

# WSJ

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## What's News

### World-Wide

**U.K. leader Truss** fired Treasury chief Kwarteng and reversed crucial parts of her government's tax cuts, after her plans to jolt the economy into growth unraveled amid a backlash from financial markets and her party. **A1**

◆ **Federal investigators** contacted at least two aides to Trump months before the FBI searched his Mar-a-Lago resort and have sought to talk to them again in recent weeks, people familiar with the matter said. **A4**

◆ **Russian-installed officials** in occupied areas of Ukraine amplified calls for residents to leave the south as Kyiv's forces step up their campaign to retake the region, and Russia builds fortifications to thwart their advance. **A6**

◆ **Democratic Sen. Warnock** and Republican challenger Walker clashed over abortion, inflation and health-care at their only debate in Georgia's Senate contest. **A4**

◆ **New offshoots** of the Omicron Covid-19 variant that virus experts say appear to spread easily are on the rise in the U.S., the latest federal data show. **A3**

◆ **IMF officials said** governments of poorer countries need better ways to restructure their debt loads totaling billions of dollars in order to survive upheavals. **A9**

### Business & Finance

◆ **Three of the nation's largest banks**—JPMorgan, Citigroup and Wells Fargo—reported double-digit profit drops, as they socked away hundreds of millions of dollars apiece to cover potential loan defaults amid uncertainty over a potential recession. **A1**

◆ **A deal-making drought** dinged Morgan Stanley's third-quarter results, sending profit down 29%. **B13**

◆ **U.S. retail spending** stalled in September as the nation's shoppers grappled with high inflation and rising interest rates. **A1**

◆ **Nikola founder Milton** was convicted of securities fraud for what prosecutors said were repeated lies about the development of Nikola's trucks and technology. **A1**

◆ **Rupert Murdoch** has proposed a recombination of Fox Corp. and News Corp nearly a decade after they split, according to people familiar with the situation. **B1**

◆ **U.S. stocks fell**, the latest U-turn for markets in a volatile week. The S&P 500, Nasdaq and Dow lost 2.4%, 3.1% and 1.3%, respectively. **B13**

◆ **Apple retail workers** in Oklahoma City voted to unionize, becoming the second group of employees at one of the company's U.S. stores to organize officially. **B12**

### NOONAN

Will Putin Fall Like Khrushchev And Gorbachev? **A15**

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**U.K. Prime Minister Liz Truss, holding a news conference on Friday, has seen a rapid collapse of her political authority. Ms. Truss's policy shift might not be enough to calm financial markets or stop a growing rebellion within her own party.**

# Truss Fires U.K. Treasury Chief, Backtracks on Tax-Cut Program

By MAX COLCHESTER

LONDON—U.K. Prime Minister Liz Truss fired Treasury chief Kwasi Kwarteng and reversed crucial parts of her government's tax cuts, after her plans to jolt the economy into growth unraveled following a backlash from financial markets and her party.

Mr. Kwarteng, who three weeks ago presented the U.K.'s largest tax cuts since the 1970s, was asked to quit by Ms. Truss as markets balked at the scale of the borrowing required to fund the package and her Conservative Party lawmakers protested potentially deep public-spending cuts. Mr. Kwarteng was succeeded as chancellor of the exchequer by Jeremy Hunt, a party centrist and former foreign secretary.

In a scramble to shore up support within her party, Ms. Truss also ditched her plan to prevent a planned rise in the rate of corporate income tax next April to 25% from 19%—a move taken by predecessor Boris Johnson's government to help shore up finances. The U-turn was the second major part of her tax-cutting package to be abandoned recently.

"It is clear parts of our mini-budget went further and faster than markets were expecting," she said in a nationally televised address. "We have to deliver the mission in a different way."

Tax cuts and deregulation Please turn to page A8

◆ U.K. markets are wary of BOE's safety net..... B13

# Nikola Founder Milton Is Convicted of Fraud

By CORINNE RAMEY AND BEN FOLDY

A federal jury in New York convicted Nikola Corp. founder Trevor Milton of securities fraud for what prosecutors said were his repeated lies about the development of the company's zero-emissions trucks and technology.

Friday's guilty verdict caps the downfall of Mr. Milton, who founded Nikola in his basement in 2015 and took it public in 2020 at a valuation of \$3.3 billion, when the company hadn't sold a single truck. The company's market valuation briefly exceeded that of industry giants such as Ford Motor Co.

## EXCHANGE



**MOVING UP**  
If you want to get ahead at work, it helps to pick the right company. **B1**

# Retail Sales Flatten Amid High Inflation, Rising Interest Rates

By AUSTEN HUFFORD

U.S. retail spending stalled in September as shoppers faced high inflation and rising interest rates. Retail sales—which comprise consumer spending mostly on goods like furniture, vehicles and groceries but also at restaurants—were unchanged last month from August, down from a revised 0.4% increase in August from July, the Commerce Department said Friday.

Excluding gasoline and autos, retail sales grew by 0.3% in September from the prior month. Sales at gasoline stations, a proxy for spending by car owners, declined 1.4% last month from August but remained 21% higher than a year before. Gasoline prices dropped in September for the third month in a row, falling 4.9% from August. Still, they were up more than 18% from the same month a year ago. The average cost of a gallon of regular unleaded gasoline was

Please turn to page A2

## The Strange Guest Budget Hotels Are Buzzing About

Artist checks in and secretly tries to gussy up pictures; a UFO lifting a cow

By ELIZABETH FINDELL

The owner of the America's Best Value Inn in Butte, Montana, got a peculiar call from an employee one summer day a few years ago. In Room 206, a mundane piece of hotel art, a pink print of a rose from the mid-1990s, had been painted over with a wide-eyed cartoon beaver.

googled the name scrawled on the back of the picture, and by lunchtime had figured out what happened. Far from being angry, he was delighted. He had been hit by an artist known as T Bang, who has a signature caper: Painting over stodgy hotel room artwork with his own whimsical work.



"My head house-keeper at the time said 'There's been vandalism,'" recalls Andy Burton, who has owned the motel for 33 years. "I said 'Well...it is but it isn't. It's quirky.'"

Mr. Burton date of the work. It now hangs in the hallway of the America's Best Value Intrigued, Mr. Burton

# Xi Prepares China For a Showdown

Campaigns aim to help ensure nation could withstand potential conflict with the U.S.

By JONATHAN CHENG

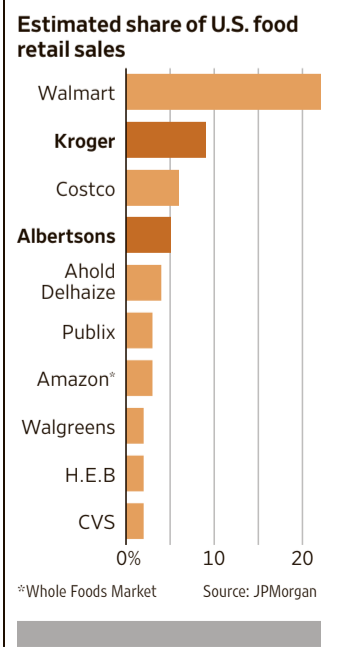
Since rising to power a decade ago, Xi Jinping has unleashed an array of campaigns to help ensure that China would prevail in, or at least withstand, a confrontation with the West. He has bolstered China's military, reorganized the economy and remade society around a more ideologically committed Communist Party.

Mr. Xi has made clear that his overarching goal is to restore China to what he believes is its rightful place as a global player and a peer of the U.S. As a consequence, he has come to see the possibility of a showdown with the West as increasingly likely, according to people familiar with his thinking.

Please turn to page A11

# Kroger to Buy Albertsons

The deal, valued at \$24.6 billion, would create a new power among U.S. supermarket operators. **B1**



Source: JPMorgan

◆ Chinese internet users lose access to WeChat..... A11



U.S. NEWS

# Mississippi's Water Level Snarls a Key Artery

By CAMERON McWHIRTER

VICKSBURG, Miss.—Sections of the Mississippi River are approaching low water levels not seen in more than three decades, disrupting a vital supply lane for agriculture, oil and building materials and threatening businesses including barge and towboat operators, farmers and factories.

The low water, caused by a lack of rain in the Ohio River Valley and the Upper Mississippi, has halted commercial traffic and river boat cruises at numerous spots below Illinois. Prices to ship goods have more than doubled in a matter of weeks. Barges are grounding on sandbars in unprecedented numbers and many ports and docks no longer have water deep enough for commercial boats to safely reach them.

"America is going to shut down if we shut down," said Mike Ellis, chief executive of Indiana-based American Commercial Barge Line LLC. He said the Mississippi River watershed has recently been hit at least two to three times daily by breakups in which a tow hits a sandbar with such force that it disconnects from



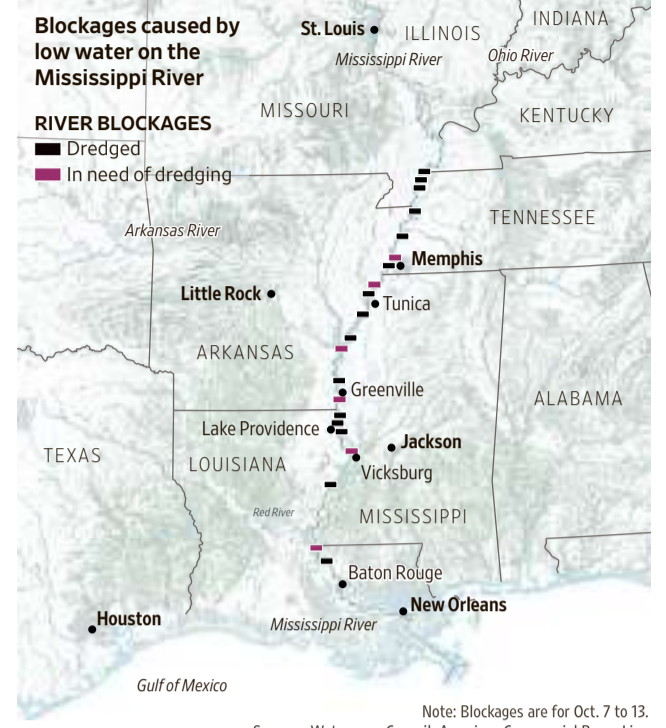
Barges and a Mississippi River cruise boat remain docked in Vicksburg, Miss.

the barges it is transporting. The U.S. Army Corps of Engineers has begun emergency dredging at various spots on the river to deepen it enough for commercial traffic, said Lisa Parker, spokeswoman for its Mississippi Valley Division.

"There is no rain in sight, that is the bottom line," she said. "The rivers are just bottoming out."

October is traditionally a month of low water levels on the Mississippi, which has flooded and shrunk over the

years depending on weather patterns and the conditions of its tributaries. But this year's levels are approaching the historic low set in 1988, according to barge operators. No major storms during hurricane season have swept



Note: Blockages are for Oct. 7 to 13. Sources: Waterways Council; American Commercial Barge Line; Carl Churchill/THE WALL STREET JOURNAL

into the Mississippi Valley or into the Ohio River Valley this summer and fall. Rain storms in the Midwest haven't provided enough water to fill streams, creeks and rivers.

"Everything north of us needs rain, and it needs to

rain hard," said Bertram Hayes-Davis, who operates a tour company in Vicksburg. Mr. Hayes-Davis and his wife had 28 tours planned for November, but he worries that as many as half will be canceled, he said.

## New Omicron Subvariants Gaining Ground, CDC Says

By JON KAMP AND BRIANNA ABBOTT

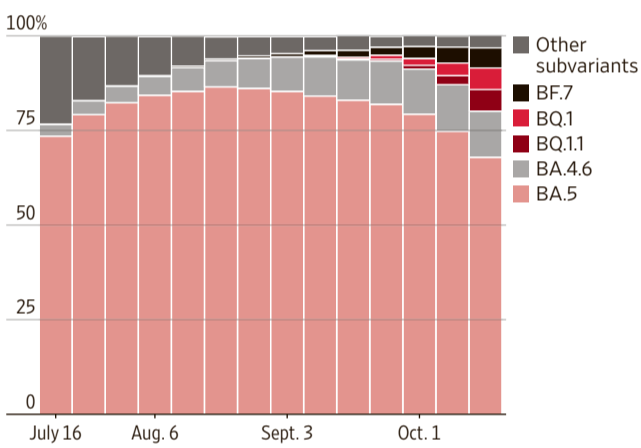
New offshoots of the Omicron Covid-19 variant that virus experts say appear to spread easily are on the rise in the U.S., the latest federal data show, underscoring how the virus is mutating and presenting new risks as it proliferates.

Two of the Omicron subvariants, both related to the BA.5 version that drove the most recent U.S. surge, are called BQ.1 and BQ.1.1. They were estimated to represent a combined 11.4% of U.S. Covid-19 cases by mid-October, according to estimates the Centers for Disease Control and Prevention released Friday.

BA.5 remains the dominant version of the virus circulating in the U.S. at about 68% of recent cases, according to CDC estimates. But the subvariant landscape has become busier as the virus that causes Covid-19 continues to mutate. Another version virus experts are watching because of its potential to spread easily, called BA.2.72.2, represented an estimated 1.4% of cases in the latest CDC report.

"There's just a swarm of them," said Marc Johnson, a professor of molecular microbiology and immunology at

Estimates of U.S. Covid-19 variant proportions



Note: For weeks ending the date shown. Source: Centers for Disease Control and Prevention

the University of Missouri School of Medicine. "They all want to be the next big thing."

Recent changes in the mix of variants in the U.S. don't appear to have significantly affected the pandemic's trajectory in the U.S. It can take time before a subvariant is prominent enough to have such an impact.

The BQ subvariants' quick rise "suggests that they either have increased transmissibility or increased immune escape compared with BA.5," said Dan Barouch, who directs the Center for Virology and Vaccine Research at Boston's Beth Is-

rael Deaconess Medical Center. Nationally, key metrics such as hospitalizations have largely been on a downward trajectory since late July, following a BA.5-fueled summer-time surge, but with some recent signs of wavering.

Virus experts said that, because the newer subvariants remain in the Omicron family, updated Covid-19 vaccines in the U.S. should be an important shield against severe illness and death, though data is limited. The bivalent shots were designed to fight the original virus strain as well as the BA.4 and BA.5 Omicron subvariants.

## Five Victims Identified In Raleigh Shooting

By SCOTT CALVERT

The 15-year-old male suspected of carrying out Thursday's mass shooting in Raleigh, N.C., took the life of his 16-year-old brother along with four other people, according to people familiar with the matter.

The suspect, identified by people familiar with the matter as Austin Thompson, was hospitalized in critical condition, police said Friday. They identified the 16-year-old victim as James Roger Thompson.

The incident began in the Hedingham neighborhood in the northeast section of the city after 5 p.m. and ended when police took the suspect into custody at 9:37 p.m., police said. Several witnesses told local station WRAL they had seen a young male dressed in camouflage and holding a long gun as he walked through the neighborhood.

In addition to James Thompson, officials identified the deceased as Officer Gabriel Torres, 29; Mary Marshall, 34; Susan Karnatz, 49; and Nicole Connors, 52.

"This is an extremely, extremely painful event for our officers, for me, for this entire community," Raleigh Police Chief Estella Patterson said.

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## U.S. NEWS



Investigators contacted at least two aides to former President Donald Trump months before the FBI searched his Mar-a-Lago resort.

## Aides Queried Over Mar-a-Lago

BY SADIE GURMAN  
AND ALEX LEARY

WASHINGTON—Federal investigators contacted at least two aides to former President Donald Trump months before the FBI searched his Mar-a-Lago resort and have sought to talk to them again in recent weeks, people familiar with the matter said, as the Justice Department examines possible obstruction of its efforts to retrieve hundreds of government and classified documents.

The aides, Walt Nauta and Will Russell, are witnesses in the Justice Department's investigation into the handling of presidential and classified records taken from the White House but aren't formally cooperating with the probe, the people said. Mr. Russell hasn't personally spoken to investigators, who are communicating directly with his counsel.

Mr. Nauta, a former military valet who went to work at Mar-a-Lago after Mr. Trump left the White House, was seen on surveillance footage moving boxes from a storage room before and after investigators issued a subpoena in May seeking the documents' return, the people said. Mr. Nauta told investigators that he did so at Mr. Trump's request, one of the people said.

The federal interest in Mr. Russell hasn't been previously

reported. He served in the Trump White House, including as a coordinator of presidential travel, and went on to work for the former president in Florida after he left office. Mr. Russell had previously been subpoenaed in connection with the Justice Department's investigation of the Jan. 6, 2021, riot at the U.S. Capitol. The FBI's questioning of Mr. Nauta was earlier reported by the New York Times.

A spokesman for Mr. Trump declined to comment on the interest in Messrs. Nauta and Russell while calling the Mar-a-Lago search unwarranted. A Justice Department spokesman declined to comment.

The Wall Street Journal previously reported that the Aug. 8 search came after at least one person familiar with the stored papers told investigators there were more sensitive documents at Mar-a-Lago beyond what they had received in June through a grand jury subpoena.

That subpoena was issued in May and sought all classified documents at Mar-a-Lago. Some records were turned over on June 3, but investigators believed more could be on the property. On June 8, Mr. Trump's lawyers were told to better secure a storage area, which they did. On June 22, another subpoena was issued for footage from security cameras at Mar-a-Lago.

Agents in August seized more than 11,000 documents in a search authorized by a federal magistrate in Florida, including roughly 100 marked as classified.

Prosecutors have said that they have evidence of possible obstruction of their investigation and that potential crimes they are reviewing include violations of the Espionage Act, which governs national-defense information, and the Presidential Records Act, the post-Watergate measure setting stan-

## The Trump aides are witnesses in a U.S. probe into the handling of records.

dards for preservation of White House materials.

Prosecutors have also sought to end an independent review of the seized materials that a federal judge in Florida ordered last month, and on Friday, the Justice Department filed a detailed brief with the U.S. Court of Appeals for the 11th Circuit explaining why it thinks the appeals court should overturn in full a lower court order that had appointed the special master.

A senior Justice Department official also told Mr. Trump's lawyers in recent weeks that law-enforcement officials don't believe the former president has returned all the documents he took with him.

The outreach by Jay Bratt, chief of the Justice Department's counterintelligence and export-control section, was prompted by concerns about dozens of folders, including more than 40 marked classified or bearing classified banners, that were empty when the FBI seized them in August, the Journal reported this week.

Federal officials also have expressed concern about whether Mr. Trump took documents on flights as he traveled from Mar-a-Lago to his other properties in New York and New Jersey, according to a person familiar with the matter. Mr. Trump declined to comment on the matter.

Last week, one of Mr. Trump's lawyers, Christina Bobb, told federal investigators that a fellow attorney, Evan Corcoran, assured her that he had conducted a thorough search of the former president's Mar-a-Lago estate before asking her to certify in June that all government records requested in a subpoena had been returned, a person familiar with the matter said.

## Facing a Subpoena, Trump Assails Panel

BY NATALIE ANDREWS

WASHINGTON—Former President Donald Trump remained defiant about his actions related to the Jan. 6, 2021, Capitol riot, a day after the committee investigating the attack issued a subpoena compelling him to testify.

The House select committee voted Thursday to issue a subpoena to Mr. Trump for testimony and documents, marking a significant escalation of the panel's probe, even as legal experts said it was unlikely that Mr. Trump would agree to cooperate and the former president gave no indication that he would.

The panel argued that Mr. Trump's actions resulted in the riot, with lawmakers now saying they needed to hear from him directly. In response, Mr. Trump wrote a letter to committee Chairman Bennie Thompson (D., Miss.) calling the committee organized by House Speaker Nancy Pelosi (D., Calif.) a scam and repeating his false claims that the election was stolen.

"You have not gone after the people that created the Fraud, but rather great American Patriots who questioned it, as is their Constitutional right," Mr. Trump wrote in a 14-page memo, which he said was being written to lodge "our anger, disappointment and complaint."

The letter didn't address the subpoena, nor mention any of the evidence or testimony presented by the committee.

Mr. Trump has several possible responses. He could comply with the subpoena and testify, or he could appear before the committee and assert his Fifth Amendment right against self-incrimination. Mr. Trump could go to court to contest the legitimacy of the subpoena, or he could refuse to testify, potentially setting up a legal standoff.

If the GOP wins control of

the House in the midterms, party leaders have said they would end the Jan. 6 committee and legal observers say they would likely cancel the subpoena.

Mr. Trump has said he did nothing wrong related to the riot. He was impeached by the House in early 2021 on a charge of inciting an insurrection and acquitted in the Senate.

On Thursday, the Jan. 6 panel, with some new video and documents, provided a review of findings from its investigation. Lawmakers said the evidence showed that Mr. Trump was well aware that Joe Biden had beaten him, and yet continued to maintain publicly that the vote was stolen, sparking the violence on Jan. 6 and then doing nothing to stop it.

Republican members of Congress who have been subpoenaed by the panel, including House Minority Leader Kevin McCarthy (R., Calif.), haven't responded to committee subpoenas seeking information about what they knew about the attack.

Newly released footage from the attack showed congressional leaders and former Vice President Mike Pence determined to get back to the process of certifying the election as soon as possible. Mr. Trump has criticized Mr. Pence for not stopping the coup as he demanded.

The video released Thursday showed Mrs. Pelosi and congressional leaders working directly with Mr. Pence over the phone to finish certifying the election that day, at one point considering doing it off-site if the Capitol remained off limits. Mr. Pence stayed in his position at a loading dock at the Capitol, ready to restart the proceedings once the Capitol was safe to re-enter. Ultimately, Congress reconvened at the Capitol and Mr. Biden was declared the winner early in the morning of Jan. 7.

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John William Waterhouse captures a moment of sensuous anticipation in this Pre-Raphaelite oil on canvas. Recounting the beloved Celtic myth *Tristram and Isolde*, Waterhouse chose to capture the moment the pair of forbidden lovers drink the love potion that will seal their fate. *Tristram and Isolde* remains one of Waterhouse's crowning achievements in painting. The beloved artist held this painting in high regard, choosing it for exhibition at the Royal Academy. Signed and dated "J.W. Waterhouse/1916" (lower left). Canvas: 42" h x 31" w. Frame: 55" h x 43 1/2" w. #31-5713

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Walker, Warnock Spar Over  
Abortion, Inflation in DebateBY LINDSAY WISE  
AND JOSHUA JAMERSON

Democratic Sen. Raphael Warnock and Republican challenger Herschel Walker clashed over abortion, inflation and healthcare in their only debate Friday night, a hotly anticipated event thanks to Mr. Walker's controversial campaign and Georgia's emergence as a perennial battleground state.

"This race ain't about me. It's about what Raphael Warnock and Joe Biden have done to you and your family," Mr. Walker said in his opening remarks. He went on to try repeatedly to link the incumbent senator to the president.

