explain why the state's Chamber of Commerce is taking a back seat in the ballot fight. Most of the \$13.7 million that has been spent to oppose Proposition 30 has come from wealthy Californians, including many Newsom donors such as Netflix CEO Reed Hastings, Zynga founder Mark Pincus and Pisces Inc. managing director Robert Fisher.

The other major force of opposition is the California Teachers Association, which is furious that none of the revenue generated by Proposition 30 would go to schools. It may also realize that the tax hike could drive away wealthy taxpayers, on whom the state depends to finance schools. The top 0.5% of taxpayers in California pay about 40% of state income tax.

A study this year by Stanford economists found that the 2012 income-tax hike on high earners spurred many to flee the state or modify their behavior to reduce the

income tax they pay. As a result, the tax hike raised 55.6% less than would have been expected over the first three years it was in effect. Notably, out-migration was highest among taxpayers earning more than \$2 million—those who would get slammed by Proposition 30. The teachers unions not only won't benefit from the measure; it could cost them.

The teachers union is the most powerful Democratic special-interest group, and Mr. Newsom knows it. If he hopes to win the 2024 Democratic presidential nomination, he will need the union riding shotgun. Hence his cutting ads for the Vote No campaign. An Oct. 4 Berkeley IGS poll showed 49% of likely voters supporting Proposition 30 and 37% opposing it.

Maybe one reason Mr. Newsom is running campaign ads touting California's cultural progressivism in zero-income-tax states such as Florida and Texas is because that's where much of his wealthy liberal donor base has moved. If Proposition 30 passes, he will be spending so much time fundraising out of the state that he may only have to file his taxes as a part-time resident.

The Other Immigration Crisis: Endless Visa Waits

By Joe Lonsdale

A quiet crisis has been brewing in U.S. diplomatic posts around the world: months, even years, of visa-processing delays. As an entrepreneur and investor who seeks out the world's top talent to create prosperity in America, I'm sounding the alarm. When we make it needlessly difficult to visit and work in the U.S., we miss out on talent, cause unnecessary headaches for residents and encourage businesses to move jobs abroad.

In New Delhi, an appointment for a nonimmigrant visitor visa takes more than 800 calendar days, or nearly three years; for a student visa, nearly 450 days. The Cato Institute found that more than half of U.S. embassies and consulates world-wide have a waiting time greater than six months for a visitor or business visa appointment, compared with 1% before the pandemic. More than 1 in 4 have a waiting time of a year or more.

The pandemic exacerbated this dysfunction but didn't create it. There are countless people living and working in the U.S. who have been in immigration purgatory for years—waiting for an appointment and unable to leave and re-enter the country until they get one. This affects everyone from Iranian asylum seekers to British Silicon Valley CEOs.

Americans broadly support high-skilled immigration and a reasonable visa regime. It's become a running

joke in Silicon Valley that major Canadian cities such as Toronto and Vancouver are now "waiting rooms" for high-skilled foreigners who got unlucky in the crapshoot that is the U.S. immigration system. We shouldn't laugh, since America and its economy are the butt of the joke.

In March Congress enacted the EB-5 Reform and Integrity Act of 2022 to streamline the immigrant-visa process for foreign investors who commit significant capital to the U.S. But that reform is swamped by slow administration. U.S. Citizenship and Immigration Services advises applicants that 80% of cases (excluding Chinese nationals, who take even longer to process) are resolved within 52 months, or nearly 4½ years.

For many U.S. Indians, one of our largest immigrant populations, the dysfunction is becoming personally untenable. Even permanent U.S. residents with family in India may reconsider working here if relatives have to wait years for a short visit.

Secretary of State Antony Blinken has blamed the delays on money troubles (visa processing is funded by fees) and social distancing in embassies. If money is an issue, he should ask Congress for more; if social distancing in embassies is an issue, he should change the policies to reflect that the threat from Covid-19 has receded. Either way, this crisis demands real leadership.

Mr. Lonsdale is managing partner at the venture-capital firm 8VC.

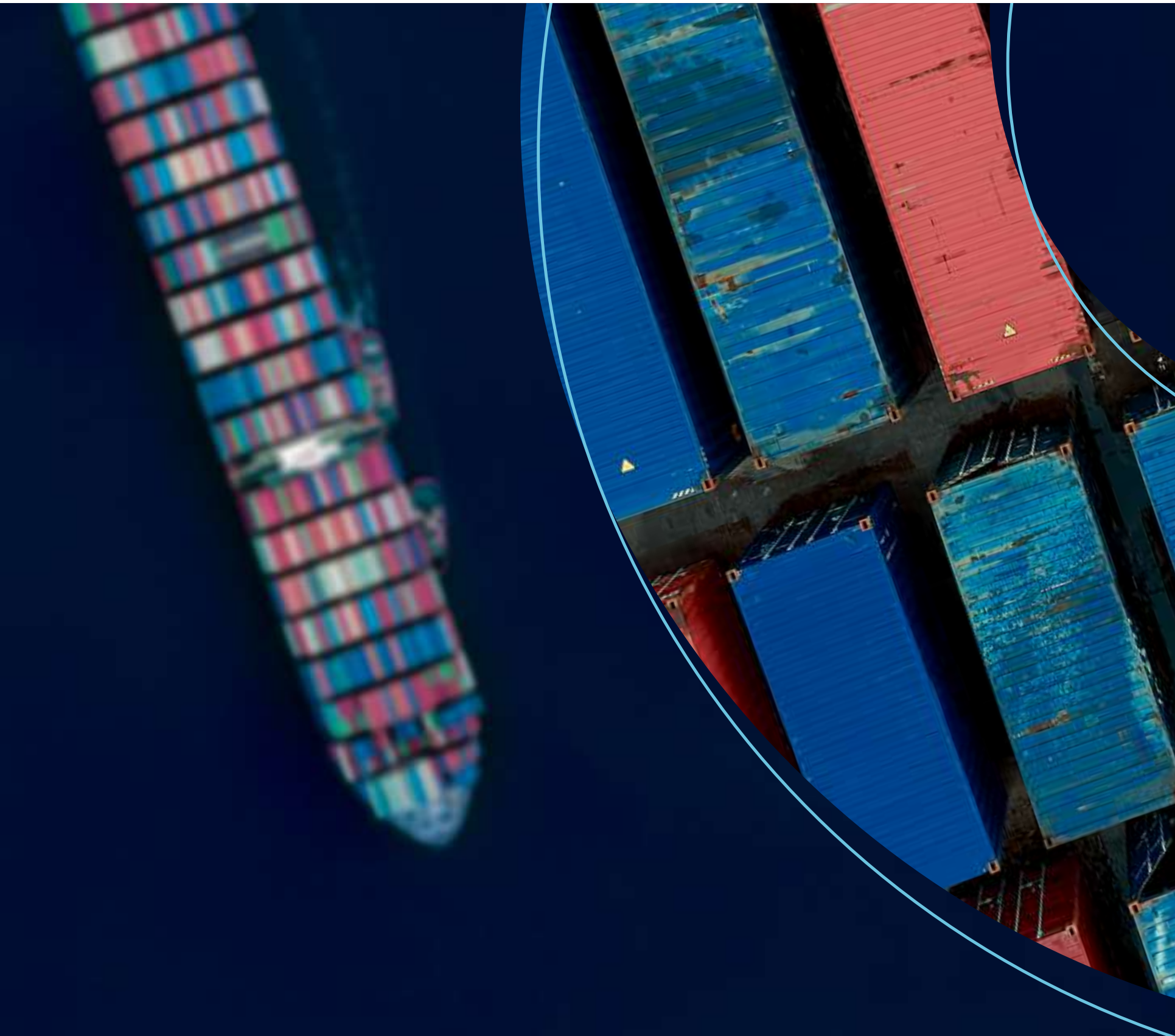
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Monday, October 10, 2022 | B1

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Dollar Imperils Rebound in Manufacturing

By Bob Tita

The strengthening dollar threatens to undermine a rebound in American manufacturing, handing foreign producers an advantage in selling into the U.S., executives and economists said.

The dollar's surging value relative to the euro, the Japanese yen, the British pound and other currencies is making foreign-made goods cheaper to import, while exports of U.S.-made goods grow more expensive for foreign buyers. For U.S. manufacturers operating overseas factories, their sales in foreign currencies are worth less in dollars now because of the unfavorable exchange rates caused by the strengthening dollar.

Industry analysts said unfavorable exchange rates are likely to dent industrial manufacturers' revenue when they start to report quarterly results later this month. RBC Capital Markets forecast a currency-related sales drop of 5.1% for conglomerate 3M Co., a 3.4% decrease for heating and air-conditioning-equipment maker Carrier Global Corp. and a 2% reduction for General Electric Co. Representatives for the companies had no comments.

Foreign companies, meanwhile, are gaining a price advantage on exports to the U.S. at a time U.S. companies have been adding production.

Baltimore-based Marlin Steel Wire Products LLC,

which makes wire baskets for industrial and medical uses, picked up more work during the Covid-19 pandemic supplying equipment to U.S. hospitals that had previously used suppliers in China. Now, the company is producing mesh baskets for semiconductor plants being built in the U.S. President Drew Greenblatt said he added about 50% more floor space at his Baltimore plant, introduced robotic welders and bought another wire-basket company in Indiana late last year to increase production.

Mr. Greenblatt said his European rivals are being held back by soaring energy costs and recession concerns but have pricing power with their imports because of the strengthening dollar. "Our foreign competitors look like they're having a 10% or 20% sale," he said.

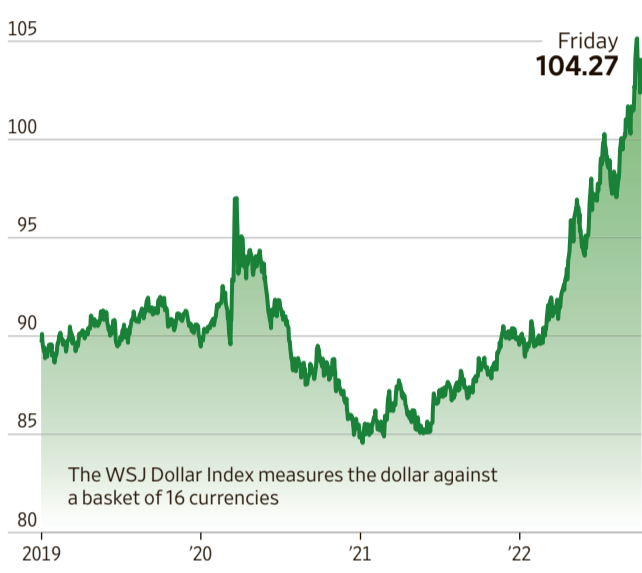
Since the onset of the pandemic, unreliable overseas supply chains and sky-high costs for shipping caused some U.S. companies to look for domestic alternatives. New factories and production lines have been added to produce more semiconductors, auto parts, aluminum cans and other goods, helping revive the domestic manufacturing sector that lost millions of jobs to China and other low-cost locales during the 2000s.

The dollar's rise stems from the roaring U.S. economy that followed Covid-19-related shutdowns in 2020 and the Federal

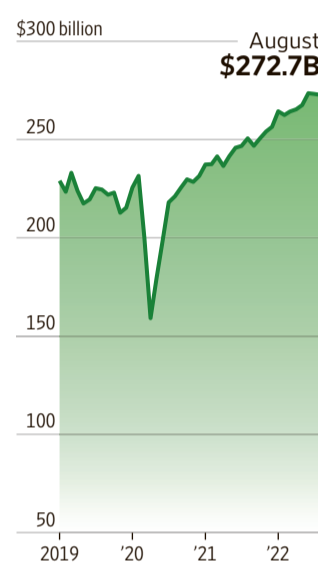


For farm-equipment maker Agco, Europe and the Middle East account for more than half of sales.

WSJ Dollar index



Durable goods orders*



Sources: Dow Jones Market Data (Index); Commerce Department (orders)

Reserve's efforts to drive down inflation.

By aggressively tightening interest rates this year, the Fed effectively drove up the value of the dollar against other currencies, as investors from

around the world converted their own currencies to greenbacks to buy Treasury bonds with higher yields. Analysts said the appeal of U.S. bonds has been enhanced by the global disruption caused by the

war in Ukraine and the weakness in economies elsewhere in the world.

U.S. companies with significant business operations in Europe are facing falling demand

EV Makers Rev Up Listings as IPOs Slow

By Dave Sebastian

Electric-vehicle makers in Asia and the companies that supply them are rushing to capital markets to raise money, as they try to take advantage of a surge in demand for energy-efficient automobiles.

There has been a bounty of EV-related stock sales this year, even though much of the global market for initial public offerings has slumped. More than \$23 billion was raised in the year-to-date period by companies along the electric-vehicle supply chain via initial public offerings and follow-on stock sales in Asia excluding Japan, according to Dealogic data.

Bankers and investors say the burgeoning EV sector is one of the few industries drawing money, thanks to its high long-term growth and profit potential. But the companies haven't been immune to recent stock-market turbulence; some had to downsize fundraising ambitions or accept lower valuations.

EV-related businesses from car makers to battery producers are pushing ahead with stock sales because they need to fund their capital-intensive activities.

"Many companies, particularly those that are unprofitable or burning cash, have no choice," said Jon Withaar, head of Asia special situations at PricewaterhouseCoopers.

Some car makers double-down on hybrids..... B4

STREETWISE

By James Mackintosh

Portfolios Have Little Cushion From Turmoil



Good news is bad news, and on Friday it was very good, and very bad. The

monthly payrolls report showed a strong labor market, with unemployment matching a 53-year low. Stocks dropped, as did bond prices, with bond yields up. Such is the world of high inflation—and it is creating serious problems for those trying to cushion their portfolios against severe loss.

The pattern of markets for the past two decades has reversed. Investors grew used to it, but it no longer works: Strong economic data meant better profits, so were good for stocks, but meant a little more inflation, so were bad for bonds, pushing up yields. For 20 years, there was a strong tendency for stocks to

INSIDE



LOGISTICS

The supply-chain tangle leads to frustration and long waits for truckers. B3



Some auto dealers say their backlogs for hybrids such as the Toyota RAV4 stretch into the thousands.

Hybrid Vehicles Gain Favor Among Buyers And Car Companies

By Sean McLain

Demand for hybrid vehicles is hot, reinforcing the view from Toyota Motor Corp. and other auto makers that the gas-electric approach will play an important role even as the industry races toward fully electric cars.

Both hybrids and electric vehicles have grabbed a bigger slice of the U.S. market over the past two years, as higher gasoline prices and an influx of new models spur demand, dealers and analysts say.

U.S. car buyers on average have been snapping up hybrids within just 12 days from their arrival at dealership lots this year through August, compared with 16 days for EVs and 23 days for internal-combustion vehicles, according to data from consumer-research site Edmunds.com.

After surging 73% last year, hybrid sales slipped 5% through August this year, according to research firm Motor Intelligence, largely because of supply constraints at Toyota, the hybrid sales leader. Some dealers say their hybrid backlog stretches into the thousands of vehicles.

While auto executives increasingly espouse a view that the market is headed toward all-electric vehicles, their strategies diverge on whether that

path should include hybrids, which combine an internal combustion engine with a small battery and electric motor to save fuel. Some auto makers have introduced more plug-in hybrids, which use a larger battery to allow the car to travel solely on electric power—typically for a few dozen miles—before a gas engine kicks in.

Toyota, Sweden's Volvo Car AB and Korea's Hyundai Motor Co. are among those betting that some customers aren't ready to rely merely on electric power. Each of the companies has rolled out more hybrid models over the past few years, while also introducing full EVs.

"There are a lot of people who will leap into an EV, and there are others who will prefer a hybrid, especially depending on what part of the country you live in," said Randy Parker, chief executive of Hyundai Motor America. The allegiance to hybrids is a bet that Wall Street eventually will reward the inclusion of internal-combustion engines as part of auto makers' long-range strategies. Investors in recent years have strongly favored pure-play EV companies, including heavyweight Tesla Inc. and startups such as Rivian Automotive Inc., whose valuation rivals some traditional auto makers despite heavy

Burger King Sets Revamp To Restore Chain's Luster

By Heather Haddon

Burger King is gearing up to reclaim lost ground in the battle of the burger giants.

