

THE WALL STREET JOURNAL.

What's News

Business & Finance

Musk fired several Twitter executives after completing his takeover of the company, according to people familiar with the matter, capping an unusual corporate battle and setting up the social-media platform for potentially broad change. **A1, B1**

◆ **The U.S. economy grew** in the third quarter but showed signs of a broad slowdown as consumer and business spending faltered. **A1**

◆ **Mortgage rates topped 7%** for the first time in 20 years, the latest milestone in a climb that has all but paralyzed the housing market. **A1**

◆ **The ECB raised interest rates** by three-quarters of a percentage point but signaled mounting concerns about economic growth. **A6**

◆ **Amazon projected sales** in the current quarter would be far below expectations. Its shares slid after hours. **A1**

◆ **Credit Suisse plans** to cut thousands of jobs and raise around \$4 billion in fresh capital as it funds a retreat from Wall Street. **B1**

◆ **Apple reported record revenue** for its latest quarter, continuing a pandemic-fueled streak. **B1**

◆ **Meta Platforms lost a quarter** of its market value on Thursday in the wake of its earnings report. **B1**

◆ **The Nasdaq and S&P 500** posted declines of 1.6% and 0.6%, respectively, while the Dow gained 0.6%. **B11**

◆ **Intel has embarked** on a cost-cutting push as the chip maker tries to navigate a drop in demand for PCs that has weighed on earnings. **B1**

World-Wide

◆ **The Biden administration** unveiled a new defense strategy, casting China as the greatest danger to American security and calling for an urgent effort to build the military capabilities to deter Beijing in the decades to come. **A4**

◆ **Russia said it could target** U.S. commercial satellites if they are used to help Ukraine, expanding its threats of reprisals to a new theater. **A8**

◆ **The Justice Department** and the SEC are investigating whether Tesla misled consumers and investors about how its advanced driver-assistance system performed. **A2**

◆ **High interest** in early voting across America is signaling that this year's elections could meet or possibly exceed 2018's record midterm turnout. **A4**

◆ **A Tennessee man** received a 7½-year prison sentence for dragging a police officer into a mob of rioters during the Jan. 6, 2021, attack on the U.S. Capitol. **A3**

◆ **Lawyers for Trump** appeared in court for a closed-door proceeding as prosecutors press for the return of what they believe to be more government documents in his possession. **A4**

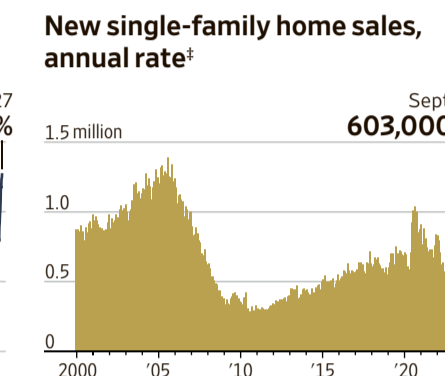
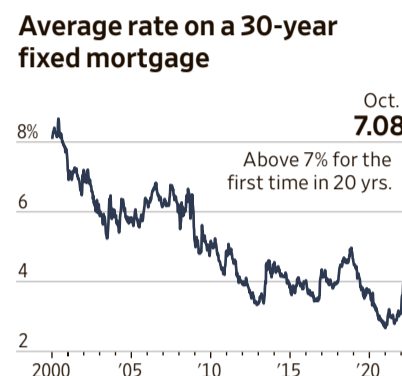
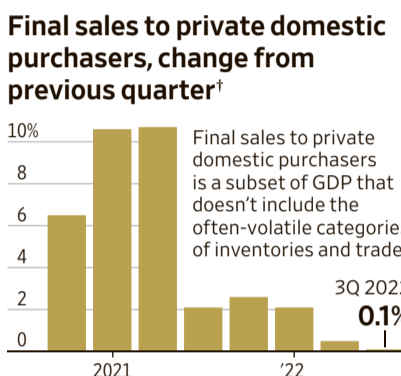
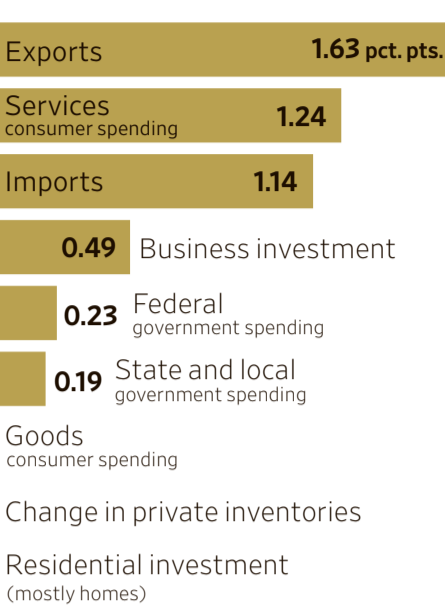
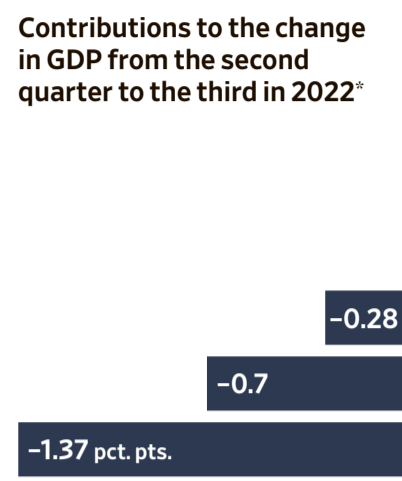
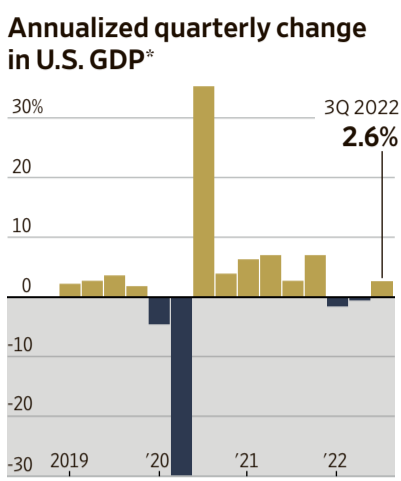
◆ **Sen. Menendez** is facing a Justice Department investigation, according to a representative for the New Jersey Democrat. **A3**

◆ **The DOJ is investigating** how poultry companies pay their chicken farmers, the latest move to clamp down on a system that has been criticized by some farmers. **B2**

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Economic output grew in the third quarter, driven by energy exports. Consumer spending, business investment and the housing market faltered, signs of a broader slowdown.



*Adjusted for inflation and seasonality. †Less government consumption expenditures and gross investment; Seasonally adjusted at annual rates. ‡Seasonally adjusted. Sources: Commerce Department (GDP, contributions to GDP, final sales, home sales); Freddie Mac (mortgage rate)

Economy Grows Amid Risks

By SARAH CHANEY CAMBON

The U.S. economy grew in the third quarter but showed signs of a broad slowdown as consumer and business spending faltered under high inflation and rising interest rates. Gross domestic product—a measure of goods and services produced across the nation—grew at a 2.6% annual rate in the third quarter after declining in the first half of the year, the Commerce Department

said Thursday. Trade contributed the most to the third quarter's turnaround as the U.S. exported more oil and natural gas with the Ukraine war disrupting supplies in Europe. Consumer spending, the economy's main engine, grew but at a slower pace than in the prior quarter. Businesses slashed spending on buildings, however, and residential investment fell at a 26.4% annual rate, the department said.

U.S. stocks ended the day mixed after the data and some earnings reports. The Dow Jones Industrial Average gained 0.6%, helped by Caterpillar results. The S&P 500 fell 0.6% and the tech-focused Nasdaq lost 1.6%. Economic uncertainty is growing and many economists are worried about the possibility of a recession in the coming 12 months. They expect the Federal Reserve's efforts to combat high inflation by

raising interest rates will further weigh on the economy. "The overall state of the economy is deteriorating and a lot of it is just the weight of elevated inflation and higher interest rates," said Richard F. Please turn to page A6

- ◆ ECB raises rates by another 0.75 point..... A6
- ◆ New jobless claims increase slightly but remain low..... A6
- ◆ Heard on the Street: Can demand withstand rates?.. B12

Mortgage Rates Hit 20-Year High

By BEN EISEN

Mortgage rates topped 7% for the first time in 20 years, the latest milestone in a rapid climb that has all but paralyzed the housing market. The rate on a 30-year fixed mortgage averaged 7.08% this week, according to a survey of lenders by mortgage giant Freddie Mac.

Just seven weeks ago, the rate was below 6%. A year ago, it was just over 3%. The last time mortgage rates were this high, the dot-com bubble had recently burst. Rates were on the way down. They were in the middle of a four-decade stretch in which they mostly fell, underpinning the growth of the modern mortgage market and

boosting the rate of homeownership. Interest rates reversed sharply this year, pushed up by the Federal Reserve's aggressive rate increases meant to curb inflation. The monthly cost of borrowing to buy a home has surged because of the additional interest buyers must pay at higher rates. That is on

top of a pandemic housing boom that pushed prices up sharply. A buyer who puts 20% down on a median-priced home would have a monthly payment of \$2,300, according to listings website Realtor.com. That is up nearly 80% from a year ago, when the monthly payment was \$1,300. Please turn to page A6

Putin Denies Nuclear Threat

Russian President Vladimir Putin said at a policy conference in Moscow on Thursday that his country had no intention of using nuclear weapons in Ukraine, suggesting it was speculation. **A8**



Amazon Lowers Forecast for Sales

By SEBASTIAN HERRERA

Amazon.com Inc. projected sales in the current quarter would be far below expectations, sending its stock plunging and offering the latest stark sign of how shifting economic forces are battering tech giants that thrived during the pandemic. The company said Thursday that sales in the third quarter that ended in September rose 15% from a year earlier, while net income was \$2.9 billion—its first quarterly profit in 2022, though still a 9% decline from the same period last year. The e-commerce giant jolted investors with its projection for

revenue of \$140 billion to \$148 billion in the current period—analysts had expected more than \$155 billion, according to FactSet. Amazon, which said the estimate includes a sizable hit from foreign-exchange factors, also said it anticipated operating income of anywhere between zero and \$4 billion, reflecting the uncertainty looming over what is traditionally its biggest quarter of the year. Please turn to page A4

- ◆ Apple reports record revenue, beating estimates..... B1
- ◆ Meta loses a quarter of its market value..... B1
- ◆ Nasdaq, S&P 500 fall amid tech firms' earnings..... B11

Brace Yourself, Phillies Are In Series
Markets tremble when Philadelphia team wins

By WILLIAM POWER
The Philadelphia Phillies are in the World Series. Hold on to your wallets. When Philadelphia baseball teams do well, in a pattern that has held for a century, financial markets tend to strike out. It started with the old Philadelphia Athletics (before they left town). Their 1929 championship preceded the stock crash and Please turn to page A2

Prisoner Swap Intensified Rivalry

The arrest of a Chinese executive to stand trial in U.S. opened a new era of acrimony
4:30 a.m., Sept. 25, 2021, Tianjin, China
A pair of prison vans approached the terminal at Tianjin Binhai International
By Drew Hinshaw, Joe Parkinson and Aruna Viswanatha
Airport carrying two Canadians, blindfolded and disoriented from 1,019 days in captivity. On the moonlit tarmac, an unmarked U.S. Gulfstream jet waited to take them home. Nearby, the Canadian ambassador paced the carpeted lounge. Fifteen time zones away, an Air China Boeing 777 stood ready at Vancouver International Airport. Armed officers of the Royal Canadian Mounted Police kept watch in the terminal. A Chinese executive in Manolo Blahnik heels strode past them, carrying a bag with a Carolina Herrera dress shaded the same vibrant red Please turn to page A12

INSIDE



MANSION
Red-hot market in Austin, Texas, cools down, giving buyers the upper hand. **M1**



SPORTS
Women's soccer ends year marked by growth—and specter of old problems. **A16**

U.S. NEWS

U.S. Probes Tesla Statements on Autopilot

Justice Department, SEC examine if firm misled public about its driver-assistance tech

By **DAVE MICHAELS**
AND **REBECCA ELLIOTT**

WASHINGTON—Federal prosecutors and securities regulators are investigating whether Tesla Inc. misled consumers and investors about how its advanced driver-assistance system performed, according to a person familiar with the matter.

The Justice Department is looking at statements that Tesla and its executives made about the safety and functionality of the system known as Autopilot, the person said. The Securities and Exchange Commission is conducting a similar civil investigation, people familiar with the matter said.

Tesla didn't respond to requests for comment.

The company's Autopilot system is among the most well-known advanced driver-assistance systems and comes standard on new Teslas. The technology helps drivers with tasks such as steering and maintaining a safe distance from other vehicles on the highway, but doesn't make cars autonomous.

The U.S. auto-safety regulator and the California Department of Motor Vehicles also have been stepping up scrutiny of Autopilot.

Tesla tells drivers using Autopilot to pay attention to the road and to keep their hands on the wheel, but the company's public messaging has at times appeared inconsistent with that guidance. Some, including the California DMV, have said the language Tesla uses to describe its technology risks giving drivers an outsize impression of its capabilities.

The Justice Department's criminal investigation involves



A Tesla vehicle with Autopilot in Westminster, Calif., in March.

scenes. The agency recently escalated that probe. This summer, the California DMV accused Tesla of falsely advertising its vehicles as autonomous. Tesla has requested to be heard on the matter, records show.

Tesla has said driving with Autopilot engaged is safer than doing so without it. The company points to internal data showing that crashes have been less common when drivers were using Autopilot, though some researchers have criticized Tesla's methodology.

The SEC and Justice Department have a long history of investigating Tesla and its chief executive, Elon Musk. Tesla in 2018 settled an investigation that alleged Mr. Musk misled shareholders—through statements he wrote on Twitter—about his ability and plans to take Tesla private for \$420 a share.

Tesla and Mr. Musk settled the claims by paying \$20 million each, and Mr. Musk was

forced to step down as the company's chairman. He also agreed to have company lawyers pre-approve any of his tweets that related to material information such as Tesla's new products, performance, projections and potential acquisitions or mergers.

Tesla has said in securities filings that federal prosecutors also investigated Mr. Musk's take-private tweets and corporate statements about the production rates for its Model 3 vehicle. Prosecutors haven't sought any more information on those subjects since Tesla last provided records in May 2019, the company said.

The SEC has also investigated Mr. Musk over his tardy disclosure of his personal stake in Twitter Inc., as well as Tesla share sales by Mr. Musk and his brother, Kimbal Musk, made around the time that Mr. Musk polled Twitter about whether he should unload 10% of his stake in the electric-car maker.

Musk Completes Twitter Buy

Continued from Page One

expansive business reach, which also includes running Tesla Inc., the world's most valuable car maker, and rocket company Space Exploration Technologies Corp., or SpaceX, among other endeavors.

Mr. Musk, who had become Twitter's largest individual shareholder, previously said he would pay for the acquisition mostly with cash, some contributed by co-investors, and \$13 billion in debt.

There were signs this week indicating that Mr. Musk was moving closer to acquiring the social-media platform by Friday's 5 p.m. deadline. Banks started sending money backing the deal, The Wall Street

Journal reported. Mr. Musk also changed his Twitter bio to "Chief Twit," showed himself walking into the San Francisco headquarters of the social-media platform, and issued a statement on Twitter explaining his vision for the site to advertisers.

Closing the deal ends a monthslong saga of whether Mr. Musk would or wouldn't purchase the company. The deal also puts one of the

\$13B

Debt that will be used to finance the acquisition

world's most prominent social-media platforms under the control of the world's richest person, with implications for the future of online discourse.

A self-described free-speech absolutist, Mr. Musk has

pledged to limit content moderation in favor of emphasizing free speech. However, that approach risks causing conflicts with some advertisers, politicians and users who would prefer a more moderated platform.

In a message to advertisers on Twitter on Thursday, Mr. Musk said he was buying the company to "have a common digital town square, where a wide range of beliefs can be debated in a healthy manner." He said Twitter "cannot become a free-for-all hellscape, where anything can be said with no consequences!"

Mr. Musk said the platform must be "warm and welcoming to all" and suggested it could let people "choose your desired experience according to your preferences, just as you can choose, for example, to see movies or play video games ranging from all ages to mature."

Mr. Musk's decision to go through with the Twitter takeover came two weeks before a trial in Delaware was set to begin over the stalled deal. The judge agreed to pause the litigation, granting a request by Mr. Musk for more time to complete the takeover. The judge gave Mr. Musk until Oct. 28 to follow through, or said she would schedule a November trial.

Mr. Musk offered in April to buy Twitter for \$54.20 a share—higher than the company was valued at the time. In the months since the deal was struck, Twitter has faced efforts by Mr. Musk to abandon the deal, a whistleblower complaint in which Twitter's former head of security accused the company of security and privacy problems, and unsuccessful talks to negotiate a lower price with Mr. Musk.

—Erin Mulvaney contributed to this article.



Twitter's offices in San Francisco, which Mr. Musk visited this week.

Phillies Spell Doom

Continued from Page One

Great Depression. In 1980, the Phillies won their first World Series, and a recession raged right through 1983, when the team again got to the final round and lost. The Phils won the World Series a second time in 2008, and boom: a home-run financial crisis.

Now, the scrappy Phils will be back on the big stage against the favored Houston Astros, and it is as if this struggling economy already knew it was going to be in trouble.

"The Astros must save America's economy," tweeted one follower of the finance-focused Morning Brew newsletter, which commented on the historical phenomenon in September, even before the Phillies had made the playoffs. Another lamented the Phillies' victory on Sunday over the San Diego Padres, which vaulted them into the World Series: "PADRES COULD HAVE STOPPED THE INCOMING RECESSION."

Of course, this analysis has as much scientific basis as the team's claim that the Phillie Phanatic mascot is a large flightless bird from the Galápagos Islands.

But investors, especially in

rough markets, like to think there is dark magic causing their pain (rather than simply the fundamentals of the economy or their bad bets). And sports fans don't mind anything that seems to throw a little cold water on Philadelphia. So now, we have the Phillies Indicator.

In 2008, when the Phils were on their way to a championship, the Philadelphia Inquirer wondered if a victory could be a "harbinger of economic doom." Locally based analysts at serious-minded Moody's Economy.com postulated then that the team's success could be a "leading economic indicator."