Mr. Warnock pointed out that he had grown up in housing projects about a mile from where the debate was taking place in Savannah. "When I think about the arc of my life, the short distance and the long distance from there to here, I know that only in America is my story possible," he said. "At the end of the day, this race is about who's ready to represent Georgia in the U.S. Senate. I think that choice is clear."

The Senate is split 50-50 between the parties, with Vice President Kamala Harris casting tiebreaking votes. Democratic officials in Washington have said their easiest path to keeping the Senate majority is protecting four vulnerable incumbents, including Mr. Warnock.

Mr. Warnock has a fundraising advantage and holds an edge in most polling. He leads Mr. Walker by roughly 4 percentage points in FiveThirtyEight's average of public surveys.

If no candidate gets more than 50% of the vote on Election Day, the winner will be determined in a runoff Dec. 6.

Endorsed by former President Donald Trump, Mr. Walker has faced scrutiny of his record as a businessman and questions about his family life, including allegations that he threatened to kill his ex-wife. The former football star has said he can't remember his actions at that time, when he said he was



The race between Democratic Sen. Raphael Warnock, left, and Republican Herschel Walker, could determine control of the Senate.

struggling with his mental health, and that he since has sought forgiveness.

Mr. Walker also in recent weeks faced allegations of violence and hypocrisy leveled by his adult son on social media. "You're not a 'family man' when you left us to bang a bunch of women, threatened to kill us, and had us move over 6 times in 6 months running from your violence," Christian Walker said on Twitter.

The younger Mr. Walker, a conservative social-media influencer, also said in a video that his father shouldn't present

## Warnock holds an edge in fundraising and most polling in the Georgia contest.

himself as a moral family man: "He has four kids, four different women, wasn't in the house raising one of them."

Christian Walker's social-media remarks came after the Daily Beast reported that his father—who has said during his campaign that he opposes abortion, even in cases of rape, incest or danger to a mother's life—reimbursed a woman for an abortion he urged her to get when they were dating in 2009. The Wall Street Journal hasn't verified the reporting by the Daily Beast.

Mr. Walker denied the allegation again when asked by the moderators Friday.

Throughout the debate, Mr. Walker repeatedly hit Mr. Warnock for voting too much with Mr. Biden. Mr. Warnock said it is clear that Mr. Walker would rather be running against Mr. Biden.

Asked whether Mr. Biden had won the 2020 election, Mr. Walker said he had. The Republican avoided answering similar questions at times earlier in his campaign and falsely said there was widespread fraud in the election.

The men also argued about abortion, with Mr. Warnock saying the government should stay out of women's private medical decisions, and Mr. Walker saying he supports Georgia's current law banning abortion once a heartbeat is detected, typically at about six weeks.

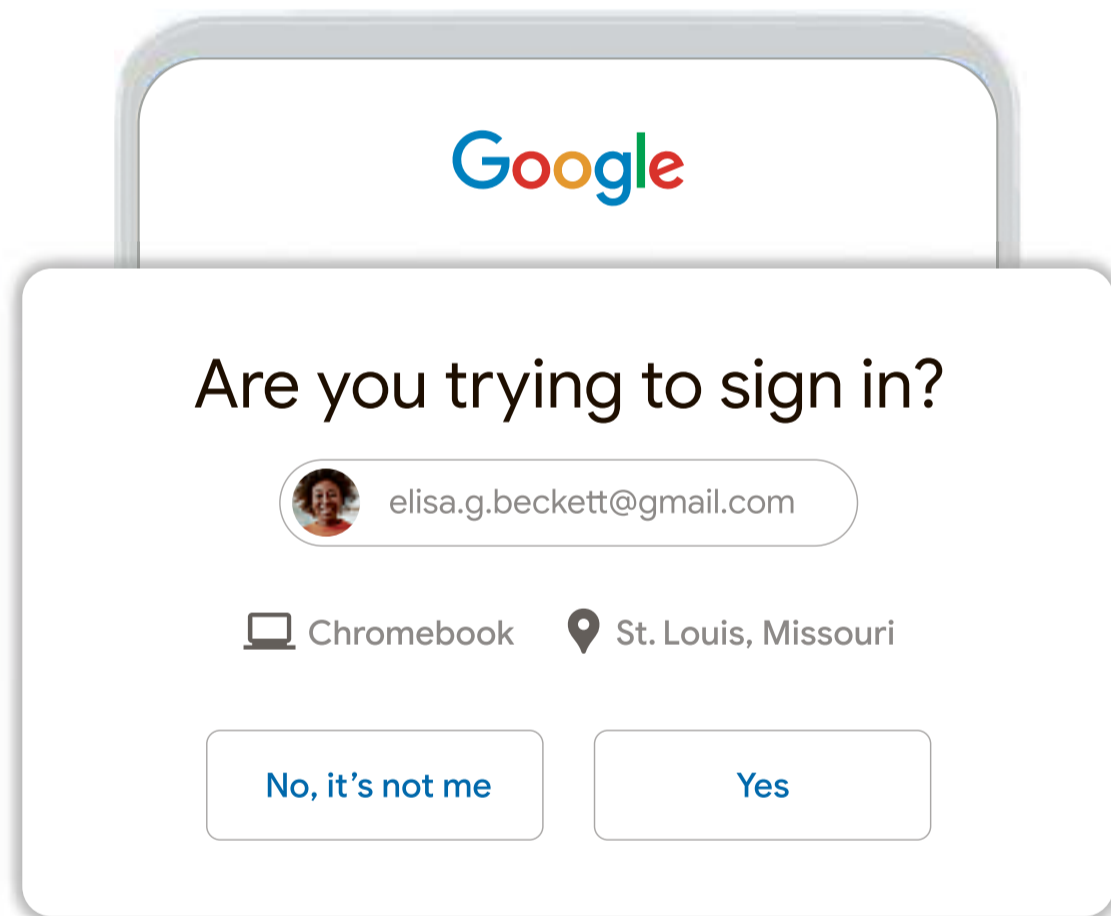
In another exchange, Mr. Warnock noted that Mr. Walker has said he would vote against the Inflation Reduction Act, which included provisions championed by Mr. Warnock that will cap the out-of-pocket cost of insulin next year at \$35 a month for Medicare Part D beneficiaries.

Mr. Warnock, the pastor of Rev. Martin Luther King Jr.'s former church in Atlanta, defeated GOP businesswoman Kelly Loeffler two years ago in a special election to fill the remainder of the late GOP Sen. Johnny Isakson's term.



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## WORLD NEWS

## Russia Urges Civilians to Leave Kherson

Moscow presses evacuation in south as Ukrainian forces bear down on occupied area

By MATTHEW LUXMOORE  
AND GEORGI KANTCHEV

KYIV, Ukraine—Russian-installed officials in occupied areas of Ukraine amplified calls for residents to leave the south as Kyiv's forces step up their campaign to retake the region, and Russia builds fortifications to thwart their advance.

Ukraine has recaptured vast swaths of land in southern Kherson as its forces push toward the regional capital, having severed key Russian supply lines with attacks on infrastructure Moscow has used to keep its troops equipped and reinforced.

"It's no secret that shelling of Kherson region is dangerous first and foremost for civilians," Kirill Stremousov, the Russian-appointed deputy head of Kherson, said Friday, adding that attacks on a dam across the Dnipro River could cause floods.

He reiterated calls from Russian officials for Kherson residents to leave for Russian cities "to avoid casualties among the civilian population" as Moscow works to push Ukrainian forces back. He described the evacuations as



A Ukrainian soldier checks the trenches dug by Russian soldiers in an area that has been retaken in the southern Kherson region.

"rest and recreation" trips.

Some 350 people want to leave Kherson, said Volodymyr Saldo, the region's Russian-appointed leader, cited by Russian state news agency TASS. He said the recommendation to leave is voluntary.

Russian pundits and pro-Kremlin public figures have

aired growing concerns that Moscow's lines of defense risk collapsing, despite a military mobilization of tens of thousands of Russian men who were meant to stabilize Russia's position and shore up its control over occupied areas.

Russian President Vladimir Putin said Friday that the mo-

bilization effort he launched last month would be completed in two weeks. He said about 222,000 out of a planned 300,000 people have been mobilized, with 16,000 performing combat missions.

Mr. Putin said Russia is open to negotiations with Ukraine, and blamed Kyiv for

ending a previous round of talks. He said he sees no need to speak with President Biden.

Russian military bloggers supportive of the invasion of Ukraine have lambasted the country's military leadership after reports of numerous front-line deaths this week among the newly mobilized

men. Many new recruits are arriving in Ukraine with minimal training, and often outdated equipment, say analysts and Ukrainian officials.

Videos posted to social media show some Russian prisoners of war identifying themselves as mobilized soldiers, recounting their journeys to the front line. Russian military bloggers, who aren't subject to the censorship imposed at state media outlets that whitewash Russia's campaign, have dismissed official figures that play down the country's losses.

Kremlin spokesman Dmitry Peskov has acknowledged that mistakes were made during the mobilization, and said measures are being taken to fix them.

The Kremlin has been under pressure to escalate in Ukraine as Kyiv's forces bear down on Russian troops defending occupied territory, seeking to recapture as much land as possible before the onset of winter and the logistical challenges it brings. Western and Ukrainian officials say Russia's stock of advanced weaponry is being depleted after months of combat.

"Russian rockets are still capable of driving Ukraine into bomb shelters," Ukrainian President Volodymyr Zelensky said in a video address posted Friday. "But none of our people are shaking there. Ukrainians sing in the shelters."

## Musk Says He Can't Fund Ukraine Service Indefinitely

By MATTHEW LUXMOORE

KYIV, Ukraine—Elon Musk said the cost of maintaining Starlink terminals in Ukraine is approaching \$20 million a month and SpaceX can't fund the internet service on its own.

The Pentagon said Friday that it received a letter from Mr. Musk's Space Exploration Technologies Corp., or SpaceX, "about the funding of Starlink," but declined to provide further details. CNN first reported that SpaceX sent a let-

ter to the Pentagon.

The Starlink terminals have played a crucial role in maintaining Ukraine's communications during the war with Russia. The terminals are deployed on hundreds of Ukrainian military outposts around the front lines, allowing commanders to call in artillery strikes and to coordinate operations in areas where mobile-phone services are disabled or jammed by Russia.

Mr. Musk has said the operation in Ukraine has cost

SpaceX \$80 million and will exceed \$100 million by the end of the year. In a series of tweets Friday, he said SpaceX couldn't keep funding the program's running costs on its own. SpaceX didn't respond to a request for comment.

"SpaceX is not asking to recoup past expenses, but also cannot fund the existing system indefinitely \*and\* send several thousand more terminals that have data usage up to 100X greater than typical households. This is unreasonable,"

said Mr. Musk, who is also chief executive of Tesla Inc.

In addition to the cost of terminals, he said SpaceX has had to create, launch, maintain and replenish satellites, ground stations and pay telecommunications companies for certain internet access.

"We've also had to defend against cyberattacks & jamming, which are getting harder. Burn is approaching ~\$20M/month," he tweeted.

The issue of Starlink's costs comes after a public spat be-

tween Mr. Musk and Ukrainian officials concerning a different matter. Last week, Mr. Musk suggested on Twitter that Ukraine give up swaths of its territory in concession to Russia's invasion, provoking an uproar among Ukrainians who said it parroted the Kremlin.

Mr. Musk said the Crimean Peninsula annexed by Moscow in 2014 is part of Russia, and proposed a referendum in occupied parts of Ukraine on which country they should belong to.

The tweets were praised in

Moscow, while Ukrainian President Volodymyr Zelensky took to Twitter to question Mr. Musk's allegiances.

Mykhailo Podolyak, an adviser to Mr. Zelensky, said Friday that Kyiv would find a solution to keep Starlink working in Ukraine, and expects SpaceX to maintain service in the interim. "Like it or not, [Mr. Musk] helped us survive the most critical moments of war," Mr. Podolyak wrote on Twitter. "Business has the right to its own strategies."

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WORLD NEWS

# Le Pen Seeks Middle Path Between U.S. and Russia

By Noemie Bissérre and Stacy Meichtry

PARIS—After securing her party's biggest gains in elections to France's National Assembly, Marine Le Pen is now reflecting on whether she can steer the country toward what she calls a strategic midpoint between the U.S., Russia and China.

Her hard-right National Rally party is the single largest opposition party after securing 89 seats in June's election, helping to deprive President Emmanuel Macron's Renaissance party of a majority. That makes her one of the more prominent voices in Western Europe to question the way the region's security arrangements work.

Specifically, Ms. Le Pen said in an interview she wants France to adopt a policy of "equidistance" between the U.S., Russia and China that allows France to maneuver independently on the world stage. She has called for France to withdraw from the unified command of the North Atlantic Treaty Organization.

In doing so, she echoes right-wing leaders to the east, such as Hungarian Prime Minister Viktor Orban, in questioning whether Western military support for Ukraine risks drawing the West into a direct confrontation with Russia over a war that she says Kyiv has no chance of winning on its own. Ms. Le Pen said France and other Western powers should instead push for peace talks between Russia and Ukraine.

"Few people actually believe that a military victory is possible against Russia," she said.

There is little short-term prospect of France changing direction. While Mr. Macron warned that NATO was undergoing "brain death" in 2019, the alliance has strengthened recently, particularly since Russia's invasion of Ukraine. In the past week, the French president has announced fresh funding for Ukraine's war effort and pledged to deliver



Marine Le Pen lost her presidential bid but remains a political force.

new air-defense systems.

Ms. Le Pen, however, is hopeful of building on her party's political gains this year. National Rally, she said, can use the additional funding to pay off a Russian loan that has haunted Ms. Le Pen in election after election. The party also can now afford to recruit hundreds of new staff members after qualifying for about 10 million euros, or \$9.8 million, in state funding on the back of June's election performance. Just having more legislators visible will help push its agenda, which also includes limiting immigration, she says.

People "can watch them every day on TV, defending our ideas," said Ms. Le Pen. "Maybe it wasn't the case before, and that's what we lacked in the presidential elections," she added, referring to her loss to Mr. Macron in April's vote.

Ms. Le Pen now aims to cast off the party's reputation for rabble-rousing, exhorting her new lawmakers to avoid controversy. For years, she has tried to play down the legacy of her father, firebrand Jean-Marie Le Pen, who once described Nazi gas chambers as a "detail of history." She recently marked the 50th anniversary of National Rally with an understated gathering in the basement of the National Assembly. Her father didn't attend.

One question looming over the party is whether Ms. Le Pen intends to follow through on comments she made before the presidential election, saying she wouldn't run again if she lost. Mr. Macron won by a 17-point margin. Whether she runs in 2027, she said, depends on whether there are "exceptional circumstances that would mean I am the only one who can possibly win."

During the election, Mr. Macron painted her as a puppet of Russian President Vladimir Putin. Mr. Macron hammered Ms. Le Pen over a €9 million loan the party contracted with the Moscow-based First Czech-Russian Bank in 2014, saying the debt made her beholden to Moscow.

Ms. Le Pen says the loan hasn't influenced her stance on Russia or its invasion of Ukraine, which she condemns.

Moving on from her father's legacy is perhaps the toughest challenge facing Ms. Le Pen, analysts say. National Rally's old guard holds sway over the party, while many of its new lawmakers have little political experience. The group includes a housekeeper, a retired grocer and a delivery driver.

"They have to make these people act as a cohesive group, and that will be very difficult," said Jean-Yves Camus, a political scientist.

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## Treasury Chief Fired In the U.K.

Continued from Page One  
were central to Ms. Truss's campaign to take over as U.K. prime minister this summer. After she was selected for the top job in September by Conservative members, she appointed Mr. Kwarteng, her long-time political ally, to administer the policies on her government's behalf. He now takes the fall as she tries to hang onto power.

Several of her party's lawmakers expressed disappointment after her short news conference, in which she looked downcast and took few questions. Christopher Chope, a Conservative lawmaker and supporter of Ms. Truss's, said the whole episode made the Tories look like "a laughing stock."

While investors largely welcomed the decision to fire Mr. Kwarteng and roll back about half of her tax-cut plans, there was uncertainty over how the remaining half of the proposed cuts would be funded.

"It's a step in the right direction in terms of fewer tax cuts, but it's still not fully credible," said Trevor Greetham, head of multi-asset investing at Royal London, a financial-services firm.

Having rallied earlier in the day on reports of the imminent change to policy, U.K. government bonds reversed their gains after Ms. Truss spoke. The yield on the benchmark 10-year gilt rose 0.197 point to 4.388% by late Friday. Despite the rise, it was still well below an intraday high of 4.634% Wednesday, when reports first surfaced that the government would modify its plan. Sterling traded 1.4% lower at \$1.17.

Focus now turns to whether Ms. Truss, who won a Conservative Party leadership contest to succeed Mr. Johnson in early September by modeling herself as a libertarian reformer, will herself survive without her longtime political ally, Mr. Kwarteng, and with her project to revitalize the British economy in tatters.

The turmoil in the U.K. is a

How many U.S. dollars £1 buys



Source: Tullett Prebon

sharp reminder of the political and economic challenges facing leaders across the West as they grapple with fast-rising inflation and weak growth. Price increases are forcing central banks to quickly raise interest rates, denting economic growth and making financial markets far more sensitive to deficits and debt.

"A more general restoration of confidence in the U.K. requires investors to regain confidence in the government, not something that is likely to be established overnight, or even over a series of nights," said James Richard Sproule, U.K. chief economist at Sweden-based bank Handelsbanken.

Mr. Sproule, however, welcomed the appointment of Mr. Hunt, who he said would bring "a sense of competence and a calm delivery."

Ms. Truss has the lowest level of satisfaction with the public ever recorded for a U.K. prime minister, according to polling firm Ipsos, with just 16% of people saying they were satisfied. When King Charles III met with Ms. Truss on Wednesday, he started the meeting with the words, "Dear, oh dear."

"We've never seen a prime minister that has been this unpopular this quickly," said Matthew Goodwin, a politics professor at the University of Kent. "It's when, not if, she gets pushed out." "I have never seen anything like this in my lifetime."

Since the plan to cut taxes to bolster economic growth was announced three weeks ago—alongside major new subsidies to cap prices of energy—the pound has sagged to a re-

cord low against the dollar, the Bank of England has had to launch an emergency program to buy government bonds and the Conservative Party has tanked to record lows in opinion polls. The plan earned a rare rebuke from the International Monetary Fund and ratings firms such as Moody's.

Despite the U-turn on the tax plans, Britons still face a difficult winter, with strikes, rising inflation, more interest-rate increases and a recession in the cards.

Ms. Truss had been trying to tough it out. This week she repeatedly told lawmakers both publicly and privately that she was going to see the plan through, according to officials. But by Thursday, government officials were drawing up alternatives, they said.

In recent days, Mr. Kwarteng tried to calm the storm. On Monday, the chancellor brought forward by several weeks the date of his plan to balance the government's finances to Oct. 31 and appointed an experienced civil servant to beef up the Treasury's team.

To appease rebel lawmakers, Mr. Kwarteng announced earlier this month the shelving of a plan to cut the top 45% rate of tax, a move that is estimated to save the government £2 billion a year, the equivalent of about \$2.27 billion. Some £60 billion in government cuts were needed to fund the package, according to the Institute for Fiscal Studies, a think tank. The corporate-tax increase, worth some £18.8 billion a year to the exchequer, goes some way to plugging that hole.

Even as Mr. Kwarteng attended a IMF meeting of finance ministers in Washington on Thursday, the head of the fund urged the U.K. government to reverse its tax plans and work alongside the central bank to control inflation.

Mr. Kwarteng said he "wasn't going anywhere." But late Thursday, he boarded the last flight to London, departing the conference early. He was fired from his job shortly after his arrival in London.

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WORLD NEWS



Main opposition legislator Burak Erbay smashes a cellphone with a hammer while addressing Turkey's parliament, saying the social-media clampdown would make the phones obsolete.

## Free-Speech Advocates Slam Turkey's Media Law

By JARED MALSIN

ISTANBUL—Turkey's parliament passed a law criminalizing the spread of alleged disinformation and forcing social-media platforms such as WhatsApp to hand over users' personal information, raising alarm among free-speech advocates.

Turkish journalists and media watchdogs say the legislation, passed Thursday, will have a chilling effect on speech in the run up to Turkey's national election scheduled for next year. President Recep Tayyip Erdogan is at risk of defeat partly because of the struggling economy.

Backers of the new law, including Mr. Erdogan's Justice and Development Party, say the measure is needed to clamp down on what they call online misinformation.

The law would hand jail sentences of one to three years for those convicted of spreading false information "in a manner that is liable to disturb public peace." If a person conceals their identity while spreading misinformation, those sentences can be increased by half, the law says. The law doesn't specifically define false information.

Journalists associations and rights groups say this provision would make it easier for Turkish authorities to jail journalists and members of the public for speech critical of the government.

It follows years in which Mr. Erdogan and his supporters have remade the Turkish system of government and extended their control over media institutions within the country. Turkey adopted a new constitution through a referendum in 2017 that transformed the government to one controlled by a powerful presidency.

Pro-government business people have taken control of an expanding swath of media, and authorities have jailed a journalist on terrorism charges.

"This has been the final stop in a long process, in Erdogan's effort to control public speech," said Emre Kizilkaya, vice chair of the International Press Institute, a media freedom group based in Vienna.

The far-reaching law includes changes to Turkey's penal code and its telecommunications laws, and moves to bring online media under greater government regulations. One provision of the bill would require mes-

saging apps to hand over user information if requested by Turkey's Information and Communication Technologies Authority. This aspect of the new has raised privacy concerns and could pose a quandary for major tech companies such as Facebook parent Meta Platforms Inc., which owns WhatsApp.

Mr. Erdogan's administration has clashed with tech giants in the past, including in 2020 when the government adopted a law requiring social-media companies to station a representative in Turkey to handle requests to block and take down specific content. Facebook complied.

Mr. Erdogan, who has ruled Turkey for nearly two decades as both prime minister and president, is facing a difficult reelection battle next year due in part to the economy, which suffers from one of the world's highest rates of inflation. Turkey's currency has lost more than half its value since last year as a result of interest-rate cuts demanded by the president.

Journalists' associations and press-freedom advocates argue that the new law is an attempt to constrain criticism of the government at a time of rising public discontent.

## IMF Urges Faster Debt Relief

By ALEXANDER SAEEDY

Officials from the International Monetary Fund said the governments of poorer countries need better ways to restructure their debt loads totaling billions of dollars to survive a cost-of-living and hunger crisis that is quickly taking root around the world.

"The world has seen extraordinary upheaval," Kristalina Georgieva, the IMF's managing director, said Friday, speaking at the closing session of the international financial institution's annual meetings in Washington.

With government finances battered by the extraordinary impact of the Covid-19 pandemic and high global inflation, "more than 60% of low-income countries are in debt distress or near it. An effective debt-resolution mechanism is desperately needed," Ms. Georgieva said.