For decades the No. 2 U.S. burger chain by sales behind McDonald's Corp., Burger King in 2020 slipped to the third burger brand behind Wendy's Co. Chicken sandwich chain Chick-fil-A Inc. also has surpassed the home of the Whopper, its restaurants averaging more than four times the annual sales of a typical Burger King location, according to market research firm Technomic Inc.

"We made some bad decisions in the last couple of years," said José Cil, chief executive of Burger King parent Restaurant Brands International Inc. "We've made some significant changes as a result."

Restaurant Brands said it is pushing to turn around the chain, having installed new leadership and earmarking \$400 million to boost advertising and revamp everything from restaurant design to the way its flagship burgers are constructed. Executives said that overly complex menus, slow operations and outdated restaurants had tarnished

Burger King's standing with diners and investors.

Burger King is a cornerstone of Restaurant Brands' portfolio, generating \$23.5 billion in sales in 2021, with its 7,100 U.S. locations generating around 28% of the Toronto-based parent company's overall revenue. Drive-through and to-go orders helped fast food chains ring up big sales as the Covid-19 pandemic began to spread in the U.S. in 2020, boosting Burger King as well as McDonald's, Wendy's and other rivals.

In late 2021, Burger King's comparable sales—a measure



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RANK	COMPANY	2021 AI REVENUE
No. 1	Palantir	\$1,392M
No. 2	Microsoft	\$1,252M
No. 3	IBM	\$776M
No. 4	AWS	\$688M
No. 5	Google	\$536M

Source: IDC, Worldwide Artificial Intelligence Platforms Software Market Shares, 2021: AI Is Being Used In More Unique Ways Than Ever (2022)

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The information presented in the table above has been compiled and analyzed by IDC using their methodology described in the Worldwide Artificial Intelligence Platforms Software Market Shares, 2021: AI Is Being Used In More Unique Ways Than Ever (2022) report contained on IDC's website (www.idc.com). We have not independently verified, and make no representations as to, the accuracy or completeness of the data contained in this report.

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Hybrid Vehicles Gain Favor

Continued from page B1 losses and relatively small sales.

General Motors Co. and Volkswagen AG are among auto makers that have played down hybrids or stopped offering them, and instead are focusing their efforts on rolling out dozens of fully electric models in coming years.

"Our strategy is focused on battery electric vehicles as they represent the best solution," said GM Chief Executive Mary Barra during the company's annual shareholder meeting in June.

Car makers investing in hybrids say EVs are a poor fit for customers in many parts of the world. Toyota says it sells millions of vehicles in developing countries, where the electricity supply is unreliable.

Even in the U.S., large portions of the country lack access to widely available charging infrastructure, or have longer commutes that make less sense for battery-powered vehicles, executives say.

With gas prices hovering around \$4 a gallon in many parts of the U.S., customers who want fuel-sipping models

have been turning to hybrids. Gas-electric vehicles also are getting a look from buyers who might want EVs but don't live in areas with easy access to reliable charging stations, dealers and executives say.

Toyota said hybrids, including plug-in cars, accounted for around 20% of U.S. sales in September, but has said that could have been double if not for supply constraints.

Overall, hybrid vehicles represented 5.6% of U.S. sales through September, while EVs were 4.9% of the market, according to data from research firm Motor Intelligence.

Overall, hybrid vehicles represented 5.6% of U.S. sales through September.

"If it has a hybrid engine on it, it has a gold star in the customer's mind," said Adam Simms, CEO of California-based dealership group Price-Simms Inc. He estimates that he could sell 6,000 more hybrids if he had the supply.

Longo Toyota in El Monte, Calif., has around 1,500 orders for the hybrid RAV4, a backlog of more than a year, said the dealership's president, Doug Eroh. "The demand we have for hybrids far exceeds the supply we have for hybrids," he said.

IRS Delays New Guidelines for Some Inherited IRAs Until 2023

By ASHLEA EBELING

The Internal Revenue Service said Friday it would delay enforcement of new rules for taking required withdrawals from some inherited retirement accounts until 2023, after taxpayers complained the changes were confusing.

The relief applies to taxpayers who inherited retirement accounts in 2020 or 2021 who the IRS said had to take annual withdrawals right away instead of waiting until the end of a 10-year period to deplete their accounts.

The new guidance doesn't say that the annual required minimum distributions are

waived, but by offering penalty relief, it essentially means that this group of taxpayers doesn't have to take RMDs for 2021 and 2022, an IRS spokesman said.

This guidance doesn't change the rules for spouses and certain other beneficiaries known as eligible designated beneficiaries, including the chronically ill, who must still take annual RMDs. Also, heirs who inherited accounts before 2020 are still subject to the old rules, which means they take annual withdrawals over their expected lifetimes. Most IRA owners aged 72 and over also still have to take required

are strategies for reducing the pain of required withdrawals. Normally, if a taxpayer fails to take a required withdrawal there is a 50% penalty—assessed at 50% of the amount that should have been taken out.

The IRS guidance says it won't assert that penalty for 2021 and 2022 if these taxpayers didn't take a distribution. Any of these taxpayers who paid the penalty for a missed RMD in 2021 can request a refund, the IRS says.

Congress changed the rules for inherited retirement accounts in a 2019 law, requiring most taxpayers who inherited accounts to empty the funds

within 10 years, not over their lifetimes, as was previously allowed. Then, in February, the IRS proposed rules mandating heirs make annual withdrawals during that 10-year period in cases in which the original owner was already subject to RMDs.

The IRS said it received reams of comments from disgruntled taxpayers in response to the changes. Taxpayers who inherited in 2020 didn't take withdrawals in 2021 because they didn't think they had to, and they weren't sure if they were supposed to in 2022.

The IRS said the final rules on inherited IRAs will apply no earlier than 2023.

Burger King Sets Revamp

Continued from page B1 used by the industry to evaluate sales from established stores—began to slip. The company's U.S. units ended the year with \$10 billion in sales, trailing Wendy's despite Burger King having 1,200 more locations than its rival. Before 2020, the home of the Whopper had been the second-largest burger chain by U.S. sales since at least 1999, Technomic said.

Restaurant Brands in April 2021 recruited Tom Curtis, a longtime executive with Domino's Pizza Inc., to head Burger King's U.S. business. It was a shift for the private-equity-backed company, which has tended to promote from within. Mr. Curtis toured restaurants to get a sense of franchisee concerns, he said, and found some of the chain's challenges could be traced to the kitchen.

When constructing Whoppers and other burgers, Mr. Curtis said, some employees were slipping cheese slices below the meat, and others on top. Standardizing the procedure has become one of Mr. Curtis's goals, which he said in an interview would help workers make burgers faster.

"If you can get one consistent build, then team members can have a consistent muscle memory around one set of processes as they build sandwiches," Mr. Curtis said. "That improves order accuracy."

Burger King also struggled with its Ch'King sandwich, a crispy chicken menu item launched as the roughly \$313 billion U.S. fast-food industry raced to compete with fast-selling versions from Chick-fil-A and Popeyes. Burger King



One of the goals of the new U.S. CEO is to simplify the chain's process for preparing menu items.

aimed to differentiate its chicken sandwich by having restaurant employees hand-bread each breast patty, but despite heavy marketing and franchisees investing thousands of dollars to equip restaurants with breading stations, it didn't catch on, executives and franchisees said.

Mr. Curtis said the Ch'King was a great sandwich, but his restaurant tours convinced him that it added too much complexity for workers. Burger King last month scrapped the Ch'King and substituted a new crispy chicken option, which uses a patty breaded before arriving at restaurants. The new option is selling well, the company said.

Last month Restaurant Brands announced it would invest \$400 million to help remodel around 800 of the chain's U.S. restaurants and boost advertising across the next two years, while working to improve store-level operations. The spending constitutes the largest contribution

by Restaurant Brands in its eight-year history to one of its individual companies, Mr. Cil said. The company owns Tim Hortons, Popeyes Louisiana Kitchen and Firehouse Subs in addition to Burger King.

Burger King is developing tools to measure the complexity of its operations, and has eliminated some salads and chocolate milk from its menus to help speed up service times, Mr. Curtis said. The chain also removed the Whopper from its discount menu earlier this year in a strategy change, Mr. Curtis said, with the sandwich's average national price now \$5.49. Burger King had at times sold its Whopper as part of a two-items-for-\$5 promotion, a discount that some franchisees said hurt their ability to make money off the chain's iconic product.

Wall Street analysts have given Restaurant Brands credit for ramping up investment in Burger King, but questioned if the total is enough and whether it is coming too late.

McDonald's has a head start, having several years ago invested to improve restaurants' technology and upgrade stores, some analysts wrote.

Restaurant Brands' shares have declined 5% since the company announced the investment plan, while the S&P 500 has fallen roughly 6% during that period.

Restaurant performance plays a role in the investments. If Burger King's average restaurant level profit increases roughly 30%, then franchisees will need to kick in more money to the chain's advertising fund, some owners said. Restaurant Brands will provide more improvement funds to operators it has deemed run better restaurants, they said.

Some franchisees said they backed the company's new plan, internally dubbed "Reclaim the Flame," and Mr. Curtis's tenure so far has gotten positive reviews. Some owners said they wanted Restaurant Brands to detail more of its expectations under the strategy.

Dollar Imperils Rebound

Continued from page B1 there because of the continent's weakening economy on top of unfavorable exchange rates. Appliance maker Whirlpool Corp.'s second-quarter sales in Europe, the Middle East and Africa fell 19% from a year earlier, with currency alone accounting for about 9 percentage points of the decline.

Europe and the Middle East account for more than half of sales for farm-equipment manufacturer Agco Corp. During the first six months of 2022, unfavorable currency rates wiped out an 8.5% sales gain in the region, leaving the Georgia company with a 3.1% decrease in sales compared with a year earlier. Whirlpool and Agco declined to comment on their exposure to currency fluctuations in Europe.

Diesel-engine maker Cummins Inc. said it expects the dollar's higher value to reduce its 2022 sales by 2% to 3% and decrease operating profit by about 1%. Components imported from its plants in the U.K., India and China and sold in the U.S. will help offset some of the negative effects from sales in foreign currencies, the company said.

The currency shift is helping some U.S. manufacturers that



Generac imports components for its electricity generators from Japan, Taiwan, Europe and elsewhere.

import foreign-made components for use in their U.S. factories. Some executives said they are finding better prices on imports lately because of the dollar's enhanced purchasing power in countries with weaker currencies.

Wisconsin-based Generac Holdings Inc. imports components for its electricity generators from Japan, Taiwan, Europe and other overseas suppliers. "We view the strengthening dollar as helpful to offset higher logistics costs we're paying," said Aaron Jagdfeld, Generac's chief executive.

The full effects of the stronger dollar on the company's imports haven't been realized yet, Mr. Jagdfeld said, because other expenses for imports remain elevated, including U.S.

tariffs on parts imported from China imposed during the Trump administration. "It will take some time to show up in the supply chain," he said.

Economists expect central banks in other countries to follow the Fed's lead by raising interest rates in the months ahead. That would narrow the disparity between interest rates in the U.S. and elsewhere, reducing foreign investors' demand for dollars and causing the value of the dollar to start weakening by mid-2023.

Further downward pressure on the dollar's value will come from a U.S. trade deficit that increased during the pandemic. U.S. companies ramped up purchases of imported goods to help them meet higher demand for consumer products, ranging from televisions to power tools

and recreational vehicles. "The post-Covid recovery in the U.S. was very aggressive and it sucked in a lot of imports," said Joel Prakken, co-head of U.S. economics for S&P Global Market Intelligence. He said he considers the U.S. trade deficit, which averaged \$1.1 trillion in the first half of 2022 versus \$790 billion during the same period in 2021, to be unsustainable as foreign investors' enthusiasm for acquiring dollars wanes.

Mr. Prakken said he expects weaker domestic demand in the U.S. in the coming months, caused by higher interest rates and a potential recession, to reduce the trade deficit. He said that should help bring down the value of the dollar, along with falling interest rates as inflation abates.

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BUSINESS NEWS

Congestion, Shortages Jam Up Truckers

Crowded freight yards and scarce equipment frustrate drivers as supply chain struggles

By PAUL BERGER

Mateo Carrera climbed into his white Volvo truck in Joliet, Ill., around 3:30 a.m. one Friday late last month, and drove on dark roads outside Chicago to collect a load for the Michaels arts-and-crafts chain.

The cargo was packed into a shipping container buried in a stack of boxes waiting for pickup in a freight yard that opened at 7 a.m. Before heading there, however, Mr. Carrera drove 18 miles northwest to pick up an empty container and haul it another 40 miles east to a rail yard where a large forklift truck would lift it and release the steel trailer underneath.

The entire process, which took about two hours, was so that Mr. Carrera could get the trailer, known as a chassis, that he needed to haul the Michaels delivery. "There's a lot more hours and a lot more waiting, just because there's no chassis," Mr. Carrera said.

The miles on the road and hours spent waiting to switch containers between trucks and trailers are how the supply-chain congestion that has rattled the American economy looks on the ground, where tens of thousands of shipments converge each day in a Chicago region that forms one of the country's most vital, and most crowded, freight hubs.

The surge in goods has been driven by the consumer buying binge that started early in the pandemic and left retailers scrambling to get goods across the Pacific Ocean and into stores. That rush has dissipated



'There's a lot more hours and a lot more waiting' because too few chassis trailers are available, truck driver Mateo Carrera said.

this year, with more spending going to travel and other services, and the shipping volumes receding at seaports.

But the goods rushed into the market are still in distribution pipelines as bottlenecks continue to ripple across the inland landscape. The backups at warehouses and freight yards in the densely packed Chicago region have broken the fragile balance between the flow of goods and the movement of the trucks, containers and trailers that undergird the freight economy.

For truckers like Mr. Carrera, the congestion means 2 a.m. wake-up calls, long waits at rail and container yards and glances at the clock to calculate how much more time they are

allowed to be on the road.

Mr. Carrera works as an independent owner-operator for California Cartage, a subsidiary of NFI Industries, a Camden, N.J.-based logistics and trucking operator. Many companies like NFI rely on pools of chassis owned by leasing companies to move freight. In Chicago, several chassis companies operate pools totaling tens of thousands of the trailers.

Val Noel, chief operations officer at one such company, TRAC Intermodal, said congestion at freight yards and warehouses leaves chassis spending two or three times longer than usual sitting with containers waiting to be picked up or unloaded.

Mr. Carrera, who is 35, grew

up in Joliet and says the fields around the city and the nearby village of Elwood were filled with farms years ago. Today, the landscape is studded with hulking warehouses, some

The congestion means more time spent at rail and container yards.

stretching across 1 million square feet or more, for companies such as Walmart Inc., Home Depot Inc. and IKEA.

Many of the warehouses are so full that some retailers and

manufacturers are using containers mounted on chassis as temporary storage outside warehouses and in nearby yards. For truck drivers, each chassis sitting in distribution center lots is one that can't be used to move goods waiting at rail yards.

At BNSF Railway Co.'s main freight-switching yard at Elwood one weekday late last month, most of the 4,600 parking spaces for containers ready for hauling were empty because there were no chassis on hand. Meanwhile, more than 5,000 boxes were stacked in piles scattered throughout the yard and thousands more were stored in three spillover yards nearby.

BNSF is so overrun it has

placed timber across two tracks so containers can be stored and sorted there. "We have never at this facility ever covered up tracks to put boxes stacked upon," said Scott Hernandez, assistant vice president for intermodal strategy and innovation at BNSF.

BNSF and Union Pacific Corp., which together haul freight along the main routes linking Chicago to the West Coast, are so full they are limiting the number of boxes they accept each week from the nation's busiest container port complex at Los Angeles and Long Beach in Southern California.

Containers waited at those ports almost 17 days on average in August to move by rail, according to the Pacific Merchant Shipping Association, a fivefold increase since January.

Mr. Carrera arrived at the container yard that held the Michaels box at about 6:45 a.m. His was the seventh truck in line when the yard opened. But because his box was buried at the bottom of a pile, it was 9:30 a.m. before a forklift could reach the container and load it onto his chassis.

He spent the next few hours shuttling back and forth, bringing loads to a Michaels distribution center in New Lenox, Ill., and hauling empty boxes to nearby rail yards. Then, at about 1:45 p.m. he hit trouble.

BNSF's computer system wouldn't accept an empty container he needed to return. BNSF later said the ocean shipping company that owned the container hadn't completed billing information for the box. After almost two hours of driving between the main yard and an overflow site and waiting, Mr. Carrera took the empty box back to Joliet where he had started his day 12 hours earlier.