Mark Zandi, chief economist at what is now called Moody's

Analytics, speculates that because the Phillies have won the World Series so few times, when they do, "It is clear something is off the rails in the cosmos." As a Philadelphia native, he says he will cheer a Phillies championship, "but I will also be buckling in."

Morning Brew tweeted about the Phillies quirk on Sept. 21, then revisited the topic as the team continued to win. Neal Freyman, its managing editor, says he knew the thing had traction when his mother called, reporting that the topic was just brought up at a business meeting by colleagues, unaware that her son gets some of the credit/blame.

In sports and markets, he says, "A lot of people are superstitious and like to cling on to narratives and try to explain the unexplainable."

What does Citizens Financial Group Inc. think? The Phillies' stadium, Citizens Bank Park, is named after its retail banking arm. Might winning at baseball mean losing at finance?

"Coincidences are interesting, but sliding into a possible downturn has nothing to do with the Phillies," says Bruce Van Saun, chairman and chief executive officer of Citizens, after praising the team's grit. "We look forward to hosting a World Series victory while continuing to root for our economy."



The Phillies celebrate the victory that took them to the World Series and could doom the economy.

U.S. WATCH



HOLIDAY PREP: A harvest was under way Thursday at a Johnson Cranberries bog in Carver, Mass.

CALIFORNIA

Developer in College Scam Dies by Suicide

Robert Flaxman, a Southern California real-estate developer who pleaded guilty to a federal fraud conspiracy charge for cheating to get his daughter into college, has died.

Mr. Flaxman, 66 years old, died Oct. 20 by suicide, according to the Los Angeles County Medical Examiner-Coroner.

Mr. Flaxman, chief executive of Costa Mesa, Calif.-based Crown Realty & Development, was among more than three dozen parents charged in the Varsity Blues investigation in 2019. He admitted to conspiring to fix his daughter's ACT score.

He was sentenced in October 2019 to one month in prison, one year of supervised release, 250 hours of community service and ordered to pay a \$50,000 fine. He served his time at a federal prison in Arizona in 2019.

—Melissa Korn

WASHINGTON, D.C.

GOP Report on Covid Origin Points to Lab

The Covid-19 pandemic that has killed millions worldwide "was most likely the result of a research-related incident" in China, and not natural transmission of a virus from animal to human, a new report by Republicans on the Senate health committee concludes.

The study cites details about the early spread of the SARS-COV-2 virus, which causes Covid; the fact that no animal host has been identified nearly three years into the pandemic; and troubled biosafety procedures at labs in the Chinese city of Wuhan to buttress its conclusion.

The 35-page report by Republican committee staff acknowledges that definitive conclusions about the pandemic's origins are impossible without more evidence. China has repeatedly denied a lab leak was involved.

—Warren P. Strobel

OBITUARY

Goldberg, a Figure in Clinton Scandal, 87

Lucianne Goldberg, a literary agent and key figure in the 1998 impeachment of President Bill Clinton over his affair with Monica Lewinsky, has died at 87.

Ms. Goldberg's son, Jonah Goldberg, posted Thursday on Twitter that his mother died Wednesday at her home.

Ms. Goldberg, a conservative activist whose agency specialized in right-wing books, gained national prominence for advising her friend Linda Tripp to secretly tape Ms. Tripp's conversations with Ms. Lewinsky, a former White House intern who had been involved in a sexual relationship with Mr. Clinton.

Ms. Tripp's 20 hours of tapes of her conversations with Ms. Lewinsky were crucial to special prosecutor Kenneth Starr's investigation of Mr. Clinton over his affair with Ms. Lewinsky.

—Associated Press

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U.S. NEWS

Health Premiums Are Poised To Rise

By ANNA WILDE MATHEWS

The average cost of employer health coverage for a family this year is about \$22,000, a figure similar to last year's total, according to a new survey that shows upward pressure on healthcare costs hasn't yet broadly translated into higher premiums.

That will likely change next year, as insurers renegotiate contracts with hospitals and other medical providers that are seeking higher reimbursements to cover their own rising expenses for labor and other supplies.

UnitedHealth Group Inc. and Elevance Health Inc., parents of large health insurers, said on earnings calls earlier this month that they were seeing inflationary trends and taking steps to price coverage accordingly.

Premiums for many individual and small-business plans are also expected to rise sharply next year.

For 2022, annual premiums for an employer-provided family plan were \$22,463, which wasn't a statistically significant change from \$22,221 last year, according to an annual survey of employers by the nonprofit Kaiser Family Foundation.

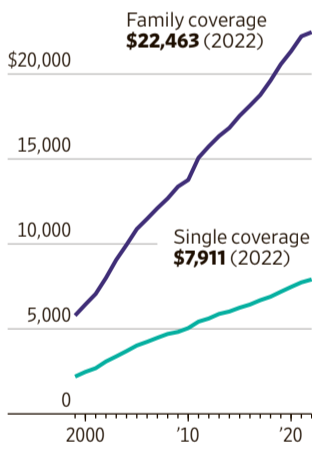
Employees paid \$6,106 of the total this year, with the rest of the cost borne by the employers, according to the Kaiser survey. The amount of the employee contribution was \$5,969 in 2021.

The average cost of an employer health plan for an individual for 2022 was \$7,911, compared with \$7,739 last year.

The Kaiser survey found that employers, grappling with a tight labor market in many fields but relatively steady premiums, held off on significantly raising deductibles.

The survey was conducted between February and July 2022 and drew responses from 2,188 employers.

Average annual premiums for employer-provided health insurance



Source: Kaiser Family Foundation

New York Tent Holds Few Migrants

With Venezuelans kept in Mexico, fewer buses arrive from the South; complex to stay open

By ALICIA A. CALDWELL AND JIMMY VIELKIND

A tent complex that New York City opened last week for up to 1,000 migrants is housing fewer than 50 people as the flow of publicly funded buses from border states to the north has slowed.

Mayor Eric Adams ordered the relief center on Randalls Island to be built at a cost of \$325,000 soon after he declared a state of emergency earlier this month. Mr. Adams said thousands of migrants arriving on buses chartered by the state of Texas and the city of El Paso were overwhelming New York's social services.

The shelter complex's opening on Oct. 19 coincided with a drop in the number of Venezuelan nationals entering the U.S. illegally after the Biden administration announced an agreement to expel many of them to Mexico, according to border aid groups. Most migrants who have traveled north on buses in recent months came originally from Venezuela, in part because the government-sponsored rides brought them to cities with large Venezuelan populations.

The slowdown has given a reprieve to Democratic-run cities including New York, Chicago and Washington, D.C., that have in recent months called for federal action to manage the tens of thousands of migrants sent on buses by officials in Texas and Arizona.

The Republican governors of those states have said that the burden of caring for migrants should be shared by communities whose leaders support President Biden's border policies.

As of Wednesday morning, there were 40 people in the 84,000-square-foot Randalls Island complex, which has about 500 cots for single men in each of two large tents in a stadium parking lot, according to a per-



One of the sleeping areas on Randalls Island. Below, workers preparing the temporary complex, which can shelter up to 1,000 migrants.



son briefed on its operation.

A Times Square hotel that the city converted on Oct. 14 into a relief center for migrant families is housing 218 families with 759 individuals, the person said.

Mr. Adams, a Democrat, said Wednesday that his administration wouldn't release exact figures but said the number of arriving buses had slowed from as many as eight a day to one every few days.

"Clearly, the decompression strategy is helping New York City, Washington and Chicago—we were receiving the

brunt of those buses in the northern part of the country," Mr. Adams said.

The city established the Randalls Island center as a more efficient way to screen arriving migrants and ease crowding in the city's established shelter system. The migrants pushed the population of the city's shelter system to record levels, prompting officials to rent rooms in dozens of hotels. More than 21,000 migrants seeking asylum have entered New York City's shelter system since the spring, and 16,000 are currently in shel-

ters, a city spokeswoman said.

One charter bus with migrants arrived Tuesday, Mr. Adams said. No buses with migrants arrived at Manhattan's Port Authority Bus Terminal on Sunday or Monday, according to Power Malu, whose group Artists Athletes Activists provides food, clothes and other aid to migrants.

In Washington, assistance groups didn't receive any buses last week, a significant slowdown from the summer months, when roughly 50 to 100 migrants were arriving on a near daily basis, according to aid workers there.

The city of El Paso, Texas, announced last week that it was no longer sending charter buses to New York and Chicago, a practice it started in late August. The city ended its busing program when the Biden administration announced the return policy for Venezuelans.

Last week, four state-chartered buses with migrants left Del Rio, Texas, but only one has departed this week, said Tiffany Burrow, who operates a respite center for migrants in the border city.

Amy Fischer, an official with the Migrant Solidarity Mutual Aid Network in Washington, said her aid group noticed a slowdown in migrant arrivals shortly before the Biden administration announced an agreement with Mexico earlier this month to add Venezuelans to the list of people who can be sent back across the border under Title 42, a public-health law put into effect during the pandemic. Details of the plan emerged before it was announced by the U.S. and Mexico.

Previously, most Venezuelan migrants who illegally entered the U.S. were released in the country to await a decision on their requests for asylum, a process that can take years.

The federal government hasn't yet released data on apprehensions of migrants who crossed the border illegally in October.

New York City officials said they plan to keep the Randalls Island complex open so they are better prepared if the number of migrants arriving on buses increases again soon.

Capitol Rioter Who Assaulted Officer Gets 7½ Years

By JAN WOLFE

WASHINGTON—A Tennessee man received a 7½-year prison sentence for dragging a police officer into a mob of rioters on Jan. 6, 2021, the second-most severe punishment handed down for a defendant linked to that day's attack on the Capitol.

Calling him one of the "most serious offenders" during the Capitol riot, U.S. District Judge Amy Berman Jackson imposed the 90-month

sentence on Albuquerque Cospir Head during an emotional court hearing Thursday in the District of Columbia.

Mr. Head, a 43-year-old construction worker, pleaded guilty in May to participating in a group attack on Michael Fanone, a former Washington Metropolitan Police Officer. Mr. Fanone has spoken extensively about the attack and the injuries he sustained, including a heart attack and a traumatic brain injury.

According to a recent Jus-

tice Department court filing, Mr. Head "forcibly dragged Officer Fanone into the riotous mob" and "continued to restrain Officer Fanone while another rioter applied a Taser to the base of the officer's skull."

Judge Jackson called Mr. Head's actions "some of the darkest acts committed on one of our nation's darkest days," adding that he went after the officer like he was "prey" and a "trophy."

Mr. Head will receive credit for time spent in custody since

his arrest in April 2021.

The Justice Department had asked Judge Jackson to impose the maximum potential sentence of 96 months, citing Mr. Head's criminal history, which includes convictions for domestic violence and approximately 45 arrests.

Mr. Head's lawyer, G. Nicholas Wallace, argued unsuccessfully for a 60-month sentence, saying his client was "embarrassed and remorseful" and has accepted responsibility for his actions.

Mr. Head's fiancée, who cried in the courtroom gallery during the hearing, wrote a letter to the judge describing the harm Mr. Head's arrest has caused their daughters.

Mr. Head declined to address the court.

Kyle Young, another man who joined in the attack on Mr. Fanone, received a seven-year sentence at a hearing last month. Another man who assaulted police on Jan. 6, Thomas Webster, is serving a 10-year prison sentence.

Sen. Menendez Under Federal Investigation

By JAMES FANELLI AND CORINNE RAMEY

The Justice Department is investigating Sen. Bob Menendez, according to a representative for the New Jersey Democrat, five years after federal public-corruption charges against him fell apart.

"Senator Menendez is aware of an investigation," said Michael Soliman, a political consultant and adviser to Mr. Menendez, adding that he didn't know the scope of the probe. "As always, should any official inquiries be made, the senator is available to provide any assistance that is requested of him or his office."

It is unclear what conduct the Justice Department is examining, or if the matter is related to the previous case against Mr. Menendez. It is also unclear how long the probe has been under way.

A spokesman for the U.S. attorney's office in Manhattan, which is leading the investigation, declined to comment.

The investigation was reported earlier by the news site Semafor.

In 2015, Mr. Menendez and a Florida ophthalmologist, Salomon Melgen, were indicted on charges in an alleged bribery scheme. Prosecutors alleged Mr. Menendez accepted about \$1 million in gifts from Mr. Melgen in exchange for



Sen. Bob Menendez (D, N.J.)

helping the ophthalmologist with Medicare-billing disputes and visa applications for his girlfriends.

A federal judge declared a mistrial in 2017 after the jury said it couldn't reach a verdict.

Prosecutors initially said they would retry the case. After a judge acquitted Mr. Menendez and the doctor of some charges, the Justice Department in 2018 said it wouldn't retry the case on the remaining counts.

The department at the time said it made the choice because of the partial acquittal and its impact on the evidence admissible in a retrial.

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U.S. NEWS



President Biden discussing national security with senior defense officials at the White House this week.

Defense Strategy Casts China as Greatest Threat

Administration warns Beijing is seeking to erode U.S. alliances, has cyberattack ability

By MICHAEL R. GORDON AND BRETT FORREST

The Biden administration unveiled a new defense strategy Thursday, casting China as the greatest danger to American security and calling for an urgent, concerted effort to build the military capabilities to deter Beijing in the decades to come.

preferences, alongside a keen awareness of the PRC's clearly stated intentions and the rapid modernization and expansion of its military. The national defense strategy, which is mandated by Congress, is issued every four years as the Pentagon plans what forces to develop for the future and sets priorities among a multitude of potential threats.

The Trump administration's national defense strategy, issued in January 2018, similarly presented China and Russia as the two principal threats confronting the U.S. But Biden administration officials said their document took the Trump-era strategy as a starting point and is giving greater emphasis to China's ambitions.

officials and military-affairs specialists about the Pentagon's ability to deter Chinese aggression over the next five years—when China's military is projected to be more capable but before the U.S. fields those new technologies and armaments and strengthens its regional posture.

Prosecutors, Trump Lawyers in Hearing on Documents

By SADIE GURMAN AND ARUNA VISWANATHA

WASHINGTON—Donald Trump's lawyers appeared in federal court for a closed-door proceeding Thursday, as prosecutors press for the return of what they believe to be more government documents in the former president's possession and step up efforts to interview people close to him, according to people familiar with the matter.

Evan Corcoran and Lindsey Halligan, declined to comment as they left the courthouse in Washington. The Justice Department's investigation into the potential mishandling of classified documents at Mr. Trump's Mar-a-Lago resort has launched a number of legal disputes since Federal Bureau of Investigation agents in August removed more than 11,000 documents, including roughly 100 marked as classified, from the Florida resort.

seeking to compel Mr. Trump to provide any remaining documents, prompting his legal team to discuss a range of options, people familiar with the matter have said. Those include hiring an outside firm to conduct a search and certify that no additional documents remain, and launching a legal challenge to the Justice Department's demand.

ment spokesman declined to comment. A spokesman for the former president didn't respond to a request for comment. Mr. Trump and his aides have previously criticized the government's investigative tactics as overly aggressive, including those taken in recent weeks outside the public eye.

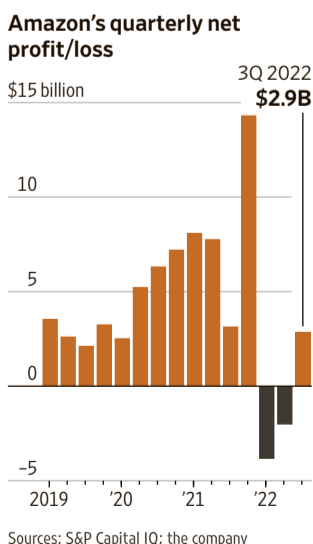
the government's efforts to retrieve the material. In recent weeks, a senior Justice Department official told Mr. Trump's lawyers that law enforcement officials don't believe they captured all the government documents the former president took with him as he left office, The Wall Street Journal reported. Investigators have expressed concern that Mr. Trump took documents on flights as he traveled from Mar-a-Lago to his other properties in New York and New Jersey.

Federal prosecutors, meanwhile, have hit some roadblocks in their inquiry, as people close to Mr. Trump and some who worked for him have refused to answer investigators' questions. Prosecutors are seeking to compel one close associate, Kash Patel, to answer a range of questions including about Mr. Trump's claim that he declassified the documents before he left the White House, according to a person familiar with the matter.