Her call to action comes as governments worldwide are

reckoning with debt loads not seen in nearly 20 years, a burden that is draining resources when they are needed most.

To help support governments, the IMF has launched a one-year program to extend credit to countries struggling to afford high food and energy costs. Fund officials and global policy makers also have suggested that richer countries could reallocate billions of dollars in emergency reserves they received from the IMF during the Covid-19 pandemic to countries facing a budget crunch.

However, the IMF urged creditors to do more to help overindebted countries avoid choosing between paying their debts and paying for food.

"Financing resources are scarce, but it is in the nature of trade-offs that policy makers face that food security and nutrition have to be given priority," said Vitor Gaspar, director of the IMF's fiscal-affairs depart-

ment, adding that struggling countries "need to have an orderly debt-restructuring mechanism and forms of debt relief to help put their public finances on a more sustainable path."

One such mechanism for sovereign debt relief, the G-20 Common Framework, has faced criticism for its shortfalls since launching in 2020. The framework was designed as a one-size-fits-all approach for poorer countries to receive debt relief, and it was meant to improve cooperation among large creditors, including China, which has become the largest lender to the developing world over the past decade.

But the framework has produced mixed results for countries that have applied to their creditors for debt relief. Delays by the creditors to reach deals have held up bailout funds and so far, no country has completed a debt restructuring under the framework.

### WORLD WATCH

#### UNITED KINGDOM

##### Soup Is Thrown at Van Gogh Painting

Police arrested two climate protesters who threw tomato soup on a famous Vincent Van Gogh painting at London's National Gallery Friday.

The incident didn't harm the painting, which was protected by a layer of glass glazing, but did cause minor damage to its frame, the museum said. "Sunflowers" was back on display by Friday afternoon, according to the museum.

The protest was organized by the group Just Stop Oil, which aims to stop the U.K. government from engaging in new oil and gas licenses and projects. Metropolitan Police in London said the two protesters were arrested for criminal damage and aggravated trespass.

Made in 1888, the "Sunflowers" painting at the National Gallery is one of five versions of the famous piece displayed around the world, according to the museum. The National Gallery said the sunflower paintings are among Van Gogh's best-loved works.

—Jennifer Calfas

#### CANADA

##### Labor Market Needs To Cool, Official Says

Canada's labor market needs to weaken to help cap domestic inflationary pressure and bring the consumer-price index back down from elevated territory, the country's top central banker said Friday.

Bank of Canada Gov. Tiff Macklem reiterated that interest rates will need to move higher to tame annual inflation, which is running at 7%, or well above the central bank's target of 2%. Underlying inflation, which strips out volatile-priced items such as food and fuel, shows no sign of dissipating, he added.

The central bank, which has raised its main interest rate by 3 percentage points so far this year, is set to issue its latest rate-policy decision on Oct. 26.

"The labor market is overheated. Businesses can't find enough workers. Vacancies are high," said Mr. Macklem.

Data last week indicated the unemployment rate in Canada dropped in September from 5.4% to 5.2%, or 4.1% when using U.S. Labor Department methodology.

—Paul Vieira

#### MALTA

##### Two Plead Guilty to Murder of Reporter

A judge in Malta sentenced two brothers to 40 years in prison each after they abruptly reversed course and pleaded guilty Friday to the car-bomb murder of an anticorruption journalist, which shocked Europe and triggered angry protests in Malta.

Hours earlier, at the start of the trial in a Valletta courthouse, George Degiorgio, 59 years old, and Alfred Degiorgio, 57, had entered not-guilty pleas in connection with the death of Daphne Caruana Galizia in the explosion as she drove near her home on Oct. 16, 2017.

Ms. Galizia investigated suspected corruption among political and business circles in the European Union's tiny nation, which is a financial haven.

"This is an important step forward, to deliver justice in a case that represents a dark chapter in Malta's history," read a statement from the office of Prime Minister Robert Abela's government shortly following the sentencing.

—Associated Press

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WORLD NEWS

# Tensions Rise On the Korean Peninsula

Pyongyang's weapons launches, retaliatory military drills further strain relationship

By DASL YOON AND TIMOTHY W. MARTIN

SEOUL—Tensions on the Korean Peninsula have escalated to their highest level in years, with the two countries engaging in tit-for-tat military exercises, trading barbs and hardening a diplomatic stalemate. Since conservative South Korean President Yoon Suk-yeol took office in May, North Korea's weapons launches have been met with an equal show of force, including missile drills and jet fighters. The two Koreas have blamed each other for worsening ties. Both sides are threatening to beef up their military powers. "North Korea uses damaged ties with South Korea to justify weapons development, to then win greater concessions in future negotiations with the U.S.," said Kim Yong-hyun, a North Korean studies professor at Dongguk University in Seoul. "It's an old playbook." North Korea flew jets near the inter-Korean border Thursday evening and fired artillery shots and a ballistic missile early Friday. South Korea, in turn, mobilized its jet fighters and imposed unilat-

eral sanctions for the first time since December 2017. On Friday evening, North Korea fired about 80 artillery shots off its east coast into the sea and around 200 gunfire shots were heard, Seoul's military said. Last week, South Korea and the U.S. carried out missile drills in response to North Korea's launch over Japan. Under the Yoon administration, South Korea has expanded joint military drills with the U.S. and Japan, and hastened plans to set up the "Kill Chain" system designed to launch pre-emptive strikes against the North. In July, North Korean leader Kim Jong Un threatened to annihilate South Korea's military. This week, Pyongyang's state media reported that Mr. Kim oversaw recent military drills that simulated tactical nuclear strikes against the U.S. and South Korea. The Kim regime has blamed Washington and Seoul for hostile policies, including the joint military drills. The conservative South Korean administration's emphasis on a strengthened deterrence posture gives North Korea more excuses to conduct provocations, say Pyongyang watchers. North Korea's testing spree and preparations for a potential seventh nuclear test are reminiscent of its 2017 weapons provocations. Soon after then-South Korean President



North Korean leader Kim Jong Un attended a military training exercise at an undisclosed location earlier this month.

Moon Jae-in took office, North Korea conducted an intercontinental ballistic missile launch and a hydrogen bomb test. After receiving threats of "total destruction" and "fire and fury" from then-President Donald Trump, Mr. Kim abruptly entered diplomatic talks with the U.S. and South Korea. By January 2018, Mr. Kim declared his nuclear arsenal complete and turned to dialogue with Seoul and Washington. "For North Korea advancing their weapons program is essential to have some leverage in talks that eventually follow provocations," said Cheon Seong-whun, a former South Korean National Security Council official. The five inter-Korean sum-

mits to date—including three between Messrs. Moon and Kim—have occurred under pro-engagement South Korean presidencies. Many of the most violent clashes between the two countries in recent decades have unfolded while conservative South Korean leaders, who back a harder line toward Pyongyang, were in charge. In recent days, South Korean officials have warned of a likelihood that North Korea could spring a surprise, localized attack. They have referenced attacks like the one on a border island in 2010 and said they are making preparations to respond. North Korea typically has decided for itself on the pace of weapons testing or openness to talks. But Pyongyang

often has sought to scapegoat conservative Seoul administrations as instigators who can be blamed for Kim regime provocations—even when the bad behavior would have occurred anyway, said Gordon Flake, a Korea specialist at the Perth USAsia Centre, a foreign-policy think tank based at the University of Western Australia. "It's not like a different South Korea approach led to a different pace of North Korean tests," Mr. Flake said. "Despite being extremely solicitous of North Korea, the Moon administration got nothing but disdain and disrespect." The Kim regime has reiterated it has no intention of returning to talks with Seoul and Washington. It has conducted

more than 24 missile tests in 2022, a record for a single year. Ruling party lawmakers in Seoul have called on the Yoon administration to terminate an inter-Korean military agreement if North Korea conducts another nuclear test. Under the September 2018 accord, the two Koreas agreed to cease hostile activities against each other, such as military drills near the border. But North Korea's artillery shots that began Thursday night violated the agreement, said South Korean officials, including Mr. Yoon. South Korea sent a notice to the North through a military hotline urging Pyongyang to abide by the accord, according to Seoul's Defense Ministry.

FROM PAGE ONE

## Nikola Founder Is Convicted

Continued from Page One

over again," said Damian Williams, the U.S. attorney for the Southern District of New York. "That's fraud, plain and simple, and this office has no patience for it." Speaking outside the courtroom, Mr. Milton's lawyer Marc Mukasey said, "We are going to keep fighting." Mr. Milton's core vision for Nikola was based around a future of hydrogen-powered heavy trucks that would be leased to companies seeking to reduce the emissions of their transportation fleets. Under its business plan, Nikola would also make its own hydrogen fuel and build a network of fueling stations. This business model enticed big-name companies like Robert

Bosch GmbH and CNH Industrial NV to invest in Nikola, as well as activist investor Jeff Ubben. Mr. Milton, 40 years old, resigned from Nikola in September 2020 after a short-seller report alleged he made a litany of misrepresentations about the company's progress in creating functional vehicles and producing the hydrogen fuel needed to run them. A spokeswoman for Nikola said the company was pleased to close this chapter and focus on its business strategy. The company has said it cooperated with government investigations and settled a Securities and Exchange Commission probe for \$125 million. During Mr. Milton's trial in Manhattan, prosecutors told the jury that Mr. Milton was a con man who duped ordinary investors into buying Nikola stock, making himself a billionaire in the process. They said he fueled the company's rise on a campaign of lies on social media, podcasts and in television interviews, falsely claiming an inoperable prototype was fully func-



Trevor Milton arriving at court in New York last month.

tioning and that Nikola had a long roster of truck orders when in reality most potential customers had registered only nonbinding expressions of interest. Prosecution witnesses included investors and current and former Nikola employees. Company executives testified that they had concerns about Mr. Milton's public statements and interviews. Nikola Chief Ex-

ecutive Mark Russell testified that executives staged an intervention and changed corporate social-media account passwords, in an attempt to deny Mr. Milton use of them. Jurors saw Mr. Milton's tweets and heard clips from his podcast appearances. They watched a commercial in which a Nikola semi-truck called the Nikola One appeared to drive

along a desert road, with dramatic music playing in the background. In reality, said prosecutors, the truck, with its door taped shut and batteries removed, was towed to the top of a hill and rolled down it. Mr. Milton directed that the video be posted to Nikola's Twitter account, prosecutors said. "One of his biggest distortions is making this truck look like it actually worked when it didn't," Assistant U.S. Attorney Jordan Estes said in court. Among the misrepresentations cited by prosecutors were Mr. Milton describing an undrivable prototype to a crowd as "fully-functioning" and saying that Nikola was producing hydrogen fuel at a cost of \$4 per kilogram when it cost other companies much more. In fact, Nikola wasn't producing any hydrogen fuel at all, prosecutors said. Mr. Milton's lawyers said the Nikola founder acted in good faith and argued that the government had cherry-picked portions of his public statements. They called just one witness, a Har-

vard law professor who testified that the Nikola founder's tweets and podcast appearances didn't impact the company's stock price. Mr. Milton didn't take the stand. "It is a distortion to say that Trevor Milton intended to commit fraud," Mr. Mukasey said during his closing argument. Mr. Mukasey said that Mr. Milton's statements were supported by those around him and cheered on by his leadership team, adding that important facts about Nikola's business were fully disclosed to investors. After the accusations against Mr. Milton, Nikola's business stumbled as potential partners pulled back. General Motors Co. backed away from a deal to manufacture a pickup truck that Mr. Milton had heralded. The company has refocused on its heavy trucking business, and began delivering its first battery-powered semi trucks earlier this year. Its shares closed Friday at \$3.06, down from \$42.37 when the short seller's allegations against Mr. Milton were first made public.

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### Provisions Ding Profit At Banks

Continued from Page One

pensive, putting pressure on Americans on multiple fronts. Investors worry that the higher interest rates will eventually tip the U.S. into recession. While the overall stock market turned down on Friday, the bank shares rose. JPMorgan shares gained 1.66% while Citigroup edged up 0.65% and Wells Fargo finished the day 1.9% higher. Bank executives said Friday that central banks' efforts to tighten credit conditions leave the economy's path forward uncertain. But today, businesses and households still look like they are in good shape, and consumers still appear to be spending and borrowing at a healthy clip. Jamie Dimon, chief executive of JPMorgan, has been predicting a recession, or what he calls an economic "hurricane," for months. It still hasn't shown up in his bank's numbers, but he said Friday he isn't changing his view. "We're just getting closer to what you and I might consider bad events and my hurricane," he said in a call with analysts. At the start of the pandemic, lenders set aside billions of dollars to cover loan losses. But the economy held

up better than expected, in part because of massive government stimulus. Last year, the banks were releasing some of that money, supercharging their earnings. Now economic uncertainty is increasing again. On Friday, the three banks set aside a combined \$1.56 billion for potential bad loans. For now, higher interest rates are helping the banks in some ways, allowing them to charge more on loans to businesses and consumers. JPMorgan, Wells Fargo and Citigroup each reported double-digit growth in interest income. Total loans rose at both JPMorgan and Wells Fargo. Smaller banks U.S. Bancorp and PNC Financial Services Group Inc. also sported broad-based loan growth in the quarter. Customers also spent more money on their credit cards, the banks said. That spending is partly the result of high consumer prices. People are paying more for groceries, rent, child care and other expenses, and government data this past week showed that inflation remains strong despite the Fed's aggressive rate increases. That, in turn, has started to

erode the strong savings that households built up during the pandemic, although the banks' credit losses still remain historically low. "While credit quality remains strong, we're actively monitoring inflation-sensitive industries," Wells Fargo CEO Charlie Scharf said on a call with analysts. "We do expect to see increases in delinquencies and ultimately credit losses but the timing remains unclear." JPMorgan Chief Financial Officer Jeremy Barnum said that while consumer deposits remain strong, inflation is starting to bite. "That extra money they have in their checking accounts will deplete probably by sometime midyear next year," he told analysts. Citigroup's baseline economic forecast calls for unemployment to rise to about 4%

### JPMorgan Chase's net profit

Year	Net Profit (Billion)
2020	~2.5
2021	~13.5
2022	~10.0
3Q 2022	\$9.7

Source: the company

over the next eight quarters, CFO Mark Mason said. While that is adding some concern about future loan performance, 4% is still historically low. "I don't think there is a financial crisis coming," Mr. Mason said. The U.S. unemployment rate is currently 3.5%. Another change from last year: The Fed's higher rates are pushing markets into disarray. That has put a chill on deal making, which powered bank earnings through the pandemic. Investment-banking revenue fell 47% at JPMorgan and 64% at Citigroup. It fell 55% at Morgan Stanley, which also reported a double-digit profit drop on Friday. The higher rates also have held people back from big-ticket purchases such as homes and cars, which they had splurged on during the pandemic. And mortgage rates recently hit their highest level in 20 years, adding pressure to an already-slowing housing market. Wells Fargo, which until recently was the largest U.S. mortgage lender, said home lending revenue dropped by more than half, driving an overall decline in noninterest income. Executives said mortgage banking revenue might decline more in the last three months of the year. Mortgage originations dropped 71% at JPMorgan. Auto-loan originations also fell sharply at Wells Fargo and JPMorgan. —Charley Grant contributed to this article.

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Henri Matisse (1869-1954)  
*Petit Nu au Polochon* (detail)

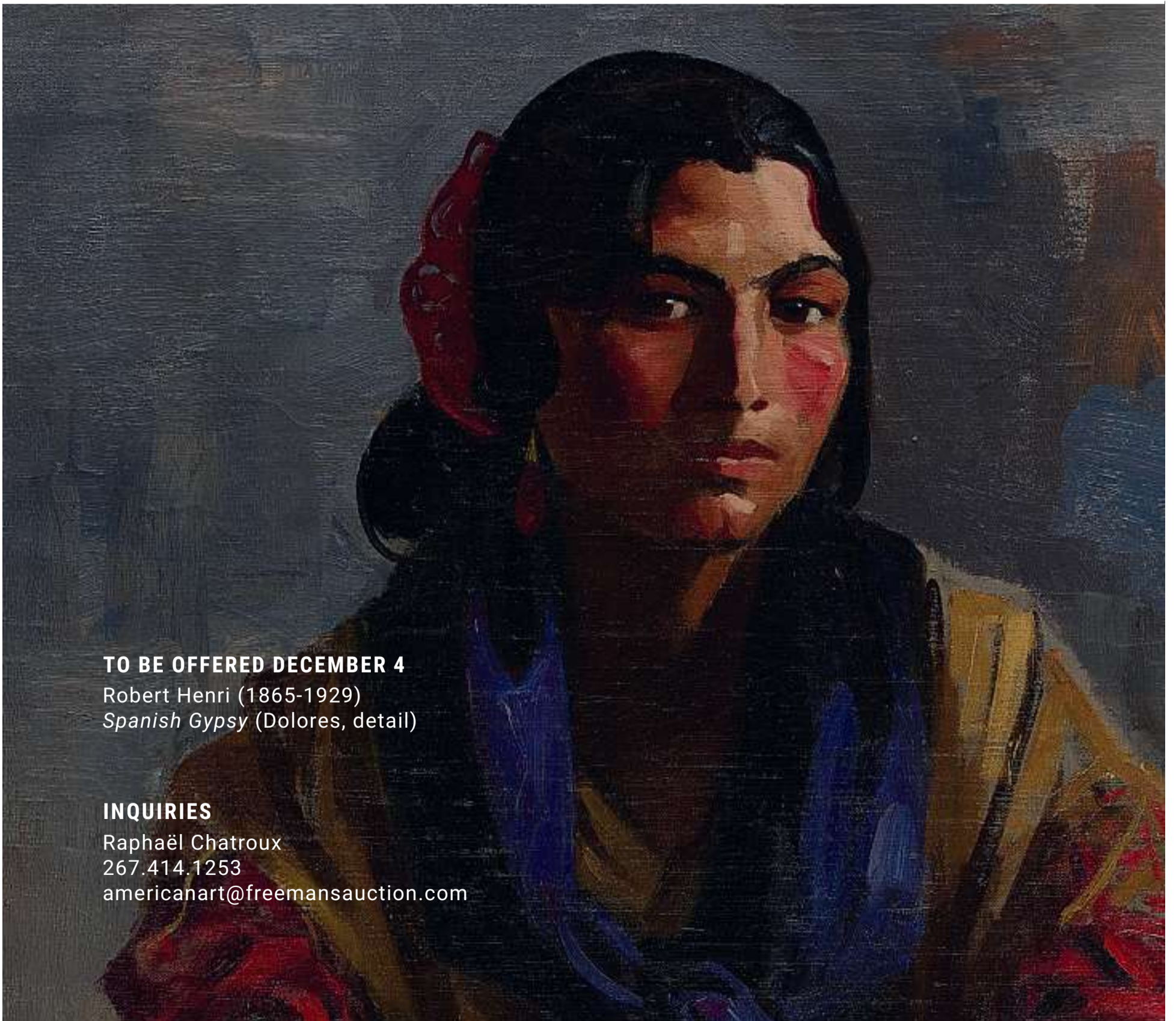
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## WORLD NEWS

## China's Inflation Rises on Food Prices

By JASON DOUGLAS

SINGAPORE—Consumer prices in China rose in September at their fastest annual pace in more than two years, though inflation in the world's second-largest economy remains mild compared with rates seen in Europe and the U.S.

Annual inflation hit 2.8% in September, China's National Bureau of Statistics said Friday, driven by a sharp rise in prices of food, especially pork. That compared with a 2.5% annual rise in consumer prices in August, and marked the fastest rate of inflation since April 2020.

Still, economists say inflation in China is likely to ease in the coming months, largely as a result of feeble economic growth.

Data due Friday were expected to have shown that China's export growth slowed again in September, as rocketing inflation and rising interest rates ate into consumer

spending overseas. But as of late Friday evening in China, the figures hadn't been released. China's General Administration of Customs offered no explanation and didn't answer calls seeking comment.

China is due to release gross domestic product figures for the third quarter on Tuesday. The country in the second quarter registered its weakest growth since the onset of the pandemic, as efforts to contain outbreaks of Covid-19 hit activity in major cities.

Business surveys and data for July and August suggest the recovery since has been lackluster, with the economy under pressure from a severe real-estate downturn, a summer drought and a collapse in consumer confidence. The global economy is losing steam as the U.S. Federal Reserve and other central banks ratchet up borrowing costs to tame inflation.

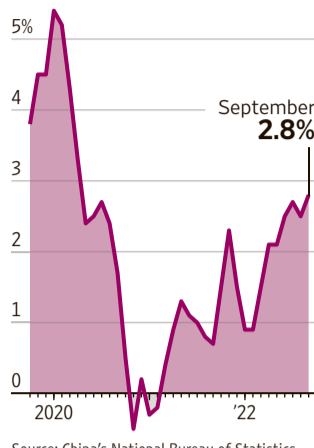
The economic headwinds

come as the ruling Chinese Communist Party gathers in Beijing for a congress at which leader Xi Jinping is expected to break with recent precedent and secure a third term in power. Chinese leaders are facing the daunting challenge of fostering a durable revival in China's economy while solving deeper problems, including big debts, worsening relations with the U.S., and what many economists say is an overreliance on exports and investment to power growth.

The International Monetary Fund this month cut its forecast for growth in China this year and next, citing a darkening backdrop for exports and a worsening real-estate slump.

If growth matches its 2022 forecast of 3.2%, compared with a forecast of 3.3% in July, that would represent the worst year for growth in China in four decades, the fund said, excluding 2020 when the ef-

China's consumer-price index, change from a year earlier



Source: China's National Bureau of Statistics

fects of the Covid-19 pandemic first struck.

Friday's data showed inflation in China accelerated on the back of sharply higher pork prices and a pickup in prices for vegetables. Pork prices have been propelled by

shortages, and the government has signaled it will release more meat into the market from a state reserve to tame further rises.

Economists polled by The Wall Street Journal expected annual inflation to accelerate to 2.9% in September, ahead of the 2.8% reading published Friday. Despite the gain, inflation in China remains within the authorities' goal of keeping consumer-price inflation below 3%, and is well short of the 8.2% annual rate of inflation the U.S. reported for September.

Other data reinforced the picture of subdued inflationary pressure in China. Annual producer-price inflation, a measure of the prices charged by companies at the factory gate, slowed for the 12th straight month to just 0.9% in September, statistics bureau figures showed.

—Grace Zhu in Beijing contributed to this article.

## Chinese Internet Users Lose Access to WeChat

By LIZA LIN

Chinese censors are crippling access to the country's do-everything app for some users as part of a campaign to quell discussion of a rare protest in Beijing, an escalation in the Communist Party's drive to cleanse the country's internet of even the whiff of dissent.

The crackdown came after two banners condemning Chinese leader Xi Jinping were hung from a busy highway bridge in the Chinese capital Thursday—a rare act of defiance in the seat of Communist Party power that captivated the country's social-media users.