BlackRock Is in a Political Bind on Climate Issues

By ANGEL AU-YEUNG

BlackRock Inc.'s ESG balancing act is getting harder.

The world's largest investor is taking heat from government officials on both sides of the climate debate—and the talk is turning into action.

Louisiana's treasurer last week said the state would pull nearly \$800 million from BlackRock funds by the end of the year, citing the asset manager's support for environmental, social and governance investing.

The move came just a few weeks after BlackRock got a flurry of letters calling out its stance on climate issues. In August, attorneys general from 19 states accused BlackRock of actively pressuring companies to phase out fossil fuels to the detriment of the states that depend on the oil-and-gas indus-

try. The following month, New York City's comptroller suggested BlackRock is walking back its climate promises.

So far, BlackRock hasn't taken much of a financial hit for its moves in either direction; \$800 million is a minuscule slice of the \$8.5 trillion that the company manages for investors. Still, the letter-writing campaign has put the asset manager in the tricky position of having to defend its climate bona fides while highlighting its investments in energy companies.

BlackRock launched a website last week that attempts to do just that. "We're setting the record straight about our focus on energy investing, our responsibilities to clients and how we consider climate risk," it reads. "We DO NOT boycott the energy industry."



BlackRock CEO Larry Fink

"The fact of the matter is, we recognize there's politicization and using BlackRock as the punching bag is convenient for politics at the moment," Mark McCombe, BlackRock's chief client officer, said in an interview. "But we're going to do what

we've always done, which is deliver for our clients."

To be sure, dispatches from dissatisfied officials have become almost routine for BlackRock since Chief Executive Larry Fink, in his 2020 annual letter to CEOs, wrote that the asset manager would "place sustainability at the center of our investment approach."

Still, the backlash put the company on defense. BlackRock began publicly highlighting its investments in energy companies. It supported fewer climate-related shareholder proposals in the 2022 proxy-voting season, calling them "more prescriptive" than in years past.

The moves have drawn complaints from officials on the other side of the debate.

"BlackRock is our biggest asset manager, and we've been seeing the evolution of Black-

Rock's rhetoric around climate shifting, which was very concerning to us," Louise Yeung, chief climate officer for New York City's comptroller, said. "It made us wonder whether their climate commitments were hollow. We can't meet our goals as a pension system without our asset managers in alignment with us."

Mr. McCombe said BlackRock invests in energy companies because they are well-positioned to help understand and solve the issue of carbon dioxide in the atmosphere. "We haven't walked anything back," he said. "We are clarifying."

Much of the criticism stems from BlackRock's influence over a vast swath of American companies. The firm owns stakes in more than 14,000 companies in the U.S. and other countries and casts votes on proxy proposals on behalf of millions of passive investors.

BlackRock has said it doesn't dictate emissions targets for the companies in which it invests. "We are disturbed by the emerging trend of political initiatives that sacrifice pension plans' access to high-quality investments—and thereby jeopardize pensioners' financial returns," BlackRock wrote in a letter responding to the 19 state attorneys general. It also cited \$170 billion invested in U.S. energy companies as proof it doesn't boycott fossil fuels.

Lawmakers have considered paths to curb the voting power of large asset managers such as BlackRock and Vanguard Group. A group of Republican senators introduced legislation in May that would seek to curtail the power they have over public companies.

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Juggling Twitter, SpaceX and Tesla, Musk Had a Busy Week

By Sarah E. Needleman

Even by the standards of Elon Musk, the world's richest man and serial entrepreneur, this week was one for the ages.

Tesla Inc.'s stock, which underpins the billionaire's wealth, had one of its worst weeks after the auto maker's delivery figures fell short of Wall Street expectations. His rocket company ferried astronauts to the International Space Station, and his business empire appeared to be on the cusp of expanding to include one of the best known social-media networks.

He also stirred up a political brouhaha when he suggested that Crimea, an area previously part of Ukraine that Moscow annexed in 2014, rightfully is part of Russia. Mr. Musk's Starlink satellite-based internet service has been used by Ukraine to battle invading Russian troops, at one point making Mr. Musk something of a hero in the beleaguered country. But the Crimea comment drew pushback from Kyiv, including Ukraine's President Volodymyr Zelensky.

Perhaps the most dramatic moment, though, came last Monday, when Mr. Musk notified Twitter Inc. that he planned to go forward with the \$44 billion takeover of the business almost three months after trying to abandon the transaction. The surprise about-face came days before Mr. Musk was due to be deposited ahead of an Oct. 17 trial in Delaware Chancery Court, where Twitter sued to force Mr. Musk to see through the transaction that he tried to walk away from in July.

Behind the scenes, the two parties already had been in talks about closing the deal, first agreed to in April, at cheaper terms, but those dis-



Tesla stock's 15.9% slide last week was just one thing Elon Musk had to deal with.

cussions went nowhere, The Wall Street Journal reported, citing people familiar with the matter.

Mr. Musk, after his U-turn, tweeted on Tuesday that buying Twitter would be "an accelerant to creating X, the everything app."

What followed were more arguments between the parties, which have been at odds for months. Mr. Musk, in Monday's letter, had said he would move forward with buying Twitter pending receipt of the proceeds of debt financing, and if the court stayed proceedings. Twitter, in a court filing made public Thursday, pushed back.

"Defendants can and should close next week," Twitter said. "Until they do, this action is not moot and should be brought to trial." Mr. Musk countered in his own filing that "Twitter will not take yes for an answer."

The presiding judge, Chancellor Kathaleen McCormick, on Thursday ruled in favor of Mr.

Musk. She gave both parties until Oct. 28 to get the deal done, though also said that should a deal not be reached by then, she would quickly schedule the trial for November.

All the while, Tesla's shares were falling and ended the week down 15.9%—the worst since the week ending March 20, 2020 and the fourth-worst week on record for the stock. The selloff was spurred by third-quarter vehicle deliveries that fell short of what analysts surveyed by FactSet had expected. Some analysts also have said that falling wait times for some Tesla models could signal softening demand.

Mr. Musk, the Tesla chief executive, has previously said the business is constrained by production, not demand.

Amid the back-and-forth over the Twitter deal, Mr. Musk also took to the social-media platform to announce that Tesla would deliver its first all-electric semitrailer truck to food and beverage maker Pep-

siCo Inc. in December.

Things were similarly hectic at SpaceX, the privately held rocket and satellite company where Mr. Musk also is chief executive. On Wednesday, one of SpaceX's rockets transported two American astronauts, one from Japan, and a Russian cosmonaut to the ISS. The same day another of his rockets blasted 52 satellites into orbit for the company's Starlink service.

Space Exploration Technologies Corp., as SpaceX is formally known, has become the world's busiest launch provider and Mr. Musk has said he wants the pace to increase.

The business isn't without its challenges. Mr. Musk on Oct. 4 said that Starlink "is still far from cash flow positive," adding that rival communications constellations had gone bankrupt.

With all that going on, Mr. Musk turned to Twitter as the weekend approached, to reflect: "Very intense 7 days indeed."

EV Firms Rev Up Listings

Continued from page B1

tet Asset Management. "They need that capital to become relevant in their own markets."

In Hong Kong last month, Leapmotor, a seven-year-old Chinese EV maker, raised \$800 million in its IPO, far short of the \$1.5 billion it aimed for.

The company, whose full name is Zhejiang Leapmotor Technology Co., said it planned to use the proceeds for research and development and to expand its production capacity and sales network. It intends to roll out seven new EV models by 2025. Last week, Leapmotor listed on a day that the city's benchmark Hang Seng Index hit a 11-year low—and its shares plummeted on their debut.

On Thursday, CALB Co., a Chinese electric-vehicle battery supplier, started trading in Hong Kong after pricing its IPO at the bottom of its offered range, raising \$1.3 billion. It fared better, ending its first day flat.

The EV industry is at an inflection point, said Edward Byun, co-head of equity capital markets for Asia ex-Japan at Goldman Sachs Group Inc. "The players want to capitalize on such a critical growth stage by embarking on new investments, which requires fundraising," he said.

Goldman wasn't involved in Leapmotor or CALB's IPOs. The Wall Street bank earlier this year worked on multibillion share sales by EV battery giants LG Energy Solution Ltd. of South Korea and China's Contemporary Amperex Technology Co., or CATL. Both are major suppliers to Tesla Inc. and other car manufacturers.

LG Energy's January 2022 IPO, which raised the equivalent of more \$10 billion in its home market, was South Korea's largest-ever listing. CATL, which is already listed in main-

land China, raised the equivalent of \$6.7 billion in June.

Many EV-related businesses are trying to scale up and gain a deeper foothold in China's giant and crowded auto market.

Even though overall growth in China's economy slowed sharply and its housing market is going through a deep slump, sales of electric passenger cars are booming, thanks in part to government policies that include cash subsidies for buyers and purchase-tax exemptions. In August, about 24% of the 2.1 million vehicles produced in China were battery-powered electric cars and 7% were plug-in hybrids.

Many of the country's less established EV makers are seeing losses pile up even as their sales rise. Rising battery prices and supply-chain delays have pressured their margins.

Some investors say they prefer investing in companies that supply key components or parts to EV makers, as well as firms that are profitable. Christina Woon, investment director of Asian equities at Abridn, said battery makers are better positioned to pass rising costs along and weather inflationary headwinds. "The EV space has a lot of potential for growth but it is not an easy one to crack," she said.

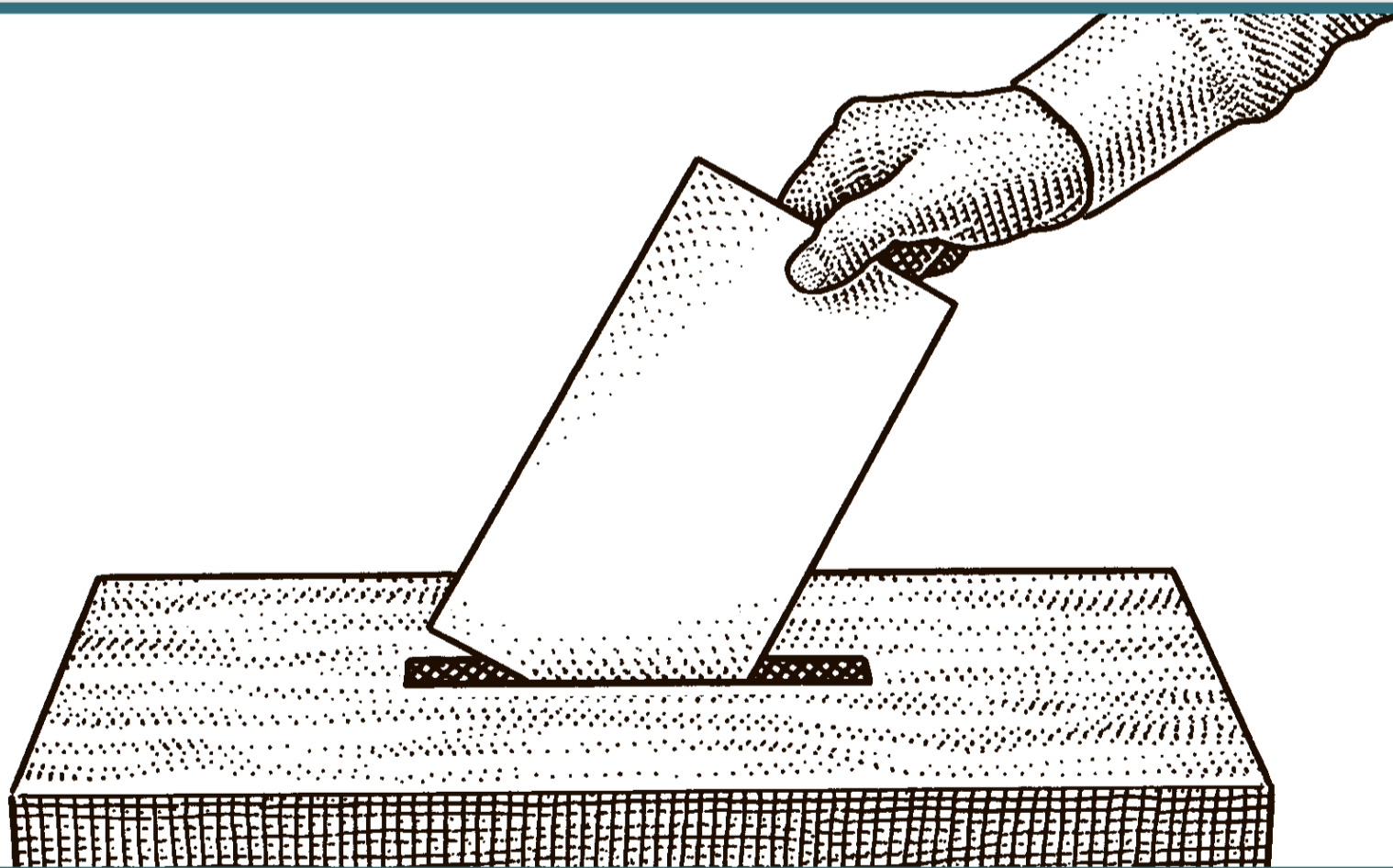
More IPOs from companies in the sector are in the pipeline. WM Motor Holdings Ltd., another electric-car maker, as well as Greatpower Nickel & Cobalt Materials Co., a supplier of materials used in EV batteries, have filed paperwork for listings in the Asian financial hub.

Despite this year's market downturn, Patrick Steinemann, Bank of America Corp.'s co-head of global mobility investment banking, is sticking to a forecast of \$100 billion in IPO proceeds among EV makers, battery suppliers and charging companies from 2021 to 2023.

"Investors view the electrification theme as a massive one-time transition that is taking place over the course of the current decade," he said, pointing to global EV sales that are on track to hit 1 million monthly.

WSJ+

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WSJ Opinion Live: Can Republicans Retake Congress?

WSJ members are invited to attend WSJ Opinion Live: Can Republicans Retake Congress? Join Editorial Page Editor Paul Gigot and Columnists Kimberley Strassel and Karl Rove live in Dallas as they discuss how inflation, Donald Trump and the Supreme Court's abortion ruling will affect the midterms. The panel will break down what the election will mean for the economy, President Biden's legislative agenda, and the runup to the 2024 presidential race. Attend in person at the Dallas Museum of Art, or via livestream online on October 17, 2022, at 7:00 p.m. CT / 8:00 p.m. ET.

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BUSINESS NEWS

Big Companies Hold Their Own Hale & Hearty Gets Placed in Chapter 7

By TOM LOFTUS

A decade ago, the big bet in Silicon Valley was that some of the world's brawniest corporations would be disrupted by nimble, digital-first startups.

Several years, one pandemic and a mass shift to hybrid work later, the expected disruption has been neither as dramatic nor as ubiquitous as some expected.

"These companies have responded well in serving their customers," said Aaron Levie, chief executive of Redwood City, Calif.-based Box Inc.

Meanwhile, many of those startups are now feeling the pressure around valuations and the flow of cash.

If many of the incumbents managed to avoid digital disruption, they remain in the early stages of exploiting the capabilities of the cloud and artificial intelligence, said Mr. Levie, who sees one of the biggest impacts as helping reshape work and collaboration.

Mr. Levie sat down with The Wall Street Journal to share his thoughts. Here are edited highlights from two conversations.

WSJ: Who is doing it right?

Mr. Levie: I actually think a large percentage of the Fortune 500 has done this well. In the Valley, we used to have this way of thinking about it, which is that a significant portion of the Fortune 500 changes over every couple of decades because of disruption. And digitization looked like possibly the biggest disruption that could change the leadership positions of these organizations. And yet I would argue that a large percentage of the Fortune 500 responded well to that threat.

WSJ: How?

Mr. Levie: What Silicon Valley is very good at is delivering world-class digital experiences to consumers and then disrupting entire markets because of that. It ultimately comes down to whether you offer a better customer experience. What these incumbents were eventually able to deliver was better customer experiences than even what the disrupters could deliver because it can be cheaper and it can have better content associated with it, whatever the specific industry is.

Think about how most of the banks have really gotten the message on digitization and have not actually been disrupted by some of the fintech platforms. Fintech has actually more filled in the gaps of the ecosys-



MICHAEL SHORRY/LOMBARD NEWS

Box CEO Aaron Levie says large companies have adapted well to digital disruption from startups.

tem as opposed to completely changing the course of it.