Amazon Drops Sales Forecast

Continued from Page One because of holiday shopping. The company's shares fell about 12% in after-hours trading following the results to trade near \$97. At that level Amazon's valuation is below \$1 trillion, which it first hit in 2018. The disappointing outlook capped an extraordinary several days that also saw shares plunge in other tech giants after their results showed worsening conditions in a range of areas. Shares in Facebook parent Meta Platforms Inc., already battered over the past year, dropped nearly 25% on Thursday after it reported its second revenue decline in a row a day earlier. Microsoft Corp.'s stock also fell after it delivered on Tuesday its worst net

income decline in more than two years and the weakest revenue growth in over five years. Google parent Alphabet Inc. similarly disappointed investors with slowing sales. These tech companies flourished during the pandemic, as life and work suddenly shifted more to the internet, pushing up sales and spurring the already fast-growing companies to accelerate hiring and investment. Now, one after another, engines that drove that growth are sputtering. Sales of personal computers and other gadgets are falling and consumers, galloped by inflation, are broadly trimming their spending. Companies are tightening their outlays on everything from digital ads to IT services. "There is obviously a lot happening in the macroeconomic environment, and we'll balance our investments to be more streamlined without compromising our key long-term, executive bets," Amazon Chief Executive Andy Jassy said Thursday. In the third quarter, Ama-



zon's online store sales rose 7% to \$53.48 billion after falling in recent quarters. The segment includes product sales primarily on its flagship site and digital media content. Its online sales got a boost from its annual Prime Day sale, which this year fell in the third quarter; last year it was in the second quarter. While still the nation's larg-

est online store, Amazon's e-commerce division has struggled to grow this year. The company in the second quarter reported a 4% year-over-year drop in its online stores segment. That marked the largest drop since the metric was first disclosed in 2016. This year, Amazon's e-commerce machine—which has grown at breakneck speed for decades—has been showing signs that it could be entering a phase of slower growth. After a multibillion-dollar infrastructure build-out and hiring spree, it now has to contend with high inflation and concerns about a recession weighing on consumer spending. Chief Financial Officer Brian Olsavsky said Thursday that the company has entered a period of caution. "We are preparing for what could be a slower growth period like most companies. We are going to be very careful on our hiring," Mr. Olsavsky said. "We certainly are looking for areas where we can save money." He said Amazon is "seeing

signs all around that people's budgets are tight, inflation is still high." Analysts said the challenges Amazon faces in e-commerce could linger. Amazon has the largest share of online commerce, about 38%, but its market share has plateaued in recent years, according to research firm Insider Intelligence. Analysts said the company size has made it unlikely for the e-commerce unit to grow at the same rate it once did. Amazon is also dealing with increased competition from Walmart Inc., Target Corp. and others. Mr. Jassy has shifted toward cost-cutting. The company cut back on subleasing millions of square feet of excess warehouse space and putting off openings of new facilities while earlier thinning out its hourly workforce through attrition. The company enacted a hiring freeze through the end of the year at its corporate retail division, the segment that drives its core sales and is responsible for a large part of its slowdown this year. It has also

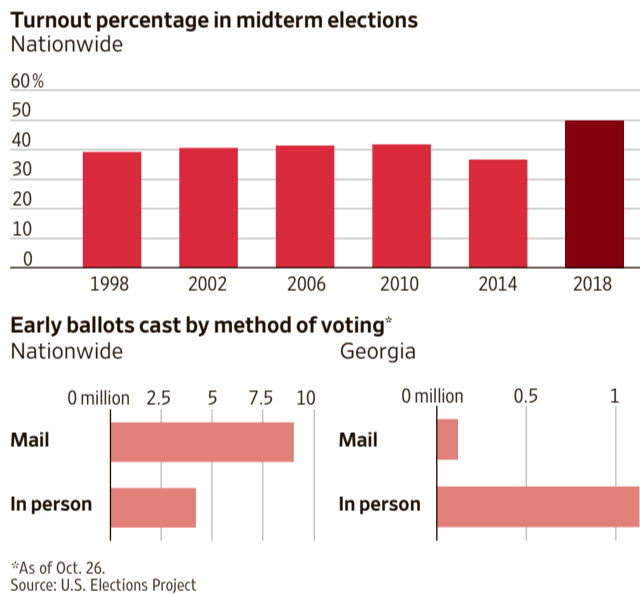
paused hiring among some teams at its Amazon Web Services cloud-computing division. While Amazon's earnings continue to be aided by Amazon Web Services and its expanding advertising business, growth slowed in the cloud business. AWS had sales of \$20.5 billion in the third quarter, a 27% rise but one of the lowest rates of growth the unit has had in recent quarters. Amazon's advertising revenues rose 25% to \$9.5 billion. The company heads toward the end of the year with added problems. After needing fewer blue-collar employees earlier in the year, it has looked to add over 100,000 hourly workers at its warehouses to meet the expected holiday season demand. Still, that strategy has come with a cost. Amazon recently said it would spend \$1 billion to raise average starting salaries to \$19 an hour nationwide. Amazon's own Jeff Bezos recently said it is time to "bathe down the hatches," referring to warning signs of a recession.

Early Voting Signals High Midterm Turnout

By CHAD DAY

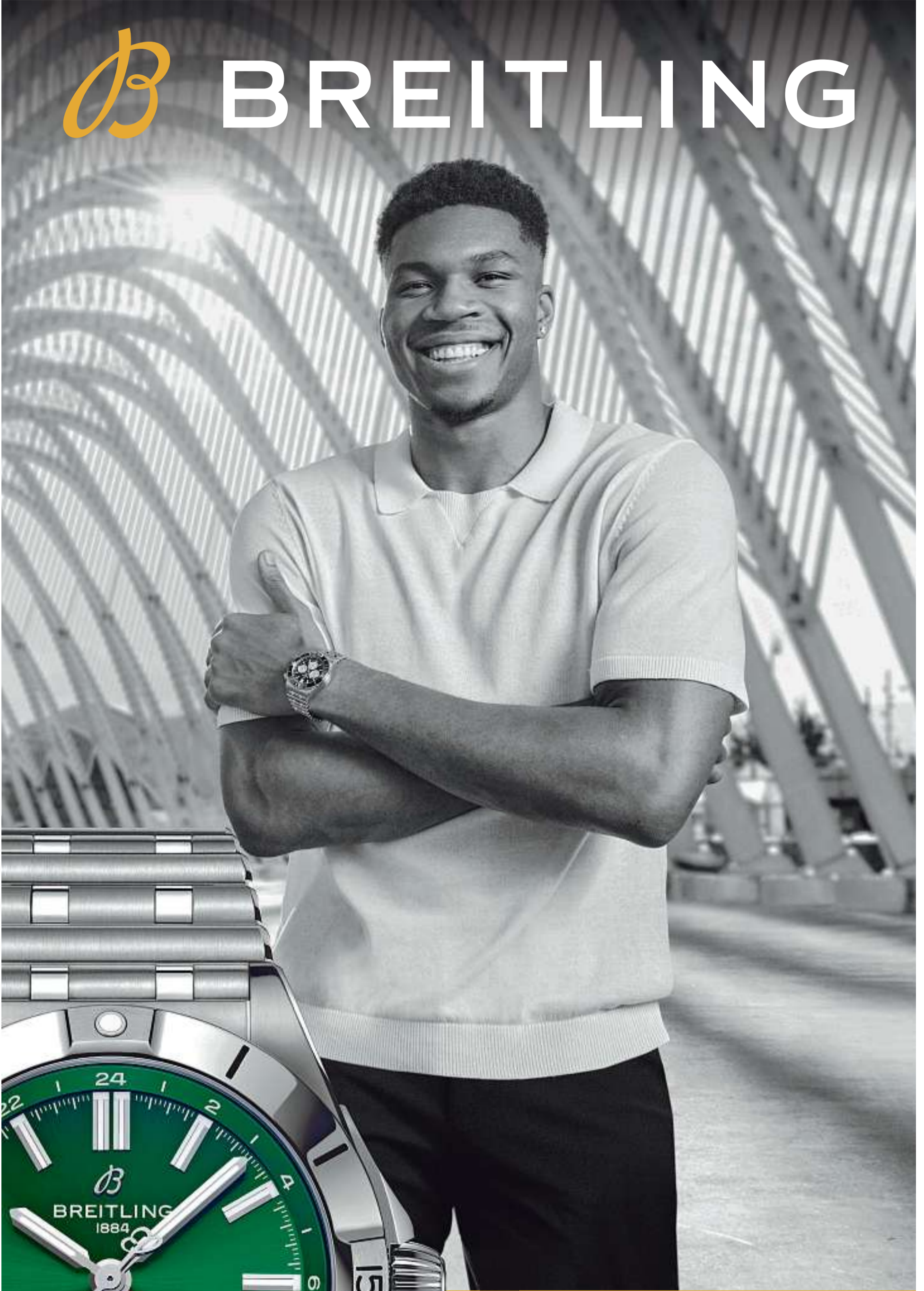
High interest in early voting across America is signaling that this year's elections could meet or possibly exceed 2018's record midterm turnout. More than 13 million ballots had been cast in the general election through Wednesday, a higher pace of early voting than seen across many states four years ago, according to data from the U.S. Elections Project and the Associated Press. Overall, votes cast by mail are making up the majority of the ballots reported by election officials countrywide, though some states such as hotly contested Georgia—where many people are voting early in person—are bucking that trend. People who study elections say the high early vote is one of several factors pointing toward robust midterm turnout, including a highly polarized and enthusiastic electorate, expansion of early voting in key states and higher turnout in the previous cycles creating a larger pool of voters who are in the habit of casting ballots. Numerous surveys, including The Wall Street Journal's latest and a recent NBC News poll, have found voter enthusiasm is high, with Republicans having an edge over Democrats. In the Journal's poll, 90% of respondents said they would definitely vote this year. About 57% of those surveyed in the NBC poll rated this election as more important than past midterms. Because of how early vote statistics were reported in 2018, it is difficult to compare this year with the same point in time four years ago. But historical numbers from the

AP and political-data firms suggest this year's early vote is at least 1 million and potentially 3 million higher than it was 12 days out from Election Day in 2018. If those patterns continue through Election Day, the 2022 election would be the third in a row with high turnout. "We've had back-to-back record turnouts for modern elections. It makes sense then that we have entered this period of higher turnout," said Michael McDonald, a political-science professor at the University of Florida who leads the U.S. Elections Project. Across the country, more registered Democrats than Republicans have already voted, data from states with party registration and tracked by the U.S. Elections Project show. That is likely a sign that GOP supporters are more likely to wait until Election Day to cast their ballots, while Democrats are more comfortable voting by mail or early in person. Some familiar trends are surfacing in the available public data, which is incomplete because not all states release the same information about early voting trends. States with closely watched Senate races are seeing increases in early voting compared with past years either as a result of hotly contested races, expanded early voting or both. In Pennsylvania—where mail voting was expanded in 2019 and Democratic Lt. Gov. John Fetterman faces celebrity surgeon Mehmet Oz in a tight Senate contest—more than 685,000 ballots had been cast through the mail as of Wednesday. That is four times more than the roughly 167,000 that were cast in 2018 before the state law changes, according to the AP. —Joshua Jamerson contributed to this article.





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FROM PAGE ONE

ECB Raises Rates by Another 0.75 Point

Policy rate of 1.5% is highest in more than a decade; Lagarde sounds caution on growth

BY TOM FAIRLESS AND CHELSEY DULANEY

FRANKFURT—The European Central Bank raised interest rates by three-quarters of a percentage point for the second time in a row Thursday, but signaled mounting concerns about economic growth, prompting investors to bet that the bank will soon reduce the scale of its rate hikes.

The bank said in a statement that it would increase its policy rate to 1.5%, the highest level in more than a decade. It also moved to limit payments it makes to eurozone banks that tapped its ultracheap loans during the Covid-19 pandemic, a move that is ultimately expected to raise borrowing costs for eurozone companies.

At a news conference, ECB President Christine Lagarde said the bank would likely raise rates further over the coming meetings. But she also

sounded a cautious note on the deteriorating growth outlook for the eurozone economy, and emphasized that the ECB had already made substantial progress in phasing out easy money.

Investors, watching closely for signs that central banks such as the Federal Reserve will pivot away from large interest-rate increases, took those comments to mean that the ECB could soon ease back on rate rises.

Bond yields on European government debt fell sharply as investors priced in lower future borrowing costs. The German 10-year bond yield fell to 1.976%, down from 2.193% before the decision. The Italian yield fell to 4.047%, down from 4.436% earlier in the day.

Investors were pricing in a peak ECB rate of around 2.5% next year after the news conference, down from 2.8% before it, according to Refinitiv data. They are now betting on a smaller, half-percentage point at the ECB's December meeting.

In Australia and Canada, policy makers recently slowed the pace of interest-rate rises, saying they wanted to assess the impact of the actions



ECB chief Christine Lagarde sees progress in phasing out easy money.

taken so far. "If we do too much, we could slow the economy more than needed," Canada's central-bank governor, Tiff Macklem, said at a news conference Wednesday.

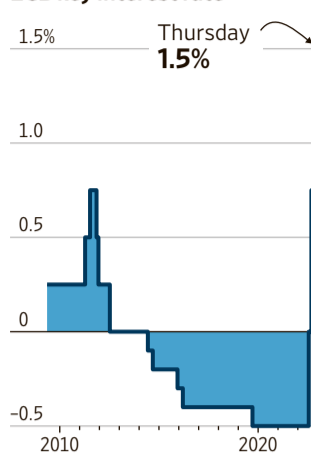
Fed officials are expected to increase interest rates by 0.75 percentage point for the fourth time in a row at their meeting Nov. 1-2, and are likely to debate then whether and how to signal plans to approve a smaller increase in December, The Wall Street Journal reported last week.

"There's a bit of confirma-

tion bias at play. We've been talking about a Fed pivot, a Bank of Canada pivot," said Antoine Bouvet, a senior rates strategist at ING. "Markets are starting to think, 'Is this it? Have we seen the peak in central bank hawkishness?'"

The ECB has moved less aggressively than the Fed to raise interest rates this year. That reflects the region's weaker recovery from the Covid-19 pandemic, the hit to activity dealt by the Ukraine war, and concerns about economic fragility in Southern

ECB key interest rate



Source: European Central Bank

hike for longer, potentially going higher and prolonging the interest-rate cycle."

Around the world, central banks including the Fed are trying to gauge how much more they need to do to curb inflation without causing unnecessary pain to businesses and households.

Higher borrowing costs filter through the economy with a lag, meaning that this year's rate increases will probably take years to fully affect consumer prices.

Ms. Lagarde said ECB officials would focus on that lag time in determining how much higher to raise borrowing costs.

She warned that the eurozone economy would weaken further over the coming months, and unemployment could rise, as high inflation depressed spending and production.

Unlike the Fed, the ECB hasn't yet started shrinking its vast holdings of government debt, a particularly sensitive question for the ECB given the indebtedness of some European governments. Ms. Lagarde said the ECB would decide on how to reduce its bondholdings in December.



Higher rates have pushed potential buyers out of the housing market. Above, a 'For Sale' sign outside a home in Bethesda, Md.

GDP Grew But Cracks Appear

Continued from Page One

Moody, chief economist at Regions Financial Corp. "I don't think that we've seen the full effects of higher rates work their way through the economy, so that's why we have pretty low expectations for the next several quarters."

The U.S. isn't the only part of the world facing economic challenges. The European Central Bank raised its key interest rate on Thursday to 1.5% from 0.75% as it too attempts to tame inflation in a region teetering close to recession.

One of the sectors most sensitive to interest rates—housing—is showing signs of pain. Home sales posted their longest streak of declines in 15 years, and the average rate on a 30-year fixed-rate mortgage eclipsed 7% Thursday for the first time in more than 20 years.

Economists don't expect the third-quarter rise in exports to endure, given a stronger dollar and weakening global economy. Many point to final sales to private domestic purchasers, a measure of consumer and business spending that gauges underlying demand in the economy, as a sign of a broader economic slowdown. That inched up at a 0.1% annual rate in the third quarter after it rose 0.5% in the second quarter and increased 2.1% in the first quarter.

Some of the economic slowdown this year reflects a return to a more normal rate of growth after the economy last year expanded at an unusually fast pace of 5.7% as it rebounded from earlier pandemic disruptions.

The trajectory of the economy largely depends on how consumers fare in the coming months.

High inflation and rising interest rates haven't done much to weaken the health of the U.S. consumer, Bank of America Corp. Chief Executive Brian Moynihan said in a recent earnings call. The company's data show consumers continue to spend more. They also have more money in the bank than before the pandemic.

Consumers are benefiting from a tight labor market. Employers are holding on to the workers they have, with jobless claims remaining low last week. Many businesses are also ramping up pay as they struggle with staffing shortages.

"Wage growth is up, which is good for consumers, and that helps their balance sheet," said Mark Begor, CEO of the credit-reporting company Equifax Inc. on an earnings call this month.

"Obviously, inflation is a bad guy, and it is hurting lots of consumers. But even with inflation, consumers are still out there spending and traveling and doing all the things that they do in their lives," he said.

Still, consumers might be starting to crack.

Many are tapping into pandemic savings and turning more to credit cards to finance spending, said Kathy Bostjancic, chief U.S. economist at Oxford Economics. But with higher interest rates, "There's really a limit to how much consumers can rely on their credit cards," she said.

Some companies—particularly in sectors that benefited from a consumer-goods binge earlier in the pandemic—are seeing a consumer pullback. Sales are down about 25% so far this year from the same period in 2021 at Altus Brands LLC, which manufactures and sells accessories for hunting, shooting and outdoor recreation, said Gary Lemanski, owner of the Grawn, Mich., company.

Many of the factors that spurred a sales surge in 2020 and 2021—such as consumers' extra cash from government stimulus, their time at home to go out in the woods and their lack of ability to spend money on services including travel—have since faded, he said.

Inflation is causing many consumers to cut back on discretionary purchases, which

26.4%

The decline in residential investment in the quarter

include products Altus sells, such as electronic ear muffs for hearing protection that can go for \$200 to \$250, Mr. Lemanski said.

"I talk with a lot of folks, and you just hear it over and over again: It's tougher to make ends meet," he said.

Many technology companies are feeling the effects of a slowing economy. Facebook parent Meta Platforms Inc. posted its second revenue decline in a row, as the social-media company wrestles with tough macroeconomic conditions that are weighing on advertiser spending. Microsoft Corp. said it expects a sharp decline in personal-computer sales and the dollar's strength to continue to weigh on growth.

Inflation is denting some consumers' appetite for big-ticket purchases. Most people said it is a bad time to buy a car or large household goods such as furniture, refrigerators or stoves, with a large share attributing their viewpoint to high prices, University of Michigan survey data show.

CarMax Inc., a used-car retailer, reported a profit drop of more than 50% in its most recent quarter as tough economic conditions weighed on consumers.

"This quarter reflects widespread pressure the used-car industry is facing," said William Nash, the company's chief executive, on an earnings call. Higher prices, climbing interest rates and low consumer confidence "all led to a marketwide decline in used-auto sales," he said.

Rates Top 7% for Mortgages

Continued from Page One

(Realtor.com is operated by Wall Street Journal parent company News Corp.)

That has tripped up would-be buyers like Pat Nerney and Kait Hardiman. Since the spring, they have been looking for a bigger home in Tampa, Fla., to prepare for the birth of their second child.

The rise in rates has reduced the amount they can offer on the new house by more than \$100,000, Mr. Nerney said.

They haven't been able to find a house that meets both their criteria and budget.

Mr. Nerney said they have made multiple offers at below asking price, but haven't gotten sellers to cut prices by more than a few thousand dollars. The deals fell through.

"The seller is stuck on a price," he said. "The people

trying to buy are stuck with whatever their budget is."

The housing market is at the center of the Fed's efforts to curb inflation by jacking up interest rates. Home prices rose quickly last year and helped drive up overall inflation. But higher rates have pushed potential buyers out of the market.

In September, existing-home sales fell 24% from a year earlier, and new-home sales were down 18%.

Home prices are starting to slip on a month-over-month basis, though it does little to offset the increased costs of buying. Prices are still rising compared with a year ago.

By one measure, the rise in rates over the past several weeks has been the fastest on a percentage basis in records going back half a century.

That speed has been particularly destabilizing, mortgage lenders and real-estate agents said.