Hours after images of the banners began to circulate online, many users reported losing access to WeChat, a super app that has become virtually indispensable for daily life in China.

Hundreds of complaints posted in a customer-service forum run by WeChat's owner, Tencent Holdings Ltd., indicated the suspensions were imposed after users posted or reposted images of the protest. Some users offered desperate, if somewhat circumspect, apologies. One user referred to "an incident this afternoon," and apologized for engaging in damaging behavior. "Please, I have been using this account for 10 years, with many messages and pictures—very precious to me," the user wrote.

Some curious internet users asked to see the images many were alluding to. "You'd be better off knowing nothing about them," one user responded.

By Friday evening, Tencent's customer-services forum on Weibo, a Twitter-like social-media platform, was no longer accessible. Many users turned to a general forum run by Tencent to continue their petitions.

Neither Tencent nor Beijing's Public Security bureau responded to requests for comment.

Thursday's protest, which depicted Mr. Xi as a "traitorous dictator," was small but still shocking in a country where the space for dissent has shrunk almost to zero in recent years. The act of defiance was especially noteworthy for occurring in Beijing, the country's most tightly managed city, just days before a pivotal Communist Party gathering where Mr. Xi is all but certain to claim a norm-breaking third term as leader.

Even before Thursday's incident, Chinese authorities tightened their grip around online discourse to an unusual degree. An examination by The Wall Street Journal found the country's most popular social-media platforms had been scrubbed of independent or negative content concerning Mr. Xi and many of the country's other top officials, making it essentially impossible to gauge public opinion of the party's leadership.

Authorities' response to the protest online was swift and broad. Eric Liu, a former social-media censor in China who now works as an analyst with the censorship-focused website China Digital Times, said he wasn't aware of such a large-scale locking of WeChat accounts in recent years.

For a WeChat user, the effect of losing access to the app can be significant. Hundreds of millions of Chinese use the app not just to keep in touch with family and friends but to hail taxis, buy train tickets, pay for groceries and manage their investments.

One Beijing-based user said he had shared a photo of the banners hanging off Beijing's Sitong Bridge beneath a column of black smoke in a WeChat group of about 70 people just after 1 p.m. He offered no comment, he said, and neither did other users, though some responded with emojis.

Around 5 p.m., the user said, he received a notice from WeChat saying that his account had been restricted because he violated Chinese law and that the restriction wouldn't be lifted. He said he was able to access the app's digital-payments feature, but was cut off from all of its social functions.

"I was shocked when they told me my account was permanently suspended," he said.

NG HANI GUAN/ASSOCIATED PRESS

responding to U.S. provocations, and that China's rise is peaceful. Spokespeople for the information office of China's cabinet, the State Council, as well as its Foreign Ministry, didn't respond to requests for comment.

Mr. Xi has made no secret of his plans to make China one of the world's superpowers.

After taking office in 2012, he began laying out an expansive vision, labeled the China Dream, which called for ambitious steps to strengthen the country's military and economy. It built on a long-held desire to address grievances China has harbored since the collapse of the Qing dynasty, and the parceling out of Chinese territory to Western powers in the 19th and early 20th centuries. Mr. Xi called it the "great rejuvenation of the Chinese nation."

Initially, he had sought more accommodation with the U.S. that would clear the way for China's continued rise. During a February 2012 trip to the U.S., just before he secured his position at the top of the Communist Party, Mr. Xi met with Henry Kissinger and other U.S. political luminaries and sought advice on building closer ties, a person with knowledge of the meeting said. They told him to increase communication with Washington, with more calls and visits than his predecessors.

Once he was in office, Mr. Xi felt the Obama administration wasn't treating Beijing as an equal, people familiar with the matter said. Mr. Xi frequently spoke of forging a "new type of great power relations" with the U.S., but Washington resisted the formulation, seeing it as an attempt to get the U.S. to recognize China as a peer and fearing that would send the wrong signal to American allies, the people said.

Mr. Xi forged ahead with his grand plans back home.

## Gaining power

He needed to ensure he firmly controlled the Communist Party, which had been riven by elite infighting, graft and factionalism during his predecessor's tenure. He developed a reputation early on as a leader willing to take on widespread corruption and took down rivals in high-profile investigations, replacing them

with loyal cadres.

Mr. Xi now controls levers of power across the country, having appointed all but seven of the 281 members of the Communist Party's provincial-level Standing Committees as of June, according to Wu Guoguang, a senior research scholar at Stanford University.

Mr. Xi took steps to secure the country's periphery, insulating the mainland to a greater degree against external pressures, often in ways that directly challenged Western values. He oversaw a rollout of cutting-edge surveillance systems that blanketed the country in face-scanning cameras and collected vast troves of behavioral data.

He defied warnings from Washington to militarize disputed islands in the South China Sea, and drew further ire

## 'Don't fight unsure wars, and don't fight unprepared battles.'

for a mass internment campaign that imprisoned ethnic minority Uyghurs in the restive northwest region of Xinjiang, U.S. and United Nations officials say.

He then ordered a crackdown on Hong Kong—the most visible bridge between China and the Western world—that snuffed out antigovernment protests and, along with tough Covid controls, sent many in the city's financial sector fleeing. He sharpened his rhetoric on Taiwan, suggesting that he wanted to expedite efforts to take control of the island, by force if necessary.

He expanded combat drills and increased military spending to \$200 billion last year, more than double the amount China spent a decade earlier. Much of China's efforts have gone to tools like hypersonic missiles, nuclear weapons and aircraft carriers that enhance China's capabilities in a potential conflict with powers like the U.S., rather than smaller neighbors.

To encourage martial spirit, Mr. Xi launched a wide-ranging effort to rally nationalistic fervor. Teenage idols, once praised

for their dewy-eyed features, are being cast as young revolutionary soldiers in military movies. On China's popular short-video apps, before-and-after clips touted by the military show once-scrawny young Chinese men doing push-ups, their biceps bulging.

To achieve China's rejuvenation, "we must demonstrate stronger vigilance and always be prepared for potential danger, even in times of calm," Mr. Xi said in a speech last year.

Chinese citizens are now regularly warned about spies and told not to be guilty of "America worship" or "kneeling before America." Such calls have expanded in recent months to target those adopting an English first name and questioning Russia's invasion of Ukraine.

In his economic remodeling efforts, Mr. Xi has directed Chinese companies to invest more heavily in strategic industries. He cracked down on private technology companies focused on educational tutoring, social media and other consumer services for failing to adequately serve state interests or sufficiently ringfence sensitive user data that Beijing fears could be shared with U.S. regulators.

China is trying to develop its own payments network and has rolled out a government-backed digital currency—tools that could ultimately help Beijing avoid using the U.S. dollar and circumvent the U.S.-led global financial system.

Beijing officials say they have no other choice but to pursue more self-sufficiency and involve the state more in the economy after the Trump-era tariffs and U.S. government's assault on networking-gear maker Huawei Technologies Ltd., both of which signaled rising U.S. suspicion toward China.

Inside the country, Mr. Xi's efforts to tighten political control have deepened anxiety among lower-level cadres, many of whom now spend large portions of their time trying to prove their loyalty—a concern Mr. Xi has called out repeatedly.

The U.N.'s human-rights agency said China's government may have committed crimes against humanity in Xinjiang in an August report, charges that China denies.

The U.S. has organized an

informal alliance with China's neighbors India, Australia and Japan, known as the Quad, and a military agreement with the U.K. and Australia known as Aukus, both of which have prompted denunciations from Beijing.

A Beijing-led grouping known informally as China 17+1 with Central and Eastern European nations, started by China around the beginning of Mr. Xi's tenure, has shrunk to 14+1 in the past year as the region grows warier of Chinese assertiveness.

## Self-sufficiency

Mr. Xi's strict policy to contain Covid, with lockdowns imposed when even a handful of cases are found, is itself a reflection of his obsession with U.S.-China competition. He has consistently framed China's zero-tolerance approach, which has led to far fewer deaths than in the Western world but also hurt its economy, as evidence of the superiority of Communist Party governance.

On the economic front, many of Mr. Xi's moves to achieve greater self-sufficiency, including in semiconductors, have sputtered. Mr. Xi's heavy-handed approach toward managing the economy, including crackdowns on companies like internet giant Alibaba Group Holding Ltd., has given Beijing greater control over the economy and won some plaudits from people who feared they had grown too powerful—but also snuffed out much of the entrepreneurial spirit that drove China's growth and shut off a source of jobs. Urban youth unemployment is near its all-time high, with nearly one in five people between the ages of 16 and 24 out of work.

While experts had long projected China's economy would slow as it matured, Mr. Xi's unwillingness to bend this year has expedited that shift in ways that many economists believe could leave permanent scars.

The longer-term outlook for China's economy could be even more dire, with China's population projected by many demographers to shrink this year for the first time in generations.

The World Bank forecasts this year's growth to reach just 2.8%, and 4.5% in 2023. The government's official target for this year is 5.5%.





## OPINION

## REVIEW &amp; OUTLOOK

## The Pentagon's Recruiting Woes

The U.S. Army recently told the press that it missed its fiscal year recruiting goal by 25%, coming up short nearly 20,000 soldiers. For 50 years America has relied on volunteers to defend the country, but that system is a luxury maintained at a cost, and its struggles deserve attention.

The Army's troubles are acute but not unique. The Air Force barely hit its numbers for 2022. The Navy met its targets for enlisted sailors but came up short about 200 officers. Both the Navy and Air Force had to dip into "delayed entry" pools of recruits usually kept in a holding pattern for later, which means the services will start a new recruiting year in an even tougher position. The numbers are worse in the reserves.

Several factors are contributing to the shortfall. Fewer than one-quarter of Americans ages 17 to 24 are eligible to serve, and the reasons for disqualification include obesity, addiction and criminal history. The decision to close high schools during the pandemic kept recruiters at bay and left many teens mentally unwell, another disqualification.

Record job openings and Covid transfer payments hurt enlistment, but the problems run deeper. Fewer than one in 10 youth are inclined to serve, according to survey data. Dismal civic education hasn't helped; teenagers taught to think America is a racist or imperialist country won't wear the uniform.

The left portrays the military as a retrograde institution where sexual assault and extremism are rampant, which is not borne out by evidence. The right's affinity for military service is also in free fall.

Only 53% of Republicans had "a great deal of confidence" in the military in a 2021 Reagan Foundation survey, a 17-point drop in less than a year. Flag officers have too often associated themselves with vogue political causes, promoting books on "anti-racism," for example, as the Navy's top officer did last year. The services may need to relax the Covid-19 vaccine mandate as a concession to reality; thousands of National Guard members have refused it.

The recruiting crisis is an opportunity for Congress to drive a tank over anachronistic practices. That Congress recently saw fit to pass a cash supplement for some service members called a "basic needs allowance" suggests the military's pay scales aren't competitive with the private economy, especially for lower-ranking enlistees. The 4.6% raise slated for next year doesn't match inflation.

## Biden's Choose-Your-Own-Pandemic Policy

Is the Covid-19 pandemic over? President Biden's answer is yes no yes no. The latest example of politically convenient pandemic schizophrenia came Thursday when the Department of Health and Human Services again extended the official public-health emergency, this time through January.

"The pandemic is over," Mr. Biden told CBS's "60 Minutes" only three weeks ago. "We still have a problem with Covid. We're still doing a lot of work on it. But the pandemic is over." Not to get all philosophical, but how can something be an emergency if it has already ended? The HHS statement this week says "a public health emergency exists and has existed since January 27, 2020, nationwide."

This isn't the only example of Mr. Biden talking from both sides of his N95 mask. When he decided to forgive student loans of up to \$20,000 per person, the White House said this would "address the financial harms of the pandemic." But the government had halted student loan payments since 2020, holding borrowers harmless. A month before he declared the pandemic "over," Mr. Biden extended that

## A Journal Contributor Suffers in Iran

Iranians "love life. We love living, and we don't want to die," Hossein Ronaghi told us in April. "But we've chosen freedom, and that may be the cost that one has to pay for freedom." Mr. Ronaghi, 37, is now unreachable in Iran's notorious Evin Prison, and the news isn't good.

Mr. Ronaghi is an Iranian blogger and free-speech activist, and in a brave op-ed for these pages a year ago he described Iran as "a country of repression, censorship and violence."

The Iranian government subsequently accused Mr. Ronaghi of acting against national security, propagating against the Islamic Republic, and possession of alcohol. He freely admits the last charge. Under these charges he faces some five years in prison and a brutal public lashing. Authorities released Mr. Ronaghi on bail in March after we and other publications wrote about his ordeal.

Last month protests erupted in Iran after Mahsa Amini, 22, died while under arrest for allegedly violating Iran's Islamic dress code. The protests have since spread, and the regime's violent crackdown has intensified. The regime threatened Mr. Ronaghi to stay silent, but "he did the opposite" and spoke out online and in interviews, his longtime friend Laleh Roudi tells us.

Mr. Ronaghi narrowly escaped violent arrest on Sept. 22 but turned himself in two days later.

The Army toyed with waiving high-school degree requirements and has thrown around signing bonuses of up to \$50,000. But Congress could require the services to experiment with, say, short service contracts or a different benefit mix that might let a service member spend an entire commitment at one home base in between overseas deployments.

The services also rely too heavily on an antiquated "up or out" model that leaves human potential on the table. The Marines deserve credit for realizing, in an initiative called Talent Management 2030, that discharging 75% of its first-term Marines every year and recruiting 36,000 replacements isn't efficient or sustainable.

Congress has offered more flexibility to let those with experience in cyber or other essential fields enter the service at a higher rank. But these are still exceptions. Especially crazy is pushing service members into taxpayer-funded retirement after 20 years of service, when most have productive years left.

\* \* \*

A deeper undercurrent is that young people with other prospects won't join a military that looks more hollow all the time. After a decade of mostly diminished budgets, the services have developed a culture of doing more with less, adding stress on equipment and personnel.

Fighter pilots fly fewer than 1.5 sorties a week, according to an estimate from last year, too low to be proficient. The backlog on submarine work means Navy sailors can spend entire tours stuck in the maintenance yards instead of at sea. Ships, aircraft squadrons and Army air defense units are being run ragged by longer or more frequent deployments.

This may explain why fewer veterans are recommending military service. Only 62% of those polled in a 2021 Military Family Advisory Network survey said they'd encourage someone to sign up, down from 74.5% in 2019. This is an ominous trend given the importance of family military legacies.

The recruiting problems are hitting even as the Navy and Air Force need to expand to meet proliferating threats from Iran to China. Tanks and planes aren't worth buying if there's no human capital to man them. Some might be tempted to treat this year's recruiting failures as an anomaly, but it could be an emerging threat to national security. The American experiment can only last as long as citizens are willing to defend it.

student loan pause through Dec. 31.

On the southern border, the pandemic apparently ended in April, when the Centers for Disease Control and Prevention terminated President Trump's policy of expelling migrants using Title 42 health powers. The CDC said this is "no longer necessary." The agency cited "the development and widespread deployment of COVID-19 tests, vaccines, and therapeutics."

A judge held that the Biden Administration couldn't stop Title 42 enforcement, at least for now. But it's another example of Mr. Biden's choose-your-own-pandemic policy. Whether the crisis is over varies by agency and depends on what the White House is trying to accomplish. The HHS extension this week will freeze state Medicaid rolls and prevent ineligible recipients from being removed.

Certain work requirements for food stamps are also on hold. Yet businesses need help. Unemployment is 1.9% in Minnesota, 2% in New Hampshire, and 2.5% in Missouri. Maybe Mr. Biden hopes to keep the emergency going until the end of the next recession.

"He refuses to run away from the country and doesn't want to jeopardize friends or family by having to hide him," Ms. Roudi says. The reports of what happened next are all too common in the Islamic Republic.

From prison Mr. Ronaghi called his mother and said, "I can't talk now; they've broken my legs" and then the connection was cut," his friend Masoud Kazemi told the Washington Post.

Other reports about Mr. Ronaghi's condition come from those imprisoned with him. Ms. Roudi says one person described him "being dragged to the infirmary with a visibly broken leg," while another saw him vomiting blood. He has been deprived of legal counsel since Sept. 24. "The Islamic Republic intends to kill my brother Hossein," the blogger's brother Hassan tweeted Friday.

Mr. Ronaghi had already endured some six years in Iranian jails, and prior torture left him with serious health problems. Ms. Roudi said he has now embarked on a hunger strike in prison. Mr. Ronaghi described to us this spring how a prior hunger strike exacerbated his ailments—but it was "one of the few ways" a prisoner could "show this resistance."

Reuters reported Wednesday that at least 201 civilians have been killed since the protests began, citing numbers from the nonprofit Iran Human Rights. Mr. Ronaghi's life is among those that hang in the balance.

## LETTERS TO THE EDITOR

## What Should Republicans Do About Walker?

Regarding Peggy Noonan's column "Why Herschel Walker Shouldn't Have Run" (Declarations, Oct. 8): "Compared to what?" is often the key question. Georgians have a choice between two men, one a conservative and one on the left. Both have personal issues in their lives regarding their marriages and children. The question before the voters is: Are you happy with the direction the country is taking? And beyond that, is keeping control of the Senate in the Democrats' hands what you want? Do you like the big-government policies of President Biden, which are supported by Sen. Raphael Warnock?

M.G. DEL ROSSI  
Blue Bell, Pa.

When I saw the headline on Mr. Walker, the hair on the back of my neck went up instantly—another article by a New Yorker bashing a Southern political candidate. Once I read the column, however, my thoughts changed: Why are Republicans doing this to this man? Sometimes, we should all listen a little more.

AL FOSTER  
The Villages, Fla.

Ms. Noonan is on target. If Mr. Walker had fathered children by four different women and been accused of not supporting them, it would have

been enough. If he had been accused of holding a gun to his wife's head, it would have been enough. If he had been accused of paying for a partner's abortion and then lying about it, it would have been enough.

In normal times, any one of these would have disqualified Mr. Walker as a candidate, but these aren't normal times. Because of the endorsement by former President Donald Trump and his willing sycophants, the Republican Party is in danger of losing a winnable Senate seat.

BERYL ROSENSTEIN  
Pikesville, Md.

Ms. Noonan's column saddens me. I don't condone Mr. Walker's history, but I believe he has been working hard to change his life, to believe in God, to hold reverence for our country and all that it stands for. He has the guts to run for office and put himself before what I call "a pack of wolves," those who attack him and everything in his past. He has dared to make himself vulnerable to the nasty world of U.S. politics.

Perhaps Ms. Noonan isn't forgiving of Mr. Walker because she isn't forgiving of Mr. Trump, who openly endorsed Mr. Walker. Forgiveness is the best tool for healing our country.

SANDRA GRIFFIN  
Florence, S.C.

## California, Pigs and the Merely Pig-Headed

California's Proposition 12 prohibits the practice of confining mother pigs in spaces so small that they spend their entire lives unable to walk, turn around or stretch their legs. This is about requiring a small measure of compassion for animals, not the work of "busybody Hollywood vegans," as Robert Alt suggests in "Ohio Pig Farmers Didn't Get a Vote on California's Proposition 12" (Cross Country, Oct. 8).

Proposition 12 mirrors laws or regulations in 13 other states—including the author's home state. It's time for multinational agribusinesses to turn away from the cruel systems they created and support farmers in transitioning to higher-welfare practices. Whether they live in Ohio or California, Americans have no appetite for animal suffering.

MATT BERSHADKER  
CEO, American Society for the  
Prevention of Cruelty to Animals  
New York

After almost 80 years of operating a commercial swine facility in Califor-

nia, my family gave up this year because of this law and other related ones that put extreme restrictions on water use and feed production, and add to spiraling input costs. These laws and regulations made running the family farm untenable.

The bitter irony is my grandfather, William Silveira, was a pioneer in ensuring herd welfare by air-conditioning his sow barns and providing automatic waste removal and cleaning for all sow stalls. His operation, at its peak, won national and international recognition. That is now just a legacy.

Sow-farrowing crates and other safety constraints are part of good animal safety and husbandry. Anyone who has taken care of a sow and her litter knows that an 800-pound Duroc sow could unintentionally crush a piglet of her litter. But none of that matters to California lawmakers, bureaucrats and animal-rights lobbyists who pass these nuisance laws that reduce Americans' choices and drive up the average household's expenses.

MATT SILVEIRA  
Placerville, Calif.

## Open Up the Primaries and Let Americans Vote

In "Alaska's Senate Nail-Biter" (Potomac Watch, Oct. 7), Kimberley Strassel states, "There's no question the new system has benefited [Sen. Lisa Murkowski]. She would have lost a Republican primary to [Kelly] Tshibaka." Ms. Strassel is right. More important, however, the new system also benefits the voters.

## A Reason for All Americans To Be Grateful for Maryland

Besides portraits by van Dyck, there is another reason for Americans to be aware of Queen Henrietta Maria. ("A Queen Who Kept Her Head" by Catherine Ostler, Books, Oct. 8.) Her husband, Charles I, decided to reward his courtier George Calvert, First Lord Baltimore, with a grant of seven million acres carved out of the colony of Virginia. History records that "the King said, 'Let us name it after the Queen. What think you of Mariana?' Baltimore objected because this was the name of a Spanish historian who taught the will of the people was above the will of tyrants. Whereupon Charles said, 'Let it be Terra Mariae.'"

The king, besides maintaining his credentials as an autocrat, made an elegant choice. "Terra Mariae," in the 1632 Latin charter to Calvert's son, translates as Maryland—which surely trips more gracefully off our tongues than Henriettaland.

JOHN G. KESTER  
Alexandria, Va.

## Biden Iran Policy Costs U.S.

Why doesn't the Biden administration see that its Iran policy is the reason the Saudis are uncooperative? ("The Saudis Snub Biden Again," Review & Outlook, Oct. 6.) Giving billions of dollars to Iran is a significant threat to the region. Should the U.S. walk away from negotiations and take a strong stance against the Iranian regime, we would likely have no better friend than the Saudis.

BOB CARROLL  
Los Angeles

Pepper ...  
And Salt

THE WALL STREET JOURNAL



"You knew I was a Lovebird when you met me."

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# SPORTS

## The Vols Have a Glimmer of Hope Against Nick Saban's Alabama

After a decade of disappointing hires, scandals and self-inflicted bloopers, No. 6 Tennessee is 5-0

By LAINE HIGGINS

As the third Saturday in October draws near, there's an unfamiliar feeling brewing in Knoxville, Tenn.: hope.

For the uninitiated, Tennessee's rivalry game against Alabama—known as “The Third Saturday in October”—has taken place on or around that weekend for decades. Losers weep; victors smoke cigars. Alabama held a 43-38 lead in the series when it hired Miami Dolphins coach Nick Saban in 2007—and the Crimson Tide haven't lost to Tennessee since.