Look at media and entertainment. **Netflix**, fantastic company, but Disney+ is doing unbelievably well. **Ford** and **GM** have done unbelievably well on this, like electrification, and some of their digital platforms.

Also, insurance. Ten years ago I think the common refrain in the Valley would have been that all these little insurtech companies would disrupt the State Farms of the world. And that is clearly not happening.

WSJ: The Fortune 500 is holding its own. But what type of innovation around enterprise technology do you see emerging from Silicon Valley?

Mr. Levie: It's tough because I think some of the key words will sound the same and yet the impact will be different. If you think about the past decade of cloud, it largely was about moving how we used to do things into a much more efficient delivery mechanism. We are in the very early stages of saying, OK, wait a second, with unlimited data, the full promise of AI, unlimited compute, faster networks, what if we can actually change and transform the underlying process itself that we were trying to replicate in the cloud?

Are you familiar with GitHub Copilot? Their AI engine lets you get type-ahead predictions for code. All of a sudden the entire world's code-base is available to my code editor. That actually, fundamentally changes the nature of software development. Think of that applied to every aspect of business.

WSJ: How do you quantify this new way of doing things?

Mr. Levie: It's more qualitative and foundational. Once the intelligence gets baked into the product, it just changes the water level of that entire sector or space to the point where you can't really quantify it because it's baked into everything that

you do at that point.

When you take that to everything—into marketing, legal and human resources and finance—it will begin to change how work happens. It's still a decade-plus of work for all of us to even imagine getting there, but you can see the writing on the wall of what that begins to look like.

By AKIKO MATSUDA

A bankruptcy judge denied a request by creditors of **Hale & Hearty Soups LLC** to appoint an interim trustee to oversee the property of the now-defunct lunch purveyor in New York City.

Judge James Garrity of the U.S. Bankruptcy Court in Manhattan on Thursday rejected the request from Hale & Hearty's landlord **APF Properties LLC** and vendors **Baldor Specialty Foods Inc.** and **Westside Foods Inc.**, saying the creditors didn't provide any evidence to support their allegations against the company that they said would warrant a trustee.

Judge Garrity said he would reconsider an appointment of a trustee if the creditors provide sufficient evidence.

The company's owner, Pinchas Shapiro, through his lawyer, told The Wall Street Journal that he would work with any fiduciary appointed by the court to help stakeholders recover "as much value as possible."

The Covid-19 pandemic has

emptied out Manhattan's business districts, and many restaurants, including lunch places, didn't survive.

Before the pandemic, the soup-and-sandwich chain had more than 20 stores, mostly in Manhattan, but all were closed in July, according to a court filing. The company has been placed under chapter 7 since two weeks ago when the creditors filed an involuntary bankruptcy petition in an attempt to collect about \$816,780 that they said they are owed.

The creditors said they became aware recently that Hale & Hearty's Brooklyn commissary was taken over by a third party. They feared that the company's assets could dissipate before they collect their payments, leading them to request a chapter 7 trustee, according to the court filing.

Jacob Lewin, a former lawyer for Hale & Hearty, said in his letter to the court on Thursday the company is "no longer operating and will not contest" the appointment of a trustee. But he said the creditors' allegations are "misleading or false."




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THE TICKER

MARKET EVENTS COMING THIS WEEK



DAVID GUKOV/LA MACON/ZUMA PRESS

Domino's Pizza is expected to post per-share earnings of \$2.98.

<p>Monday</p> <p>U.S. Bond Markets closed for Columbus Day (stocks are open)</p> <p>Tuesday</p> <p>Short-selling reports Ratio, days of trading volume of current position, at Sep 15</p> <p>NYSE 4.0 Nasdaq 2.7</p> <p>Wednesday</p> <p>Mort. bankers indexes Purch., previous down 18.0% Refinan., prev. down 13.0%</p> <p>Producer price index All items, Aug. down 0.1% Sept., expected up 0.2% Core, Aug. up 0.4% Sept., expected up 0.3%</p> <p>Earnings expected Estimate/Year Ago</p> <p>Duck Creek Technologies 0.02/0.02 PepsiCo 1.84/1.79</p> <p>Thursday</p> <p>Consumer price index All items, Aug. up 8.3%</p>	<p>Sept., expected up 8.1% Core, Aug. up 6.3% Sept., expected up 6.6%</p> <p>EIA status report Previous change in stocks in millions of barrels</p> <p>Crude-oil stocks down 1.4 Gasoline stocks down 4.7 Distillates down 3.4</p> <p>EIA report: natural-gas Previous change in stocks in billions of cubic feet up 129</p> <p>Initial jobless claims Previous 219,000 Expected 215,000</p> <p>Earnings expected Estimate/Year Ago</p> <p>BlackRock 7.64/10.95 Delta Air Lines 1.55/0.30 Domino's Pizza 2.98/3.24 Fastenal Co. 0.48/0.42 Progressive 1.40/0.13 Walgreens Boots Alliance 0.77/1.17</p> <p>Friday</p> <p>Business inventories July, previous up 0.6% Aug., expected up 0.9%</p>	<p>Import price index Aug., previous down 1.0% Sept., expected down 1.1%</p> <p>Retail sales, ex. autos Aug., previous down 0.3% Sept., expected down 0.1%</p> <p>Retail sales Aug., previous up 0.3% Sept., expected up 0.2%</p> <p>U.Mich. consumer index Sept., final 58.6 Oct., prelim 59.7</p> <p>Earnings expected Estimate/Year Ago</p> <p>Citigroup 1.48/2.15 JPMorgan Chase 2.92/3.74 Morgan Stanley 1.52/2.04 PNC Financial Services Group 3.72/3.30 UnitedHealth Group 5.43/4.52 Wells Fargo & Co. 1.10/1.17</p>
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* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ♦ Adjusted for stock split
 Note: Forecasts are from Dow Jones weekly survey of economists

CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes funds like GAMCO Gold & Nat Res, J Han Finl Oppty, Neuberger Binn MLP & E, etc.

Source: Lipper

Friday, October 7, 2022

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes General Equity Funds like Adams Diversified Eq, Central Secs, CohenStrsCEOppF, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes Specialized Equity Funds like abrdn Gbl Prem Prop, Adams Natural Resources, ASA Gold & Prec Met Ltd, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes World Equity Funds like abrdn Emg Mkts Eq, abrdn Tot Dyn Div, Allspring G Div Oppty, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes Loan Participation Funds like Apollo Senior Floating, BR Debt Stratgy, BR F/R Inc Str, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes High Yield Bond Funds like AllianceBernHiln, Allspring Income Oppty, Barings Gbl SD HY Bd, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes Other Domestic Taxable Bond Funds like Allspring Multi-Sector, Apollo Tactical Income, Ares Dynamic Crd Alloc, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes World Income Funds like abrdn AP IncFid, BlckRk Income BKT, Invesco H2023 Tgt, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes PIMCO Dynamic Inc Opp, PIMCO Stratg Inc, Templeton Em Inc, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes National Muni Bond Funds like AilBerNatMunInc, BlckRk Inv Q Mun, BlckRk Muni 2030 Tgt, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes Invesco Muni Opp, Invesco Multi Tr, Invesco Qual Inc, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes Single State Muni Bond like BlackRock CA Mun, BR MH CA Qly Fid, BR MH NY Qly, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes General Equity Funds like Alternative Strategies, BOW River CAPTL, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes Specialized Equity Funds like ArrowMark Financial, BlueRock Total Inc+ REA, BlueRock Total Inc+ REC, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes Invesco Sr Loan C, Invesco Sr Loan IB, Invesco Sr Loan IC, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes World Equity Funds like ACAP StrategicCA, ACAP StrategicW, Calamos Gbl TotRet, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes Invesco Sr Loan C, Invesco Sr Loan IB, Invesco Sr Loan IC, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes High Yield Bond Funds like Apollo Diversified CdA, Apollo Diversified CdC, Apollo Diversified CdF, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes Other Domestic Taxable Bond Funds like AFAM CMClnst, AFAM CMClnt, AFAM CMClnt, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem 12 Mo, Ret. Includes World Equity Funds like ACAP StrategicCA, ACAP StrategicW, Calamos Gbl TotRet, etc.

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Refinitiv on October 7, and year-to-date stock performance of the company.

Biggest weekly individual trades

Table with columns: Date(s), Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value in transaction (000s), Close (\$), Ytd (%). Includes Braze, Thor Industries, ChromaDex, etc.

Sellers

Table with columns: Date, Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value in transaction (000s), Close (\$), Ytd (%). Includes Life Healthcare, Apple, CrowdStrike Holdings, etc.

Buying and selling by sector

Table with columns: Sector, Buying, Selling. Includes Basic Industries, Capital Goods, Consumer durables, etc.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but not always represent actual transactions.

Table with columns: Inflation, U.S. consumer price index, International rates, Prime rates, Policy Rates, Overnight repurchase.

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective September 22, 2022. Other prime rates aren't directly comparable lending practices vary widely by location. Discount rate is effective September 22, 2022. Secured Overnight Financing Rate is as of October 6, 2022. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs.

Cash Prices | wsj.com/market-data/commodities

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table with columns: Commodity, Price, Date. Includes Energy (Iron Ore, Steel), Metals (Lithium, Nickel), Fibers and Textiles, Grains and Feeds, Food (Wheat, Corn), Fats and Oils (Soybeans, Pork).

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; na.=not quoted or not available; P=Soiland Publishing; R=SNL Energy; S=Platts-TSI; T=Gotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=international quotation; Z=not quoted. *Data as of 10/6

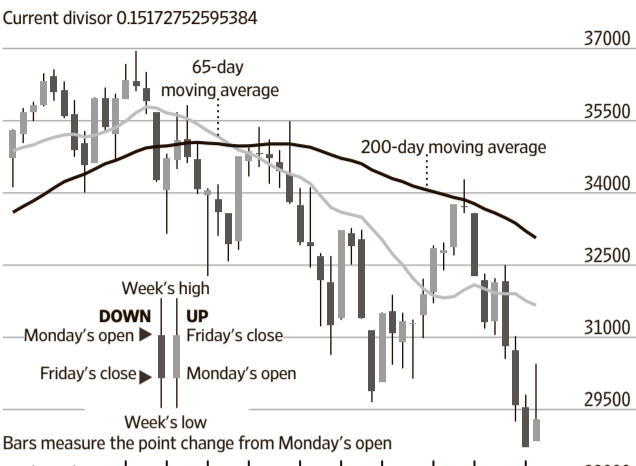
Sources: Refinitiv; Dow Jones Market Data

Source: Dow Jones Market Data

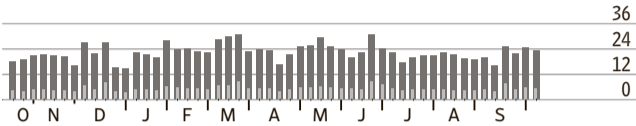
MARKETS DIGEST

Dow Jones Industrial Average

29296.79 ▲ 571.28, or 1.99% last week
Trailing P/E ratio 17.26 23.60
P/E estimate * 15.91 18.88
High, low, open and close for each of the past 52 weeks
Dividend yield 2.44 1.86
All-time high 36799.65, 01/04/22



NYSE weekly volume, in billions of shares



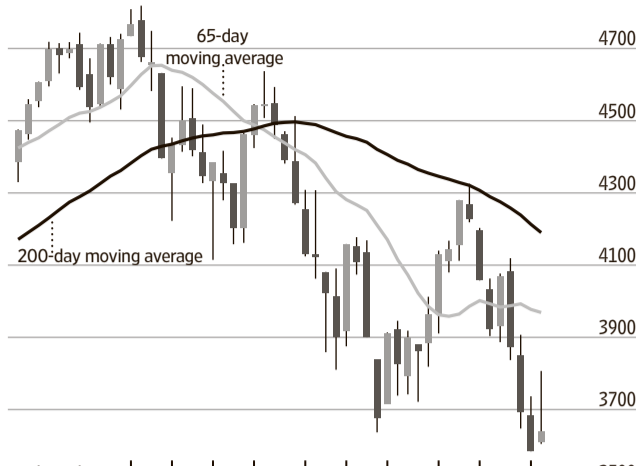
*Weekly P/E data based on as-reported earnings from Bireny Associates Inc. †Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

Table of Major U.S. Stock-Market Indexes including Dow Jones, Nasdaq Composite, S&P 500, and other indexes with their latest values and percentage changes.

S&P 500 Index

3639.66 ▲ 54.04, or 1.51% last week
Trailing P/E ratio * 18.05 30.72
P/E estimate * 16.30 21.52
High, low, open and close for each of the past 52 weeks
Dividend yield * 1.79 1.36
All-time high 4796.56, 01/03/22



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New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

None expected this week

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Table of Lockup Expirations with columns for Lockup expiration, Issue date, Issuer, Symbol, Offer price, Offer amt, Through Friday, and Lockup provision.

IPO Scorecard

Performance of IPOs, most-recent listed first

Table of IPO Scorecard showing performance of various IPOs with columns for Company, Symbol, IPO date, Offer price, % Chg From IPO date, and % Chg From Offer price.

Public and Private Borrowing

Treasuries

Tuesday, October 11 Thursday, October 13
Auction of 13 and 26 week bills; announced on October 6; settles on October 13
Auction of 4 and 8 week bill; announced on October 11; settles on October 18
Auction of 3 year note; announced on October 6; settles on October 17

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table of Currencies showing U.S.-dollar foreign-exchange rates for various countries and currencies.

International Stock Indexes

Table of International Stock Indexes showing values and percentage changes for various regions and countries.

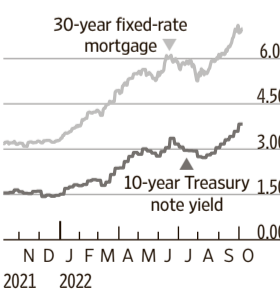
Commodities and Currencies

Table of Commodities and Currencies showing prices and percentage changes for various commodities and currencies.

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



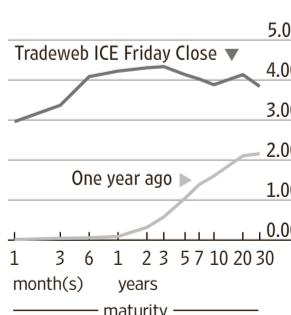
Selected rates

Table of Selected rates for various banks and financial institutions, including 30-year mortgage rates.

Benchmark Yields and Rates

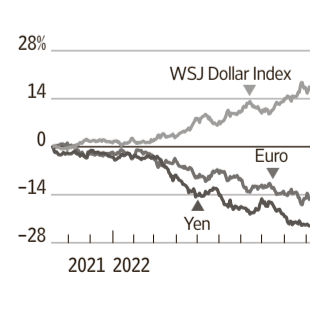
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Table of Corporate Borrowing Rates and Yields for various companies and bond indices.

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Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. †Excludes closing costs.

Sources: J.P. Morgan; S&P Dow Jones Indices; Bloomberg Fixed Income Indices; ICE BofA

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Appliance World 350 Lexington Ave Oyster Bay, NY 516-624-0132	Appliance World 414 New York Ave Huntington, NY 631-418-1000	Audio and Video Center 133 Bowery New York, NY 212-965-1005	B.A.W Group 2564 Bedford Ave Brooklyn, NY 718-513-1396	B&S Enterprise 715 Myrtle Ave Brooklyn, NY 718-855-8100	Barry's Appliance Center 565 Union Ave Bridgewater, NJ 732-805-9513

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BUSINESS & FINANCE

Why TIPS Fall When Inflation Is So High

By MATT GROSSMAN

You would think this would be TIPS' time to shine.

Instead, the prices of Treasury inflation-protected securities—government bonds that are adjusted to keep up with inflation—declined this year, even as inflation soared. These declines show how hard it has been to find a safe harbor from the fastest price-level rise in four decades.

Through Thursday, inflation-protected bonds tracked by ICE lost 13.2% this year, including price changes and interest payments. The comparable loss for ICE's index of regular Treasury bonds was 13.5%.

Holding a TIPS to maturity still ensures inflation won't reduce the purchasing power of your initial investment. But meanwhile, falling market prices are vexing investors who were counting on TIPS to

cushion their portfolios.