"Everyone is like, 'I don't know what to do so I'm just not going to do anything,'" said Ralph DiBugnara, senior vice president at residential lender Cardinal Financial,

who is based in New York City. "People are just fearful."

Sales are still happening, albeit at a slower pace.

Some who have waded in said they prefer the calmer clip of this year's market compared with last year's, when homes were selling sight-unseen and bidding wars were common.

"The volume has definitely slowed but people are definitely still looking for homes,"

While home sales are still happening, they are occurring at a slower pace.

said John Hastings, senior loan officer at Interac Lending in Colorado Springs, Colo.

He said about a third of his prospective clients had decided to wait out the rise in mortgage rates.

Buyers who do move ahead with purchases are turning to adjustable-rate loans in greater numbers. Others are using loans that lower the rate

for the first couple of years.

But the drop-off in buyers has taken the steam out of what was a hot market.

John Hussey started thinking about selling his home in Massachusetts in April, but by the time he got some repairs done and got it on the market in June, rates were higher and the market had cooled.

His real-estate agent recommended he sell it for \$30,000 less than they discussed previously. He thought there might be a bidding war because of the lower price, but he ended up getting one offer at asking price. He accepted.

He closed in September and moved to be closer to family in the Chicago area. "There's a lot of built-in stress," he said.

Since then, the market has continued to slow down.

"All of my listings right now are just sitting on the market," said Alison Williams, a Redfin Corp. real-estate agent in the Sacramento, Calif., area. "They are well over 30 days on the market. Six months ago, four days on the market would have been a long time."

New Unemployment Claims Increase Slightly

BY DAVID HARRISON

U.S. worker filings for jobless benefits edged higher last week, but remained near historically low levels.

Initial jobless claims, a proxy for layoffs, increased to a seasonally adjusted 217,000 last week from 214,000 the week before, the Labor Department said Thursday. Claims are up from earlier this year but remain near their prepandemic 2019 weekly average of 218,000, when the labor market also was historically strong.

The four-week moving average for jobless claims, which smooths out weekly volatility, rose slightly to 219,000 last week.



The job market is healthy but has shown signs of modest cooling.

Continuing claims, a proxy for the number of people seeking continuing unemployment benefits, increased to 1.44 million in the week ended Oct. 15

from 1.38 million a week earlier. Continuing claims are reported with a one-week lag.

The U.S. job market remains healthy but has shown

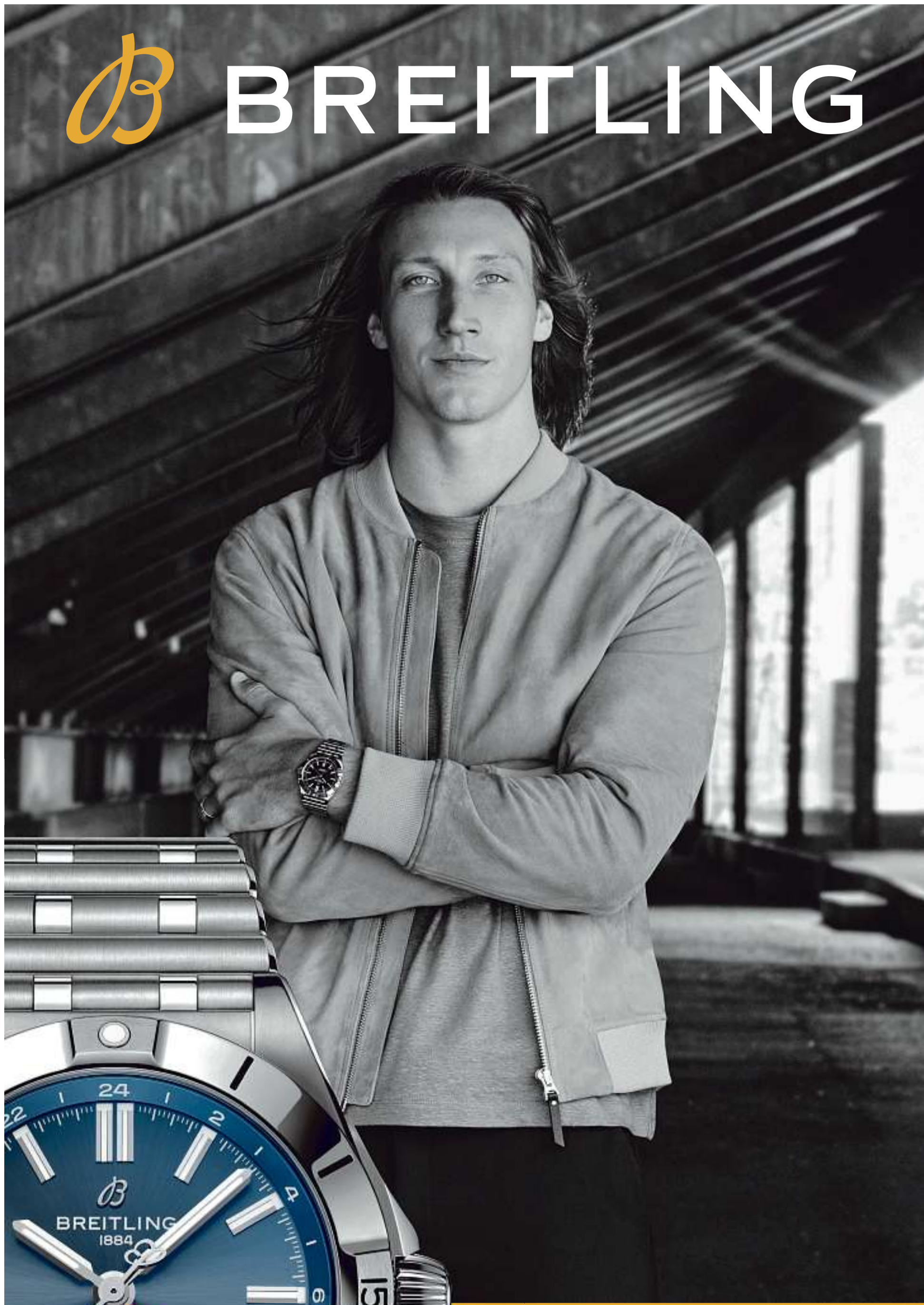
signs of modest cooling, according to other recent Labor Department reports. Job growth slowed in September, with employers adding 263,000 jobs, down from August's increase of 315,000 and the monthly average gain of more than 400,000 during the first half of the year.

The unemployment rate fell to 3.5% in September from 3.7% in August, matching a half-century low that was last reached in July, as the number of people in the labor force fell.

Job openings declined in August to their lowest level since the summer of 2021. But many businesses have continued to hire, citing struggles with staffing shortages.



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WORLD NEWS

Moscow Threatens U.S. Satellites

Senior official says commercial systems will be targeted if they are used to help Kyiv

By ANN M. SIMMONS
AND MICAH MAIDENBERG

MOSCOW—Russia said it could target U.S. commercial satellites if they are used to help Ukraine, expanding its threats of reprisals to a new theater that could hit closer to home for American interests.

Russian President Vladimir Putin, meanwhile, said at a policy conference in Moscow on Thursday that his country has no intention of using nuclear weapons in Ukraine, suggesting it was speculation. Mr. Putin again framed the worsening friction between Russia and the U.S. in terms of what he sees as a cultural war in which the West is trying to impose its will on the rest of the world.

"We have never said anything on our own initiative about the possible use of nuclear weapons by Russia," he said, "but only hinted at it in response to state-

ments made by the leaders of Western countries."

His remarks came as tensions between Russia and the U.S. continue to build, this time after Konstantin Vorontsov, a senior official in Russia's Foreign Ministry, told a meeting of the First Committee of the United Nations General Assembly on Wednesday that if U.S. satellites were used to aid Kyiv, they "could be a legitimate target for a retaliatory strike."

It couldn't be immediately determined whether Mr. Vorontsov's referred to physical strikes or disabling them through cyberattacks.

Mr. Vorontsov, who is deputy director of the Russian Foreign Ministry's Department for Nonproliferation and Arms Control, didn't name any business, but Elon Musk recently pledged that his company **SpaceX** would continue to fund access for the Ukrainian government to its Starlink satellite-internet system.

In addition, American satellite operators such as Viasat Inc., Maxar Technologies Inc. and Planet Labs PBC have contracts to provide services to

different U.S. national-security agencies. Representatives from those companies either declined to comment or didn't have a comment.

"We're going to continue to pursue all means to expose, deter and hold Russia accountable for any such attack should that occur," said John Kirby, coordinator for strategic communications at the White House Na-

Putin, meanwhile, says he doesn't intend to use nuclear weapons in Ukraine.

tional Security Council.

Asked whether Russia has the capabilities to conduct such an attack, Mr. Kirby said, "The Russians have been trying to pursue antisatellite technology and capabilities."

Starlink has emerged as an important tool for the Ukrainian military, keeping troops connected on front lines of the war where regular service isn't

available. Ukrainian officials have praised the system, pointing to instances where Starlink provided connections after cruise-missile attacks damaged infrastructure, but have at times been wary of Mr. Musk.

Earlier this month, he tweeted that Crimea had been part of Russia since 1783 until 1954, when Moscow transferred the peninsula to the Ukrainian Soviet republic before illegally annexing it in 2014. He further annoyed some Ukrainians by tweeting that victory in a total war with Russia was unlikely because it has more than three times Ukraine's population.

A range of Pentagon agencies, meanwhile, have been placing orders to use Mr. Musk's SpaceX satellite capabilities despite a recent dispute between the two sides over the funding of satellite-based internet services for Ukraine, government documents show.

Mr. Musk has indicated that SpaceX has faced Russian attempts to disrupt Starlink, which permits users with a company terminal to access internet connections via a growing fleet of satellites in orbit

relatively close to Earth. In a tweet earlier this month, he said Starlink had come under "relentless jamming attacks."

SpaceX didn't respond to requests for comment.

Viasat, a Carlsbad, Calif.-based company, has said that it faced a deliberate cyberattack in late February on part of one of its networks that affected several thousand customers in Ukraine and tens of thousands of others across Europe. In May, the Danish Defense Ministry said it and allies believed that Russia was behind that attack.

Some analysts said the statement from the Russian official is significant.

"It is a threat and a sort of escalation that can turn space into a battlefield earlier than anticipated," said Arne Sönichsen, coordinator for researchers on security and technology in outer space called SichTRaum at Universität Duisburg-Essen in Germany. While Russia might have the technology, it likely doesn't have enough missiles or killer satellites to cause serious damage, he said.

Israel and Lebanon Sign Pact

By AARON BOXERMAN
AND SHAYNDI RAICE

JERUSALEM—Israel and Lebanon signed a U.S.-mediated maritime border agreement Thursday, representing a rare example of economic cooperation between the two countries that are still technically at war with one another.

The accord, which has been in the works for a decade, will allow Israel to quickly follow through on its commitment to sell gas to the European Union, which is searching for new energy sources following Russia's invasion of Ukraine. It also could provide a new source of income for Lebanon, which is facing economic disaster amid high inflation and poverty.

Israel and Lebanon have fought two major wars and don't have diplomatic relations.

"This agreement creates hope, opportunity and economic stability on both sides of the border," said Amos Hochstein, the State Department's top mediator on the deal, in Beirut on Thursday.

Israel and Lebanon began talks to settle the dispute in 2010, as both countries hoped to extract natural gas in the eastern Mediterranean. In 2013, the Karish gas field was discovered adjacent to both countries. Another gas field, Qana, was later found farther north.

The deal gives Israel control of the Karish field. The Qana gas field will now be in Lebanon's control. Israel will maintain a stake in Qana gas located in its territory and get 17% of future gas profits via a bilateral pact with TotalEnergies SE, the field's operator.

Israeli Prime Minister Yair Lapid said the deal marked a rare diplomatic achievement. "It is not every day that an enemy country recognizes the State of Israel, in a written agreement, in view of the international community," he said.

Lebanese officials have denied the agreement amounts to any recognition of Israel, which occupied a swath of the country's south from 1985 to 2000. The countries don't have an agreed-upon land border but are committed to a ceasefire along what is known as the Blue Line, a boundary drawn by the United Nations after Israeli forces withdrew from southern Lebanon in 2000.

Mr. Lapid signed the deal in Jerusalem and Lebanese President Michel Aoun signed in Beirut. Delegations led by senior officials headed to a U.N. base on the Israel-Lebanon border to formally hand over the agreements under U.S. mediation.

Energean PLC, the field's operator, began pumping gas from Karish Wednesday after Israel gave the green light.

Russia Intensifies Strikes, Cutting Off Power

By IAN LOVETT

Kyiv residents are facing prolonged blackouts, after Russian airstrikes again hit the Ukrainian electric system overnight, further degrading the country's ability to keep the lights on.

Yasno, a Ukrainian energy company, wrote on Facebook on Thursday that Russia had again hit the power grid in the Kyiv region Wednesday night. Overall system capacity was now down 30% in the area, the company said.

"The destruction is serious," Yasno wrote. "Almost half of Kyiv may remain without light."

Since Oct. 10, Moscow has hammered the Ukrainian electric system, with scores of cruise missiles and Iranian-made drones hitting electric stations nationwide. More than a third of the system's overall power-generation capacity has been damaged, according to Ukrainian officials.

The attacks have rapidly remade life in central and western Ukraine, which until this month had been relatively insulated from the fighting in the east and south.

On Thursday, Yasno warned that the previous rolling-blackout schedule is now irrelevant: "The outages will last a lot longer and affect a lot more consumers."

The dropping temperatures make Ukraine's electrical system an urgent problem, and Ukrainian President Volod-



A barista spoke with a customer during a Kyiv power outage. Moscow has hammered electric systems across Ukraine.

ymyrr Zelensky has appealed to allies for economic aid to help repair the grid.

This week, Iryna Vereshchuk, a deputy prime minister, asked Ukrainian refugees who left the country not to return until the spring, to minimize the power-grid demands.

"We need to survive the winter," she said.

Meanwhile, in the east of the country, the fighting continued around Bakhmut, which

Moscow has been pushing to seize for weeks.

"The craziness of the Russian command is now most visible there," Mr. Zelensky said of Bakhmut. "Day after day for months, they drive people there to death, concentrate the maximum power of artillery strikes there."

In the Kherson region, in the country's occupied south, the Russian-installed governor, Volodymyr Saldo, said 70,000

civilians had been moved from the west bank of the Dnipro River, as Russian forces prepare to fight Ukrainian troops advancing toward the city.

He said utilities would continue to work on the west side of the river, and no one would be forced to evacuate. He also played down the possibility, which he and other Russian officials had raised earlier this month, that the Kakhovka dam could be destroyed and flood

the region.

"Saldo's apparent retraction of his own warnings may suggest that he seeks to quell anxiety accompanying the mass movement of civilians and Russian military and occupation elements across the Dnipro in order to preserve his own ability to rule," wrote the Institute for the Study of War, a Washington-based think tank.

—Ann M. Simmons
contributed to this article.

Soaring Prices Spark Protests in Europe

By BOJAN PANCEVSKI
AND NOEMIE BISSERBE

A wave of protests triggered by skyrocketing living costs and a looming recession is sweeping across Europe, testing the resolve of governments that have so far maintained unity in their costly economic war with Russia.

The public backlash against high prices for electricity and heating as temperatures begin to fall also is fueling tensions between European capitals over richer nations' larger relief packages, which poorer neighbors say are distorting the market and compounding the crisis.

On Thursday, thousands of people took to the streets across France to demand higher wages. Striking teachers, railway and health workers staged marches in dozens of cities, including Paris, snarling traffic and disrupting public transport.

In Belgium, the Czech Republic, Hungary and Germany, tens of thousands have marched in recent weeks, demanding pay raises to offset inflation, more state support, government intervention in the energy market and, in some instances, an end to sanctions against Russia.

Despite measures to support households and businesses totaling €264 billion (\$266 billion), according to Brussels-based think tank Bruegel—by far the largest such package in Europe—Ger-



Marchers in Berlin push for energy independence from Russia.

many has seen weekly protest rallies since the end of the summer, many of them concentrated in the country's former communist east.

Popular support for Ukraine remains high across Europe and the protests in France haven't targeted Paris's Ukraine policy. Yet demonstrators in eastern Germany have been more political, demanding an end to Western sanctions against Russia in a warning to Europe about the political risks it could face should Moscow's war on Ukraine drag on.

The unrest in Germany's east partly reflects old regional grievances and a local political culture that has long cultivated affinities with Russia. A solid majority of German voters still strongly support Kyiv and the Russia policy of Chancellor Olaf Scholz's government, according to recent polls.

Centrist political parties, unions and civil-society organizations largely have steered clear of the anti-sanctions protests in the east. But the Alternative for Germany, or AfD, a far-right, pro-Russia opposition party and organizer of some of the demonstrations, has benefited from the mood. Its ratings have risen to 15% from 10% at the time of the invasion in February, according to Politico's aggregate of polls, its highest in nearly three years.

The German protests have been widespread but comparatively small. Yet some moderate parties and union leaders have begun organizing rallies in the rest of the country to demand more state aid for people, in a sign that economic discontent—if not opposition to supporting Ukraine—is spreading despite the government's relief measures.

"This is merely the silence before the storm—the discontent is great, and people do not have any sense that the government has a plausible strategy to master the crisis," said Manfred Güllner, head of Forsa, a pollster.

Nine percent of Germans say Mr. Scholz has a coherent strategy to overcome the energy crisis, Mr. Güllner said, at a time when three-quarters of all households are trying to reduce their energy consumption. The AfD is now attracting voters from established parties, as well as traditional nonvoters, he said.

"Different far-right groups are trying to recruit people at the rallies, and this is what worries me," said Georg Maier, interior minister of Thuringia, an eastern German state.

While government subsidies will cushion the impact of rising energy prices on households and small businesses, many manufacturers have throttled production because of rising costs.

Most French people support sanctions against Russia and weapons deliveries to Ukraine, according to surveys. But European leaders fear the economic stress could undermine public support for these policies or the governments that back them.

Public-sector workers struggling with inflation might not understand why the government can't afford to raise their pay when it can send hundreds of millions of euros in military equipment to Ukraine, one French official said.

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WORLD NEWS

China Maintains Lockdown Policy In Covid Fight

By WENXIN FAN

HONG KONG—China showed no signs of easing its zero-Covid policies that are taking a heavy toll on its economy, as fresh cases disrupted businesses in major cities and food supplies in a remote northwestern region.