It's part of more than a decade of disappointing hires, scandals and self-inflicted bloopers that knocked the Volunteers out of college football's upper ranks. But that is changing this year. Tennessee has a 5-0 record, a No. 6 ranking and a real shot at an upset when it hosts Alabama at Neyland Stadium on Saturday—particularly if the Crimson Tide's injured star quarterback Bryce Young is not ready to return to action.

“The general feeling is one of unbounded enthusiasm,” said former Tennessee Gov. Bill Haslam, whose 91-year-old father was an offensive tackle for the Volunteers teams that claimed a national title in 1951. “The whole fan base is either going to need mass counseling or is going to be in the biggest celebration you've ever seen Saturday night.”

Second-year coach Josh Heupel has put together a highflying offense that leads Division I with 547.8 yards per game.

The key piece is quarterback Hendon Hooker, who transferred from Virginia Tech in 2021 and has become the Volunteers' first legitimate Heisman Trophy contender under center since a guy named Peyton Manning.

“For the first time since I was in college, I feel like we have a legitimate opportunity to go win the football game,” said former Tennessee quarterback Erik Ainge, whose 2006 Vols were the last team to take down Alabama. “When you watch our team play, we are really good at football. It's not fake news.”

It has forced Tennessee fans to reacquire themselves with positive thinking. After beating Florida 38-33 at home last month, the crowd was so elated that thousands stayed in their seats and sang “Rocky Top” for 30 minutes after the game ended, said athletic director Danny White. It led to the biggest surprise of his 22-month tenure: “Facing almost no game day traffic getting home.”

Alabama and Tennessee have been heading in different directions for years. While the Crimson Tide grew into the behemoth of the Southeastern Conference's West division, with six national championships under Saban, Tennessee languished in the league's East division. Since firing coach Phillip Fulmer in 2008 after a 5-7 season, the Volunteers have cycled through five head coaches, two interim coaches and seven losing seasons.

It's not just that the coaches

didn't pan out; they flamed out in epic fashion.

First came a 34-year-old Lane Kiffin, who jilted the Vols to take the top job at USC after just one 7-6 season.

In 2010 he was replaced by Derek Dooley, who was fired after winning just five SEC games in three seasons. Dooley will be at Neyland Stadium on Saturday—as an analyst for Alabama.

Then Butch Jones arrived to a mess in 2013. As the roster teetered on the edge of violating the NCAA's academic eligibility standards, Jones

asked fans to stomach losing in the short term to allow for a program overhaul.

By 2016, it looked like it might be working. Tennessee beat Florida for the first time in 12 years and knocked off Georgia. But Jones would be shown the door the next November after a 4-6 stretch that ended with a 50-17 loss to lowly Missouri.

What came next was typical Tennessee: After word leaked that athletic director John Currie was hiring then-Ohio State defensive coordinator Greg Schiano, fans staged a revolt because of allegations that while an assistant at Penn State, the coach was aware of criminal misbehavior by Jerry Sandusky, a convicted child sex offender.

“It's both a blessing and curse having a passionate fan base,” Haslam said. “When things don't go well, the frustration tends to pour out in a very loud, animated way.”

Tennessee backed away from Schiano, who has denied the allegations, and ousted Currie in December 2017 for mangling the coaching search. Fulmer, the former coach, became athletic director and hired Alabama defensive coordinator Jeremy Pruitt instead.

The Vols thought they were getting a Saban pro-

coach to Orlando. White knew he was getting the man who had twice orchestrated the No. 2 offense in the country at UCF. He found it entertaining when frustrated Tennessee fans were blown away by the Volunteers' scoring production in Heupel's first year.

“For those of us who came here from UCF, we're all kind of walking around the hallways in our program here like, ‘What did you expect would happen? Were you not paying attention?’” White said.

The 2022 Volunteers aren't without flaws—their passing defense ranks 128th out of 131 teams. But they may be going up against one of the most beatable Saban-led Alabama squads in years.

Pruitt was fired in January 2021 after an internal investigation. Fulmer also voluntarily retired, a move the university said was unrelated. Pruitt hasn't denied that violations occurred, but pushed back against his culpability. In July he said, “I'm looking forward to telling my side of the story somewhere down the road.”

“It's really hard to win in major college football if you don't have really good coaching,” Ainge said. It was against this backdrop that White became athletic director.

His first hire was Heupel. It was the second time he had run this play: As Central Florida athletic director in 2018, White lured the



Tennessee players celebrated after a win against Florida on Sept. 24. The No. 6-ranked Volunteers host the No. 3-ranked Alabama Crimson Tide on Saturday.



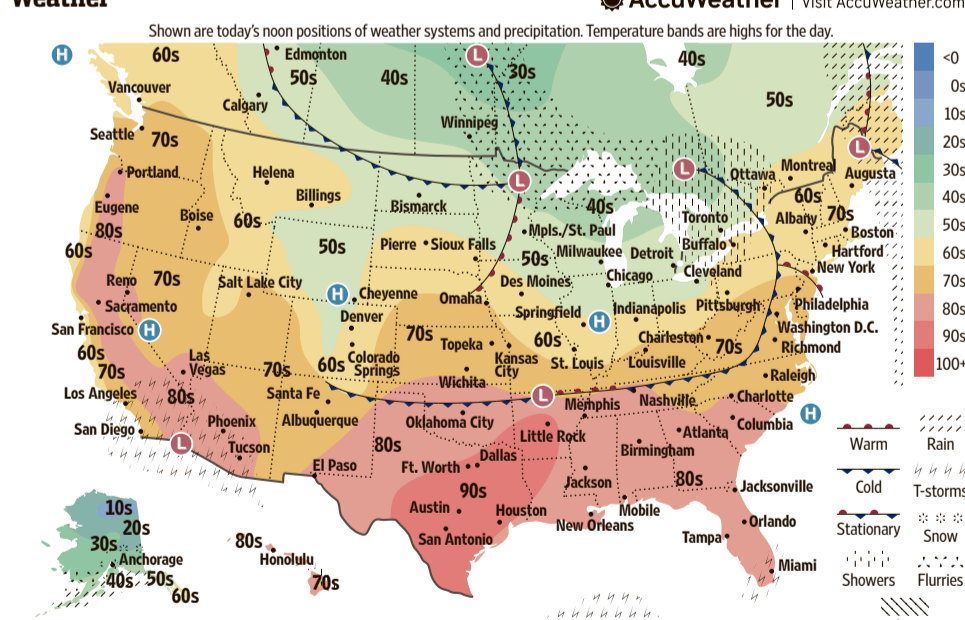
Tennessee quarterback Hendon Hooker

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### Weather

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### U.S. Forecasts

s., sunny; pc., partly cloudy; c., cloudy; sh., showers; T., storms; r., rain; sf., snow flurries; sn., snow; L, ice

Table with 4 columns: City, Today, Tomorrow, and a weather icon. Lists major cities like Anchorage, Atlanta, Austin, Baltimore, Boise, Boston, Burlington, Charlotte, Chicago, Cleveland, Dallas, Denver, Detroit, Honolulu, Houston, Indianapolis, Kansas City, Las Vegas, Little Rock, Los Angeles, Miami, Milwaukee, Minneapolis, Nashville, New Orleans, New York City, and Oklahoma City.

Table with 4 columns: City, Today, Tomorrow, and a weather icon. Lists cities like Omaha, Orlando, Philadelphia, Phoenix, Pittsburgh, Portland, Maine, Portland, Ore., Sacramento, St. Louis, Salt Lake City, San Francisco, Santa Fe, Seattle, Sioux Falls, and Wash., D.C.

Table with 4 columns: City, Today, Tomorrow, and a weather icon. Lists international cities like Amsterdam, Athens, Baghdad, Bangkok, Beijing, Berlin, Brussels, Buenos Aires, Dubai, Dublin, and Edinburgh.

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## Mahomes Is the Wizard of Comebacks

By ANDREW BEATON

IN THE DIVISION ROUND of last year's playoffs, quarterback Josh Allen had just engineered an exhilarating touchdown drive to put the Buffalo Bills up by three with just 13 seconds to go when he learned one of the most painfully common lessons in football these days:

There is no amount of time too short, no distance too far, nor any lead too big for Patrick Mahomes to lead a Kansas City Chiefs comeback.

With two passes, Mahomes moved the ball 44 yards down field. The Chiefs hit the field goal as time expired. Then they won in overtime. It was so improbable that even some Chiefs die-hards left the stadium and turned off their televisions.

The Bills will get another crack at the Chiefs on Sunday when two of the best teams in the league square off in one of the marquee matchups of this NFL season. The show-down features the league's two highest-scoring offenses and arguably the game's two best quarterbacks in Allen and Mahomes. Absolutely nobody will be surprised if they meet again in January with a spot in the Super Bowl on the line.

But there's bad news for Allen and the Bills. Patrick Mahomes hasn't stopped coming back.

This past week was yet another instance of how Ma-



Patrick Mahomes is unlike any other in football at erasing deficits.

homes could decide to spend much of a game doing crossword puzzles in the locker room and still manage to leave opponents utterly demoralized by the end of the fourth quarter. Kansas City trailed 17-0 to the Las Vegas Raiders on Monday night. The Chiefs won 30-29.

What's staggering about these types of performances for the Chiefs is that they're not outliers. The abnormal thing is that they're quite normal.

Since Mahomes entered the league, he has trailed by at least seven points in 36 games, including the playoffs. He has gone on to win 24 of them, according to Stats LLC. That means he still wins 67% of the time the Chiefs spot their opponents a touchdown. No other active quarterback with at least 10 such games

has even won half of them. When the Chiefs won the Super Bowl after the 2019 season, they stormed back from big deficits in every single postseason game and won each of them handily.

But if there's any quarterback who can rival that type of quick-strike firepower these days, it might just be the one across the field from Mahomes on Sunday.

Before Mahomes's last-second magic in last year's playoff game, Allen threw two touchdown passes in the final two minutes. He threw two touchdowns for over 60 yards apiece last week alone. He also leads the NFL this year in passing yards from completions at least 15 yards long.

The one thing Mahomes and Allen both want is making sure the other doesn't get the ball last.

FROM TOP: WADE PAYNE/ASSOCIATED PRESS; BRYAN LYNN/USA TODAY SPORTS



**On the Case**  
Even more ways to reap tax breaks from your HSA **B6**

# EXCHANGE

**The Enforcer**  
The Delaware judge keeping the Twitter lawsuit on track **B6**



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Saturday/Sunday, October 15 - 16, 2022 | **B1**

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ILLUSTRATION: SÉBASTIEN THIRAUT

## Murdoch's News Corp, Fox Weigh Reuniting

Rupert Murdoch has proposed a recombination of **Fox Corp.** and **News Corp.**, the two wings of his media empire, nearly a decade after they split, according to people familiar with the situation.

By *Cara Lombardo, Dana Cimilluca and Jeffrey A. Trachtenberg*

Special board committees have recently been established by both companies to study a possible deal and evaluate potential financial terms, the people said. The discussions are at an early stage, they added.

Reuniting the companies would bring Mr. Murdoch's highest-profile properties back under one roof. Fox Corp. owns Fox News and the Fox broadcast network, along with local TV stations and the Tubi streaming service. News Corp is the parent company of Dow Jones, publisher of The Wall Street Journal, as well as other assets including HarperCollins Publishers and news organizations in the U.K. and Australia.

Mr. Murdoch is executive chairman of News Corp and chairman of Fox Corp. His son Lachlan Murdoch is co-chairman of News Corp and executive chair and chief executive of Fox.

The Murdoch family trust has a roughly 39% voting stake in News Corp and about a 42% voting stake in Fox Corp., according to securities filings from the companies. The trust's ownership of the combined company would be expected to stay roughly around those levels.

A merger of the two companies would likely be structured as a stock deal, some of the people familiar with the situation said. The exchange ratio—reflecting the relative value of each company—would be negotiated by the board committees

*Please turn to page B2*

## Kroger Sets \$24.6 Billion Pact to Buy Albertsons

By *JAEWON KANG*

**Kroger Co.** said it is buying rival **Albertsons Cos Inc.** in a transaction that values the company at \$24.6 billion, one of the biggest deals in the history of the grocery industry in the U.S.

By combining, the companies would gain greater scale and leverage to negotiate with vendors. The deal would also bolster the grocers' market share and technology to compete better with Walmart Inc. and Amazon.com Inc.

The companies said that Kroger would acquire Albertsons for \$34.10 a share, and that the deal assigns

**The proposed deal could face a long road ahead in efforts to win regulatory approval.**

Albertsons roughly \$20 billion in equity value. They said the enterprise value of \$24.6 billion includes the assumption of about \$4.7 billion of Albertsons' net debt. As part of the transaction, Albertsons would pay a special cash dividend of up to \$4 billion to its shareholders.

The deal would create a new power among U.S. supermarket operators that generate around \$812 billion in combined annual revenue, according to an estimate by market research firm IBISWorld. Analysts said it could face a rigorous regulatory review, with federal antitrust enforcers having challenged some mergers under the Biden administration. Kroger and Albertsons, which both operate stores in places including Southern California, Washington, Texas and Washington, D.C., said they expect to sell overlapping stores as part of the deal to help win regulatory approval.

"It allows us to do things we are doing in an accelerated way," said Kroger Chief Executive Rodney McMullen, who will serve as CEO and *Please turn to page B12*

## Want to Get Ahead? Pick the Right Company

By *LAUREN WEBER AND THEO FRANCIS*

The 50 best places to climb the career ladder, get prepped for opportunities elsewhere or find job stability. College degrees not necessarily required.

**R**etail workers at Gap Inc. are significantly more likely to become managers than at other companies in their industry. Apple Inc. is among the best places to work if you want to land a bigger job elsewhere. For employees seeking security, few companies offer better job stability than Exxon Mobil Corp.

These are among the findings of a new five-year analysis of career mobility for millions of U.S. workers led by Philadelphia think tank Burning Glass Institute, focusing on jobs that don't necessarily require a college degree. Certain companies, it turns out, excel at helping workers in these jobs move up the career and pay ladder. At other firms careers can stagnate, even within the same industry. New skills at those firms don't al-

ways translate into promotions, higher wages or more opportunities to advance.

Getting ahead, the study concludes, is largely a matter of picking the right company. Tracking which companies provide more mobility could be critical for workers as the labor market loosens, companies slow hiring and the future of the U.S. economy becomes more uncertain. A weaker labor market means fewer options for workers, making initial career choices that much more important. Employers could develop a hiring advantage if they can demonstrate the ability to identify and advance new recruits, especially Americans without college degrees who have the skills for higher-wage work.

The release of these findings follows an examination of workers at *Please turn to page B4*

## Google Turns to a Diplomat and Deal Maker

By *MILES KRUPPA*

Philipp Schindler, Google's top sales executive, has his cellphone ringtone set to the "Star Wars" theme music. His office décor includes a collection of toy lightsabers, and he infuses presentations with references to the space epic.

The props are fitting for a man tasked with convincing business partners and regulators that his employer's huge influence over the digital economy is more a force for good than evil.

As chief business officer, Mr. Schindler, 51 years old, leads sales for Google's online advertising products and most of the company's other services, a \$230-billion-a-year portfolio that makes up more than 90% of parent company Alphabet Inc.'s revenues. He has devised new ways to package the company's businesses together, working with customers on an expanding list of complex partnerships.

That also puts the 6-foot-5-inch German on the front lines of Google's biggest battles, facing off against those who believe the company abuses its market position. The Justice Department is expected in coming weeks to file its second antitrust lawsuit against Google in three years, this time taking aim at its business brokering online advertising. The first antitrust lawsuit, over the company's dominance in search, is headed to trial next year.

Google has said it doesn't abuse its market position, and Mr. Schindler often has stressed to business partners and regulators that the company makes money only when its customers succeed, according to executives who have worked alongside him as well as negotiated against him.

Some people who have sat across from Mr. Schindler in negotiations said he employed a conciliatory approach while offering few tangible *Please turn to page B2*



The business portfolio of Google sales chief Philipp Schindler generates the vast majority of parent company Alphabet's revenues.

PHOTO: MICHELE TANTISSI/BLOOMBERG NEWS



BUSINESS NEWS

# Beyond Meat Cuts Jobs; COO Out

The plant-based meat maker is reducing its workforce by nearly 20% as it trims costs

By SABELA OJEA

Beyond Meat Inc. parted ways with its operating chief, who had been suspended after being arrested for allegedly biting a man's nose and threatening to kill him. The plant-based meat company said Friday in a securities filing that Chief Operating Officer Doug Ramsey was no longer with the company.

Beyond Meat suspended the executive last month after his arrest following what authorities said was a fight in an Arkansas parking garage. Mr. Ramsey didn't respond to requests for comment. Mr. Ramsey's departure comes as the plant-based meat company cut its full-year revenue outlook further and said it was reducing its global workforce by nearly 20% as it focuses on lowering expenses amid high levels of inflation. Beyond Meat also said Friday it made other changes to its executive ranks, including naming Lubi Kutua, vice president

of financial planning and analysis and investor relations, as its new chief financial officer, effective Oct. 13. Mr. Kutua succeeds Philip Hardin, who had held the role since July 2021. The company said that, as part of the layoffs, Deanna Jurgens, global chief growth officer and president of North America, is leaving the company and that her position has been eliminated. Beyond Meat cited lower demand for its products and the effects of competition on its sales for the lowered outlook and broader layoffs. The company, which had

1,108 full-time employees and 311 full-time contract workers as of last December, said two months ago that it expected to lay off about 4% of its employees. It said it now expects to see full-year revenue decline about 9% to 14% to between \$400 million and \$425 million. Revenue for its third quarter is also set to fall, by 23% to \$82 million. Early in August, Beyond Meat said it expected revenue to grow by up to 12% to between \$470 million and \$520 million for the year, down from a prior forecast of achieving revenue growth of

up to \$620 million. "Additionally, the company believes it was negatively impacted by decisions made by distributors and customers, such as changes in inventory levels and postponed or canceled promotions," the company said Friday. The cost-cutting plan is expected to enable Beyond Meat to save about \$39 million in operating expenses over the year after booking cash charges of \$4 million on workforce cuts, the company said. Beyond Meat's shares were down 6% in early-afternoon trading.

# Nutanix Weighs Takeover Interest

By DANA CIMILLUCA AND CARA LOMBARDO

Cloud-computing company Nutanix Inc. is exploring a sale after receiving takeover interest, according to people familiar with the matter. The company is expected to target private-equity and industry players, the people said. It is far from certain there will be a deal. A buyer would likely have to pay a significant premium to Nutanix's market value of nearly \$5 billion at a time when volatile markets and an uncertain economy have sapped companies' appetite for M&A and buyout firms' ability to finance deals.

# Bulk PC Purchases Slip After Pandemic Splurge

By SARAH E. NEEDLEMAN

Superintendent Frank Scarafie, who runs the Little Ferry, N.J., school district, has some bad news for PC and chip makers: He is slashing spending for new devices. After purchasing hundreds of new Chromebooks for students during the first two years of the pandemic so kindergartners to teens could participate in remote learning, he said the district is well-stocked. "We're where we need to be," Mr. Scarafie said. "This year and next year there will be a lull."

Across the U.S. and beyond, companies, governments and households that bulked up on computers during the pandemic are drastically scaling back. That trend has driven a worldwide slump in demand for PCs and the chips that power them. The lull in purchasing has worsened throughout the year amid high inflation, rising labor costs and recession fears. In the latest quarter, "what we saw was companies putting a pause on spending, and consumers doing the same thing," Sam Burd, president of Dell Technologies Inc.'s client solutions group, said in an inter-

**Global desktop and laptop shipments in the third-quarter**

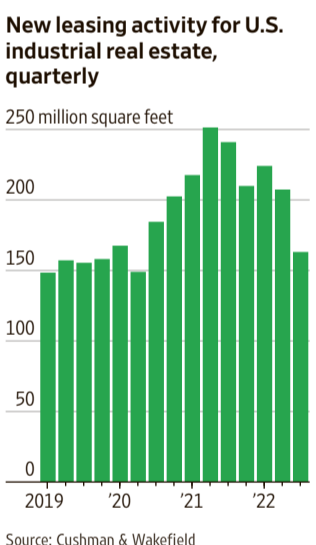
Company	3Q 2022 shipments	Change from previous year
Apple	7.9 million	2%
Asus	5.5	-8%
Lenovo	16.9	-16%
Others	14.3	-18%
Dell	12.0	-21%
HP	12.7	-28%
Total	69.4	-18%

Source: Canalys

clients have expressed the same sentiment. "People are just not knowing what's coming around the corner." Gartner Inc. says the recent downturn in PC shipments is the worst in more than two decades, and International Data Corp. also shows a steep drop in numbers. Global shipments of desktop and laptop computers fell in the third quarter by a record 18% from a year earlier to 69.4 million units, according to a report released this past week by market-research firm Canalys.com Inc. Notebook shipments were particularly hard hit, the technology-analysis firm said. The various data providers use slightly different methodologies to determine device shipments. It isn't just PC buying that has slumped. Videogaming enjoyed supercharged growth when pandemic lockdowns hit, but the appetite for gaming computer cards and consoles has lessened. Nvidia Corp., which sells graphics cards often used in high-end gaming laptops, in late August posted lackluster results amid a 33% drop in gaming revenue. Overall U.S. consumer spending across videogame

hardware, content and accessories fell 13% in the second quarter to \$12.35 billion from a year earlier, according to NPD Group Inc. and Sensor Tower Inc. For all of 2022, the market-research firms expect sales to decline 8.7% to \$55.5 billion, which would mark the first annual decline since 2016. Dean Machikas, a 34-year-old delivery driver and avid PC gamer in Lancaster, Pa., wants a new, \$1,600 graphics card to upgrade his PC, but said he discussed the matter with his partner and they agreed that investing in home repairs is more important. "We're probably going to have to put a new roof on the house next year, and spending money on a new graphics card is probably not a good idea," he said. Even with the sharp downturn, companies are betting on a rebound. Yusuf Mehdi, corporate vice president for devices at Microsoft Corp., said the pandemic reinforced the importance of the PC. This past week, the software giant updated its line of Surface devices with new versions of its Surface Pro tablet and Surface Laptop, in addition to unveiling a new version of the company's all-in-one Studio PC with a \$4,500 starting price.

view. PC and chip makers have said the market slump hit their results, often harder than expected. HP Inc. reported that its sales declined last quarter shortly after Dell Technologies posted lower profit and weaker-than-expected revenue growth. Intel Corp. and Advanced Micro Devices Inc. have posted gloomy results or issued profit warnings as a result. Corporate PC buyers remained a bright spot early this year as they tried to facilitate hybrid work, even after many households pared back spending. But in recent months such buyers have also scaled back. Marilyn Wilson Lund, founding partner of real-estate consulting firm WAV Group Inc., said she doesn't plan on getting new computers soon for her small team in San Luis Obispo, Calif. In the past, she would buy about eight to 10 new devices every year. "Unless it's dropped on the ground and it's cracked, I'm not doing it," she said. Increased labor costs, taxes and travel expenses have made Ms. Wilson Lund leery about spending on hardware upgrades. "You're trying to do more with less," she said, adding that many of her brokerage



Developers are taking a careful approach toward new projects.