"These are some of the most pressing questions we get: Why the heck are my TIPS down when inflation is so high?" said Collin Martin, a fixed-income strategist at the Schwab Center for Financial Research.

Here is how TIPS work and why they haven't been immune to the bond-market sell-off this year.

How do TIPS protect against inflation?

The government sells TIPS that mature in five, 10 or 30 years. Like Treasuries, TIPS pay interest twice a year—exempt from state and local taxes—at a rate locked in when the bond is issued.

The difference is the face value of a TIPS adjusts to account for changes in the consumer-price index. Interest payments rise with inflation, and so does the amount you get

back when the bond matures.

Say you buy \$1,000 of TIPS at face value maturing in 2027, with a 1% coupon. If the CPI didn't rise, you would get \$10 in coupon payments every year, or \$5 every six months.

But if the CPI climbs 8.3%—as in the 12 months through August—your coupon payment would rise by the same percentage, to \$5.42. If inflation continued, the coupon would keep rising, and you would get back a higher principal amount in 2027. The extra principal would compensate you for all the CPI inflation over the years since you bought the bond.

Is that all there is to it?

Yes—if you buy a TIPS and hold it to maturity.

But a variety of factors—first and foremost interest rates—can affect bonds' market prices. As a result of rising rates, prices of practically all

bonds have fallen this year. That means if you bought a new five-year TIPS in January and sold it today, you would have to accept a lower price.

The Federal Reserve has been raising rates to fight inflation. Higher rates reduce the discounted current value of practically all investments—even those with inflation-adjusted coupon payments in the future.

If TIPS can lose value during high inflation, what are they good for?

If withstanding inflation is your only goal, buying and holding a newly issued TIPS until it matures will do the job.

The real yield on five-year TIPS is now about 1.8% a year—or about 9.3% total over five years.

In effect, the Treasury is guaranteeing TIPS owners that their money will buy 9.3%

more goods and services in 2027 than it can now, no matter what happens to inflation between now and then. (Federal taxes will eat some of those gains.)

Inflation protection makes TIPS different from the way regular five-year Treasury notes work. If you buy one of those today, you will get nominal yields of about 4.2% a year over the next five years. But if inflation averages 5% a year between now and 2027, your money will buy less than it can today, not more.

What if I am invested in a fund that owns TIPS?

Some investors own TIPS through mutual funds or exchange-traded funds that focus on inflation-protected bonds.

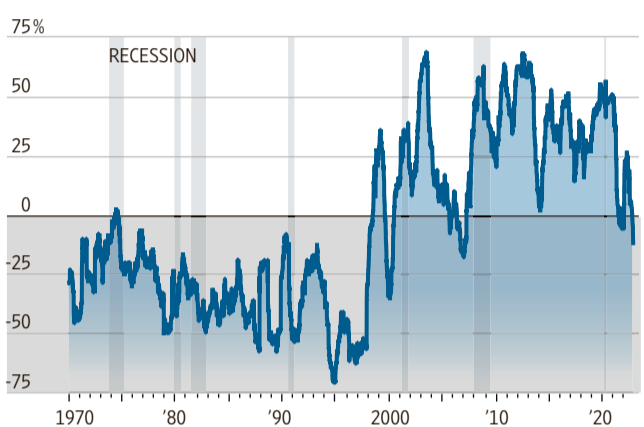
Financial advisers say investing in funds can have some advantages over buying bonds directly. You don't have

to worry about reinvesting your money after bonds mature. The fund manager will handle that. Funds can provide diversity, giving you exposure to TIPS that mature over a variety of time spans.

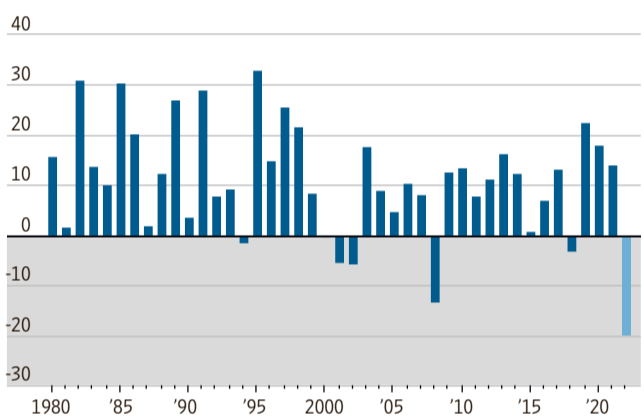
For investors who value predictability, bond funds and ETFs have some drawbacks. Their price rises and falls with the prices of the bonds they own. Unlike individual bonds, they don't have a maturity date, so there is no date on which you are guaranteed to get your principal investment back. If you need to cash out of your TIPS fund at a time like now, when bond prices have fallen, you might not get back as much as you originally invested.

On the other hand, because TIPS funds replace maturing bonds with new ones, fund investors are now gaining exposure to the higher yields that newly issued TIPS offer.

200-day correlation* of daily change in S&P 500 and 10-year Treasury yield



Annual total return of a 60/40 U.S. portfolio†



*A correlation of 100% means stocks and bond yields move perfectly together, -100% inversely. †60% U.S. total-market index, 40% 10-year Treasury, rebalanced annually; 2022 through Friday. Source: Refinitiv

Portfolios Have Little Cushion

Continued from page B1

rise on days when bond yields rose, and vice versa. Now the stock market is focused on inflation and the Federal Reserve's plans, so good economic data are bad for stocks, while being bad for bonds (higher yields).

Making it even worse is that the past two decades (and more) had an underlying trend of lower bond yields, meaning holding bonds protected a portfolio on bad days—because yields would fall and prices would rise as stock prices fell—and made money over the long term. Now the win-win turned into lose-lose, as the pattern reverses and bond yields rise.

The standard low-risk portfolio of 60% stocks, 40% bonds has been hurt badly as a result. U.S. stocks lost 21% and 10-year bonds 17% this year, both with income reinvested—which if sustained would be the worst calendar-year result for a 60/40 portfolio in data back to 1980. Jim Reid, a Deutsche Bank strategist, calculates that after inflation an equal-weighted stock-bond strategy had its worst year since 1974.

A formal measure of the link between U.S. stocks and bond yields, the correlation, shows they moved in opposite directions in the past 200 trading days more strongly than at any time since early 2007. The link is nowhere near as strong as in the 1970s, 1980s and 1990s. But if inflationary pressures become permanent, stocks and bonds could end up trading like they did then, making it far more expensive for investors to protect their holdings.

This isn't about some irrational behavior by investors. Higher interest rates were always bad for stocks, but back when the stock-bond link was the other way around, the prospect of a better economy brought the prospect of profit growth more than offsetting

the damage from higher rates. For Treasuries, a better economy and the resulting higher rates are almost always just bad.

The problem for stocks comes from the economy's being at full capacity. Instead of bringing higher real growth and profits, more strength in an economy with little to no slack merely brings inflation. The price of stuff, and wages, goes up, which is hard for companies to manage. Meanwhile, the extra inflation means higher rates, which are bad. If this lasts, investors will need to get used to bigger swings in portfolios, less cushion from bonds, and more of a search for diversification.

In the short term it may not last, although this shouldn't be reassuring for shareholders.

On the plus side, a recession should bring down inflation faster and lower bond yields, meaning bonds should gain as stocks are hit again. The rise in yields means there is now more room for yields to drop back, so bonds should once again provide decent protection (unlike German bonds in 2020, where yields were already so low that prices barely rose despite the shutdown of the economy).

In the long term, the debate remains finely balanced between a return to the "new normal" of low rates that ruled from 2010 onward, when stocks were very strongly correlated to bond yields, and a new world of higher inflationary pressures.

I expect continued upward pressure on inflation, meaning higher rates are required to meet the Fed's 2% target and the stock-bond link will be more like the 1970s and 1980s. Workers have gained political power, governments are more willing to run big deficits, deglobalization and outright protectionism have reduced cross-border trade and efficiency, and there won't be a repeat of the shock of hundreds of millions of Chinese workers suddenly competing in the world economy.

For now, investors are in a bind. If that lasts, we will have to get used to a world where we once again accept there's a cost to cushion a portfolio against loss in the bad times.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

An App To Do All Things Is A Delusion

WeChat's scope will be difficult to copy in West

American internet companies that think they can win at monopoly have shown up much too late to the game.

Tencent's WeChat app in China is the classic example of a super app, integrating messaging, payments and many other services all in one. Users can play games, order food, hail a ride, send each other cash and book travel—all without leaving the WeChat app.

It is easy to see why this model would be appealing to tech entrepreneurs in the West. Why corner one market if you can corner them all at once?

Buying Twitter is an accelerator to creating X, the everything app," Elon Musk tweeted last week after agreeing yet again to acquire Twitter. His plans are vague, but he suggested Twitter could marry information with entertainment and it could grow to over a billion users in five to 10 years if he is successful.

He isn't alone. Earlier this year, Zillow co-founder Rich Barton teased plans for Zillow's next frontier as a "housing super app" that "turns dreams into transactors." That vision entails a single platform connecting the fragmented pieces of the moving process.

Meanwhile, having expanded into delivery through Eats, Uber Technologies is adding taxi and other travel bookings to its platform.

Even those pursuing this strategy know it has limits. After failing to profitably build automated "iBuying" into its platform, Zillow



WeChat's mobile app is used at a local market in Beijing.

is teaming up with Opendoor in automated home flipping. Uber's move, meanwhile, comes less than a year after Chief Executive Dara Khosrowshahi called super apps "more of an Asia strategy" at a travel conference, adding that—at least at the time—"separate apps for consumers is the right way to go," as reported by travel industry news site Skift.

Separate, it seems, has been more of the American way: We use Venmo to pay friends, Snapchat to share pictures, Uber to get a ride, DoorDash to order food, and Twitter to share news with strangers.

By contrast, WeChat's super-app model arose from a unique set of conditions in China. The internet landscape and payments infrastructure were much less established when the first smartphones arrived.

China was a largely cash-driven economy, with very few Chinese even using credit cards. When Alibaba and Tencent introduced online payments, they leapfrogged over cards to quickly become a ubiquitous payment method.

On top of this was the high concentration of market power in the hands of just a few internet companies, including Tencent and Alibaba. This has been somewhat reversed by the tech crackdown of the past couple of years, but for a

long time these companies were scooping up minority or controlling stakes in virtually every promising internet venture in China. These partners helped WeChat provide a steady stream of services and offerings.

In the U.S., the model will be very difficult to replicate not only due to regulatory scrutiny, but also because competitors in payments, gaming, e-commerce and so on are already so well established. Building an "everything app" in the U.S. now would mean taking all of those companies on, instead of co-opting them as Tencent did.

Meta Platforms has tried many times to inject payment services into its ecosystem, with very limited impact. Now the metaverse could provide another chance. Much the way Mr. Musk said consumers "basically live on WeChat" in China, Mark Zuckerberg's dream is for consumers to live, work, pay and play in his 'verse. As an entirely new market, and with Meta's commanding share of present-day virtual-reality hardware, the metaverse presents perhaps the best shot for a super-app model to take hold in Western markets.

But only if regulators and competitors allow it to commandeer that virtual corner first.

—Laura Forman,
Aaron Back and Jackie Wong

Utilities Have Tough Balancing Act Ahead

Utilities are meant to serve both the customers who pay the bills and the investors who fund them. For years, low interest rates and cheap natural gas made it easy to please both stakeholders. Today's environment could break down that win-win formula.

Thus far, high natural-gas prices have been a problem for consumers, not utilities, many of which pass on the cost of fuel to customers. But trouble for utilities could start the next time they ask regulators for a bump in the revenue they can collect. In what is known as the rate-case process, a utility has to make the case for a rate rise that depends partly on what it costs to improve and maintain its service and partly on what it costs to fairly compensate investors.

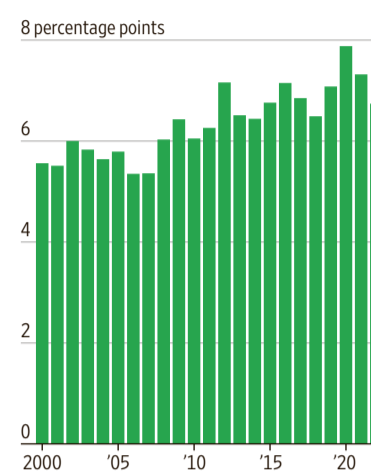
The higher the burden on consumers, the bigger the risk that regulatory commissions will take a long, hard look at whether a rate increase is warranted.

In the past decade or so, rate cases have been a breeze for utilities. Low natural-gas prices meant they could get aggressive capital-spending plans approved without causing big utility bill shocks to customers, according to Lillian Federico, energy research director at S&P Global Commodity Insights.

A recent working paper by Karl Dunkle Werner and Stephen Jarvis published by the Energy Institute at Haas showed the inflation-adjusted return regulators allow equity investors to earn has been steady over the past 40 years, even while various measures of capital cost have been declining. The study found utilities were quick to ask for increases on their return on equity when market measures of capital cost rose and regulators were quick to respond.

Conversely, when cost of capital measures declined, utilities were slower to adjust those rates. The researchers estimate that consum-

Average authorized return on equity for electric utilities, spread against the 30-year Treasury yield



Source: S&P Global Market Intelligence

ers might be paying anywhere from \$2 billion to \$20 billion a year more than they otherwise would if rates of return fell in line with capital-market trends.

In any other year, that could just be an interesting academic finding. But in an environment in which both fuel prices and interest rates are rising so quickly, it might give regulators pause.

Utilities might make the case that high natural-gas and coal prices are the reason regulators should allow larger capital-spending plans for solar, wind and other grid improvements. But short-term shocks to customer bills could nevertheless make it hard for utilities to convince regulators.

For now, the fears of a recession seem to have overridden those concerns among investors. Utilities in the S&P 500 are down 11% in 2022, outperforming the rest of the index by 13 percentage points.

Utilities are more defensive than most other sectors, but no industry is a perfect shelter from disgruntled customers. —Jinjo Lee

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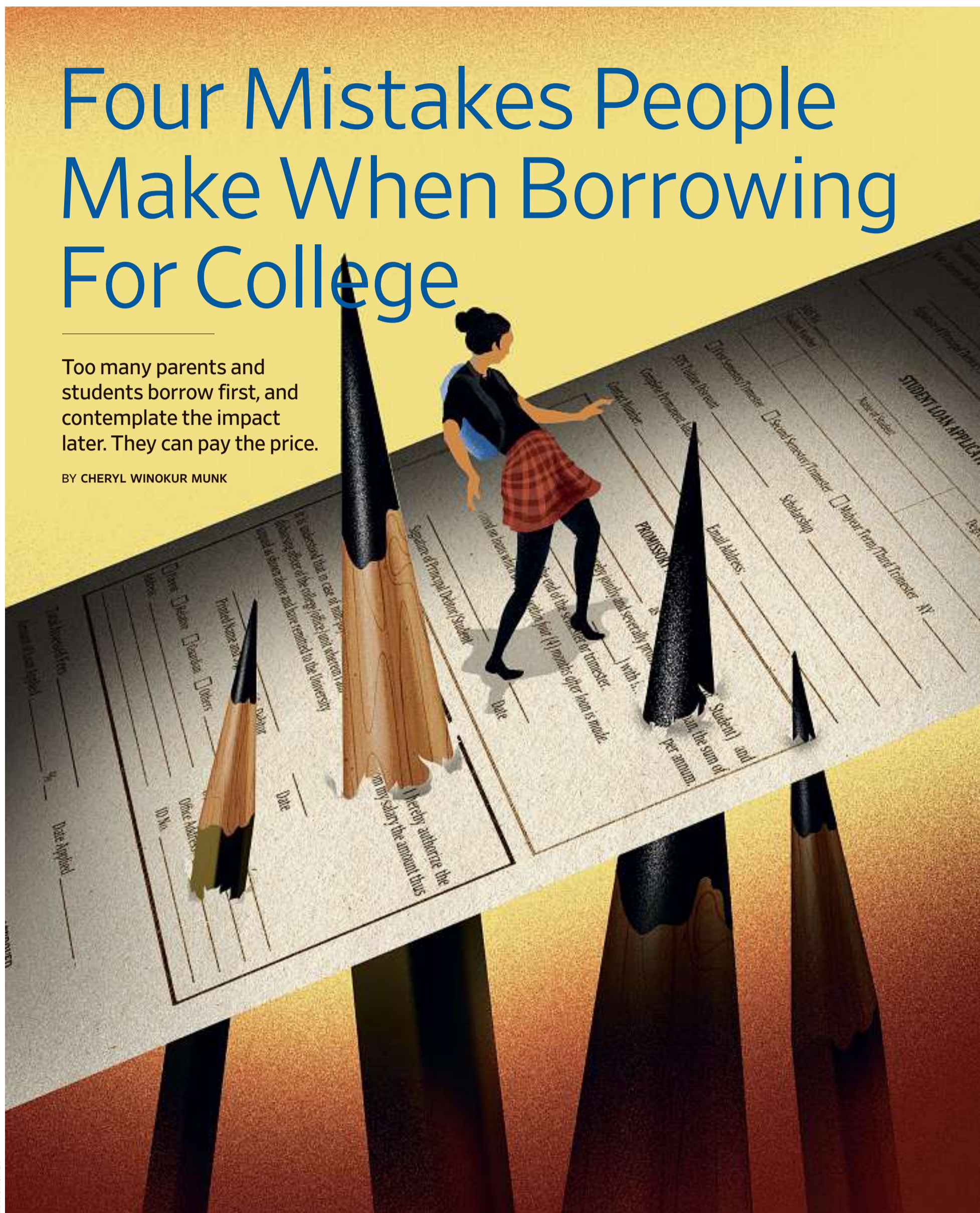
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Four Mistakes People Make When Borrowing For College

Too many parents and students borrow first, and contemplate the impact later. They can pay the price.