On Thursday, the central Chinese city of Zhengzhou, which is home to **Foxconn Technology Group**, the largest iPhone assembler, said the virus was spreading quickly there and identified 50 affected areas. The city reported 69 cases over the past three days.

Foxconn said a small number of its workforce tested positive for Covid-19 but that its operations were relatively stable. It noted a rumor circulating that 20,000 workers tested positive isn't true.

In Beijing, the Universal Resort theme park shut Wednesday after the government published the contact-tracing history of two positive cases

that showed the people had been at the theme park. The park, which is part owned by **Comcast Corp.**, said it would quickly work to disinfect, test staff members and resume operations.

Meanwhile, a lockdown in the city of Xining disrupted food supplies there. On Wednesday, officials in the city of 2.5 million laid out efforts to provide meat and vegetables for residents, while asking them to bear with efforts to stamp out the virus.

The official number of cases across China is small in comparison to waves of the virus that have hit elsewhere in the world. On Thursday, China reported more than 1,200 cases.

Yet, policies that include lockdowns, mass testing and government quarantines have magnified the impact. As of Monday, slightly more than 200 million people were affected by some degree of lockdowns in 28 cities, according to investment bank Nomura.



Workers register people for Covid-19 tests in Beijing. Leaders have given no clear indication of when Covid restrictions might ease.

China's Communist Party has vowed to stick to its Covid strategy, and has given no clear indication of when it might shift away from it. At the Communist Party congress last week, leader Xi Jinping defended the policies, saying they had "protected the people's health and safety

to the greatest extent possible."

There has been some easing of measures in recent months. In June, China shortened the length of compulsory quarantine for travelers from overseas and close contacts of positive cases to seven from 14 days.

But there also are signs Bei-

jing is preparing for a long Covid fight. Health officials have urged local governments to build quarantine hospitals to prepare for rebounding infections.

Chinese medical officials have said a higher vaccination rate among its citizens could help the country to phase out

the current policies. This week the city of Shanghai started a small-scale program offering an inhalable Covid vaccine. Developed by **CanSino Biologics Inc.**, the vaccine takes the form of a mist, and is provided as a free booster dose to those who have been vaccinated.

Tehran Shifts Blame for Terrorist Attack to Protesters

By SUNE ENGEL RASMUSSEN

Iran's top military commander on Thursday blamed protesters demonstrating against the country's clerical rule for a deadly terrorist attack in southern Iran where a gunman killed 15 people, promising to punish anyone who threatened public security.

The explicit linking of the protest movement and the terrorist attack, for which Iranian authorities have presented no evidence, could signal an even more brutal crackdown by security forces against demonstrations that appeared to kick into a new gear Wednesday, with tens of thousands of people filling the streets.

Already, human-rights groups say, more than 200 protesters have been killed in clashes with security forces since the protests erupted in mid-September following the death in police custody of Mahsa Amini, a young woman detained for allegedly violating the country's Islamic dress code. The protests have evolved from calls for an end to the mandatory headscarf into demands for downfall of the Islamic Republic and its system of governance.

The Iranian government has announced that more than 500 protesters would be brought to trial this week, the first major legal action by authorities to suppress the unrest.

Maj. Gen. Mohammad Bagheri, chief of staff of Iran's armed forces, said some of the protesters were deceived by Iran's enemies into causing unrest, and that the perpetrators of Wednesday's attack on a mosque in the southern city of Shiraz would pay a price.

"The rioters and the deceived, who undoubtedly are at fault for this major crime, should know that the Iranian people's peace, security and the protection of their lives are the red lines for the patient, powerful and devoted armed forces," the official IRNA state news agency reported him as saying. "Domestic and foreign planners of this savage crime will soon be ambushed by the

Islamic Republic's police, intelligence and security forces, and will be punished for their disgraceful actions."

Parliament speaker and former Revolutionary Guard commander Mohammad Qalibaf on Wednesday said protesters had "prepared ground for the enemies' plots by creating unrest in the past weeks."

Iranian Supreme Leader Ali Khamenei on Thursday said security organizations, think tanks, the judiciary and propaganda activists, as well as ordinary Iranians, should unite against protesters who were disrespectful to people's lives.

Mr. Khamenei didn't mention the protesters in connection with the shooting in Shi-

raz, but said when the roots of the attack had been found, "the perpetrator or perpetrators of this heinous crime will certainly be punished."

Islamic State on Wednesday claimed responsibility for the Shiraz attack, but without providing evidence of planning it as it has in other attacks in the region, such as footage of the assault or a testimony by the alleged perpetrator.

Iranian President Ebrahim Raisi partly shifted blame beyond the extremist group.

"Islamic State took responsibility for this humiliating and malicious act, but questions are raised as to who created Islamic State, who supported this group and who

unleashed them to kill the people of the region?" IRNA reported Mr. Raisi as saying.

State media has reported the attack was perpetrated by one person who was wounded and apprehended and later fell into a coma caused by his injuries.

There have been no signs of involvement by Islamic State or other extremist groups in the protest movement.

—Aresu Egbali
contributed to this article.

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—AnnaMaria Sebastino
Florence, South Carolina

WORLD WATCH



Iraqi Parliament Speaker Mohammed al-Halbousi, center, on Thursday announced lawmakers' support for Mohammed al-Sudani, right, as the country's new prime minister, ending a long standoff.

IRAQ

New Premier Named, Ending an Impasse

Parliament chose Muhammed al-Sudani as prime minister, aligning Baghdad more closely with Iran amid deep public unrest over rampant corruption and lack of jobs.

Mr. Sudani and his cabinet were approved under tight security, breaking a yearlong impasse between a bloc of Iranian-backed factions promoting him and supporters of Moqtada al-Sadr, a Shiite cleric whose followers delayed the formation of the government for months with violent protests and gunbattles. Mr. Sadr's faction won the most votes in last October's election, but he and his bloc withdrew from the political process after he failed to form a coalition.

The 52-year-old Shiite former labor minister is the choice of Mr. Sadr's Iran-backed rivals, the Coordination Framework, which controls the most seats in the Iraqi legislature. Mr. Sudani is close to former Prime Minister Nouri al-Maliki, whose ties to Tehran while in office strengthened the power of Iranian-backed militias and intensified sectarian violence.

Mr. Sudani has little international experience, and U.S. officials have tried to figure out if his selection will shift Iraq's foreign and security policy.

—David S. Cloud

EGYPT

IMF to Loan Cairo \$3 Billion for Economy

The International Monetary Fund reached an agreement to lend \$3 billion to Egypt, its latest effort to help emerging markets hit by the war in Ukraine and global inflation.

Egypt has been hurt by the war in particular because it had sourced the majority of its wheat imports from Russia and Ukraine. The Egyptian pound began depreciating amid waning investor confidence in the economy this year and came under further pressure as the U.S. dollar strengthened.

The international creditor said the \$3 billion amount, extended over 46 months, was to safeguard Egypt's economy and help it deal with external shocks. It said it could lead to another multi-year financing package of about \$5 billion by unnamed international and regional partners, adding that Egyptian authorities had requested an additional \$1 billion under a newly created IMF facility.

The announcement came after the Central Bank of Egypt said it was moving to a more-flexible currency regime and raised key interest rates by 2%. Those moves led the pound to drop about 15% to a record low against the U.S. dollar. The pound is down 32% against the dollar this year.

—Chao Deng

HONG KONG

Activist's Supporters Jailed for Sedition

Two supporters of a prominent Hong Kong pro-democracy activist were given jail sentences for clapping and uttering comments in the public gallery during one of her courtroom appearances, reflecting the widening range of authorities' efforts to eliminate dissent in the city.

A pastor and a retiree were convicted of sedition for their behavior at the January sentencing of one of the city's leading China critics, lawyer Chow Hang-tung. Ms. Chow, an organizer of vigils commemorating 1989's Tiananmen Square massacre who has been in jail since last year, has faced multiple charges and court appearances that have drawn supporters.

Pastor Garry Pang Moon-yuen, the founder of an online church, was also convicted of another charge related to comments he made on YouTube criticizing Hong Kong's justice system. He was sentenced to a year in prison. Chiu Mei-ying, 68 years old, was sentenced to three months in jail, but was granted bail pending an appeal.

The case was the first under Hong Kong's national security crackdown that targeted courtroom behavior by supporters of activists.

—Selina Cheng

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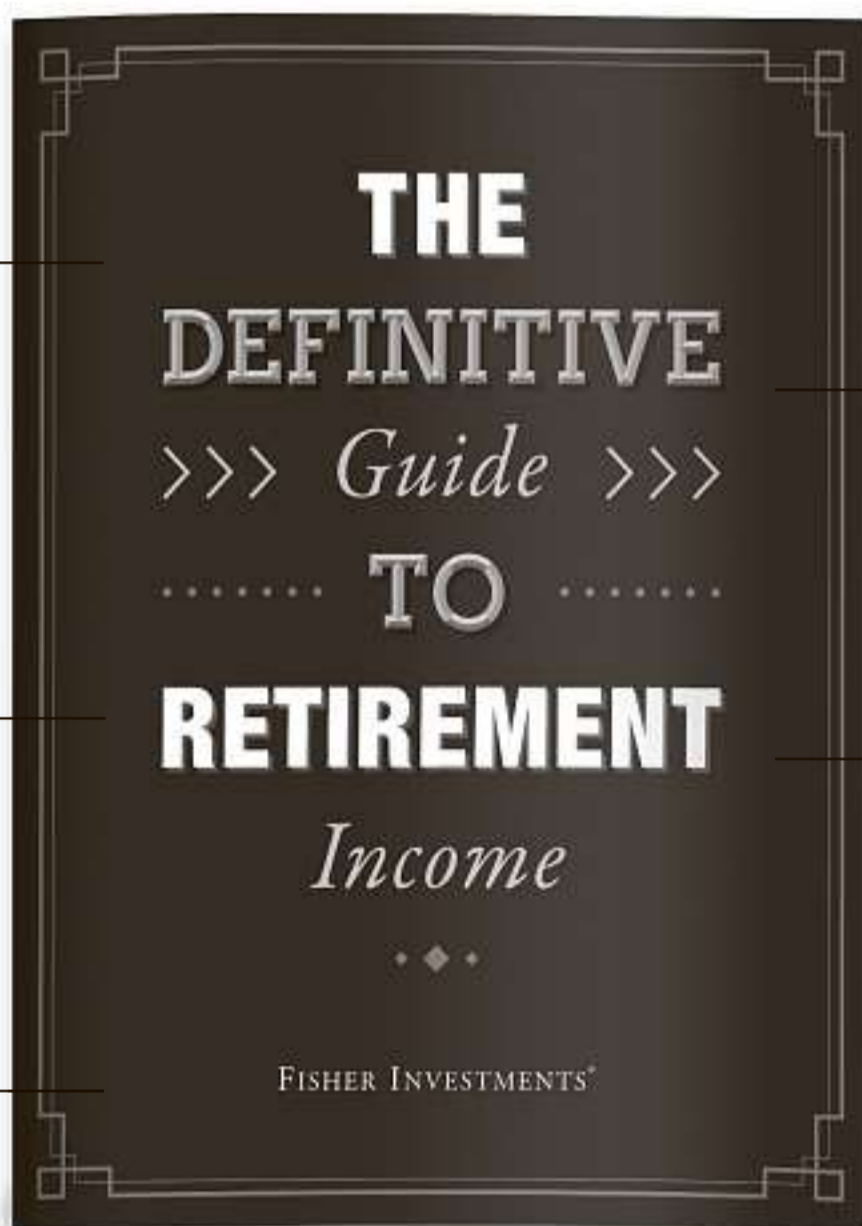
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Prisoner Swap Stirs Acrimony

Continued from Page One as China's flag and trailed by an entourage of lawyers, aides and diplomats who called her Madam Meng. She, too, was headed home.

One of the most significant prisoner swaps in recent diplomatic history was under way, after a top-secret negotiation that was three years in the making.

When Meng Wanzhou was arrested in Canada in 2018, she was chief financial officer of China's Huawei Technologies Co., a telecommunications giant founded by her father that was poised to win the race to build 5G networks in most of the world's largest economies. Canadian authorities took Ms. Meng into custody in Vancouver, British Columbia, on behalf of the U.S., which had filed bank-fraud charges against her.

The detention of the 50-year-old celebrity businesswoman, and U.S. efforts to extradite her for trial in New York, transformed her into a national martyr in China and a symbol of America's growing hostility to its nearest rival.

Days later, the two Canadians were seized in retaliation for Ms. Meng's arrest. Michael Kovrig, 50, was on leave from Canada's Foreign Ministry to work for the International Crisis Group in Hong Kong. Michael Spavor, 46, ran a business that helped students, athletes and academics visit North Korea. During their incarceration and harsh treatment, the two men were sympathetically short-handed in news reports and by Western leaders as "the two Michaels."

Both men denied wrongdoing.

The arrests marked a turning point in the growing power competition between the U.S. and China, helping shift it from mutual wariness to full-blown animosity. Unlike last century's Cold War between the U.S. and Soviet Union, the prisoner skirmish reflected a U.S.-China battle for control of the international flow of data and, ultimately, primacy in global commerce.

Negotiations to free the prisoners strained relations between China, U.S. and Canada. Each nation navigated its own security concerns and domestic political pressures. The U.S. pressed Chinese leader Xi Jinping to release the two Canadians and cited their arrest as evidence of Beijing's disregard for the international rules-based order. Mr. Xi saw Ms. Meng's detention as another underhanded attempt by the U.S. to contain his country's advance.

Mr. Xi penned more than 100 notes about her case, and he discussed the Michaels with two U.S. presidents. He refused to free them until Ms. Meng was released.

This account is based on interviews with current and former U.S., Canadian and Chinese officials, lawyers and prosecutors, former Huawei officials, people familiar with Ms. Meng's legal team and her staff, as well as current and former diplomats of the three countries. It draws from court documents, real-estate and corporate records, classified diplomatic cables, unpublished

photographs and notes of government officials involved in the negotiations.

A spokesman for the Chinese consulate in New York declined to answer questions. A Chinese Foreign Ministry spokesman has said that Messrs. Kovrig and Spavor were detained and tried in accordance with Chinese law, and their case was unrelated to Ms. Meng's arrest.

First to fall

Meng Wanzhou planned to spend only a few hours in Vancouver when she touched down on Dec. 1, 2018. She checked suitcases packed with presentation material for meetings in four countries.

The Huawei CEO also booked a stop in Buenos Aires, where she would join her father, Ren Zhengfei, Huawei's billionaire founder. Mr. Ren had once announced that none of his three children was visionary enough to succeed him. Ms. Meng, who crisscrossed the world representing her father's empire, seemed determined to prove him wrong.

Around the time Ms. Meng walked into Hong Kong's international airport, word of her itinerary passed over a secure line to the Palacio Duhaio hotel, site of the Group of 20 summit in Buenos Aires. A White House lawyer took the call in a soundproof tent set up in a suite. Afterward, the lawyer woke up John Bolton: Ms. Meng was en route.

Mr. Bolton, then-national security adviser in the Trump administration, knew Ms. Meng's arrest could disrupt the summit's marquee event that evening, a dinner between President Donald Trump and Mr. Xi. Yet Mr. Bolton, a long-time China hawk, felt it was worth the risk. The president didn't yet know about the plan.

Federal prosecutors had a sealed indictment against Ms. Meng and Huawei for bank fraud, alleging she had helped disguise the company's business dealings in Iran. The evidence was in a PowerPoint presentation Ms. Meng showed an executive of HSCB Holdings PLC in the back room of a Hong Kong restaurant in 2013. Huawei, she claimed in her presentation, was not violating U.S. sanctions on Iran. The charge was narrow, but it would serve a broader national security objective—to help Washington convince U.S. allies Huawei couldn't be trusted.

Ms. Meng's extradition request had arrived from Washington on a password-protected file that Canadian authorities needed more than a day to unlock. The delay meant Canadian Prime Minister Justin Trudeau, also attending the G-20 summit in Buenos Aires, was told of the request only around the time officers took positions at the Vancouver airport's Gate 65.

At 11:18 a.m., Cathay Pacific Flight 838 rolled to a stop at the terminal gate. Two border guards escorted Ms. Meng to a counter where another guard combed through her luggage.

At the police station, Ms. Meng was fingerprinted.

Messrs. Trump and Xi were dining on Argentine sirloin, accompanied by a 2014 Malbec. The goal of the dinner was to reach a truce in an escalating U.S.-China trade war. Neither man appeared aware of Ms. Meng's arrest. Mr. Bolton, seated near Mr. Trump,



Clockwise from top, Dennis Rodman, left, Michael Spavor, third from left, and North Korean leader Kim Jong Un in 2014; Meng Wanzhou in 2020; Vina Nadjibulla and Michael Kovrig before his arrest.



didn't mention it.

Mr. Xi learned shortly after, according to Chinese government officials, and it struck him as deceptive and an insult. He had just agreed to buy more U.S. food and energy.

Mr. Trump questioned Mr. Bolton days later at a White House Christmas dinner, according to people familiar with the conversation. "Why did you arrest Meng?" the president said. "Don't you know she's the Ivanka Trump of China?"

Michaels arrested

Mr. Xi was briefed on the arrest when he returned to Beijing on Dec. 6. Chinese officials had a list of Canadian names and proposed two for him to select.

Two days later, a call came to the Canadian embassy from a man stopped while trying to board a 2 p.m. flight to South Korea from a city in China's northeast. "I'm being questioned," Michael Spavor said.

Huawei offered to deliver its 5G equipment faster and cheaper.

That night, the embassy got another call, this one about Michael Kovrig. He had been walking in Beijing when he was bundled into a vehicle.

For hours, embassy officials waited to hear from the two men. Finally, the office fax machine spat out missives announcing the detention of two Canadians suspected of threatening national security.

Canada's ambassador met with officials in Beijing, who asked for Ms. Meng's release. "He who ties the knot must untie it," one of them said.

A month later, Mr. Trudeau cemented his government's position at a snow-drenched

cabinet retreat in Quebec. Arrests of innocent Canadian citizens wouldn't force Ms. Meng's release. "Canada cannot be bullied," he said.

To free Ms. Meng, Huawei assembled a team of more than a dozen lawyers, including some of the corporate world's highest-paid.