# Red-Hot Warehouse Market Shows Indications of Cooling

By LIZ YOUNG

A pandemic-driven boom in warehousing demand is showing signs of slowing, as companies grow more cautious about leasing in an uncertain economy and look to pare back the big inventory stockpiles that have swamped storage space this year. Razor-thin vacancy rates have started to tick upward and one measure of leasing activity in the U.S. fell back in the third quarter to the lowest level since the start of the pandemic. Warehouse space remains tight, with some companies still storing goods on trailers outside distribution centers, but the broader figures suggest the pressure on one supply chain choke point is easing. Industrial real-estate developers and researchers caution that demand remains strong compared with before the pandemic but that developers are taking a more careful approach toward new projects as borrowing costs rise and freight shipping volumes pull back. "There have been fewer deals transacting," said Andrew Mele, managing director of the Northeast region office for Trammell Crow Co., a Dallas-based development subsidiary of real-estate services firm CBRE Group Inc. "People

are sitting around like I've been doing the last two hours, debating whether you should break ground on something next year." The average warehouse vacancy rate across the U.S. inched up to 3.2% in the third quarter from 3% in the previous quarter, according to commercial real-estate services firm Cushman & Wakefield. It was the first increase in two years and is still far below the 5% average national vacancy rate during 2020. The firm said companies across the sector signed new leases for 163.1 million square feet of warehouse space in the third quarter compared with 207.4 million square feet the quarter before. The third-quarter figure still was more than the square footage leased during any quarter in 2019. "Maybe the froth comes off the top, but you still have a very stable and strong leasing market for industrial. It goes from great to good," Mr. Mele said. Real-estate experts say part of the decline could be because companies aren't finding enough empty warehouse space after nearly two years of frenetic construction and leasing. "We're not seeing an avalanche of space coming on the market or anything like that, but we are starting to see some signs that things are

slowing down a little bit," said Mark Russo, senior director and head of industrial research at real-estate service provider Savills Inc. Demand for storage space skyrocketed in 2020 as households locked down during the pandemic launched a wave of online shopping and retailers sought to get more goods positioned for rapid delivery to homes. Amazon.com Inc. said it doubled the size of its fulfillment network in 24 months as its business surged. Now, Amazon is halting growth in its warehousing operations and even subleasing some of its space as e-commerce demand falls back. Retailers including Target Corp., Walmart Inc. and Nike Inc. are coping with excess inventories after a shift in consumer spending habits left them with too much stock of items such as casual clothes and home goods. The brands have canceled and pulled back on orders and are working to sell the extra goods before the holidays. Companies are also more cautious about signing leases as they look to restrain high supply-chain costs and grow more wary of big investments in a wavering economy, said Derek Fish, vice president of U.S. acquisitions for Annapolis, Md.-based real-estate firm Realterm Transportation LLC.

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## EXCHANGE

## Best Places to Get Ahead in Your Career

Continued from page B1

more than 200 of the biggest U.S. companies conducted by Burning Glass Institute, a nonprofit launched earlier this year to research employment trends, along with the Harvard Project on Managing the Future of Work and the Schultz Family Foundation, the philanthropy started by longtime Starbucks Corp. leader Howard Schultz. It was their first attempt at such a study, using data from the Labor Department and self-reported data available from LinkedIn, Glassdoor and other online sources during the period from 2017 to 2021.

Burning Glass and its partners assigned scores to nine categories, such as how many promotions employees received and the average time it took to move up one job level. The goal was to identify which employers were best at helping their workers advance professionally and economically, particularly those who may not have a college degree. The authors said the study has limits because LinkedIn and other data sources don't capture every employee, but they said those limitations don't benefit certain companies over others.

"Where you work turns out to be one of those decisions that really has big consequences, but the problem is that workers don't have the visibility to make an informed choice," said Burning Glass Institute President Matt Sigelman, who founded the employment research organization after years of running a labor-market analytics firm now called Lightcast, which primarily

### 'Where you work turns out to be one of those decisions that really has big consequences.'

sells data to employers, government agencies and universities. "Whether you wind up at a company that's an escalator for mobility or a treadmill," he added, "for a lot of workers it's a crashshoot." The companies that provided the most mobility, according to the study, were among the most familiar names in corporate America. Telecommunications giant AT&T Inc., credit-card networker American Express Co. and network-equipment maker Cisco Systems Inc. had the three highest composite scores in what Burning Glass calls the American Opportunity Index, with utility PG&E Corp. and Microsoft Corp. rounding out the top five. All, even the top performers, showed areas where they could improve.

At AT&T, there are tens of thousands of installers, retail-store clerks and other front-line workers among its more than 172,000 employees, said Angela Santone, AT&T's senior executive vice president for human resources, and fewer than 5% of job openings require college degrees. The company trains new hires in many roles, and top managers often are recruited from company ranks. That includes Chief Executive John Stankey, who does have a college degree and started at the company more than three decades ago taking customer requests for phone service.

"You can come in and become a tech on the front line, you can work in a retail store, and you can work in a call center," Ms. Santone said. "We're very much about bringing individuals in and then training them."

The companies that did well in Burning Glass's analysis typically generated opportunities for workers in certain ways. Three common corporate profiles as defined by Burning Glass were companies that provided employees with the ability to ascend within their ranks; companies that served as a launchpad to outside opportunities; or companies that provided job sta-



Donna Hernandez, left, was a 19-year-old waitress with a high-school diploma when she was offered a job at a Dollar General. Within a year, she was managing the store. Now she is a divisional vice president of store operations.

bility.

Here is a closer look at some firms that fit those descriptions, as ranked by Burning Glass.

#### Companies that grow from within

Measuring mobility is important because companies tend to focus more on filling immediate needs than identifying people with the skills to move beyond that initial job, according to Burning Glass.

When people from four-year universities are hired into entry-level sales, technical or management jobs "you'll be trained for advancement," said Byron Auguste, chief executive and co-founder of Opportunity@Work, a nonprofit organization that focuses on increasing economic mobility for people without college degrees. But for people emerging from high school, community college programs or other forms of training, "you most likely will be in an entry-level retail, warehouse, or factory floor job, and you're trained for safety, compliance and efficiency, and not for advancement."

But some companies studied by

Communications Inc. and AT&T, both telecommunications firms with large retail operations, also did well.

Two direct retail competitors—discount chains Dollar General Corp. and Dollar Tree Inc.—fared differently. Dollar General, a company with more than 18,000 stores in the U.S., did better in a measure of how many promotions a typical employee received in the five-year period of the analysis, making it one of the top companies providing opportunities for workers to grow.

Dollar Tree didn't make that list, but it made another: which companies offered the most opportunity to people without college degrees.

Dollar Tree spokesman Randy Guiler said the company provides financial support for education, including tuition discounts and reimbursement allowances for full-time associates, along with a range of development opportunities. He said the executive team, which has new leaders in place across many functions, is focused on changing the company's culture and better

lar General's store managers were internal promotions or lateral moves, she said. Chief Operating Officer Jeff Owen, who will take over the chief executive role on Nov. 1, started at the company in 1992 as a store manager trainee.

On average, a part-time sales associate can be promoted to lead associate within six months, then to assistant manager within one year and to store manager within three years. Dollar General also provides training for every upward move.

Donna Hernandez was a 19-year-old waitress with a high school diploma when she was offered a job as a part-time associate at a Dollar General in Bridgeport, Tex., in 1998. Within a year, she was managing the store. Today she is a divisional vice president of store operations, overseeing around 2,400 locations in Tennessee, Kentucky and neighboring states.

"I'm living proof you can start at sales associate and go down the path you want to," said Ms. Hernandez, now 43. "All the resources are right here, the training and development, the mentorship."

Not all of Dollar General's rankings were high. Like most retailers in the Fortune 250, Dollar General was in the lowest quintile for retention. Ms. Reardon declined to share the turnover rate for store jobs, but said it is improving.

#### Companies that offer workers a 'launchpad'

Some companies were springboards to better jobs elsewhere. These "launchpad" companies, as Burning Glass defines them, tended to hire more entry-level employees and see departing employees land jobs in better-paying occupations at other companies, Burning Glass found.

At AT&T, which ranked among the top 50 launchpad companies, entry-level workers often gain skills they can take to other telecommunications, cable, retail or customer-service companies, said Ms. Santone, the human-resources executive.

"I personally think that's a compliment to this company," she added. "At the end of the day, I want them here, but I don't look at all turnover as bad."

Other top-50 launchpad companies included insurers, steel producers, electronics wholesalers, auto-parts sellers and a half-dozen tech giants. Apple and Cisco scored relatively low when it came to hiring entry-level workers, but were better at sending employees on to bigger jobs elsewhere.

An Apple spokesman questioned whether online data would accurately represent career changes of Apple's employees but declined to comment on the study's conclusions. A Cisco spokeswoman said

the company sponsors a branded networking-technology training program, aimed at underserved communities, that has enrolled 17.5 million students globally. "By focusing on skills, not just degrees, we hope to broaden economic opportunity and upward mobility," she said.

Drugstore chains ranked high in large part because of the sheer volume of entry-level workers they tend to hire. CVS Health Corp. also stood out for its record of sending those workers on to better jobs elsewhere.

Some current and former CVS employees say the data aligns with their experience. Reliable retail workers can be catapulted into roles with bigger responsibilities, becoming assistant managers or managers, relatively quickly, they say. Often, they can do the same by jumping to another company, since the skills tend to be readily transferable.

Behind the pharmacy counter, something similar plays out with pharmacy technicians, who assist the pharmacist by counting pills, working the register, answering the phone, entering account details and more.

Many states impose few job requirements on new pharmacy techs. On their feet all day, they field customers who may be ill or unhappy, and in some states they administer vaccines. They often

### 'I'm living proof you can start at sales associate and go down the path you want to.'

are trained on the job—when there is time, said Amanda Schiefelbein, a pharmacy technician at a CVS outside Madison, Wis.

"A lot of pharmacies are so short-staffed, many people are working 40-plus hours a week," said Ms. Schiefelbein, who has been a pharmacy tech for five years, including in supermarket pharmacies.

Demand for techs is high, and so is turnover. A competing drugstore chain might pay a little more. Jobs with similar titles at a hospital or oncology-clinic pharmacy might look lateral on paper, but offer a more appealing quality of life, Ms. Schiefelbein said.

She said she has seen some co-

Please turn to the next page



Dollar Tree, a discount retail chain, was among the companies that offered the most opportunities to people without college degrees.

Burning Glass provided a path forward. To gauge which large companies offered the most opportunity for advancement to new or inexperienced hires, Burning Glass looked at several factors. It examined the share of hires over time that arrive with little to no work experience, the number of promotions to better-paying jobs that workers experienced over the course of the study, and how quickly a worker at the company rose one level.

One industry that did well in this specific assessment of "best workplaces to advance within" was retail, which absorbs millions of inexperienced and new workers with entry-level associate and cashier jobs. Gap, Nordstrom Inc. and Macy's Inc. are among the retailers that scored highly. Verizon

supporting its workers.

One former worker, Ashley O'Neal, said she was never encouraged to apply for openings. She was a store manager at a Dollar Tree in Virginia until leaving in 2018. During her employment, she said, she didn't receive training on how to improve her management skills or run the store more effectively. Mr. Guiler declined to comment on Ms. O'Neal's experience.

At Dollar General, employees move up frequently and quickly in part due to the pace of store openings, said Kathy Reardon, the retailer's chief people officer. The company has in recent years filled more than 2,000 new manager and assistant manager positions annually.

It mostly plucks from its existing workforce. Around 75% of Dol-

## Among the Best

### Companies to Grow Within

Places where workers ascend within the ranks

- AT&T
- Automatic Data Processing
- AutoZone
- Dollar General
- Gap
- Lowe's
- Macy's
- Nordstrom
- Sherwin-Williams
- Verizon

### Launchboards

Springboards to better jobs elsewhere

- CVS Health
- Expeditors International
- Fannie Mae
- Liberty Mutual Insurance
- Marsh & McLennan
- Murphy USA
- Nucor
- State Farm Insurance
- United States Steel
- Verizon

### Where to Advance Without a Degree

College education is not necessarily required

- Albertsons
- Arrow Electronics
- Applied Materials
- AT&T
- CDW
- Dollar Tree
- Estée Lauder
- Mastercard
- Synchrony
- U.S. Bancorp

### Job Stability

Ranked highly for retaining workers and paying them well

- Adobe
- Alphabet
- Boeing
- Eli Lilly
- Exxon Mobil
- Freddie Mac
- L3Harris
- Lumen
- Nvidia
- Raytheon

Source: Burning Glass



An AT&T store, above. The firm was among the best to 'grow within.'

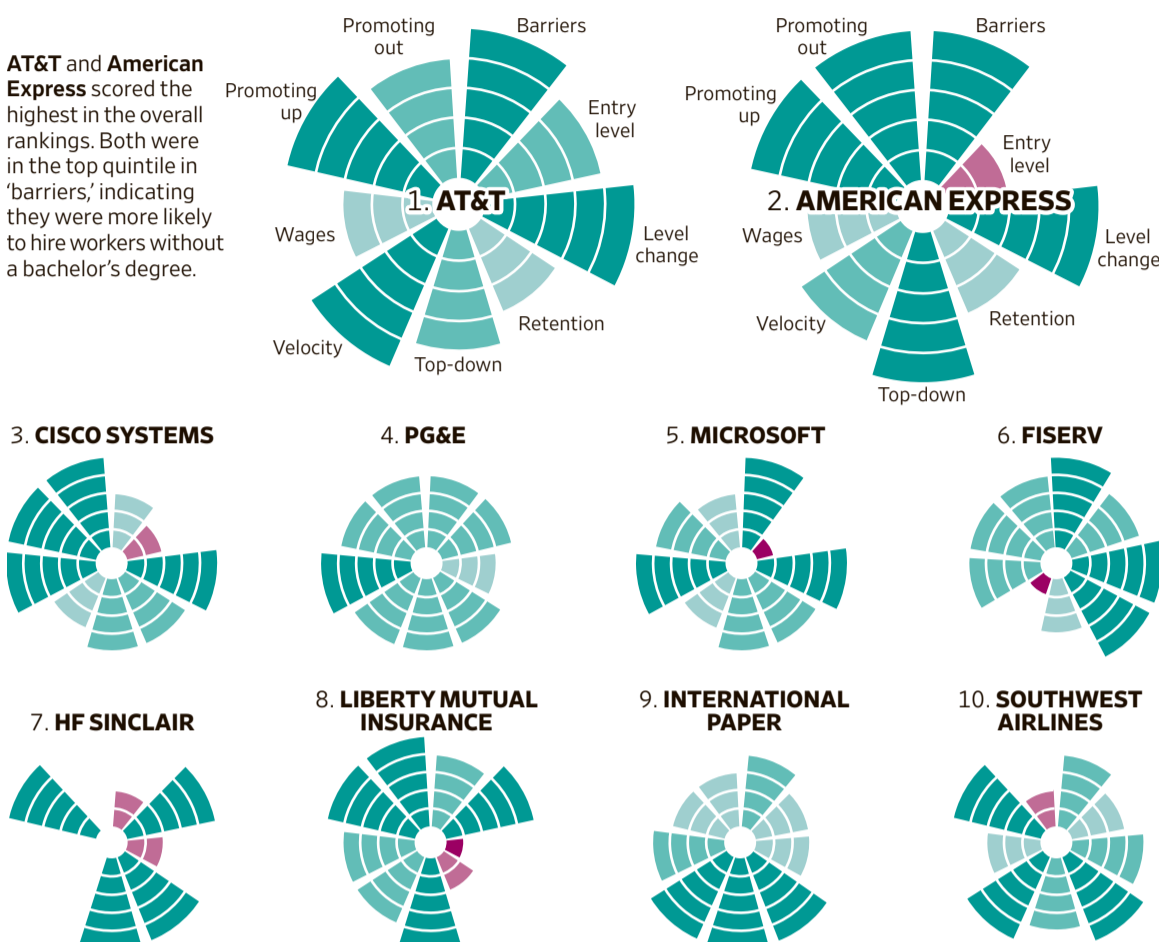
EXCHANGE

# Top 50 Companies for Getting Ahead

A new study ranked more than 200 of the largest U.S. companies by economic and job opportunity, using a range of criteria. Here are the 50 top performers overall, with their quintile scores in each of nine subcategories. Five is the top quintile score, one is the lowest.

## Top 10 companies for economic and job opportunity

FIRM'S QUINTILE	SUBCATEGORIES	Top-down: fills top jobs from within	Wages: competitive wages within each occupation
5 Top quintile	Retention: retains workers	Velocity: time it takes for workers to advance one level within company	Promoting up: fills openings through internal promotions
4	Entry level: hires inexperienced workers	Barriers: hires workers without bachelor's degree	Promoting out: workers promoted upon leaving company
3	Level change: promotes workers		
2			
1 Bottom quintile			



## The rest of the top 50 firms

RANK	EMPLOYER (INDUSTRY)	BARRIERS	ENTRY LEVEL	LEVEL CHANGE	RETENTION	TOP-DOWN	VELOCITY	WAGES	PROMOTING UP	PROMOTING OUT
11	Kinder Morgan (Oil, gas and mining)	5	4	1	3	5	5	5	2	4
12	Wesco International (Wholesale and distribution)	5	5	3	3	4	5	2	4	4
13	Fannie Mae (Banks and lenders)	4	4	2	4	5	2	4	4	5
14	Hartford Financial (Insurance carriers and related)	4	4	5	4	5	1	4	2	5
15	Cigna (Health insurance)	4	3	5	5	4	3	3	4	3
16	TD Synnex (Wholesale and distribution)	5	3	4	3	4	No data		2	5
17	Wells Fargo (Banks and lenders)	4	3	4	3	4	5	4	4	2
18	Mastercard (Payments)	3	2	5	5	2	1	5	5	4
19	Capital One (Banks and lenders)	4	2	4	3	4	3	4	5	3
20	Intel (Technology manufacturing)	2	1	4	5	5	2	5	4	4
21	Nucor (Materials, chemicals manufacturing)	2	4	1	4	5	5	4	3	5
22	Salesforce (Technology)	1	3	5	4	3	3	5	3	5
23	Costco Wholesale (Retail)	4	3	3	4	4	5	2	4	4
24	Estée Lauder (Consumer goods)	5	5	4	1	3	4		5	1
25	Paccar (Motor vehicles)	1	3	5	4	4	4	4	5	2
26	Adobe (Technology)	1	3	5	5	4	1	5	3	5
27	Hewlett Packard Enterprise (Technology)	4		4	1	1	3	5	5	4
28	Oracle (Technology)	1	3	5	1	3	3	5	5	5
29	Kimberly-Clark (Consumer goods)	1	2	3	4	5	4	4	5	4
30	Expeditors International (Transportation)	2	4	4	4	5	2	2	5	5
31	TIAA (Investments)	3	2	3	5	2	2	5	5	4
32	US Foods (Wholesale and distribution)	5	4	3	3	5	2	3	3	4
33	CDW (Wholesale and distribution)	3	3	5	4	3	3	2	5	4
34	Sherwin-Williams (Materials, chemicals manufacturing)	1	4	5	4	4	5	1	4	5
35	Applied Materials (Technology manufacturing)	4	2	2	5	5	2	4	5	2
36	IBM (Technology)	4	2	4	2	2	3	5	3	5
37	Stryker (Technology manufacturing)	1	3	4	5	5	1	3	5	5
38	Visa (Payments)	3	1	5	3	3	1	5	4	5
39	AutoZone (Motor vehicle parts)	5	5	5	1	5	5	1	3	2
40	Cognizant Technology (Technology)	5	2	4	5	3	1	3	4	4
41	Qualcomm (Technology manufacturing)	2	1	5	3	5	2	5	4	3
42	PPG Industries (Materials, chemicals manufacturing)	4	3	5	2	2	4	2	4	5
43	Prudential Financial (Insurance carriers and related)	3	1	5	4	3	2		5	4
44	Travelers (Insurance carriers and related)	3	1	3	5	4	1	5	5	3
45	Occidental Petroleum (Oil, gas and mining)	3	4	1	4	5	4	5	1	4
46	Honeywell (Machinery, equipment manufacturing)	4	1	4	2	4	3	4	3	5
47	U.S. Bancorp (Banks and lenders)	5	2	5	3	1	3	3	5	3
48	Verizon (Telecommunications)	5	5	5	1	1	5	2	2	5
49	Arrow Electronics (Wholesale and distribution)	4	3	3	1	1	5	3	5	5
50	Goldman Sachs (Banks and lenders)	1	1	4	2	5	3	4	5	5

Note: Based on a five-year analysis of online profiles and other data sources for workers at more than 200 of the largest U.S. companies. Data not available for cells without a quintile score. Source: Burning Glass Institute with the Harvard Project on Managing the Future of Work. Erik Brynjolfsdottir, Angela Calderon and Peter Santilli/THE WALL STREET JOURNAL.



Amanda Schiefelbein, who works for CVS, said she has seen co-workers go on to become nurses or take other healthcare jobs. 'I think it's a good place for anyone going into the medical field.'

Continued from page B4  
 workers go on to become nurses or take other healthcare jobs. "I think it's a good place for anyone going into the medical field," she said.  
 T.J. Crawford, a CVS spokesman, said the chain has added new growth opportunities for pharmacy techs, including an apprenticeship program for careers in retail pharmacy and management. He said CVS is also updating its training programs, staffing models, and pharmacy technology.

gas tend to not like hiring oil and gas professionals, Ms. Rico said. "Because they know they'll go running back to oil and gas when the business comes back," she said.  
 Among the leading companies in the job-stability index is Exxon Mobil Corp. A likely reason for its strong showing in retention is that until 2020, the company had never announced a large-scale layoff. In October that year, Exxon said it would cut 15% of its global workforce, including about 1,900 jobs in the U.S., amid a pandemic-driven downturn in demand for oil and gas.  
 Generally, Exxon has preferred to retain people, especially its high performers, through high salaries

## Companies that provide stability

There are other companies that stand out for job stability, a combination of retention and wages. That trait could look more desirable for workers if the U.S. enters a recession and hiring slows.  
 Several industries have many companies that fit this profile as defined by Burning Glass, including oil, gas and mining, technology, technology manufacturing, and aerospace and defense. Outside of those sectors, a few standouts were telecom Lumen Technologies Inc., pharmaceutical giant Eli Lilly & Co. and lender Freddie Mac.  
 Despite the boom-and-bust nature of the oil-and-gas industry, eight companies in the Fortune 250 show up in the top quintile for job stability—particularly those that operate refineries or pipelines or pump natural gas.  
 The industry is known for paying well, said Amanda Rico, a Houston-based career consultant who works exclusively with people from the sector. That is one reason why industries outside of oil and

**'We're very much about bringing individuals in and then training them,' said an AT&T executive.**

that Ms. Rico described as "golden handcuffs." The company said it culls its workforce through an annual performance review and forced ranking process, in which low performers are put on improvement plans and terminated if they don't meet predetermined goals.  
 Average tenure for Exxon employees is more than 30 years, according to company spokesman Casey Norton, who added that even within a high-paying industry, the company's compensation package "is at the high end for many of our employees when we compare to our peers."