BY CHERYL WINOKUR MUNK



BRIAN STAUFFER

WITH THE financial-aid season in swing, many families will find themselves borrowing to pay for higher education. Done strategically, it can be a sound financial decision (even apart from any loan-forgiveness help that might come

from the federal government). But debt is still debt. And many people make financial decisions about college without fully considering the possible long-lasting financial impact.

“You want to make sure the dream school doesn’t become a nightmare school upon graduation, when you find

out you can’t afford student-loan payments, plus rent, plus everything else,” says Scott C. Gibney, an educational and career consultant in Northport, N.Y.

Planning is especially important given that 41% of families said the student, the parent or both borrowed to help cover education costs in the 2021-22 academic year, according to a recent Sallie Mae report.

Please turn to page R4

WINNERS' CIRCLE

No. 1 Stock-Fund Manager Gained 17.8% in Rough Year

All but a handful of others finished in the red

BY SUZANNE MCGEE

MANY stock-fund managers can spin tales of how they triumphed over a bear market. Few, however, have encountered the kind of nightmare market they now are confronting.

Only the most stubborn contrarians think that a lasting rebound has begun with

the positive bounce taken in early October by U.S. stock indexes. Investors still face painful inflation, rising interest rates, nerve-racking volatility and geopolitical tensions.

Perhaps it should come as little surprise, then, that during the latest period of The Wall Street Journal's Winners' Circle survey, the 12 months ended Sept. 30, a mere seven funds managed to post even tiny gains out of the 1,412 U.S.

actively managed stock funds tracked. The average loss for funds in our survey was 19.4%; the S&P 500 over the same period slumped 15.5%. (Funds in the survey must have assets in excess of \$50 million, have a record of at least three years and meet a handful of other criteria as calculated by Morningstar Direct.)

Of those elite few funds that did post gains, several pursued niche strategies. The No. 1 fund, **Kinetics Small Cap Opportunities Fund** (KSCOX), which gained 17.8%, and the No. 2 fund, **Kinetics Paradigm Fund** (WWNPX), which gained 11.4%, both maintained huge positions in the same

Please turn to page R2

Inside

ASK ENCORE

When you step in to manage a relative's finances, should you always get paid? **R3**



Scan this code to see a video on how margin calls can transform market downturns into market crashes.

Metaversed

Fund companies are launching metaverse ETFs. But investors who want to bet on that universe need to look past the hype and choose a fund carefully. **R5**

SCOREBOARD

Third-quarter 2022 fund performance, total return by fund type. More on R2.

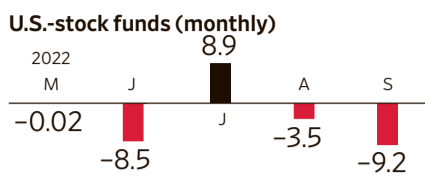
U.S. stocks*	Intl. stocks*	Bonds (intmd.)
-4.5%	-10.2%	-4.6%

*Diversified funds only, excluding sector and regional/country funds Source: Refinitiv Lipper

JOURNAL REPORT | INVESTING MONTHLY

A Journal Report special look at the numbers and news about this month's investing

JR



9/16/22 A FedEx Ground distribution center in Carson, Calif.

-6.7% The Dow Jones Industrial Average's performance in the third quarter—its third straight quarterly decline.

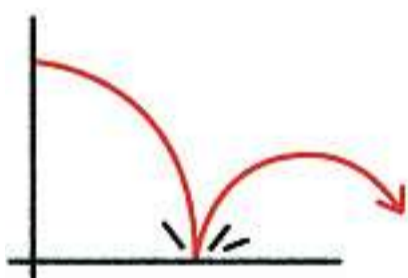
-19.4% The Dow's year-to-date performance, through Friday, or 7,041.51 points down. The S&P 500 is down 23.6% and the Nasdaq composite 31.9%.

Stocks Deliver A Loss

Stock investors in September felt the sting whenever there were signs of a weakening economy. FedEx Corp. shares slumped 21% on Sept. 16—their biggest one-day drop on record—after the delivery company warned of a sharp drop in package deliveries. The stock was one of the S&P 500's worst performers in the third quarter.

Quarterly Monitor • William Power

Stock Funds Down 24.8% in 2022



The only inflation that isn't out there is inflated stock gains.

The numbers weren't pretty for third-quarter performance of U.S.-stock mutual funds and exchange-traded funds, as the market absorbed the economy's inflation troubles and the Federal Reserve's attempts to corral the problem with interest-rate boosts.

The average U.S.-stock fund fell 4.5% in the quarter, according to Refinitiv Lipper. The average fund is down 24.8% for the year to date. It is a bad mirror-image reversal from the 2021 full-year rally, when the average fund rose 22.5%.

Even though the market began October with two strong days of gains, analysts aren't convinced it was anything more than a temporary bounce.

Just what is a "safe asset" now? asks Lauren Goodwin, economist and portfolio strategist at New York Life Investments. "Traditionally 'safe haven' strategies such

as cash and government bonds create a drag on total return when inflation is this high," she says. One choice: defensive or high-quality "value" stocks with strong dividend yields.

Bond funds weakened, too. Funds focused on investment-grade debt fell an average of 4.6% in the quarter and are down 15.0% for the year to date.

All the while, investors continued to vote with their money. Investors withdrew a net \$20.9 billion from U.S.-stock mutual funds and ETFs in the quarter, and \$20.1 billion from international-stock funds, based on Investment Company Institute estimates. Investors also took \$33.8 billion from bond funds.

Mr. Power is a Wall Street Journal features editor in South Brunswick, N.J. Email him at william.power@wsj.com.

FOLLOW THE MONEY

Third-quarter 2022 flow of investor cash by fund type, in billions*



*estimated mutual-fund/ETF flows through 9/28
Source: Investment Company Institute

'The Fed is trying very hard to inflict pain on the job market and it's not working. That maintains the narrative that the Fed is going to have to be tighter for longer.'

David Waddell
CEO and chief investment strategist, Waddell & Associates



No. 1 Fund Rose 17.8% For the Past 12 Months

Continued from page R1
single stock: **Texas Pacific Land Corp.**, a real-estate enterprise whose shares soared nearly 47% in the quarter. Some 57% of the Small Cap Opportunities portfolio was in Texas Pacific Land, and 60.7% of the Paradigm fund.

James Davolos, a portfolio manager at Horizon Kinetics LLC who serves on the investment committee for both funds, says such heavy exposure to a single stock didn't worry him. In Mr. Davolos's view, this is no time to be conducting business as usual.

"Modern portfolio management theory advocates diversification, arguing that it minimizes risk, but all it guarantees is earning a market return," Mr. Davolos says. "Diversification just transfers risk, and reduces your ability to own good businesses that outperform."

Mr. Davolos says that the recent buffeting of stocks and bonds is part of a massive economic and market transformation.

"We're transitioning from an era of abundance—of labor, raw materials, capital—to one of scarcity," he says. Nowhere is this trend more obvious than in the world of hard assets: energy and other commodities, agricultural products, infrastructure-related investments and land. "Most wealth, over recorded history, has been stored in these assets," he says.

Texas Pacific Land, one of the largest landowners in the state of Texas, embodies the kind of investment that Mr. Davolos says he now favors. It has expansive holdings and

over the coming decade. Wary investors might not back Mr. Davolos's outlook or investment strategy. Nor does The Wall Street Journal present this list of outperforming funds every quarter as a kind of shopping list for readers. When building a portfolio, investors should focus primarily on their individual objectives and risk tolerance.

Few of this quarter's other outperforming managers share Mr. Davolos's willingness to allow a single stock to dictate portfolio returns, viewing it as risky. But they agree that the U.S. economy and stock market are in the midst of a secular shift, one that requires a reassessment of investment strategies.

"You have to ask, in a high-inflation environment, what do I want to own and

Only seven of the 1,412 actively managed stock funds in the survey managed a 12-month gain.

what do I want to avoid?" says Jeff Muhlenkamp, manager of this quarter's No. 3 fund, **Muhlenkamp Fund (MUHLX)**. He posted an 8.8% return thanks to the resilience of holdings that he believes will continue to have pricing power regardless of the economic conditions ahead.

Toward the end of 2021, Mr. Muhlenkamp began par-



The winner, James Davolos of Kinetics, doesn't over-diversify.

an attractive revenue stream from grazing rights, oil and gas royalties, and solar and wind power. It also extracts, stores and recycles water in a part of the country where companies are becoming increasingly anxious about this crucial raw material.

Mr. Davolos says he's actively looking for other ways to invest in assets that people have become accustomed to thinking of as abundant. This category, he argues, not only will hold its value when inflation and higher interest rates wreak havoc on most other segments of the stock market, but offers the potential for solid outperformance

ing back his fund's stakes in companies such as **Microsoft** and **Apple** that had become—in his eyes—too pricey to hold on to in an environment shaped by high inflation and rising interest rates. The cash he raised he redeployed in his fund's positions in healthcare, oil-and-gas production and related service companies, chemical companies like **Dow Inc.**, semiconductor manufacturers and mining. The largest position, in energy producer **EQT Corp.**, is less than 4% of the fund's assets.

Two funds posted modest gains for the quarter by concentrating on dividends. Investing in dividends has fallen out of favor in recent decades, as has investing in commodity producers and other hard assets. But there are still long-term believers in dividends, like John Kornitzer, manager of **Buffalo Flexible Income Fund (BUF BX)**, No. 4 in our survey with a return of 1.8%, and Daniel Peris, who heads the team managing No. 5, **Federated Hermes Strategic Value Dividend Fund (SVAIX)**, which posted a gain of 1.7%.

"I'm not Pollyanna-ish about a business slowdown, but we are comfortable with our ability to generate dividend yield and growth over time," Mr. Peris says.

Ms. McGee is a writer in New England. She can be reached at reports@wsj.com.

Financial Flashback

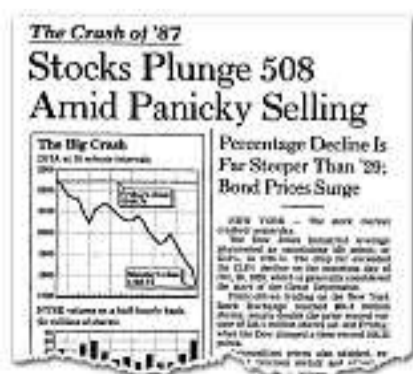
A look back at Wall Street Journal headlines from this month

35 YEARS AGO ▶

On Oct. 19, 1987, the Dow Jones Industrial Average dropped 22.6% in one session. The event, quickly dubbed Black Monday, remains the biggest one-day percentage decline in history. (If it happened today, it would mean a 6,600-point drop!)

John Phelan, then New York Stock Exchange chairman, described the event succinctly: "As close to financial meltdown as I'd ever want to see."

It began the previous Thursday when a freak hurricane left a trail of destruction across southern England. Markets fell as insurance companies dumped stocks to raise cash to pay vast, unexpected claims. "That was a black-swan event," says Art Hogan,



Wall Street Journal, Oct. 20, 1987

chief market strategist at B. Riley Wealth, using a favorite Wall Street term for an unforeseen catastrophe.

By Monday, markets were in free fall. Declines triggered further stock selling. Newfangled computer-driven trading and derivatives drew blame.

Other technology added to panic. The consolidated ticker of stock prices was delayed for up to 60 minutes, leaving traders in the dark. "This was a wake-up call," Mr. Hogan says. "The new technology hadn't been tested in a down market."

Despite the turmoil, investors were ahead by year's end. The DJIA gained 2% in 1987.

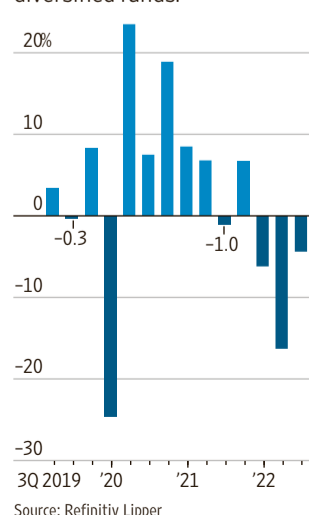
—Simon Constable

25 YEARS AGO ▼
His Just Desserts: Buffett to Scoop Up Dairy Queen Chain

75 YEARS AGO ▼
Federal Agents Trail Marketeers of Stocks, Bonds Looted by Nazis

Score at the Quarter

Stock funds posted their third quarterly decline in a row. Average total return for U.S. diversified funds.



Source: Refinitiv Lipper

JOURNAL REPORT | INVESTING MONTHLY

Ask Encore • Glenn Ruffenach



I Manage My Mother-in-Law's Finances. Should I Be Paid?

A reader's query raises a bigger question about the financial strain on all caregivers

For a number of years, I have been managing my mother-in-law's finances: investments, taxes, bills, setting up a trust, etc. This involves a great amount of time. My mother-in-law has named her adult children as her beneficiaries. If my wife predeceases my mother-in-law, I won't benefit from the estate. My question: Am I allowed some/any compensation for my efforts managing these affairs? Note: My wife and I are trustees on the trust and co-executors on the will.

I'll tackle the particulars in a moment. (The short answer: Yes and no.) But there's a larger issue, which is the potential financial strain on caregivers of all stripes.

A few numbers: About 1 in 6 Americans currently provide care to someone age 50 or older, according to "Caregiving in the U.S. 2020," published by the National Alliance for Caregiving and AARP. That equates to 42 million caregivers who are helping older adults. Among this group, more than half (56%) are themselves 50 or older; 20% are 65 or older.

Yes, caregiving frequently involves helping an individual with (as health professionals put it) "activities of daily living," such as bathing, dressing and eating. Equally important are "instrumental activities of daily living," or the more complex tasks that allow people to live independently.

In these instances, a caregiver might assist with transportation

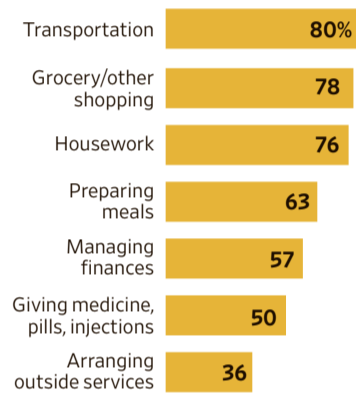
(say, driving a person to medical appointments), shopping or, as in your case, managing finances.

The point: All of these duties, in the long run, can be financially draining. The caregiving alliance and AARP found that 42% of individuals who help care for a 50-plus adult "have experienced a financial impact due to their role as a caregiver." Some 32% say caregiving eroded their savings, in some form; 20% have taken on debt; and 13% have borrowed money from family or friends.

As such, all caregivers should ask and try to answer the same questions that, in effect, this reader is asking: Can I quantify how much my caregiving efforts are costing me? And are these costs putting my financial security at risk? Yes, we always hear that

A Helping Hand

Percent of caregivers for people age 50 and older who said they provided help with:



Sources: National Alliance for Caregiving; AARP



caregivers also must care for their own physical and emotional well-being. That care should extend to one's financial health, as well.