Elevating a six-year-old PowerPoint presentation to a charge of bank fraud was an overreach the Justice Department would regret, according to Ms. Meng's lawyers. U.S. prosecutors were confident. If Ms. Meng wanted to plead guilty, they were ready to talk. Otherwise, they would see her in court.

The White House had a lot riding on the case. Huawei was on the other side of a contest for control of 5G, the wireless network slated to ferry data to billions of devices worldwide. It was a fight the U.S. didn't want to lose.

Huawei was offering to deliver its 5G equipment—antennas, base stations and routers—more quickly and less expensively than its Western competitors.

U.S. national security officials were convinced of a danger other nations thought could be managed—that Huawei was assembling the architecture China could use for surveillance worldwide.

In 2009, U.S. cyberspies had infiltrated the company's networks. FBI analysts, worried Beijing could use those same networks to spy, alerted their bosses. Defense Department officials urged U.S. telecom companies to steer clear of Huawei. A 2012 congressional investigation concluded China could use Huawei equipment for espionage but didn't find clear evidence it had.

By the time of the Trump administration, Huawei had built a seemingly insurmountable lead over its rivals. An analysis that circulated among intelligence officials warned Huawei would control 80% of the global market for 5G equipment. National security officials feared that would hand China a surveillance tool with the potential to collect all manner of secrets, from the blueprints of nuclear plants to military plans of the North Atlantic Treaty Organization.

Defense officials and diplomats reached out to America's closest foreign partners and pushed for Huawei bans. The company challenged the Trump administration to reveal the evidence it claimed to hold, material the U.S. said was secret.

Huawei, which denied any involvement with espionage, said it was a Chinese success story whose founder was motivated not by rivalry with America but admiration for it.

Mr. Ren, a former army engineer, started out in 1987 selling telecom switches from an apartment in Shenzhen, China. In his telling, a 1993 Greyhound bus trip across the U.S. stirred grand ambitions.

In Dallas, Mr. Ren recalled visiting the 60,000-acre headquarters of Texas Instruments Inc. for a daylong tour. He hired a taxi to drive around the Silicon Valley research facility of International Business Machines Corp. so he could calculate how many square kilometers it encompassed.

A quarter-century later, his company had a smartphone brand that sold more units than Apple Inc.

As Huawei grew, it was stalked by allegations—from former employees, rivals and U.S. officials—that its advance relied on deceit. The company denied any wrongdoing. It settled lawsuits with competitors that accused it of stealing trade secrets, among them Cisco Systems Inc. and Quintel Technology Ltd.

Paperwork for search war-

rants and interview notes piled up in a Justice Department office in New York. Some companies were afraid China would retaliate if they took Huawei to court, feeding a view at the department that Huawei's competitive advantage was impunity.

HSCB ended up providing investigators with evidence for the Justice Department's first case, which originated in the Brooklyn, N.Y., office.

Prosecutors in April 2017 served Huawei with a subpoena to answer questions about whether it conducted business in sanctioned countries, and company executives halted travel to the U.S.

In August 2018, prosecutors readied an indictment against Huawei and Ms. Meng. They kept it under seal until she landed in a country within their reach.

Madam's mansions

U.S. officials had hoped Canada would keep Ms. Meng behind bars until her extradition.



Dominic Barton in China last year.



The billionaire's daughter was a flight risk, prosecutors argued during her December 2018 bail hearing.

Instead, a judge granted her bail, set at 10 million Canadian dollars, equivalent to \$7.5 million, and imposed a curfew from 11 p.m. to 6 a.m. Otherwise, she was free to roam.

Ms. Meng resided in a \$12.3 million, seven-bedroom villa, one of two homes she owned in the city. She had daily Zumba classes and yoga work outs. Personal chefs prepared meals. A florist arranged bouquets for the dining table.

On March 6, 2019, three months after her arrest, bodyguards and TV cameras followed Ms. Meng into court for her extradition hearing.

On the courthouse steps, protesters opposing Beijing's crackdown in Hong Kong set fire to a Chinese flag.

The court hearing lasted just a few minutes, marking the start of a protracted legal battle. Each time Ms. Meng went to court, she passed a Chinese nurse holding pictures

of Messrs. Kovrig and Spavor to protect their detention.

In the northeastern city of Dandong, on the North Korea border, Michael Spavor lived with some 20 other inmates in Cell 315. At night, they slept side by side like sardines. It was sweltering on hot days and cold after dark. Meals were meager and unchanging: cabbage, eggs and rice.

Mr. Spavor, a Calgary native, traveled to South Korea at age 21 and taught English. He became fascinated with the authoritarian state of North Korea and began arranging tours. In 2013 and 2014, he planned three trips for Dennis Rodman, the former Chicago Bulls basketball star who had his own interest in the secretive country and its leader, Kim Jong Un.

Mr. Kovrig had gone to Budapest after college in the mid-1990s, joining a wave of Westerners who flooded into one-closed Central European countries. He worked as a reporter and sang in a punk band before joining Canada's diplomatic service.

Fluorescent lights glowed 24 hours a day in Mr. Kovrig's windowless cell at Beijing's No. 1 Detention Center. For almost six months, he was confined without a whiff of fresh air. He devised a daily workout of push-ups, six-minute planks and 7,000 steps.

Prison authorities spent the first months of Mr. Kovrig's incarceration conducting interrogations that stretched to 10 hours. Over and over, they questioned his work at the Canadian embassy in Beijing.

In June 2019, after more than 150 days in prison, Mr. Kovrig was allowed to send a batch of letters home. The embassy sent copies to his wife in Toronto.

Vina Nadjibulla, a 44-year-old international security analyst, met Mr. Kovrig while they were studying international relations at Columbia University in 2001. The couple had separated by the time of Mr. Kovrig's arrest, but Ms. Nadjibulla put her life on hold, flying between Toronto, Washington and Ottawa to petition officials who could help free Mr. Kovrig. In June, Mr. Trudeau invited Ms. Nadjibulla to his office, and she read from her husband's letters.

"If there is one faint silver lining to this hell, it's this: trauma carved caverns of psychological pain through my mind," one letter said. "I find myself filling those gulfs with

a love for you and for life that is vast, deep and more profound and comforting than what I've ever experienced."

About a week later, Mr. Trudeau arrived in Osaka, Japan, for the G-20 summit. He set out to lobby the one person who could release his two countrymen—Mr. Xi, the most powerful Chinese leader since Mao Zedong.

In meetings with Western leaders, Mr. Xi seldom joked and rarely smiled. He usually began with a monologue of talking points almost identical to his public statements. He so resolutely stuck to scripted remarks that his interpreter simply read aloud from a prepared English text. When finished, Mr. Xi would ask, "Don't you agree?"

Through the first half of 2019, Mr. Trudeau had failed to get an audience with Mr. Xi. The Chinese reply to Mr. Trudeau was frustrating: It would breach protocol for Mr. Xi, a head of state, to speak with Mr. Trudeau, merely the head of government of Canada, whose head of state was Queen Elizabeth II.

Beijing expressed itself through trade restrictions. China blocked shipments of Canadian canola oil at its ports. In May, it barred pork from two of Canada's top slaughterhouses. Three days

ahead of the G-20 summit, it stopped all Canadian meat from entering China.

Mr. Trudeau asked Mr. Trump to speak up for Messrs. Kovrig and Spavor when the U.S. president met with the Chinese leader at the summit.

In their meeting, Mr. Trump handed Mr. Xi a sheet of paper that listed the names of Americans being held in China. The names, written in Chinese and English, also included Michael Spavor and Michael Kovrig.

"It would be a great gesture," Mr. Trump said with a stroke of flattery, if China could help these people get home.

Scanning the names, Mr. Xi pointedly noted that the last time the two leaders had met was the day of Ms. Meng's arrest.

Mr. Trudeau got his opening by chance. Chile was a guest at the G-20 meeting, but its representative didn't attend a scheduled assembly. That left Canada seated alphabetically between China and Brazil—Mr. Xi next to Mr. Trudeau.

The Canadian prime minister passed a note, handwritten in Chinese, to Mr. Xi. "We have to communicate," it said. Mr. Trudeau proposed they select two confidants to begin backchannel talks.

The two men stepped to the side of a conference floor, exchanged pleasantries through a translator and clasped hands.

Days later, Dominic Barton, the former global managing partner of consulting firm McKinsey & Co., carried a folder into a gated state guesthouse in Beijing. His meeting was unofficial and secret. He told his secretary he was on vacation.

The 60-year-old Canadian had risen in the slipstream of China's economic miracle, and through more than a decade living and working in the country had ties with Chinese entrepreneurs, executives and party leaders.

Mr. Barton wasn't a diplomat. Yet Mr. Trudeau believed he could break the diplomatic logjam and bring home the two Michaels.

The silver-haired executive smiled at a pair of Foreign Ministry officials when he entered his first meeting. A Communist Party official began reading from a stack of pages, pausing with dramatic effect for the translator to catch up.

"You have arrested Madam Meng."

"You are lapdogs of the United States."

One by one, the world's wealthiest countries cut ties with Huawei.

Mr. Barton interrupted, and the ministry official, appointed by Mr. Xi, looked up and flipped back to the first page. Then he began rereading from the beginning. For three hours, the official read from an invective-laced script, circling back to the top each time Mr. Barton protested.

Mr. Barton held his tongue through the last hour of hectoring. At the end of the meeting, Mr. Barton asked if China's Foreign Ministry would attend a second meeting in Ottawa. No, the official said. But the Canadians were welcome to return to Beijing. That was the only good

news Mr. Barton had for the prime minister.

"OK," Mr. Trudeau said in their phone call. "Well, that's something."

Weeks later, Mr. Barton was named Canada's ambassador to China. His first test was a meeting with Mr. Xi in Beijing's Great Hall of the People. The ambassador delivered a short speech in his halting Mandarin during an exchange that lasted barely a minute.

"My mission here is to resolve this issue," Mr. Barton said. "I want to get Madam Meng and our people home."

"I didn't know you spoke Mandarin," Mr. Xi said.

"I don't...that's the only Mandarin I know," the executive replied.

Mr. Xi smiled. "It takes two people to repair a relationship," he said.

China's foreign minister, Wang Yi, then offered his own rough-edged advice. "You got a lot of work to do," Mr. Wang said, slapping Mr. Barton's back. "You better exercise hard!"

Shortly after, Mr. Barton made his first visit to a Chinese prison. Guards escorted him past an interrogation room holding a metal chair with straps.

He met Mr. Spavor in a reception room. Mr. Spavor, struggling with sleep, looked numb. "How long will this go on?" he said. "Every day I wake up, and it's the same."

Mr. Barton also went to the Beijing prison to see Mr. Kovrig, who was livid and gesturing at guards he said were abusive. They had taken away his glasses, citing rules against metal objects.

He also demanded to know about his release. "When will this get done?"

No deal

After several videoconference calls through the spring of 2020, John Demers, assistant attorney general for national security, told Canadian diplomats that the Justice Department was considering a deferred prosecution agreement: Prosecutors wouldn't move forward with charges if Ms. Meng pledged not to commit other federal crimes.

The sticking point was that Ms. Meng would have to admit wrongdoing. Her lawyers said she would never agree because she had done nothing wrong.

In China, Mr. Barton couldn't get calls returned, even from longtime acquaintances. The mission wasn't just faltering, he confided to a colleague. It was lurching toward humiliation.

Ms. Meng, her legal team and Huawei were so confident of a win that they had her bags packed and chartered the 787th Boeing 787 ever made, a commemorative Dreamliner jet that would bring her home from Vancouver.

Days before Ms. Meng's May 27, 2020, court hearing, her assistants staged a rehearsal for a planned photo on the steps of British Columbia's Supreme Court building. Huawei colleagues and household staff joined Ms. Meng, flashing victory signs in front of an imagined crowd of supporters.

On the day of the hearing, they were met instead by a jeering crowd. The judge declined the extradition appeal.

Ms. Meng wasn't interested in the U.S. prosecutors' offer. The Chinese executive told her lawyers she was willing to remain in Vancouver for years, if necessary, while her legal

team fought the U.S. extradition. The company's reputation was at stake.

That summer, Huawei swept past Samsung Electronics Co. to become the world's top smartphone maker. As chief financial officer, Ms. Meng had to protect the empire her father had built.

But Huawei was already tipping.

Mr. Trump, who began referring to Huawei as "Spyway," signed off on new export restrictions in 2020 that blocked the company from buying computer chips produced with U.S. tools. The restrictions extended to manufacturers using American technology worldwide. Huawei started to run low on chips it needed to churn out smartphones, which made up around half its revenue.

Canada discussed the arrest of Messrs. Kovrig and Spavor at NATO counterintelligence briefings. Western leaders who spoke with Mr. Trudeau heard about the harrowing prison conditions.

One by one, the world's wealthiest countries gravitated toward the U.S. position and cut ties with Huawei.

In July 2020, the U.K. announced it would ban the company from its networks by 2027. Two weeks later, France said it would stop renewing licenses for Huawei 5G equipment, effectively barring the company. By fall, the U.K. Parliament's defense committee said it would accelerate the Huawei ban.

Mr. Trump lost the 2020 presidential election, and as the clock ticked down to a new administration, Huawei's head of public affairs in North America, Vincent Peng, called Mr. Barton before Christmas. He said Huawei would try its luck with Joe Biden.

Mr. Xi came to see the case as an obstacle to restoring U.S.-China ties. He felt his country had demonstrated sufficient resolve against Western provocation.

In early September last year, Mr. Barton was summoned to the U.S. Embassy safe room to read transcripts of a call between Messrs. Biden and Xi. The two leaders had again pressed each other to release the prisoners.

It was, according to Beijing, "the consensus of the two presidents."

Friday, October 28, 2022 | A13



Chinese leader Xi Jinping, left, and Canadian Prime Minister Justin Trudeau at the G-20 summit in Osaka, Japan, on June 29, 2019.



Michael Kovrig embracing his wife, Vina Nadjibulla, in Toronto on Sept. 25, 2021, following his release from incarceration in China.

ARTS IN REVIEW



NETFLIX (3)

TELEVISION REVIEW | JOHN ANDERSON

History Muddied in The Trenches

A crash course on World War I might include Stanley Kubrick's "Paths of Glory," Barbara Tuchman's "The Guns of August," Paul Fussell's "The Great War and Modern Memory," and Erich Maria Remarque's "All Quiet on the Western Front." Based on his own traumatizing experiences as a young German soldier in the trenches of France, Remarque's 1929 novel now gets its first German-language adaptation courtesy of Netflix and director Edward Berger. Fully understanding the war—who does?—may not be necessary in appreciating the disturbing, moving and sometimes too-beautiful production. But that production certainly puts a Teutonic tweak on history,



sometimes to outrageous effect.

Can a concrete room filled with the corpses of innocent young German recruits—who have all just been gassed—suggest anything other than the death camps of World War II? And is the point of such a scene a foreshadowing? A



Felix Kammerer, left and above; Aaron Hilmer, Adrian Grunewald and Albrecht Schuch, top, in the new film version of the classic Erich Maria Remarque novel

critique about the consistency of human brutality? Worse, a distribution of guilt for atrocities to come? The scenes that have been added and are not in the book include the signing of the Treaty of Versailles aboard the fabled Compiègne Wagon—with the vindictive French generals, including Ferdinand Foch (Thibault De Montalembert), jamming their ruthless terms down the throats of the peace-seeking Germans led by Matthias Erzberger (Daniel Brühl). These sequences sanctify the historical position that the onerous terms of the treaty are what led to Hitler and the Holocaust. Just for

good measure, one of the concluding murders in the film is committed by a French farm boy, avenging a theft of duck eggs by two starving German soldiers.

Many think of "All Quiet on the Western Front" as the German "Red Badge of Courage," for fairly good reason. Both are works about war that are antiwar because they strip their characters of virtually everything but fear. It doesn't matter what side anyone is on. It doesn't even matter that "Courage" author Stephen Crane never saw combat. The point of both is that the hellishness of battle—as experienced by those who

actually fight it—makes dispensable such luxuries as dignity, honor and even civilization.

There is much of that in Mr. Berger's film. Paul Bäumer (played by the spectacular newcomer Felix Kammerer) and his co-combatants Kat (Albrecht Schuch), Kropp (Aaron Hilmer) and Tjaden (Edin Hasanovic) all harbor noble ideas until thrust into combat. And starvation. And the stupidity of trench warfare as prosecuted by generals less concerned about the bloodbath than

A German-language Netflix adaptation of 'All Quiet on the Western Front'

whether their croissants are fresh. The battle scenes are beyond anything that could have been achieved by Lewis Milestone in his famous 1930 adaptation of the book, or the 1979 TV version directed by Delbert Mann. The effects are appalling. So is the gore. The cinematography by James Friend may be breathtaking for some, especially when the smoke rising up across No Man's Land becomes both gray from gunfire and pink with blood. In one scene, the combined elements of what was then state-of-the-art weaponry are brought down on Paul's company: machine guns, aircraft and tanks, the rumble of which sends the rats scurrying through the trenches, with the soldiers soon to follow.

Messrs. Berger and Friend like their drone shots, which are very effective at times, providing the Pieta-like disposition of dead men across a cratered expanse of battleground, or capturing the vastness of the waste created by a war that might have been over in months if the military high command on both sides hadn't had 20th-century armaments and 19th-century thinking. "Be fair to your enemy," the film's Erzberger warns the French generals (who were, as Tuchman and others have told us, incompetent swine). "Otherwise he will hate this peace." That may have been so, but where that line of dialogue tries to lead us is to a contemptible conclusion, though it may help explain why other Germans, until now, have avoided making this particular movie.

All Quiet on the Western Front
Friday, Netflix and select theaters

'ARMAGEDDON TIME' is a curiously excitable title for a slice-of-life tale about an ordinary boy growing up in 1980 New York, but then again, 12-year-olds are curiously excitable people. Everything is a discovery; adulthood beckons while childhood limits. The internal push-and-pull provides for ample dramatic possibilities.

Writer-director James Gray thoughtfully explores some of them in an autobiographically inspired picture in which he barely alters his name in creating a screen counterpart, Paul Graff (Banks Repeta). In the weeks leading to the 1980 presidential election, Paul, a boy from a smart, striving middle-class Jewish family in Queens, N.Y., is something of a misfit in school, where he has a tendency to act up in mischievous but basically harmless ways.