Gap and several other retailers ranked highly as workplaces offering the most opportunity for advancement to new or inexperienced hires.

## METHODOLOGY

Burning Glass Institute and the Harvard Project on Managing the Future of Work used millions of online profiles and other data sources to analyze how workers at companies in the Fortune 250 fared from 2017 to 2021.  
 It assigned scores to nine measures—such as how many promotions employees received and the average time it took to move up one job level—to arrive at an overall score. It also grouped the companies into a series of archetypes using certain combinations of the nine measures. Eight companies were left off the final ranking because sufficient data wasn't available to evaluate them.  
 Researchers used Labor Department data to consider only occupations in which at least 30% of workers nationally lack a college degree to better identify companies that help the employees who need it most. So they examined the career trajectories of, for example, retail store managers, customer service representatives and web developers, but not lawyers or software engineers. They compared people across companies who are in the same occupations; administrative assistants at Microsoft were compared to administrative assistants at Southwest Airlines and Walmart, for example.  
 It is the group's first attempt at such a study and it had some limits, according to its authors. Online data doesn't capture every employee, and likely skews more toward some jobs than others. College-educated workers are more likely to maintain online profiles than those with a high school education or less. So the authors created thresholds in determining which companies and occupations to include, and said the limitations applied more or less equally across the Fortune 250.

PHOTOS (FROM TOP): NARAYAN MAHON FOR THE WALL STREET JOURNAL; GABBY JONES/BLOOMBERG NEWS

## EXCHANGE

SCIENCE OF SUCCESS | BEN COHEN



Days before the wildest business saga of the year would begin, a Delaware judge explained to a room full of lawyers how she viewed her job.

Kathaleen McCormick, the chancellor of the state's Court of Chancery, said that her goal was to be a "gracious judge" who listened to complex arguments and offered constructive feedback when these corporate litigators brought the country's biggest deals to her courtroom.

Her judicial philosophy was about to be tested: A few weeks later, she met Elon Musk.

Chancellor McCormick is now presiding over the lawsuit that will determine whether Mr. Musk will proceed with his deal to buy Twitter. It's a corporate drama pitting a company that inflames emotions against a titan who delights in mayhem, but she has guided the problem to a potential solution with a firm hand while keeping the courtroom remarkably free of chaos. The

**We lionize people who break the rules. We barely recognize people when they enforce them.**

world's richest person appears to be on his way to paying \$44 billion for something he apparently doesn't want because he collided with a reality that he couldn't bend to his will.

Mr. Musk has long behaved as if the rules don't apply to him. In his line of work, that audacity is required, and it helped this iconoclast build cars and companies that others dismissed as impossible. He also flouts authority, treats regulatory fines like speeding tickets, fails to deliver on promises and generally acts as if he can afford to get away with anything—which he often does.

This time might be different. You don't plan to colonize Mars by respecting the laws of gravity. But on planet Earth, or at least in Delaware, the laws of business are still being upheld.

There has been so much noise surrounding Mr. Musk's tumultuous pursuit of Twitter that Chancellor McCormick's muted role managing the case has been drowned out. In her line of work, that means she succeeded.

We lionize people who break the rules. We barely recognize people when they enforce them.

Chancellor McCormick, a 43-year-old native of Delaware who goes by Katie and was given the middle name St. Jude for the patron saint of hope, made several key moves to prevent her courtroom from becoming a circus when Mr. Musk's case of

# One Place Where the Rules Actually Apply to Elon Musk



The Delaware Court of Chancery is no place for theatrics, and the judge presiding over the Tesla executive's fight with Twitter has kept things on track

buyer's remorse came to Delaware. Before his Twitter bid, he waived his diligence. She didn't.

First the court's top judge assigned herself the lawsuit and spared colleagues the burden of a heavy workload under intense pressure. Then she expedited a scheduled trial because "the longer the merger transaction remains in limbo, the larger the cloud of uncertainty cast over the company," she wrote. This may have seemed like an obvious decision, but legal analysts say it was bold and demanding.

"Saying in July that we're going to have a trial in October is like saying we're going to have a presidential election on Saturday," said Minor Myers, a University of Connecticut law professor.

Those early actions set the tone for months of prompt rulings on difficult calls that moved the case along.

"It told both parties this is going to be an orderly process, you're going to be held to account and there's not going to be any nonsense," said Andre Bouchard, who preceded Chancellor McCormick atop the court.

Most analysts say Mr. Musk had the much weaker case, but Chancellor McCormick never did. She refused many of his requests for data and documents that could have devolved into a wild-goose chase. She also surprised observers by granting his motion to postpone the corporate trial of the century after Mr. Musk pledged to buy Twitter for

\$54.20 a share and honor the agreement that he had already signed. His lawyers said the deal would close around Oct. 28, so she's letting them make it happen—or else make plans for a November court date.

Nobody knows what might happen next. This is Elon Musk! He could hop a rocket tomorrow and tweet a poll asking if contracts apply in outer space. But you don't need a law degree to interpret Chancellor McCormick's judicial ultimatum as a warning against shenanigans. "Woe unto Elon Musk if this is some kind of feint," said Mr. Myers.

The judge and representatives for Twitter and Mr. Musk declined to comment.

If they do avert the spectacle of a trial and Mr. Musk soon owns Twit-

ter in addition to running Tesla and SpaceX, the big winner from a battle with many losers would be the Court of Chancery.

This court is the site where many of the country's nastiest corporate brawls get settled. Most public companies are based in Delaware for the guarantee of a smart judge with good instincts and relevant expertise who will work around the clock to referee their legal fights. They mitigate the risks of a jury trial by trusting one of seven highly qualified specialist judges to handle their disputes with sophistication and urgency.

It isn't a place for poop emojis. It's a venue for civil discourse and respectful arguments where norms matter and nothing is prized more than predictability.

The Court of Chancery, in other words, is the opposite of Twitter.

This idea that judges can be a stabilizing force in business is a duty Chancellor McCormick takes seriously.

People who know Chancellor McCormick portray a tough but unassuming judge who is allergic to drama and goes about her business without fuss. Her profession rewards competence, not overconfidence, and that demeanor helped keep a case involving Twitter and Mr. Musk under control.

"Anybody who underestimates her would be making a mistake," said Mr. Bouchard.

She does flash some personality, but only when it's fitting. In one case involving a cannabis company, for example, she opened her ruling by quoting the Grateful Dead. (The lyric was from "Keep Your Day Job" and the footnotes cite songwriters "R. Hunter" and "J. Garcia.") When she ordered Mr. Musk to produce information about the people he'd discussed the deal with, Chancellor McCormick chided his lawyers for their "suboptimal" response by referencing the "you had one job" meme. I suspect even Mr. Musk was impressed.

But she used colorful rhetoric so infrequently that it had the intended effect when she did. She called Mr. Musk's petition for a mountain of Twitter records "absurdly broad," suggesting it would require the company "to produce trillions upon trillions of data points" and concluding "no one in their right mind has ever tried to undertake such an effort." It was polite, but to the point.

She wasn't just doing her job. She was living up to her goal.

And there happens to be one person who should appreciate this place where judges still play by the rules.

"That will help future Elon Musk," said Columbia Law School professor Eric Talley. "Ten years down the road, when he's in a contract, what does his promise mean? If his case is heard in Delaware, his promise means a lot."

PHOTO ILLUSTRATION BY INDIRA RADIC

TAX REPORT | LAURA SAUNDERS

## You Had HSA Tax Questions. We've Got the Answers.

After hearing from readers, we dive deeper into the fine print of health-savings accounts



Health-savings accounts offer remarkable benefits. But the nuts and bolts of using them are often confusing.

So it's no surprise that the last Tax Report, which explored unusual features of HSAs, prompted a flood of reader questions. With open-enrollment for healthcare plans coming soon, many of these questions are worth further attention.

First, some basics: HSAs are tax-free funds paired with qualified high-deductible, health-insurance plans. Many employers offer such coverage, sometimes with subsidies, and individuals can purchase it as well.

The funds in HSAs can either be withdrawn to cover unreimbursed medical expenses or left in the account and invested for tax-free growth. For 2023, the maximum HSA contribution is \$7,750 for family coverage and \$3,850 for an indi-

vidual, plus an additional \$1,000 for HSA owners age 55 and older.

For many people, the two best HSA benefits are the tax savings and the flexibility. Handled correctly, HSA funds are triple tax-free: no tax going in, tax-free growth, and tax-free withdrawal, which is better than traditional or Roth IRAs.

The tax-free withdrawals kick in so long as the account owner saves receipts proving eligible health-related expenses. Reimbursements can even be claimed years later, when the owner needs ready tax-free cash.

Another surprising HSA feature is the savings head-start they can provide to young adult children (under age 26) still covered by their parents' high-deductible plans. If the parents don't claim these children as dependents on their tax returns, the child can contribute up to \$7,750 in 2023 to his or her own HSA.

For more on HSA basics, see the

prior Tax Report. Here are answers to readers' questions.

■ **Who is eligible to make contributions to an HSA?**

The main requirements are that someone must be covered by an HSA-qualified, high-deductible health plan; not be enrolled in Medicare; not receive other disqualifying coverage, such as through a spouse's non-HSA plan or Flexible Spending Account; and not be claimed as a dependent on someone else's tax return. For more, see IRS Publication 969.

■ **Can I contribute both to an HSA and a Flexible Spending account in the same year?**

In general, no. Exceptions apply for limited-purpose FSAs for dental or vision care.

■ **How do I claim reimbursements for expenses from an HSA?**

Unlike with payouts from Flexible Spending Accounts, an HSA owner doesn't have to submit receipts but must be able to produce them if asked. The financial institu-

tion holding the HSA sends an IRS Form 1099-SA showing total HSA withdrawals for the year, and the HSA owner reports them to the IRS on IRS Form 8889 of the tax return.

■ **I'm enrolled in Medicare but my spouse isn't. Can she contribute to an HSA?**

Yes. If she meets the eligibility requirements described above, then she could contribute to an HSA.

■ **If one spouse has an HSA, can its funds be used to reimburse the other's health expenses?**

Yes—even if the other spouse has his or her own HSA. An HSA owner can also receive payouts for expenses for someone claimed as a dependent on his or her tax return.

■ **I own a business reported on Schedule C. Can I contribute to an HSA?**

Yes, if you meet the eligibility requirements described above.

■ **If I get reimbursements for health expenses from an HSA, can I also take a medical-expenses deduction for those costs on Schedule A or get reimbursed for them from a Flexible Spending Account?**

No! Each benefit is only for unreimbursed expenses, with no double or triple dipping allowed.

■ **Can HSA funds be used for Medicare or Cobra premiums?**

HSA reimbursements can be claimed for Medicare Part B and Part D premiums, and also for Medicare Advantage premiums. They cannot be claimed for Medigap supplemental coverage. (As noted above, people enrolled in Medicare can't contribute to an HSA, but they can take payouts from an existing one.)

HSA payouts can also be claimed for Cobra premiums, which are amounts paid for health coverage through a prior employer.

■ **My 23-year-old daughter is no longer my tax dependent but she's still covered by my high-deductible health plan, and I contribute to my own HSA. Your earlier story said she can have her own HSA and contribute up to \$7,750 for 2023. But my HSA provider said this is incorrect. Who's right?**

HSA specialist Roy Ramthun says the criteria enabling your

daughter's HSA contribution at a family level of \$7,750 for 2023 are listed in Sections 223(b) and 223(c) of the Internal Revenue Code. While this benefit may be a drafting glitch that Congress could lower, it has been in the law since 2003.

Spokespeople for Fidelity Investments, HealthEquity and Lively say they provide HSAs to qualified persons such as your daughter, even if the parents' HSA has a different sponsor. To find other providers, check HSAsearch.com.

■ **If someone (such as a 20-something) is given money to fund an HSA, does the young person get an income-tax deduction for the contribution?**

**Handled correctly, HSA funds are triple tax-free. That's better than traditional or Roth IRAs.**

Yes, the account owner gets the deduction. So a parent could make a nontaxable gift to a child, who then uses that money to fund an HSA and reap a deduction.

■ **My employer's HSA provider has high fees and limited investment choices. Do I have options?**

Yes. Mr. Ramthun advises not to close the account with your employer. Rather, consider opening an account with another HSA provider and moving assets from the current HSA into it. This is allowed by law.

■ **Do HSA contributions qualify for state income-tax deductions?**

In general, yes—except in California and New Jersey, which don't give a deduction for the contribution. If the employer picks up part of the HSA contribution, that's added back to state taxable income as well.

Dividends, interest and capital gains earned inside the HSA are also taxable in California and New Jersey—at least in theory.

"I doubt if even 5% of tax preparers get this right," says Kenneth Bagner, a CPA and tax chair at Sobel & Co., a New Jersey-based firm.

KIRSTEN ESSENPREIS



## EXCHANGE

# How Nike Let a Soccer Great Get Away

By JOSHUA ROBINSON AND  
JONATHAN CLEGG

When the World Cup kicks off next month, the two biggest stars in Qatar will be Cristiano Ronaldo and Lionel Messi, the players who have defined the modern era of the world's most popular sport and together achieved a level of fame normally reserved for popes and U.S. presidents.

The rivalry between a diminutive genius from Argentina and a preening superhero from Portugal has played out over the last 15 years as a tale of opposites, right down to the most important tools of their trade: their cleats. With billions of dollars at stake, Mr. Messi wore Adidas, while Mr. Ronaldo was Nike.

But before they were on both sides of soccer's answer to Pepsi vs. Coke, Mr. Messi and Mr. Ronaldo once played for the same team. For one brief spell before the 2006 World Cup, Nike had both of them.

Through shrewd judgment, canny timing, and a bit of dumb luck, the company had spotted the two players at the dawn of their careers and tied them both to the Swoosh. The same way Nike would later endorse Roger Federer and Rafael Nadal in tennis, or LeBron James and Kevin Durant in the NBA, it had managed to secure a pair of teenage talents who could soon call themselves the greatest players of their generation—only this time it was happening in the world's biggest sport.

Then Nike lost one. There are competing versions of just what triggered Mr. Messi's switch to Adidas. In the end it was a combination of factors, all linked by the single thread of a father deciding that Nike wasn't treating his son properly. Nike didn't respond to a request for comment, nor did the Messi family.

The account of how that happened is based on dozens of interviews with former executives at both Nike and Adidas, as well as teammates of Mr. Messi and Mr. Ronaldo, coaches, and entourages—many of whom spoke on condition of anonymity since their relationships, and occasionally their livelihoods, hinged on discretion.

## Good vs. evil

The craziest part of this story was that Nike ever had either one of Mr. Messi or Mr. Ronaldo.

Until the 1990s, like most Americans, the company's executives in Beaverton, Ore. viewed soccer as an esoteric pursuit. Then, in 1994, soccer came looking for America. The World Cup landed on U.S. shores for the first time, smashing

*One Nike ad ended with a shaggy-haired teen staring into the lens. 'Recuerda mi nombre,' he said. Remember my name. 'Leo Messi.'*

records for attendance and ticket revenue. Two centuries after the laws of the game were first written down in a London pub, it looked as though soccer was finally establishing a foothold across the Atlantic. Nike, ranked No. 7 by sales in the world's No. 1 sport, realized it could no longer afford to sit on the sidelines. One former Nike executive said that people at the time didn't take the company seriously as a soccer brand.

Changing that perception was the remit of a young ad man named Jelly Helm and a few co-workers as they huddled in an office block in Oregon late in 1995.



The American shoe giant signed Cristiano Ronaldo and Lionel Messi to sponsorships before they became global superstars. Then it lost one.

True, they knew next to nothing about soccer. But they knew a lot about selling shoes. And so they resolved to crack the soccer market by turning to the one group of pitchmen who had sold more shoes over the years than anyone else: all-star teams. "We knew if we could assemble a team of all-star footballers," Mr. Helm said, "European kids would f---ing freak out."

European soccer doesn't actually have all-star teams, but it would take more than that to stop Nike.

To make its vision of a soccer all-star team a reality, the company agreed to bankroll the most expensive commercial in its history. Soon, some of the biggest names in world soccer were jumping on chartered jets and pulling on Nike cleats. In the absence of an opposing team of all-stars to play against, Nike hired the special-effects crew from Apollo 13 to create an army of undead soccer demons, with Satan as their player-manager. The ad would be called "Good vs. Evil."

The reaction to Nike's blockbuster ad bordered on hysterical. The spot was denounced by FIFA, banned from movie theaters in Denmark, and later honored at the Cannes Film Festival. Within six months of the ad's debut, Nike had inked a deal to become the official sponsor of the Brazil national team, thanks to a 10-year, \$400 million contract. It was the soccer industry's disrupter before anyone knew what "disrupter" meant.

By the early 2000s, it was safe to say that Nike's late entry into the game had been a success. Manchester United, Brazil, FC Barcelona, and a clutch of the world's best players were all wearing the Swoosh. Crucially, Nike also had a longstanding relationship with Portugal's national team, which is how it became aware of a kid born on the Portuguese island of Madeira in the middle of the Atlantic.

As half of Europe vied for Mr. Ronaldo's attention, he soon joined the one team he would stay with longer than any club. After a brief flirtation and a few dozen pairs of boots, Mr. Ronaldo partnered with Nike in 2003. By then, Mr. Messi

was on board too, after moving from Rosario, Argentina to Barcelona while he was still in middle school.

Mr. Ronaldo's relationship with Nike proved so fruitful that in 2016 he became one of just three athletes to receive a lifetime deal following Michael Jordan and LeBron James. Mr. Messi's association with Nike—like Mr. Messi himself—was a little shorter. He was gone in three years.

## The golden boy

There never was an official answer inside Nike's Beaverton headquarters as to how Mr. Messi slipped through the net. But internally, they had a saying, one former executive remembers—a slightly cruder version of, "success has many fathers, but failure is an orphan," this former executive said.

In this case, the problem was one father in particular. For the first couple of years, Mr. Messi's father Jorge, a former factory worker who doubled as his son's agent, had been perfectly content to let his boy trot around in the same Nike gear that Barcelona had always supplied. Nike was more than content: the company felt it had a star in the making.

In 2005, it produced an ad cutting together footage of kids doing tricks on the streets of Barcelona. Right at the end of the 60-second spot, a shaggy-haired teen on a dark practice field sweeps a free kick over some dummies and into the net from 25 yards. He stares straight down the lens and puts the soccer world on notice.

"Recuerda mi nombre," he said. Remember my name. "Leo Messi." He's wearing Nike from head to toe.

That was the year Mr. Messi turned 18. It was also the year that anyone who was anyone in soccer learned that he could no longer be ignored as he led Argentina to the 2005 FIFA World Youth Championship, a World Cup for under-20s.

"Lionel Messi will be my successor," proclaimed the late Argentine legend Diego Maradona, considered one of the greatest-ever soccer players. "He will be the new golden boy."

Everyone from Barcelona to Beaverton knew that Mr. Messi's next stage needed to be the 2006 World Cup in Germany. Nike began getting its stars in order more than a year ahead of time. It arranged a photo shoot with Mr. Messi in Barcelona and had him perform all the tricks in his reper-



Lionel Messi, right, with the ball at his feet at a 2006 Copa del Rey match where he wore a pair of Adidas cleats.

toire, over and over, from every angle. But early the following year, Nike received a call telling them to scrap all of it.

Mr. Messi was an Adidas player now.

Nike executives couldn't believe what they were hearing. The company had been shipping boots to him since he was 14 years old, and it sponsored the only pro club he had ever played for. If ever there was a natural candidate for a life-long bond with the Swoosh, Mr. Messi was it.

This flew in the face of decades of soccer dominance by Adidas.

The company founded by two brothers in Bavaria had ruled the sport ever since inventing the first modern soccer boot in the 1950s. It later cemented that spot by sponsoring elite clubs, top players, and the World Cup for which it has manufactured every tournament ball since 1970.

But even with all that heritage, it was never obvious that Adidas would be able to pry Mr. Messi away from such a powerful com-

*Nike wasn't going down without a fight. It had 'a binding agreement with Lionel Messi,' a company spokesman told reporters at the time.*

petitor. How it happened came down to a combination of factors, all linked by the single thread of Jorge Messi deciding that Nike wasn't treating his son properly. In one telling, Adidas had stepped up its game with ever-increasing offers to the Messi camp, reaching \$1 million a year, while former Nike executives remember the money men in Oregon declining to go to war over a teenager.

Another person familiar with how Nike lost Mr. Messi remembers it coming down to something a little more trivial. Lionel's father had made a seemingly innocuous request for more athletic gear, only to find that neither Nike Iberia nor Nike South America was getting back to him. That was enough to sour the relationship. Nike, this person said, let Mr. Messi get away for a few hundred bucks worth of track suits.

In public, the company wasn't going down without a fight. As far as Nike was concerned, there was a deal in place for many more years to come. "Nike has got a binding agreement with Lionel Messi," a company spokesman told reporters at the time. It was prepared to take "whatever measures necessary" to enforce it.

Jorge Messi's reply was that the dispute would be settled "wherever it has to be settled," he said, meaning the Spanish courts.

The only problem for Nike was that there was no contract. A legally binding agreement had never (or no longer) existed. What the company had in place with the Messi camp was more of a commitment letter, which Spanish judges ruled over the course of several months wasn't worth the fax paper it was printed on.

On Feb. 1, 2006, Mr. Messi trotted onto the Barcelona pitch for a Copa del Rey match in a pair of Adidas F50s.

Nike consoled itself with a single detail about the one that got away: compared with Mr. Ronaldo, one former executive remembers colleagues saying internally, Mr. Messi had next to no public persona.

A handful of executives inside Adidas headquarters in Germany privately worried about the same thing. While they had acquired the rights to one of the most talented soccer players in the world, they fretted that their new pitchman might have all the charisma of a silent film star. The shy kid who had bawled for the entire flight from Argentina to Spain at age 12 was now a shy 18-year-old who barely looked like an athlete. Left to his own devices, he fed himself with pizza and Coca-Cola. His jersey billowed around him like he had borrowed it. Mr. Messi hardly knew where the Barcelona weight room was.