As for your questions, absent some type of contract—say, a Personal Care Agreement, which some families use to reimburse caregivers—you likely aren't entitled to compensation for past work. It isn't too late, though, to discuss with family your current and future efforts, a conversation that, admittedly, might be difficult.

As noted in an earlier column, a family mediator might be useful. See the Academy of Professional Family Mediators (apfmnet.org) or the National Care Planning Council (longtermcarelink.net).

Looking ahead, there are state rules and statutes that, at some point, could result in compensation. Consider:

• **An executor's duties.** As executor you would be entitled to "rea-

sonable compensation" for administering your mother-in-law's estate after she dies, says Jessica Estes, an elder-law and estate-planning attorney in Annapolis, Md. Typically, the probate court in the jurisdiction where the deceased lived will determine "reasonable."

"If there's a reason to deviate from the standard rate—for example, if the estate is far more complicated than a typical estate—the probate court might allow a higher fee," Ms. Estes says.

Two notes: First, some states tie an executor's fee to the value of the estate. You can get a ballpark figure for fees in a particular state at EstateExec.com, an online tool that includes an interactive map and compensation calculator. Second, any compensation as an executor is considered taxable income. (More on this in a moment.)

• **Where there's a will...** I'm assuming that, currently, your

mother-in-law's will doesn't include language that allows compensation for you as an executor. (Perhaps she and other family members simply aren't aware of how much work can be involved.) She could, of course, amend her will to do so. She also could help ease the tax bite on your fees.

Again, an executor's compensation is taxable. An inheritance generally isn't. With that in mind, your mother-in-law might be open to including a bequest for you in her will—one that, in effect, would compensate you for your services. For example, the "bequest could be stated as a percentage of the estate, not to exceed a certain dollar amount," Ms. Estes says.

• **Trusts and trustees.** You mention that you set up a trust for your mother-in-law and that you and your wife are the trustees. As such, you could be entitled to compensation as a trustee.

The trust's language might spell out if you're eligible to be reimbursed. "If the trust is silent on the matter, usually the trustee would be entitled to reasonable compensation in accordance with state laws," Ms. Estes says.

A caveat: The issue of trusts and compensation can get complicated quickly, depending on several factors. They include whether your mother-in-law has transferred her assets to the trust; whether she's competent to amend the trust (if she wishes to do so); who has power of attorney; and the language used in creating the power of attorney.

All of which argues, again, for discussing your role as financial caregiver with your family as a whole. I would like to think they value your efforts.

Mr. Ruffenach is a former reporter and editor for The Wall Street Journal. Ask Encore examines financial issues for those thinking about, planning and living their retirement. Send questions and comments to askencore@wsj.com.

Congress Likely to Change Rules for IRA Catch-Up Contributions

The goal of the change is to encourage people to save more for retirement

BY LEONARD SLOANE

CATCH-UP contributions have long allowed older individuals to funnel additional funds into their individual retirement accounts or workplace plans. Now Congress is likely to increase the annual amount that those individuals can save using this method.

Proposed modifications, which are mostly uncontroversial and bipartisan, passed the House earlier this year. The Senate Finance Committee recently sent its version to the full Senate.

"These changes to the catch-up contribution rules are designed to encourage people

to save for retirement," says Sarah Brenner, director of retirement education at Ed Slott & Co., a tax consulting firm in Rockville Centre, N.Y. "Those close to retirement would be able to put away a little more."



The Economic Growth and Tax Relief Act of 2001 created catch-up contributions above the standard limit for those age 50 or older. The extra contributions can be made annually, starting at any time during the calendar year in which you reach age 50—even before your 50th birthday.

For traditional and Roth IRAs, both bills in Congress propose to keep the maximum elective catch-up the same as it is now: \$1,000 a year above the \$6,000 standard

contribution limit. However, both proposals also would allow for increases in that \$1,000 based on inflation indexing. Contributions must be made from earned income, although a married person can make a spousal contribution based on a spouse's earned income. Catch-ups follow the same timing guidelines as regular contributions and must be made by the filing deadline, not including extensions.

For company plans, such as 401(k)s, 403(b)s or 457(b)s, the House bill would raise the limit for annual catch-up contributions to \$10,000 from \$6,500 annually above the 2022 contribution limit of \$20,500. Like the increase for IRAs, this maximum would be adjusted each year based on the cost of living. But the higher catch-up dollar limit for company plans would apply only to workers age 62, 63 or 64. And catch-up contributions would have to be Roth, or after-tax, for all—seen by some as a revenue-raising measure.

In the Senate version, however, the higher catch-up limits for workplace plans—from \$6,500 to \$10,000—would apply only to those age 60 to 63. The catch-ups would have to be Roth only for those with income above \$100,000 a year.

Many retirement experts call the two proposals Secure 2.0 because they are an expansion of the Secure Act of 2019. If enacted this year, the law would become effective on Jan. 1, 2024.

The word "catch-up" is actually a misnomer, since these contributions are usually available even if you have contributed the maximum in prior years. But the term has stuck and is widely used, both in the law and in commentary.

SEP IRAs (simplified employee pension individual retirement accounts), don't permit catch-ups since only employer contributions are allowed. But Simple IRAs, which have both employee contributions, in the form of salary deferrals, and employer contributions, allow catch-ups of \$3,000 annually, not to exceed \$17,000 in 2022. Catch-ups for neither type of account are in the current legislation.

Health savings accounts are also not covered in the bills. The minimum age for catch-up contributions with an HSA is 55 and the amount is \$1,000 annually.

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JOURNAL REPORT | INVESTING MONTHLY

Mistakes College Borrowers Make

Continued from page R1

With that in mind, here are four of the biggest traps that families fall into when taking on debt for college.

Mistake No. 1 Not adequately exploring debt alternatives

Make sure you are fully investigating scholarships and grants, says Bruce McClary, senior vice president of membership and communications at the National Foundation for Credit Counseling, which provides free or low-cost credit-related advice to consumers. Organizations such as the College Board, Going Merry and Sallie Mae offer online help for students seeking scholarship opportunities. Students can find additional scholarship resources at the website for the National Scholarship Providers Association, a nonprofit member group that serves scholarship-program professionals.

Students should also consider the field they plan to work in and whether they might be eligible for the federal government's Public Service Loan Forgiveness program—for borrowers working in government or a qualifying nonprofit—though they shouldn't base all their borrowing decisions on this since career or job plans could change, Mr. McClary says.

Another option could be to consider a corporate degree program, which some companies, including Starbucks, Target and Walmart, offer to their employees. Citigroup recently announced an expanded tuition-reimbursement program that offers employees no-cost, fully funded degrees from five partner schools.

Mistake No. 2 Taking on too much debt

As a general guideline, some experts typically recommend that 8% to 20% of take-home pay can safely be allocated toward student-loan payments. To figure out if a student can meet those demands, do some research online.

First, consider what the student's salary could be after graduation, using an online tool such as Salary.com or Glassdoor. An online calculator such as the Tax Form Calculator can help determine what the new worker's



take-home pay might be after federal and state taxes. Prospective borrowers should also take advantage of the federal government's loan simulator tool, at studentaid.gov/loan-simulator, to calculate what their monthly repayment obligation could look like.

Remember to consider rent, clothing costs, commute, food and other living expenses and "leave a little cushion" as you

41%

Percentage of families (student, parent or both) that borrowed for the 2021-22 academic year

35% to 40%

The advisable limit of parents' monthly budgets that should be allocated toward debt (mortgage, car loans, college debt, etc.)

8% to 20%

Experts' advice on the percentage amount of take-home pay that generally can safely be allocated toward student-loan payments

Sources: Sallie Mae, National Foundation for Credit Counseling, industry professionals

are thinking about what you may be able to afford, Mr. McClary says. This is especially important given inflation and high housing-related costs, he says. (Undergrads, meanwhile, should also anticipate the potential debt they would shoulder if they go to graduate school.)

Parents who are taking out loans to pay for college should consider their credit health, Mr. McClary says. Ideally, no more than 35% to 40% of the parents' monthly budget should be allocated toward debt, including mortgage, car loans and college-related debt, he says.

Mistake No. 3 Turning to private loans before maxing out your federal loan eligibility

Michele Streeter Shepard, senior director of college affordability at the Institute for College Access & Success, a research and advocacy nonprofit, strongly recommends that borrowers avoid private loans, if possible. Federal loans offer several protections, including repayment plans tied to a graduate's income and family size, and the potential for forgiveness based on the borrower's profession or after a certain number of years in repayment. There are also several potential

relief programs that are available only to federal borrowers, Ms. Streeter Shepard says.

If you have exhausted other options and are considering a private loan, "be a savvy consumer," says Jennifer Schott, managing director at the AccessLex Center for Education and Financial Capability, which offers financial education programming for students and graduates. Look at factors such as the interest rate, whether it is fixed or variable, when repayment starts, origination fees and what protections, if any, exist if repayment becomes difficult.

Parents also need to understand what it means to be a cosigner and what cosigner relief options, if any, exist. "It really is important for families to do their research, because there are so many private loan products out there," Ms. Schott says.

There are state-based and nonprofit programs that offer low interest rates, low or no origination fees, and lower total debt than many other education loan options. Families can research some of these options on the website (foryounotforprofit.org/student-loans) of the Education Finance Council, a national trade association representing nonprofit and state-

based higher-education finance organizations.

Interest-free loans might also be worth investigating, especially for borrowers with considerable financial need. For example, some of these programs apply broadly to students from lower-income families, and others are for specific groups such as military families. Loan amounts, eligibility requirements and repayment terms vary by program, and finding relevant opportunities may require research. One option is to visit the website (iajfl.org/find-your-agency) of the International Association of Jewish Free Loans, a membership organization of interest-free lenders.

Mistake No. 4 Not understanding loan specifics

Being educated about how loans actually work is important, Mr. Gibney says. Federal loans, for example, can be subsidized, meaning borrowers don't pay interest while attending school at least half time, and for a six-month grace period after the student leaves school, as well as during deferment periods.

There are also unsubsidized loans, available regardless of financial need. With this loan type, borrowers are responsible for paying the interest during all periods. Borrowers can choose not to pay the interest while in school or during grace or deferment periods, but that interest will accrue and be added to the loan principal.

Families also need to understand who is responsible for the repayment. Federal loans taken by the student are the student's responsibility. Federal parent Plus loans are a parent's responsibility and can't be transferred to the student. Some private-loan companies also offer parent loans. These details sometimes trip people up, Ms. Schott says.

Remember, these decisions can have an impact on your life. Among Americans with student loans, 81% agree or strongly agree that student-loan debt affects their ability to save for retirement, according to June data from Voya Financial, a New York-based financial-services company for individual, workplace and institutional clients. Meanwhile, 80% worry about their ability to pay off student-loan debt, the survey found.

"Many families say, 'We'll apply first and figure out the cost later.' Then it becomes emotional, not a financial decision," Mr. Gibney says.

Ms. Winokur Munk is a writer in West Orange, N.J. She can be reached at reports@wsj.com.

BRIAN STAUFFER

Mutual-Fund Yardsticks: How Fund Categories Stack Up

Includes mutual funds and ETFs for periods ended Sept. 30. All data are final.

Investment objective	Performance (%)				Investment objective	Performance (%)			
	September	3rd-qtr	1-yr	5-yr		September	3rd-qtr	1-yr	5-yr
Diversified stock & stock/bond funds					World stock funds				
Large-Cap Core	-8.9	-5.1	-16.7	8.3	Global	-9.2	-7.1	-23.3	3.6
Large-Cap Growth	-9.8	-4.5	-28.2	9.2	International (ex-U.S.)	-9.5	-10.2	-26.9	-1.1
Large-Cap Value	-8.3	-5.6	-10.7	6.0	European Region	-9.7	-11.1	-28.9	-1.8
Midcap Core	-9.0	-4.5	-14.3	5.1	Emerging Markets	-10.2	-10.3	-30.8	-2.6
Midcap Growth	-8.9	-1.7	-31.1	7.1	Latin American	-4.6	3.5	-6.4	-2.6
Midcap Value	-9.7	-5.4	-10.9	4.3	Pacific Region	-11.5	-16.0	-31.5	-1.2
Small-Cap Core	-9.4	-4.4	-17.6	3.5	Gold Oriented	-0.8	-10.5	-19.2	0.8
Small-Cap Growth	-8.6	-1.6	-28.6	6.1	Global Equity Income	-8.4	-8.6	-14.1	2.4
Small-Cap Value	-10.0	-4.9	-13.9	3.4	International Equity Income	-9.1	-10.9	-20.9	-1.5
Multicap Core	-8.7	-4.6	-17.5	6.9	Taxable-bond funds				
Multicap Growth	-9.3	-2.4	-31.7	8.4	Short-Term	-1.4	-1.1	-5.3	0.7
Multicap Value	-8.7	-5.6	-10.8	5.4	Long-Term	-5.0	-4.9	-17.9	-0.2
Equity Income	-8.3	-5.9	-9.4	5.8	Intermediate Bond	-4.4	-4.6	-15.2	-0.3
S&P 500 Funds	-9.2	-5.0	-15.9	8.8	Intermediate U.S.	-5.4	-4.6	-10.4	1.1
Specialty Divers. Equity	-8.6	-5.2	-27.9	4.1	Short-Term U.S.	-1.5	-1.9	-5.7	0.1
Balanced	-6.9	-4.9	-16.1	3.2	Long-Term U.S.	-4.8	-5.8	-16.2	-0.9
Stock/Bond Blend	-7.2	-5.4	-17.2	3.0	General U.S. Taxable	-4.3	-4.1	-14.9	-0.1
Avg. U.S. Stock Fund ¹	-9.2	-4.5	-19.6	6.0	High-Yield Taxable	-4.0	-0.8	-13.5	1.0
Sector stock funds					Mortgage	-4.7	-4.9	-12.9	-0.9
Science & Technology	-11.3	-5.7	-34.2	9.6	World Bond	-4.6	-3.8	-17.8	-1.9
Telecommunication	-12.4	-11.7	-33.3	0.5	Avg. Taxable-Bond Fund ²	-3.5	-2.6	-11.5	0.3
Health/Biotechnology	-4.2	-1.7	-18.7	5.7	Municipal-bond funds				
Utility	-10.8	-5.9	2.0	6.2	Short-Term Muni	-1.2	-1.5	-5.3	0.2
Natural Resources	-10.8	0.6	27.6	1.2	Intermediate Muni	-3.1	-2.7	-9.8	0.3
Sector	-11.1	-8.0	-19.2	2.8	General & Insured Muni	-4.1	-3.9	-13.2	0.2
Real Estate	-12.2	-10.3	-18.3	2.9	High-Yield Muni	-5.4	-4.3	-15.0	0.5

Stock & Bond Benchmark Indexes

Investment objective	Performance (%)				Investment objective	Performance (%)			
	September	3rd-qtr	1-yr	5-yr		September	3rd-qtr	1-yr	5-yr
Large-cap stocks					Stock indexes				
DJIA	-8.8	-6.2	-13.4	7.4	DJ U.S. TSM Growth	-9.9	-3.4	-24.6	10.9
S&P 500	-9.2	-4.9	-15.5	9.2	DJ U.S. TSM Value	-8.9	-5.5	-11.8	5.1
Midcap stocks					Taxable bonds				
S&P MidCap 400	-9.2	-2.5	-15.2	5.8	Barclays Agg. Bond	-4.3	-4.8	-14.6	-0.3
Small-cap stocks					Municipal bonds				
Russell 2000	-9.6	-2.2	-23.5	3.6	Barclays Muni. Bond	-3.8	-3.5	-11.5	0.6
Broad stock market					International stocks				
DJ U.S. Total Stock Market	-9.3	-4.6	-18.1	8.5	MSCI EAFE ¹ (price return)	-9.7	-10.0	-27.2	-3.4
Russell 3000	-9.3	-4.5	-17.6	8.6	Dow Jones World (ex. U.S.)	-10.0	-9.5	-25.8	-0.7

¹Annualized ²Diversified funds only ³Excludes money-market funds ⁴Europe, Australia, Far East

Source: Refinitiv Lipper

How the Largest Funds Fared

Performance numbers are total returns (changes in net asset values with reinvested distributions) as of Sept. 30; assets are as of Aug. 31. All performance data are final