Paul's story is so banal that it scarcely seems worthy of being dramatized. Yes, he has a close relationship with his wise grandfather (Anthony Hopkins) and his practical mom (Anne Hathaway). His father (Jeremy Strong) can be strict, and beats his son for severe transgressions, but that tendency was unremarkable at the time. Where the film comes alive isn't in any of the material about Paul, but rather in its observations about the kid's best friend, a black classmate named Johnny, played with great humanity by Jaylin Webb. Johnny is mischievous in exactly the same ways as Paul, but it's clear from the start that the system is steering him toward a very different future.

The way Mr. Gray depicts how a white youth and a black one can commit nearly identical infractions and be treated by the adults around them sympathetically in

one instance and harshly in the other is completely plausible, especially for the time and place, and it's also infuriating. Paul's family are decent, honorable people, proud liberals who would describe themselves as enlightened about the plight of black people. And yet they



are also racists. Mr. Gray (whose credits include "Ad Astra" and "The Immigrant") is forensically detailed about the sometimes-invisible workings of prejudice. At one point, when both Paul and Johnny are behind a teacher's back and Paul plays the clown to get a laugh from the classroom, the teacher

FILM REVIEW | KYLE SMITH

A Tale of Two Boys

The paths of two friends—one white, one black—gradually diverge

upbraids Johnny because he assumes it was the black boy who broke classroom protocol. Matters grow more alarming from there. The way Johnny becomes increasingly marginalized and endangered through the course of the film is one of the most haunting sto-

ries at intervals to dispense sagacity, especially about the virtues of tolerance. The way Mr. Gray devises tear-jerking scenes around the elderly paterfamilias is all too predictable.

The film's title is a dry double-entendre that nods both to a song



Banks Repeta and Jaylin Webb, left; Banks Repeta and Anthony Hopkins, above

rylines I've witnessed at the movies this year.

Yet the film falters in its depiction of the grandfather character; Anthony Hopkins seems like the wrong man to play a half-Ukrainian Jew who fled from Hitler. Moreover, his character is too much of an idealized stock figure, brought

covered by the Clash ("Armageddon Time" was the B-side of the single "London Calling," a major hit of the time) and remarks made by Ronald Reagan prior to the presidential election: On several occasions he said, "We may be the generation that sees Armageddon." Clips of Reagan's public appearances play

in the background of the film, with a foreboding air. A man who is asking for the keys to the nuclear arsenal is not the kind of person who should be saying this kind of thing, and Reagan's political opponents thought he seemed almost to welcome a massive conflict with the forces of communism. Through the eyes of the Graff family, who seem obviously to be liberal Democrats, Reagan appears not only irresponsible but beholden to a specifically Christian type of doomsday vision. They picture a 1980s America guided by nutty televangelists, and their disgust with Reagan is palpable. To his credit, Mr. Gray doesn't direct the audience what to think about this tendency.

As a time capsule of the moment, both the film's thematic concerns and its look are dead-on. The production design, by Happy Massee, is uncanny, perfectly recapturing the dingy, dismal, worn-out appearance of middle-class life in the Carter era. And "Armageddon Time" is one of the few recent films that makes Trump references that are organic rather than forced. Though Donald Trump does not appear, his father Fred (John Diehl) does, and with justification; Mr. Gray attended the Kew-Forest private school, on whose board Donald's sister Maryanne Trump (Jessica Chastain) served. Ms. Chastain, in the intentionally grating mode of a sort of televangelist of business, delivers a speech that's meant to be a disturbing harbinger of a new era of rapacious capitalism. If Armageddon isn't quite what happened economically to the U.S. in the 1980s, "Armageddon Time" is nevertheless a sincere effort to wring meaning out of memory.

FOCUS FEATURES (2)

ARTS IN REVIEW

THEATER REVIEW | CHARLES ISHERWOOD

Roads, Bridges and Much Debate

Ralph Fiennes plays domineering urban planner Robert Moses in David Hare's information-heavy but inert play at the Shed

When you consider that Robert A. Caro found more than a thousand pages of material worth exploring in "The Power Broker," his Pulitzer Prize-winning biography of Robert Moses, the road-and-bridge-builder who shaped the contours of New York City and state perhaps more than any man, it is bewildering to discover how little palpable drama the distinguished playwright David Hare has managed to wrest from the life of Moses in "Straight Line Crazy."

In truth, Moses's complexity, and the capaciousness of his legacy, may be the root of the problem. Even with Ralph Fiennes, one of our finest stage actors, portraying Moses, the play often comes across as an information-shoveling talkathon. Those who made it through the book will learn nothing new—although the activist and



tants, bulldozing his way past obstacles, mainly the entrenched opposition from the wealthy with baronial Long Island estates.

The supporting characters—a casually imperious Guy Paul as Henry Vanderbilt, leader of the anti-Moses grandees; Moses's chief assistant, Finnuala Connell (Judith Roddy, solid in a bland role); the engineer Ariel Porter (Adam Silver, ditto)—chiefly are human sounding boards or prompters who allow Moses to pour forth his ambitions and his history. Moses gets most of the good if tidily pithy lines: "Once you have a reputation for getting things done, then you can get things done." Of the people he is ostensibly working to liberate from the stifling city: "We must advance their fortunes without having any respect for their opinions."

The directors, Nicholas Hytner and Jamie Armitage, are stymied by the play's lack of notable action or forceful conflict. It mostly takes place in Moses's planning headquarters, where designs are displayed on easels; while Mr. Fiennes's domineering Moses animates the proceedings, his underlings mostly stand in the background, scarcely more ambulatory than those easels.

A welcome injection of energy arrives when Gov. Al Smith (Danny Webb) bustles into the room. Filling the office with the rumpled, proudly vulgar air of a man of a

Clockwise from top: Adam Silver as Ariel Porter, Ralph Fiennes as Robert Moses, Alisha Bailey as Mariah Heller; a scene from 'Straight Line Crazy'; Judith Roddy as Finnuala Connell and Mr. Silver



much lower class than Moses, Smith has come to see whether it's true that Moses has begun embarking on his highways without Smith's permission. Mr. Webb's performance has a tangy punch as Smith and Moses square off like two bulldogs spoiling for a fight. Mr. Fiennes's Moses, previously mostly an eloquent lecturer or fierce lawyer down of the law, here finally reveals flickers of insecurity, knowing that Smith can aid or destroy his ambitions; the play leaps into churning life.

Unfortunately the vigor subsides in the second act, set mostly in Moses's New York City head-

quarters in 1955. Here we see the lion in winter, beginning to show—in his deadened eyes, and volatile fits of rage or contempt—the scars of 30 years of relentless scheming and strategizing.

Now it's his antagonists, with Jacobs joined by the actor and activist Shirley Hayes (Alana Maria), who grab their airtime. Which is unhappily what their attacks on Moses's vision for the city feel like: the opposing team getting its innings. Jacobs: "First, he has this insane idea that the answer to the problem of too many cars is more cars. And second, he's convinced the answer to

the problem of congestion on our roads is more roads."

Even Moses's underlings have begun to kick at their idol's feet of clay. A new hire, a young black woman named Mariah Heller (Alisha Bailey)—an unlikely employee given her boss's racism—trains her fire on his "slum clearance" methods: "You knocked down buildings full of Puerto Ricans and Mexicans and Negroes, and you did it because to you they weren't real people. They were just dirt which had to be cleared out the way."

Finally the previously loyal Finnuala takes her turn at the metaphorical lectern, rapping Moses for his treatment of his wife, now an institutionalized alcoholic, and his habit of ignoring that Ariel has multiple sclerosis, among a long list of grievances: "There's a bias in everything this office does, and it's a bias towards the better off."

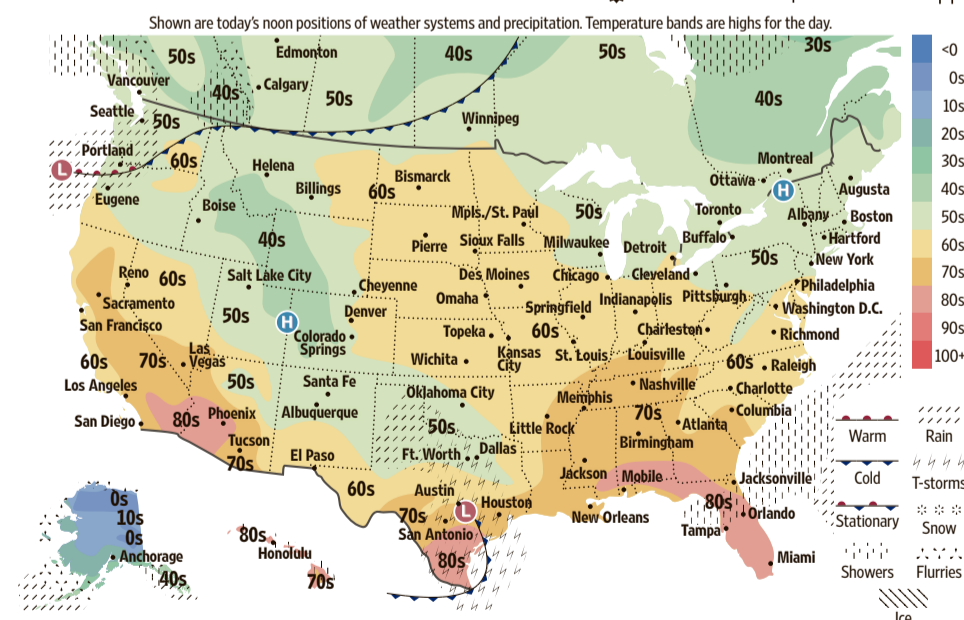
Mr. Hare has long been a brilliant theatrical analyst of people and institutions that hold the levers of power, but here even an oft-dazzling turn by Mr. Fiennes cannot disguise that the playwright is over-matched by the sheer size of Moses's monumental, and still controversial, achievements.

Straight Line Crazy
Griffin Theater at the Shed, 545 W. 30th St., New York, \$49-\$139, 646-455-3494, closes Dec. 18

Mr. Isherwood is the Journal's theater critic.

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 3 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists major U.S. cities and their weather forecasts.

International

Table with 3 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists international cities and their weather forecasts.

The WSJ Daily Crossword | Edited by Mike Shenk

A crossword puzzle grid with numbers 1 through 60 indicating starting positions for clues.

START IN FEAR | By Mike Shenk

- 20 *Baked Alaska layer
- 22 Lesson leaders
- 24 Ranking for Rafa
- 25 Rock beater
- 26 Sails' staffs
- 28 Brink of failure, figuratively
- 9 Rifle part
- 13 Spall of the Apple TV+ show "Trying"
- 14 "The Hollow Men" poet
- 16 Prime draft category
- 17 "By Jove!"
- 18 Event with bulls and bucks
- 19 Puffy hairstyle
- 39 Weapon thrown by Aboriginal Australians
- 40 Make use of
- 42 Not fair
- 43 Come from behind
- 44 End of Rhett Butler's final line
- 45 Perfect pitch?
- 47 *Touched tenderly
- 51 Capital of a nation on the Black Sea
- 36 Truck stop sight
- 37 "Arabian Nights" flier
- 38 Woefully unimpressive
- 55 Foil's kin

Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, Oct. 30. A solver selected at random will win a WSJ mug. Last week's winner: Anthony Masiello, Burlington, N.J. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)



- 56 Soft footwear
- 57 Ninny
- 58 Conversation piece?
- 59 Fancy bubbly brand
- 60 *Garamond or Goudy Old Style, e.g.
- 27 United, e.g.
- 28 Get smart
- 29 Fruity red wine
- 30 Commodity
- 31 Secure with a band
- 32 Satchel Paige's real first name
- 35 Like some sunbathers
- 36 Converts from a division to a separate company
- 38 Be a bad loser, perhaps
- 39 Matching
- 41 Forwent
- 42 Most valuable, perhaps
- 44 Expression of German gratitude
- 45 Distort
- 46 Toys for Tots, e.g.
- 47 Miguel's great-grandmother, in a Pixar movie
- 48 Chase away team
- 49 School along the Thames
- 50 Ninny
- 53 Waits in a recording studio

Previous Puzzle's Solution

A grid showing the solution to a previous crossword puzzle, with words like HITS, SMILE, REMUS, GYRO, HONEY, AMANA, etc.

SPORTS

World Series Is Consistency vs. Chaos

The Astros are a 106-win juggernaut while the Phillies spent the year teetering on the brink

BY LINDSEY ADLER

The World Series that begins on Friday isn't just a matchup of ball clubs—it's a clash of aesthetics.

The Houston Astros are designed to play clean, consistent baseball. The Philadelphia Phillies carry a cloud of chaos as their 27th man, the type of team that could either get beaten up on or create a chasm in the careful plan their opponents map out against them.

It's the type of pairing that makes the unpredictable nature of baseball such a crucial element of the sport. Houston won 106 games and moved steadily through their regular season to reach the post-season, where they have so far swept the Seattle Mariners and New York Yankees in their first two series.

Philadelphia spent the year teetering on the brink: They fired a manager midseason, clawed their way to finishing in third place in the NL East, then claimed a wild-card spot—in Houston, of all places—in their third-to-last game of the season.

Yet here they both stand on the game's biggest stage, hoping to prove in the best-of-seven series that their formula for winning is the one that works.

The 87-win Phillies' ascension to the World Series provides an immediate examination of MLB's new postseason formula, which expanded from 10 teams to 12 as a result of the most recent collective bargaining negotiations. If the season had been played under the 2021 postseason, Philadelphia would have missed the playoffs by two games. Now, they're four wins away from planning a parade, bringing about a new era in a growing baseball debate: Do the playoffs identify MLB's best team, or just the one that figures out how to win games at the right time?

"You get in the playoffs, anything can happen," said Phillies manager Rob Thomson. "You get on a roll and you have a little bit of good fortune and some lucky bounces, things just kind of keep going and snowballing in your favor."

"Expanding the playoffs, it brings in a lot of revenue, so I don't think it's going to go backwards," said Astros ace Justin Verlander.

This World Series pits a perennial contender in Houston against a team that just snapped an 11-year playoff drought. It puts two-time MVP Bryce Harper in a Fall Classic for the first time in his 11-year career, and will allow Verlander, the future Hall of Famer, to go for his second ring after putting together another Cy Young-favored season at 39 years old. It will feature Phillies homegrown ace Aaron Nola, who endured a handful of ugly seasons for the organization to get to this point. It may extend a breakout moment for Houston's rookie shortstop, Jeremy Peña, who rose from being named Carlos Correa's replacement at the start of the season to the ALCS MVP.



Justin Verlander, above, is seeking his second World Series ring, while Bryce Harper, right, is in the Fall Classic for the first time in his 11-year career.

"Houston, it's a really good team," said Harper. "They know how to win. They've been there before. Good pitching staff. I think as a team, we don't care who we play. We just want to go in there and do our job."

This is, for the Astros and the Phillies, the pinnacle of the work. By the time the series begins on Friday night, each team will have had four days off to enjoy the satisfaction of earning their respec-

Do the playoffs identify MLB's best team, or just the one that wins at the right time?

tive pennants. The focus will turn to the wins they can accomplish now, rather than the ones that granted their admission to this chance at a championship.

"As you saw, they don't quit," Astros manager Dusty Baker said of the Phillies. "You get this far, you know they've got the same belief over there that we have over here. I'm sure it's going to be a great series."

On paper, the most likely outcome seems obvious: Houston is a

fundamentally sound team, led by stellar defense, exceptional pitching, and a contact-driven offensive approach. They were the best defensive team in the American League by Statcast's Outs Above Average metric, the best team ERA in the AL (2.90), and had the second-lowest strikeout rate in MLB while still hitting for power. They have shown this October an ability to consistently win tight games—six of their seven wins in the ALDS and ALCS were decided by two runs or less.

"The thing about this team is that they don't panic," said Baker. "They never panic. They try to find a way."

Meanwhile, their opponents from Philadelphia are built on hard-hitting, frequently wild fielding, and skilled-but-volatile pitching. They were the second-worst fielding team in MLB by Outs Above Average over the course of the full season, though their infield defense improved by September. The Phillies hit for a higher average than the Astros, with a comparable on-base percentage and slugging percentage—but they strike out nearly three times as often as they walk.

Philadelphia got to this moment through the newly expanded post-season format, knocking out three teams (St. Louis, Atlanta, and San



Diego) with better regular-season records along the way. Houston dismantled two of their most familiar opponents in the Mariners and Yankees, putting together one of the least-taxing seeming walks to the World Series in recent history.

"As we have seen in the playoffs time and time again, the hot team is really difficult to beat in general," said Verlander.

The Astros have burned a steady flame all year while the Phillies have taken off like a forest fire in recent weeks. Cold teams don't get this opportunity to compete for a championship, but the blazes have burned in different ways to lead to this World Series.

The Phillies have won games all season long by seemingly finding their big moments, but their susceptibility to sloppiness is a tough trait to bring to a matchup against the Astros, who have shown a knack for punishing their opponents for making mistakes.

"It's a thought process that you have," Baker said. "Saying, 'Hey, boys, here's our break.'"

This matchup might prove to be meticulousness versus mayhem, a study of styles as much as a series of ballgames. Despite their divergences, the Astros and Phillies will enter this moment with something in common: An opportunity to win their way to a World Series championship.

NWSL Ends Year Marked by Growth—and the Specter of Old Problems

BY RACHEL BACHMAN
AND LOUISE RADNOFSKY

RARELY HAS A SPORTS LEAGUE

been so high and so low all at once. The National Women's Soccer League, soon to cap its 10th year in existence, set attendance records in 2022, made leaps in viewership and revenue and is fielding bids to expand.

But the league is also absorbing investigative reports that document a long pattern of abuse of players and the failure of league officials to address it. The reports haven't just weighed on athletes, but also cast a potential cloud over the league and its future.

The NWSL's upside and its risks will be on full display in Saturday's championship game at Audi Field in Washington, D.C.

One side of the ball will be the Kansas City Current, whose ownership group has been heralded as a model for its investment in women's facilities. The franchise was sold and relocated from Utah following the previous owner's reported use of racist language and criticism of a racial-justice protest involving players on his Major League Soccer team.

On the other side will be the Portland Thorns, whose owner, Merritt Paulson, helped build one of the world's most commercially successful women's sports franchises but stepped down from his CEO role while apologizing for his failure to warn other teams about an allegedly abusive coach.