Adidas Chief Executive Herbert Hainer didn't seem worried about it. Poaching Mr. Messi from Nike was a coup so momentous that he highlighted it in the middle of the company's earnings call that May. Top of the company's list of recent achievements, he said—ahead of selling 15 million soccer balls and 750,000 pairs of boots—was "the signing of the world's top-ranked footballer under 21 from Argentina...who many claim has the potential to be the next Maradona."

*This article is adapted from the book "Messi vs. Ronaldo: One Rivalry, Two GOATs, and the Era That Remade the World's Game," by The Wall Street Journal's Joshua Robinson and Jonathan Clegg, to be published on Nov. 1 by Mariner Books, an imprint of HarperCollins (which, like the Journal, is owned by News Corp).*



Cristiano Ronaldo, left, holds a Nike cleat during a 2010 Nike press conference held in London. Lionel Messi, right, appears at an Adidas store in Barcelona during 2015. For one brief spell before the 2006 World Cup, Nike had both of them. They will play at next month's World Cup in Qatar.



EXCHANGE



**Boston Dynamics' four-wheeled Stretch robot can unload boxes from shipping containers or trucks.**

loading dock, this is difficult, injury-prone work. Logistics is an industry where pandemic-fueled growth, rapidly appreciating wages and high turnover have forced employers to battle one another for workers willing and able to do these jobs.

DHL Supply Chain, a contract-logistics company that is part of DHL, has been testing Stretch for 18 months in a warehouse in Memphis, Tenn., says Sally Miller, the company's chief information officer. The company plans to roll out 20 to 30 of them in the first six months of 2023, all for unloading boxes from trucks. The difficulty of hiring workers in her industry is one reason she's enthusiastic about the robot, she adds.

In many industries, workers aren't nearly as sanguine as their bosses about the introduction of more automation.

One unresolved issue in negotiations between terminal operators and the trade unions representing longshore workers on the West Coast is which terminals will be automated, and what will happen to the truck drivers and other port workers who will lose their current jobs as a result.

Similarly, labor shortages and management's response to them in America's railroad industry were at the heart of recent negotiations between unions and employers. Rail companies have proposed eliminating train conductors entirely, and fully automating their trains.

History shows that, while auto-

KEYWORDS | CHRISTOPHER MIMS

# The 'Roboconomy' Is (Finally) Coming

The labor shortage is speeding the arrival of a new robot army that's wildly more capable than before



A new wave of robots is arriving—and, in a world short of workers, business leaders are more eager to welcome them than ever.

A combination of hard-pressed employers, technological leaps and improved cost effectiveness has fueled a rapid expansion of the world's robot army. A half-million industrial robots were installed globally last year, according to data released Thursday by the trade group International Federation of Robotics—an all-time high exceeding the previous record, set in 2018, by 22%.

The total population of industrial robots in the world has now also reached an all-time high, 3.5 million, which exceeds the population of every U.S. city save New York and Los Angeles, according to the federation.

This all amounts to a potentially titanic shift in the way things are made, transported and even consumed, ushering in what some who study the phenomenon call a "roboconomy." Even more than we do now, in the future we will depend on robots to grow our food, make our goods, care for our elderly and continue to grow the global economy, predict researchers, economists, engineers and business leaders.

Even one-time skeptics have come around. Elon Musk in 2018 tweeted that "humans are underrated" and that excessive automation at Tesla was a mistake. Now that he is running a much bigger company at a time of labor shortfalls, he has jumped on the autonomously driven bandwagon with gusto.

Late last month, the billionaire unveiled an early prototype of a humanoid robot called Optimus that Tesla plans to eventually sell for less than \$20,000 and that the company plans to use in car production. "It will, I think, turn the whole notion of what's an economy on its head, at the point at which you have no shortage of labor," he said.

There's every reason to believe the accelerated embrace of robots will continue, given the aging workforces and other demographic shifts that are driving long-term worker shortages all over the world.

China, which established itself as the world's factory floor on the backs of the world's biggest human

workforce, has been by far the largest adopter of robots in recent years, and was responsible for half of all industrial-robot installations in 2021. There were 62,000 robots installed in its automotive industry last year, double the number of the year prior.

In Japan, one of the world's most advanced economies, the ratio of robots used in manufacturing to the number of humans in that industry—a measure called "robot density"—grew almost 30% between 2017 and 2020, after being nearly flat for more than a decade, according to data from the International Federation of Robotics and an analysis by the equity research firm Bernstein.

robots in rate of growth as well as annual sales.

These service robots include everything from autonomous cleaning robots scouring the floors of your local grocery store—nearly every Sam's Club and Walmart in America already has one "on staff"—to delivery robots and mobile robots taking over jobs like unloading trucks.

While no one keeps a comprehensive global census of service robots, there are more than 1,000 companies worldwide manufacturing them, 10 times the number making industrial robots. At least 121,000 service robots were installed in 2021, though that is surely an underestimate, says Susanne Bieller, general secretary of

in rich countries mean there simply aren't enough workers, says Craig Webster, a political scientist and associate professor at Ball State University who recently wrote a paper on the topic. His work is backed up by a comprehensive analysis published last June by economists at the Massachusetts Institute of Technology and Boston University, which found that across countries, an aging workforce drives adoption of robotics—and the faster that workforce ages, the faster robots are adopted.

The second factor is that robots have become more capable, more quickly, than at any other point since their earliest adoption by the automotive industry in the middle of the 20th century.

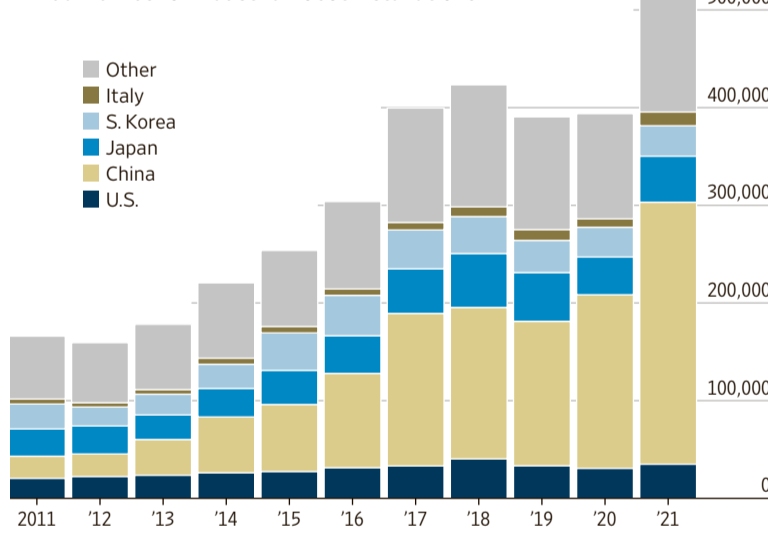
"These new robots are just fundamentally different," says Robert Playter, chief executive of Boston Dynamics, which was acquired last year by Hyundai Motor Group. His company has become famous for its viral videos of its four legged Spot robot roaming the woods, inspecting buildings and dancing to hit songs.

This new generation of robots have mobility and vision, and are capable of flexibility in their behavior that simply hasn't been possible with the kinds of industrial robots that have been in use in manufacturing since the 1960s.

The third factor is the sum of the prior two: surging human labor costs and more-capable robots mean the amount of time it takes a new robot to pay for itself is shrinking, according to research by Dr. Huang of Bernstein. In China, for example, a robot that can operate a machine tool in a factory can do the work of two or even three humans, and can pay for itself in less than two years.

Another example of robots coming to the rescue of employers in competitive labor markets is the rollout of Boston Dynamics' Stretch robot. Stretch is a large, four-wheeled robot sporting a crane-like arm with a vacuum-powered gripper at the end, capable of unloading boxes from shipping containers or trucks. In a typical, human-staffed

Annual number of industrial robot installations



Source: International Federation of Robotics

Jay Huang, an analyst at Bernstein, says the past four years are just the beginning of a "Robot Renaissance," and that this trend of broader and faster adoption of robots will continue. Driving that adoption is the spread of robots from long-time uses like welding in automobile manufacturing into more challenging tasks. These include picking parts and operating other machines, tasks that require more dexterity, flexibility, and a dollop of artificial intelligence and machine vision.

The "service" robot industry, which basically encompasses every kind of robot that isn't bolted to the floor, is also growing at a rapid pace, and shows signs that it could soon eclipse traditional industrial

the robotics federation. Between 2020 and 2021, the number of service robots installed annually worldwide increased 37%, exceeding the 31% growth in the annual number of industrial robots installed in the same period.

### Robots don't call in sick

Starting in 2018, many workers could no longer be counted on to show up for their after-hours cleaning shifts, and even when they did, they often weren't doing a very good job, says Dave Steck, vice president of IT infrastructure and application development at Schnuck Markets, which operates 112 supermarkets in the U.S. Labor shortages only worsened during the pandemic, leading his team to test a handful of autonomous floor-scrubbing robots, before settling on one from Tennant Co. using onboard software made by San Diego-based Brain Corp.

"We used a shine meter to see how much shine we got on the floor, and it was beating the quality from human-driven scrubbers," says Mr. Steck. The robots also save his company money, compared with what it was paying previously to cleaning companies.

Worldwide, there are more than 20,000 autonomous cleaning robots running Brain Corp.'s software, twice the number in January 2020, says Michel Spruijt, the company's chief revenue officer.

The convergence of three forces is driving the robot renaissance. The first is that demographic trends

**A record half-million industrial robots were installed globally last year, exceeding the previous record by 22%.**

mation typically takes over some of the tasks performed by humans, over time companies shift workers into different types of jobs, especially in tight labor markets. But, as was the case with the 19th century weavers known as Luddites, more automation can lead to smaller workforces in the short term, as well as worse conditions for workers.

### Remaking the world

One of the most significant barriers to adoption of robots of every kind is that, however much they've improved in the past few years, they remain clumsy and inflexible compared with humans.

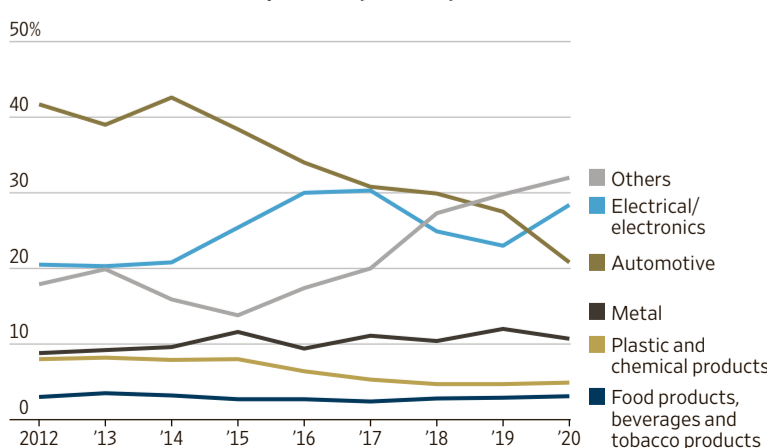
At Schnucks, only about half the chain's stores use cleaning robots, because they are incompatible with older-style floors. As stores are updated to polished concrete ones, more robots will be rolled out, says Mr. Steck. Another problem is that autonomous cleaning robots require wide, clear aisles. This means stores can't set out the kind of manufacturer-produced displays—called shippers—that typically stand in aisles and entice shoppers to make more impulse purchases, he adds.

Similarly, the Stretch robot is for now limited to unloading trucks and shipping containers loaded in a particular way—ones where all the boxes are of relatively uniform size, weigh less than 50 pounds, and are stacked directly on the floor, says Ms. Miller.

Roboticians say realizing a roboconomy will require meeting the robots in the middle: Robot makers will continue to improve their products' ability, while we also remake our world in ways that accommodate these robots.

"We have really built a world meant for humans to navigate, not for robots to," says Dr. Webster of Ball State University. "In the future, we will have to make a world that is attuned to the needs of the robot."

Global industrial robot shipments by industry



Source: International Federation of Robotics



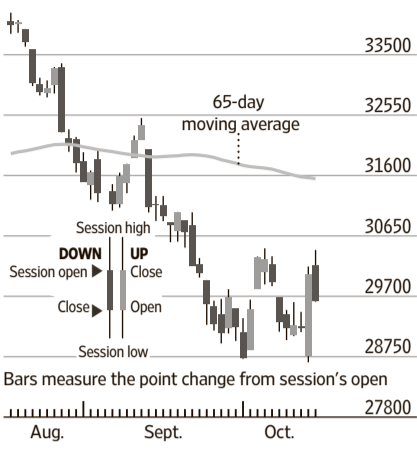
**A floor scrubber modified to operate autonomously via Brain Corp. software.**

PHOTOS (FROM TOP): BOSTON DYNAMICS; BRAIN CORP.

MARKETS DIGEST

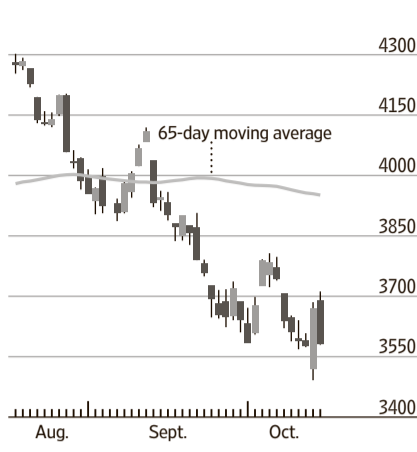
Dow Jones Industrial Average

29634.83 Last 17.46 Year ago 23.79
▼ 403.89 Trailing P/E ratio 16.19 19.07
P/E estimate \* 2.40 1.81
Dividend yield 2.40 1.81
or 1.34%
All-time high 36799.65, 01/04/22
Current divisor 0.15172752595384



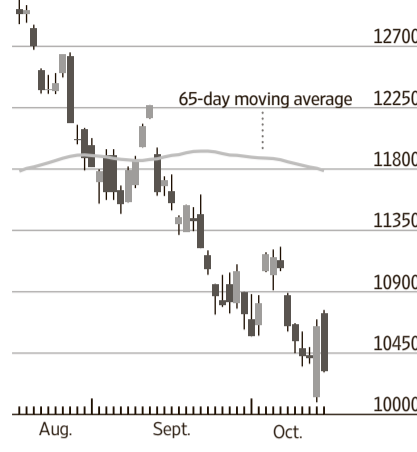
S&P 500 Index

3583.07 Last 17.85 Year ago 30.49
▼ 86.84 Trailing P/E ratio 16.37 21.87
or 2.37% P/E estimate \* 1.80 1.32
Dividend yield \* 1.80 1.32
All-time high 4796.56, 01/03/22



Nasdaq Composite Index

10321.39 Last 23.02 Year ago 35.41
▼ 327.76 Trailing P/E ratio \*\* 20.34 28.25
or 3.08% P/E estimate \*\* 1.00 0.69
Dividend yield \*\* 1.00 0.69
All-time high: 16057.44, 11/19/21



Weekly P/E data based on as-reported earnings from Biriny Associates Inc. \* Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

Table with columns for Index, High, Low, Latest Close, Net chg, % chg, 52-Week High/Low, % chg, YTD, and 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

§ Nasdaq PHLX

Trading Diary

Table with columns for Volume, Advancers, Decliners, Total volume, Adv. volume, Decl. volume, Issues traded, Advances, Declines, Unchanged, New highs, New lows, Closing Arms, and Block trades.

International Stock Indexes

Table with columns for Region/Country, Index, Close, Net chg, % chg, YTD, and % chg. Includes World, Americas, EMEA, Asia-Pacific, and various regional indices.

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Table with columns for Company, Symbol, Close, Net chg, % chg, High, Low, % chg. Lists companies like Imara, Avenue Therapeutics, MicroCloud Hologram, etc.

Percentage Losers

Table with columns for Company, Symbol, Close, Net chg, % chg, High, Low, % chg. Lists companies like TOP Financial Group, FingerMotion, SHF Holdings, etc.

Most Active Stocks

Table with columns for Company, Symbol, Volume (000), % chg from Close, Latest Session Close, % chg, 52-Week High/Low. Lists ProShares UltraPro QQQ, Direxion Dly SCOND 3 BL, etc.

\* Common stocks priced at \$2 a share or more with an average volume over 65 trading days of at least 5,000 shares. † Has traded fewer than 65 days

Track the Markets: Winners and Losers

A look at how selected global stock indexes, bond ETFs, currencies and commodities performed around the world for the week.

Table with columns for Index, Currency vs. U.S. dollar, Commodity traded in U.S., and Exchange-traded fund. Lists various global indices and commodities with their weekly performance.

\*Continuous front-month contracts

Sources: FactSet (indexes, bond ETFs, commodities), Tullett Prebon (currencies).

THE WALL STREET JOURNAL

Methodology

Performance reflects price change (except DAX, Bovespa, and Tel Aviv 35, which reflect total returns). Commodities are represented by the continuous front-month futures contract. Bond exchange-traded fund performance may diverge from that of their underlying index.



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Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table with columns for Country/currency, Fri in US\$, YTD chg per US\$, % chg, Country/currency, Fri in US\$, YTD chg per US\$, % chg. Lists currencies like Argentina peso, Brazil real, Canada dollar, etc.

Sources: Tullett Prebon, Dow Jones Market Data

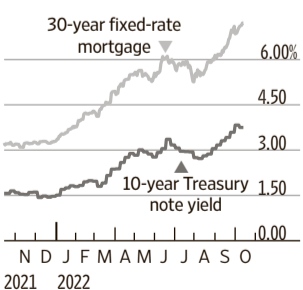
Commodities

Table with columns for Commodity, Friday Close, Net chg, % chg, 52-Week High/Low, % chg, YTD chg, % chg. Lists commodities like DJ Commodity, Refinitiv/CC CRB Index, Crude oil, etc.

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

30-year mortgage, Rate

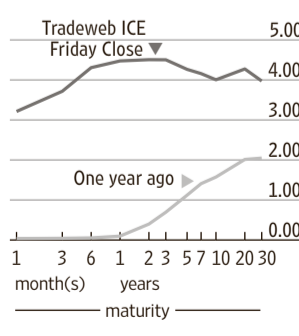
Table with columns for Bankrate.com avg, United Teletech Financial, Farmers State Bank, etc., and their respective rates.

Table with columns for Interest rate, Yield/Rate (%), 52-Week Range (%), 3-yr chg (pct pts). Lists Federal-funds rate target, Prime rate, Libor, Money market, etc.

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: FactSet; Dow Jones Market Data; Bankrate.com

Treasury yield curve

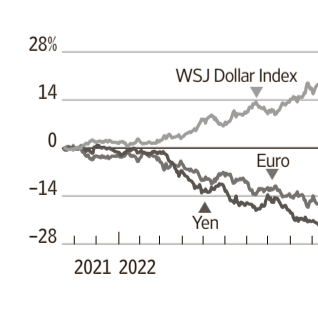
Yield to maturity of current bills, notes and bonds



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Table with columns for Bond total return index, U.S. Treasury Bloomberg, U.S. Treasury Long Bloomberg, etc., and their respective yields and returns.

Sources: J.P. Morgan; Bloomberg Fixed Income Indices; ICE Data Services

MARKET DATA

Futures Contracts

Table of Metal & Petroleum Futures contracts including Copper-High, Gold, Palladium, Platinum, Silver, Crude Oil, and Natural Gas.

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Interest Rate Futures

Table of Interest Rate Futures contracts including Ultra Treasury Bonds, Treasury Notes, Treasury Bills, and Eurodollar.

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Table of Exchange-Traded Portfolios (ETFs) including iShares, SPDRs, and Fidelity funds.

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Table of Borrowing Benchmarks including Inflation, U.S. consumer price index, International rates, Prime rates, and Policy Rates.

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Table of Money Rates including 30-day mortgage yields, 60-day mortgage yields, and various bank rates.

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Table of New Highs and Lows for various stocks and indices.

Main table of stock market data with columns for Stock, 52-Wk High/Low, % Change, and other metrics.

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Global Government Bonds: Mapping Yields

Table of Global Government Bonds showing yields and spreads for various countries like U.S., Australia, France, Germany, Italy, Japan, Spain, and U.K.

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Investment-grade spreads that tightened the most...

Table of Corporate Debt investment-grade spreads for companies like Athene Global Funding, Morgan Stanley, Citigroup, General Electric, etc.

High-yield issues with the biggest price increases...

Table of High-yield issues with the biggest price increases for companies like OneMain Finance, American Airlines, Bombardier, etc.

High-yield issues with the biggest price decreases

Table of High-yield issues with the biggest price decreases for companies like Ford Motor Credit, Occidental Petroleum, Lumen Technologies, etc.

Dividend Changes

Table of Dividend Changes showing company names, symbols, dividend amounts, and payable dates.

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE American and Nasdaq Stock Market listed securities. Prices and volume quotations are for include primary markets as well as trades reported by Nasdaq BX...

The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more from their previous closing price was \$2 or higher.

Footnotes: +New 52-week high. -New 52-week low. dd-Indicates loss in the most recent quarter. FD-Friday day of trading. Stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for Friday, October 14, 2022 and ABC.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for GHI and JKL.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for MNO and PQR.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for RST and UVW.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for XYZ, ABC, and DEF.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for GHI, JKL, and MNO.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for PQR, RST, and UVW.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for VWX, YZ, and ABC.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for DEF, GHI, and JKL.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for KLM, MNO, and PQR.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for RST, UVW, and XYZ.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for ABC, DEF, and GHI.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for HJK, LMN, and OPQ.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for PQR, RST, and UVW.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for VWX, YZ, and ABC.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for DEF, GHI, and JKL.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for KLM, MNO, and PQR.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for RST, UVW, and XYZ.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for ABC, DEF, and GHI.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for HJK, LMN, and OPQ.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for PQR, RST, and UVW.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for VWX, YZ, and ABC.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for DEF, GHI, and JKL.

Table with 10 columns: YTD %Chg, 52-Week %Chg Hi Lo Stock, Yld, Net PE Last, Net Chg. Includes sub-sections for KLM, MNO, and PQR.

Mutual Funds

Table with 10 columns: Fund Name, Net YTD %Chg, Net YTD NAV, Net YTD Chg \$/Shr, Net YTD %Ret. Includes categories like Top 250 mutual-funds listings and Equity-Driven.

Equity-Driven

Table with 10 columns: Fund Name, Net YTD %Chg, Net YTD NAV, Net YTD Chg \$/Shr, Net YTD %Ret. Includes categories like Equity-Driven, Fixed Income, and Bond.

Fixed Income

Table with 10 columns: Fund Name, Net YTD %Chg, Net YTD NAV, Net YTD Chg \$/Shr, Net YTD %Ret. Includes categories like Fixed Income, Bond, and Money Market.

Bond

Table with 10 columns: Fund Name, Net YTD %Chg, Net YTD NAV, Net YTD Chg \$/Shr, Net YTD %Ret. Includes categories like Bond, Money Market, and Short-Term.