Stock Mutual Funds and ETFs

Fund	Ticker	Assets (\$ billions)	Total Return (%)				
			3rd-qtr	YTD	1-year	Annualized 5-year	10-year
Vanguard TSM Idx;Inst+	VSMPX	1170.97	-4.5	-24.9	-18.0	8.6	N.A.
Vanguard 500 Idx;Adm	VFIAX	754.09	-4.9	-23.9	-15.5	9.2	11.7
Fidelity 500 Index Fund	FXAIX	358.29	-4.9	-23.9	-15.5	9.2	11.7
SPDR S&P 500 ETF	SPY	358.23	-4.9	-23.9	-15.5	9.2	11.6
Vanguard Tot I;Inv	VTGSX	340.79	-10.5	-26.8	-25.3	-0.8	3.2
iShares:Core US Agg Bd	IVV	295.99	-4.9	-23.9	-15.5	9.2	11.7
Vanguard Instl IIdx;InsP	VIIIX	243.13	-4.9	-23.9	-15.5	9.2	11.7
American Funds Gro;A	AGTHX	213.03	-2.7	-32.2	-27.8	8.2	11.6
American Funds Bal;A	ABALX	194.34	-5.9	-18.6	-13.4	4.8	7.6
Invesco QQQ Trust1	QQQ	164.64	-4.5	-32.4	-24.9	13.7	15.7
American Funds Wash;A	AWSHX	147.70	-6.1	-18.3	-8.6	8.0	10.7
Vanguard Gro Idx;ETF	VUG	145.79	-3.8	-33.0	-25.9	11.0	12.7
Vanguard Val Idx;ETF	VTV	143.42	-5.7	-14.6	-6.6	7.1	10.5
Vanguard Mid-Cp I;Adm	VIMAX	139.68	-4.1	-25.4	-19.5	6.6	10.5
Vanguard Dev Mkt;ETF	VEA	139.38	-10.5	-27.7	-25.6	-0.6	4.0
American Funds EuP;R6	RERGX	133.45	-9.3	-32.1	-32.9	-0.2	4.5
American Funds Inc;A	AMECX	117.99	-6.3	-15.1	-9.2	4.1	6.6
Vanguard S-C Id;Adm	VSMAX	115.84	-2.6	-23.7	-20.7	5.4	9.6
American Funds NPer;A	ANWPX	108.73	-6.1	-31.6	-27.1	6.6	9.5
American Funds Flnv;A	ANCFX	106.94	-5.2	-24.8	-18.3	6.1	10.3

Bond Mutual Funds and ETFs

Fund	Ticker	Assets (\$ billions)	Total Return (%)				
			3rd-qtr	YTD	1-year	Annualized 5-year	10-year
Vanguard Tot Bd;Adm	VBTLX	283.31	-4.7	-14.6	-14.7	-0.3	0.9
Vanguard Tot Bd II;Inv	VTBIX	231.18	-4.6	-14.6	-14.7	-0.4	0.7
PIMCO Income;Inst	PIMIX	119.49	-1.9	-10.9	-10.7	1.3	4.1
Vanguard Tot Itl B2;Inst	VTILX	93.25	-3.3	-13.0	-13.1	N.A.	N.A.
iShares:Core US Agg Bd	AGG	82.23	-4.7	-14.5	-14.6	-0.3	0.9
Vanguard Tot Itl B;ETF	BNDX	81.52	-3.3	-12.9	-13.0	0.03	N.A.
Vanguard Int-Tm TxEx;Adm	VWIUX	72.54	-2.7	-10.2	-9.7	0.7	1.7
American Funds Bond;A	ABNDX	71.90	-4.6	-14.4	-14.2	0.2	1.1
Vanguard Sh-Tm B;ETF	BSV	68.14	-2.2	-6.6	-7.3	0.5	0.8
MetWest:Total Rtn;I	MWTIX	68.12	-5.2	-16.2	-16.3	-0.2	1.3
Vanguard Sh-Tm Inv;Adm	VFSUX	65.77	-1.9	-7.4	-8.0	0.8	1.3
Dodge & Cox Income;I	DODIX	60.42	-4.0	-13.3	-13.6	0.7	1.9
Vanguard ST IPS;Adm	VTAPX	60.42	-2.6	-4.0	-2.9	2.3	N.A.
PIMCO:Tot Rtn;Inst	PTTRX	59.72	-4.8	-15.6	-15.7	-0.3	1.1
Fidelity US Bond Index	FXNAX	55.46	-4.7	-14.5	-14.6	-0.3	0.9

Note: For funds with multiple share classes, only the largest is shown. N.A.: Not applicable; fund is too new or data not available

Refinitiv Lipper

JOURNAL REPORT | INVESTING MONTHLY



INVESTORS often think of diversification as a free lunch—it allows them to maintain returns while reducing risk. But most people only get part of diversification right, and that can hurt them later in life.

With traditional diversification, people spread money around different kinds of investments to mitigate risk. That approach misses a key opportunity: “diversifying” how you invest over time.

Most people start investing with a small amount of money, because that is all they can afford, and ramp it up as their earnings grow. But investing so much later in life unnecessarily puts people at greater risk when they are close to retirement. They end up with far greater exposure to stock-market risk in their 50s and 60s than in their 20s and 30s, even if buying diversified mutual funds.

We propose a different method: People ought to borrow money to make their initial investments larger, so that they can invest closer to the same amount every year over their lifetime. Think of investing \$2 a decade steadily for three decades, instead of \$1 for the first, \$2 for the next and \$3 for the third.

The overall amount they invest stays the same—\$2 of average market exposure—but when it is a steady amount, instead of an increasing one, the market exposure is larger than otherwise earlier on (\$2 versus \$1) and then smaller than otherwise in later life (\$2 versus \$3).

Steady dollars

Both choices—investing \$2 each decade instead of \$1, \$2 and \$3—provide the same expected return, since they both have \$6 accumulated market exposure over time. But risks associated with the two strategies are different: Our time-diversified path brings lower variance in returns than one with increasing investments.

When investment exposure varies over time, the market’s ups and downs don’t balance out as well. With 2/2/2, an up in the first decade balances out with a down in the third, and vice versa. But with 1/2/3, an up in the first decade is dominated by a down in the third, and a down in the first decade is also dominated by an up in the third. Consequently, the 1/2/3 investment pattern leads to larger swings in lifetime accumulations. The 1/2/3 strategy has too little dependence on the first decade’s stock return and too much on the third. By comparison, the 2/2/2 approach is evenly spread out and thus better diversified.

People might think they can’t follow a 2/2/2 type of strategy because they haven’t saved enough when young: They can’t invest \$2 because they only have \$1. But that’s not true. Using le-

A Different Way to Think About Stock Diversification

Everybody knows to spread money across many investments. Fewer think about diversifying over time.

BY IAN AYRES AND BARRY NALEBUFF

verage—that is, borrowing money to buy stocks—people can use \$1 of capital to borrow another \$1 and thereby get \$2 of market exposure in their first decade.

Sound risky? Consider that young people do the same thing with housing when they borrow money to buy a house they live in for decades—and there the leverage often involves borrowing \$9 for every \$1 of equity. We propose borrowing only \$1 for each \$1 invested. Limiting to 2:1 leverage means we don’t hit a perfectly even market exposure over time, but gets us closer to it.

The lessons of history

Using an initial 200% allocation—and gradually reducing the stock allocation, down to 83% at retirement age—is a winning strategy. In a 2010 book, we found that this “leveraged life cycle” approach produced superior retirement accumulation for *each and every cohort* retiring from 1914 to 2009. We now have more than a dozen years of post-publication returns where we can evaluate the strategy in practice. Leveraged life-cycle returns have continued to provide superior retirement accumulation for *each and every cohort* through mid-2022.

Average investors using our method—assuming they invested 4% of their annual income, which rose during their careers to \$100,000 in their final year of

work—accumulated \$1,255,000, while a traditional target-date fund investment, starting at 90% in stocks and going down to 50%, produced only \$675,000, and a constant 75% strategy \$774,000.

Of course, these higher returns are partly due to more stock exposure and not to the diversifying benefits of the leveraged life-cycle strategy. To focus solely on the diversification benefits, we compared the retirement accumulations of a less-aggressive life-cycle strategy, one that again starts with 200% in

stock but ramps down to 50% at retirement. We compared this to a constant 75% of savings in stocks and 25% in bonds. We chose this particular 75% allocation because it produces the same average accumulation (\$774,000) across the retiring cohorts. Therefore, any difference in the strategies won’t be because one has more lifetime exposure to the stocks, which on average outperform bonds.

Comparing these two strategies shows that the leveraged life-cycle strategy decreases the

standard deviation of retirement accumulation across retiring cohorts by an impressive 19%. Our more time-diversified, leveraged strategy produces higher returns for cohorts that had the worst stock returns (the 10th-percentile accumulation increases by 10.9% relative to the constant 75% strategy) and lower returns for cohorts that lived through the best stock returns (the 90th-percentile accumulation also decreases by 10.9% relative to the constant 75% strategy).

Producing the same average return with less risk is compelling evidence of how a leveraged life-cycle strategy can diversify market risk. Of course, ramping down to 50% instead of 83% in stocks at retirement has less market exposure and therefore lower average returns. The investor can choose: the same returns as a constant 75% exposure strategy with less risk, or the same risk but with higher expected return. Time diversification makes either possible.

Avoiding trouble

Our strategy works in theory and in practice. But there are possible objections that might hold people back. For one, people might say that it is expensive to invest on margin. But competitive margin loans are cheaper than home mortgages.

A second objection is that leverage is risky. But when you are more evenly exposed to market risk across time, you have *less* risk. Using leverage to go from 1/2/3 to 2/4/6 would be adding risk and market exposure. But a 2/2/2 strategy doesn’t.

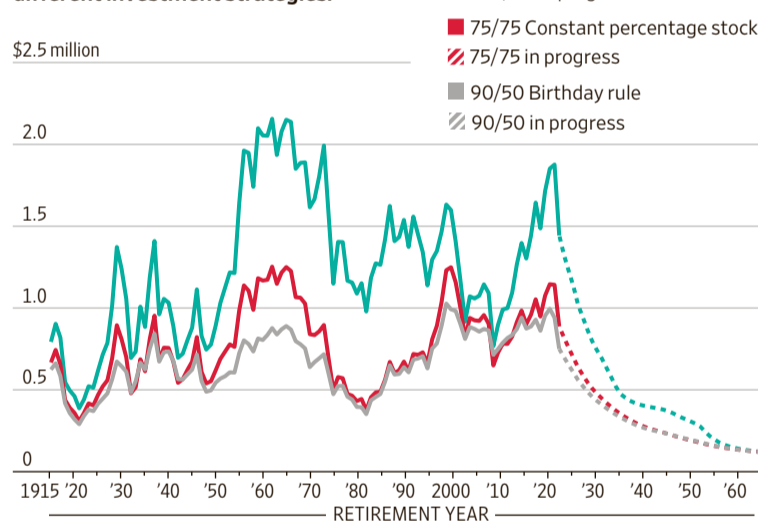
When markets drop, those investors near retirement who have followed 1/2/3 are in trouble. If stocks fall by 25% in their last decade of investing, they would lose 25% of their \$3 investment—while a 2/2/2 investor would lose just 25% of \$2.

One objection that does have some merit is that our approach requires discipline. Some people can’t bring themselves to borrow money to buy stock or would bail out at the first downturn. We would like to see target-date funds make things easier for investors by automating the process, borrowing at low cost and automatically adjusting.

Meantime, young investors can move to 100% equities. That isn’t 200%, but it is a step in the right direction and doesn’t require the psychological or logistical burdens of borrowing to buy. And even if this advice is coming a bit late for readers in their 50s and 60s, this is advice to pass along to the next generation. They don’t have to repeat our mistakes.

Dr. Ayres at Yale Law School and Dr. Nalebuff at the Yale School of Management are the authors of “Lifecycle Investing.” They can be reached at reports@wsj.com.

Accumulated returns at retirement age of 67 for three different investment strategies.



Source: Ian Ayres and Barry Nalebuff, Yale University

September’s Stock Woes Bode Well for October

OCTOBER has a reputation as a “bear killer”—a month during which an above-average number of past bear markets have ended.

Is there anything to this reputation? Or is it just a fluke?

Nobody knows for sure, but there are some clues that it might be more than just a coincidence.

The notion that October is a bear killer traces, as far as I can tell, to the late Yale Hirsch, the founder and editor of the *Stock Trader’s Almanac*. In an email, Mr. Hirsch’s son (and the *Almanac*’s current editor), Jeffrey Hirsch, says his father first used the term in the 1969 edition. He says eight of the Dow Jones Industrial Average’s 23 bear markets since World War II ended in October—much more than the two you would expect if you divided the 23 bear markets equally across all months.

Midterm effect

Perhaps the first clue that October’s reputation may be more than just a statistical fluke is that four of the eight October-ending bear markets to which Mr. Hirsch refers occurred in midterm election years. An academic study published a year ago finds evi-

Some reasons why October is a ‘bear killer’



BY MARK HULBERT

term low on the exact day of the election, Dr. Marsh says. The midterm seasonal pattern is based on general tendencies, so the idea that the midterm low would occur in October is plausible given the level of research precision.

dence of abnormal stock-market weakness over the six months up to and including the October before midterms and above-average strength in the six months after.

The study’s co-authors—Terry Marsh, an emeritus finance professor at the University of California, Berkeley, and CEO of money-management firm Quantal International, and Kam Fong Chan, a professor of finance at the University of Western Australia—say this midterm pattern is caused by the heightened political and economic uncertainty before midterm elections and the resolution of that uncertainty afterward.

That doesn’t mean we should expect the market to hit its mid-

September selling

The midterm pattern at most only helps to explain why half of the post-World War II bear markets end in October. Several researchers and market experts point to other ways in which the market behaves unusually in the fall that could increase the likelihood of a bottom occurring around then even in non-midterm years.

Specifically, they refer to the above-average levels of selling in the typical September. Crucially, this selling largely has nothing to do with fundamental factors, so the market can begin to recover in October when that artificial selling pressure abates. Likely causes of September’s pressure include:

- End-of-quarter window dressing and tax-loss selling, says Lawrence Tint, former U.S. chief executive of Barclays Global Investors, the organization that created iShares (now part of BlackRock). Mr. Tint says both factors should be strong in Septembers of bear-market years. The first occurs when mutual funds sell losing stocks to avoid the embarrassment of having to report owning them in end-of-quarter reports. The second occurs when stocks

are sold to realize losses that can be used to offset capital gains. Mutual funds must end their tax years in October, and some will harvest tax losses in September to avoid selling at the end of the tax year when others do the same.

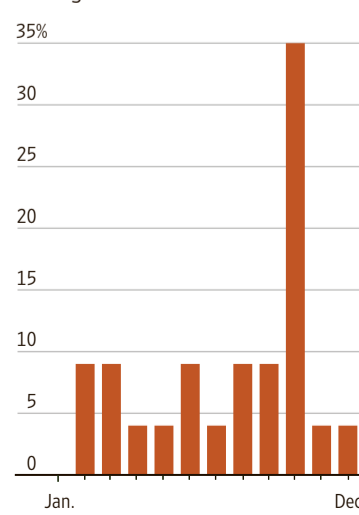
- Seasonal affective disorder, known as SAD, a depressive mood disorder related to the change of seasons. According to Russ Wermers, a finance professor at the University of Maryland who co-wrote a study correlating SAD with mutual-fund flows, it also is “associated with a greater level of risk-aversion by a much larger body of the population.” The biggest month-to-month change in those suffering from SAD—and the risk aversion with which it is associated—occurs in September, when daylight wanes faster.

This SAD effect works to the market’s favor in October, says Mark Kamstra, a finance professor at York University and one of Dr. Wermers’s co-authors. Dr. Kamstra says SAD-afflicted investors will have largely made their portfolio adjustments by the end of September, at which point the marginal investor will be those who instead are “eager for risk and return.”

Mr. Hulbert is a columnist whose Hulbert Ratings tracks investment newsletters that pay a flat fee to be audited. He can be reached at reports@wsj.com.

October as ‘Bear Killer’?

Percent of Dow Jones Industrial Average’s bear markets since 1946 ending in these months:



Sources: Stock Trader’s Almanac; Hulbert Ratings