In the face of a difficult year, NWSL athletes "just want to focus on their trade, which is what all of us sort of strive for in our work. And that's what I hope the champi-

onship's about," NWSL commissioner Jessica Berman said.

Berman took over last March, following turmoil spurred by a fall 2021 story in the Athletic that alleged that then-North Carolina Courage coach Paul Riley had sexually coerced players several years earlier while coaching the Portland Thorns. Riley, who was fired, has denied having sex with players.

Earlier this month, a U.S. Soccer-commissioned report by former acting U.S. Attorney General Sally Q. Yates detailed years of abuse and misconduct across the sport. Now the league is dealing with the fallout.

A group representing fans of the Thorns and MLS's Portland Timbers has called for Paulson to sell both teams. But there will be no awkward trophy lift if the Thorns win on Saturday: Paulson won't be at the game, Berman said. Three female executives will be there in his place, a spokesman for the teams said.

Calls for owners to sell are premature, Berman said, since the league and the NWSL Players Association have yet to conclude their own joint investigation. Those findings are expected out by the end of the year, said Berman, a former labor lawyer who previously worked as an executive at the NHL and National Lacrosse League.

In the wake of the Yates report,



Portland Thorns players celebrate during a NWSL semifinal win over the San Diego Wave.

a large question mark going forward is the risk to the NWSL of lawsuits. League and federation officials were aware of serious allegations against coaches, but did little to prevent them from continuing to work with athletes, the report found.

Lawyers who have won large settlements for abused athletes in other sports saw several ways for NWSL players to pursue claims against their teams, the league, and U.S. Soccer.

Berman didn't directly comment on potential litigation risks.

"Right now our focus is really on the future of the league and doing everything in our power to put in place the systemic reform that we believe is required based on what

we learn in the investigation," she said.

One potential hurdle—the short statute of limitations in most states for adult victims to sue over incidents that occurred years ago—soon will fall in New York, the home of the NWSL league office after its relocation this year from Chicago.

Starting in November in the state, adult victims of sexual assault will have a one-year window to sue their alleged abusers, regardless of when the acts occurred, as part of a law passed earlier this year, said John Manly, who represented dozens of gymnasts sexually assaulted by U.S. national gymnastics team doctor Larry Nassar.

But establishing a connection to

New York to access the new law could still pose a second hurdle.

U.S. Soccer remains based in Chicago. A federation representative said it hadn't been sued for anything related to NWSL misconduct or abuse and declined to comment further.

Inside the NWSL's stadiums, nearly all signs are trending up. Ticket revenue increased 125% from last year, according to the league, thanks in part to large crowds for two expansion teams in California. San Diego Wave FC set the league attendance mark with 32,000 at a September game against Angel City FC. The four top playoff-game attendance figures in league history all happened this month, with an average of 22,756 across four cities.

Viewership of regular-season games on Paramount+ increased 29% over last year, and league sponsorship revenue is up nearly 90% over last year, the league says. The NWSL didn't lose any sponsors after the Oct. 3 release of Yates's report, Berman said.

She said she anticipated receiving five to 10 "meaningful bids" to land one of two 2024 NWSL expansion teams, based on discussions she has had with interested groups.

The Yates report did trigger questions and due diligence from prospective owners, Berman acknowledged, but said many were already aware of the abuse allegations from earlier reporting.

"The right groups are still very much engaged," she said. "We need people around the table who are willing to face down the challenges that women face in society, and are willing to do the hard work to solve those challenges in the NWSL."

OPINION

The 'Ranked Choice' Scam



POTOMAC WATCH
By Kimberley A. Strassel

Would you prefer halibut or salmon or moose burgers, in what order, and based on what scheming odds? Believe it or not, that's a real voting guide to Alaskans this election year. And it's a warning to voters in Nevada and nine cities and counties across the U.S. being asked this election to adopt ranked-choice voting: Walk away. Better yet, sprint.

Take it from someone living through the hell that is Alaska's election system. Two years ago, left-leaning outside groups quietly funded Alaska liberals (posing under the vanilla title Alaskans for Better Elections) backing a ballot initiative to do away with the state's perfectly good election system. It was replaced with a "top four" primary and a ranked-choice general election.

Most Alaskans didn't know what they were voting for, since the initiative was a mind-numbing 25 pages of single type, and its boosters tucked the voting part into the garble. The initiative instead led with a provision claiming it would eliminate "dark money" (doubly offensive given its own cloaked funding). Even with all this subterfuge, it barely passed.

Proponents of this system yammer on about how it expands choice, decreases polarization and forges consen-

sus. Alaskans can confirm the opposite is true. Here's what the system really produces: mass confusion, lower-quality information, and increased voter bitterness given the system's coercion.

The state got its unexpected first interaction with this regime when Rep. Don Young died in March. The ensuing special "open" primary featured 48 candidates, running as Republicans, Democrats, Libertarians, independents, "nonpartisans," "undeclared" and (no joke) Santa Claus. All this "choice" served only to deny Alaskans useful information about any one candidate. Choice becomes malevolent when it eliminates meaningful debate, denies voters information, and lards ballots with no-hope candidates that distract from serious ones.

Four candidates advanced, then one withdrew. (Santa Claus finished sixth.) After ensuing chaos as to what to do in such a scenario, a state judge barred the fifth-place winner from advancing. So Alaskans had only three options in the special general election.

The Division of Elections began carpet-bombing residents with "how to" guides that managed the impressive feat of making ranked-choice more bewildering. Alaskans for Better Elections released a video comparing the process to choosing dinner: "Moose burgers are my first choice, but if can't have those, then I choose grilled salmon as my backup."

But what if you don't want a "backup" politician? That gets to the real problem with ranked-choice—it's coercive. It forces voters to play its complex game or risk not being counted. Alaska is a Republican state, and two of the three candidates who advanced—Sarah Palin and Nick Begich Jr.—are Republicans. They split the vote in the first round of counting,

Alaskans know the truth about this confusing, coercive voting system.

giving Democrat Mary Peltola more votes than Ms. Palin. Mr. Begich was then eliminated. Half his voters went to Ms. Palin. Only about a quarter went to Ms. Peltola, but it was enough to push her over 50% of those who ranked either her or Ms. Palin.

Yet notice the numbers don't add up. About 20% of Mr. Begich's supporters didn't put a second choice—either in confusion or protest. (A full 35% of Palin voters didn't.) Those voters didn't want Ms. Peltola—they wouldn't mark her name—but for refusing to play the game, their punishment was to be stuck with her anyway. Thus does a state that Donald Trump won by 10 points, and in which 60% of the voters chose first a Republican, end up with a Democratic repre-

sentative. Consensus? Hardly. The word is "rigged."

The end of polarization? As Alaskans gear up to do all this again, witness the non-stop political attack ads. They are as vicious as they come. Add to this voter fury that this time they are being asked to rate moose burgers against halibut or pizza against salmon in the House race (again), a Senate race, a governor's race and races for state House and Senate. The sample ballot looks like a de-ranked SAT. Fold in continued public bitterness that liberal groups targeted Alaska to be a ranked-choice guinea pig, sold the initiative deceptively, and are spinning the results with juiced analysis and polls.

Residents snarfed to see Bruce Botelho (a long-ago Democratic state attorney general, now with Alaskans for Better Elections) insist in a piece in the Hill that Alaskans love this hot mess. They roll their eyes to read the mainstream media gloss on the project, quoting the outfits trying to foist the same on other unsuspecting voters. The better gauge comes from pollster Ivan Moore of Alaska Survey Research, who told Alaska Beacon that his numbers show conservative voters dislike ranked-choice voting by a 6-to-1 margin.

As for the lower 48 punditocracy flacking for the system, come on up and stand in voting lines with Alaskans to see how happy they are with this debacle.

Write to kim@wsj.com.

BOOKSHELF | By Benjamin Shull

The Customs Of the Countries

License to Travel

By Patrick Bixby
(California, 230 pages, \$24.95)

In Shakespeare's "Henry V," the king, on the eve of the Battle of Agincourt in 1415, tells his army that anyone who doesn't wish to soldier on will be allowed to return home from France: "He which hath no stomach to this fight, / Let him depart; his passport shall be made, / And crowns for convoy put into his purse."

Henry's reference to a passport, it turns out, is a bit of an anachronism. As Patrick Bixby notes in "License to Travel," the word *pasport* did not emerge in French until 1420, five years after Agincourt, to "denote a certificate for the free circulation of merchandise." The term entered English as "pasportis" and came to signify a safe-conduct pass later in the 15th century, but the first record of it in the form that Shakespeare uses appears in John Baret's English-Latin-French dictionary of 1574.

In "License to Travel," Mr. Bixby, a professor of English at Arizona State University, explores the passport's linguistic journey and much else. Presented as a cultural history of the ubiquitous document, the book is more broadly about changing customs of travel and the ways in which nation-states have permitted and restricted the movement of people. The author offers an impressive survey and a goad to further reading.

Mr. Bixby examines the pre-history of the passport as we know it today. In the Book of Nehemiah, the eponymous narrator requests letters of safe passage from Persia's Artaxerxes I in order to travel to Judea and rebuild the walls of Jerusalem. Excavations at the

Athenian Agora have unearthed "a number of terra-cotta tokens" from the 4th century B.C. "for official couriers and private individuals sent out from Athens to military headquarters across the region." In Han China (202 B.C.-A.D. 220), travelers were required to carry a passport (*zhuan*) that identified its holder and listed his physical characteristics.

Though certificates of this sort were often employed as practicalities throughout the next two millennia, the requirement to hold a passport was not always clear. In Europe during the mid-18th century, the era of the "Grand Tour," there were still no firm and uniform standards: "Travel documents could take the form of a government-issued safe conduct pass or a semiformal letter from some high-ranking individual," Mr. Bixby notes, "though they were almost invariably a single large sheet of paper, with a watermark and a seal to assert their authenticity." Visitors typically acquired these documents upon their arrival in the host country—sometimes at a considerable price.

Frederick Douglass was not granted a U.S. passport until 1886, a half-century after he escaped from slavery. When he was suspected by authorities of supporting John Brown's raid on Harpers Ferry in 1859, Douglass was forced to flee to Canada and then to England for a spell. The great abolitionist had hoped to visit France, but the country had tightened its entry requirements after an assassination attempt on Napoleon III. "Leaving nothing to chance," Mr. Bixby relates, "the traveler applied for the necessary documentation by writing to the US minister to the United Kingdom." Douglass was denied a passport on the grounds that he was not an American citizen. (This was soon after the infamous *Dred Scott* decision.)

When he finally received his passport, on the eve of his honeymoon with his second wife, Helen Pitts, Douglass still recalled the official who rejected his request for a license to travel: "This man is now dead and generally forgotten, as I shall be; but I have lived to see myself everywhere recognized as an American citizen." His travels would take him through Dijon, Lyon, Avignon, Marseille, Genoa, Pisa, Rome, Naples and through the Suez Canal on to Cairo and beyond.

A wide-ranging cultural history of the passport—from the Old Testament to World War I to the Schengen Area.

Still, at the turn of the 20th century, a privileged sort of traveler could expect few obstacles when going abroad. Mr. Bixby quotes the Austrian novelist Stefan Zweig: "Before 1914 the earth had belonged to all," Zweig wrote in his memoir "The World of Yesterday" (1942). "People went where they wished and stayed as long as they pleased. There were no permits, no visas, and it always gives me pleasure to astonish the young by telling them that before 1914 I traveled from Europe to India and to America without passport and without ever having seen one."

World War I entrenched the passport requirement on a broad scale. In America, the Wartime Measure Act, signed into law by Woodrow Wilson in 1918, made it "unlawful for any citizen of the United States to depart from or enter . . . the United States unless he bears a valid passport." The League of Nations, established under the auspices of the postwar Paris Peace Conference, drew up uniform standards that passport booklets should measure 15.5 by 10.5 centimeters and contain 32 pages, 28 of which would hold visa stamps.

"License to Travel" moves swiftly through various tumults of the 20th century, including Varian Fry's efforts to spirit Jewish and anti-Nazi refugees out of the south of France during the Holocaust and Leon Trotsky's assassination in Mexico by Ramón Mercader, who infiltrated Trotsky's circle with the aid of a forged Canadian passport. Along the way there are cameos from Hannah Arendt, Ai Weiwei, Langston Hughes, Paul Robeson, Elon Musk, Slavoj Žižek, Willa Cather, Gertrude Stein, Sun Ra and Marc Chagall. At times his attempt to encompass so much material leads Mr. Bixby to stretch the theme a little thin.

The later sections take stock of the global refugee crisis and the role of the passport in an era of pervasive surveillance technologies. "Now, more than ever," Mr. Bixby concludes, "we are our documents: they tell the world who we are, where we come from, and where we can go." Ours is not the world of Stefan Zweig.

Mr. Shull is a books editor at the Journal.

Coming in BOOKS this weekend

Life on the cellular level • The vital legacy of Vatican II • Sidney Reilly: A spy without a country • Emily Post at 100 • Sam Sacks on Cormac McCarthy • Sister act: The Regency-era romancers who invented the historical novel • & more

Living Among the Dead in Manhattan

HOUSES OF WORSHIP
By Faith Bottum

Halloween is a *memento mori*, a reminder of death. It's also an occasion for neighbors to give candy to children and for college kids to dress up and drink. But the tradition started as the hallowed eve before All Saints' and All Souls' Days: the disturbing moment we remember that in the midst of life, we are in death.

And good thing, too. A life lived among the dead is both thicker and deeper. "The communion between the living and the dead is an incredibly foundational principle," explains Rabbi Mark Gottlieb, dean of the Tikvah Summer Institute at Yale University. "By insisting that the dead are a part of that community, we enlarge both our discourse and our sense of what truly matters."

Even Manhattan hasn't eliminated all of its cemeteries and old ghosts. Despite the late 19th- and early 20th-century efforts to banish graveyards in the name of public health and some vague sense of modern progress, at least nine graveyards can still be found on the island.

Among them is the New York City Marble Cemetery in the East Village, with monuments marking the underground vaults between tall ivy-covered trees. There's also Old St. Patrick's Cathedral,

between Mott and Mulberry Streets, with its gray crypts wrapped in the protection of a red brick wall.

Perhaps the most beautiful is Trinity Church Cemetery, near Wall Street. Created in 1697, it's where such figures as Alexander Hamilton and the steamboat inventor Robert Fulton are buried. Although hemmed in by the glassy skyscrapers of the financial district, the old marble, slate and granite headstones somehow fit the small space. A brick path drifts through the grass. "Sleep, Lovely Babe, and take thy rest," reads the 1731 headstone of Nicholas Ellsworth, who died at age two, with a skull and two flowers carved above.

Less attractive, and perhaps for that reason starker in its reminder of the dead, is the Third Cemetery of the Spanish Portuguese Synagogue, on 21st St., between Sixth and Seventh Avenues. Stuck between nondescript yellow and red brick buildings, it almost looks like a backyard lot, with a Citi bike station in front. But through the curled pig-iron fence passersby can see the simple white gravestones set beneath five trees.

The ancient cities were built around the dead, the great scholar of Greek and Roman urban life, Fustel de Coulanges, argued in the 1860s. Attempting to turn their backs on death, modern cities have thinned down the

human experience to nothing more than the present. Each small appearance of the dead in a city, each ghostly intrusion of the departed into our busy lives, reminds us that a connection to the past thickens the present. Our lives are built on the contributions of those who came before us, the things they built and the promises they made, explains Pastor David Benke, a Lutheran leader in New York.

Cemeteries, especially on Halloween, remind us of our mortality and roots in the past.

We are bound, he says, "to the dreams and hopes of those who preceded us," because they "connect us to the bigger story, . . . to what I would call perpetual care."

There's a temptation to think about life only through the lens of the present and future. But "the presence of the dead is very palpable, and a graveyard is the material expression of that social-ity or that communion," insists Rabbi Gottlieb. The result is that cemeteries have an important effect on urban life. In all the city's bustle, the cemeteries are there: a quiet presence that demands reflection. "When the graveyard is in the middle of the city, you can keep whistling" past it, says Rev.

Gerald Murray, pastor of Holy Family Catholic Church on 47th St. "But one day the whistling is going to stop. It's good to have that visual impact of a graveyard. It humanizes the city in a way that little else can do."

Halloween is a Christian adaptation of Celtic pagan harvest festivals, particularly Samhain, in which the Celts would dress up in costumes to ward off ghosts. In the late Middle Ages, the October night was taken as the moment at which constraints on ghosts were weakest, before the holiness of the saints drove them back at dawn. Imported to America in the 19th century, Halloween became a kind of unseemly harvest festival, mixed with elements of the Germans' Walpurgis Night and the Mexicans' Day of the Dead.

Among all the rest, Halloween can be a somber yet useful occasion. The quiet breaths of New York's cemeteries serve as reminders of the past: murmurs that tell us we must die, and that the dead are still among us. Graveyards are "a good reminder," Father Murray notes. "People nowadays would say, 'No, that real estate is too valuable for a graveyard.'" We should say instead, "No, money can wait."

Ms. Bottum is an assistant editorial features editor at the Journal.

Rolling Stone Gathers No Facts

By Stephen Moore

Artists once aspired to be "on the cover of the Rolling Stone." But what was once a fun pop-culture magazine has evolved into a dreary leftist propaganda outlet. In August I was the target of a fact-free hit piece designed to defend President Biden's legally dubious and economically indefensible student-loan forgiveness plan. The article was titled "Deadbeats' Don't Pay Debts, Says Trump Fed Pick Held in Contempt for Not Paying Debts."

In 2019 President Trump announced that he was nominating me for a seat on the Federal Reserve Board of Governors. I withdrew from consideration after I came under personal attack on a variety of fronts. Rolling Stone's Ryan Bort resurrected one of those attacks for an ad hominem rebuttal to my criticism of the student-loan policy.

Mr. Bort wrote that at the

time Mr. Trump selected me, I "owed \$75,000 in taxes, according to a claim filed by the IRS a year earlier." That was supposed to make me a "deadbeat" and somehow vindicate Mr. Biden's student-debt plan.

But I didn't owe \$75,000. The Internal Revenue Service owed me money. Mr. Bort was referring to a dispute I had

The magazine claims I failed to pay a tax debt. It was the IRS that owed me money.

with the IRS that was unresolved when Mr. Trump selected me. On May 10, 2019, a week after I withdrew from consideration for the Fed position, the IRS sent me a check for \$84,392.34 for overpayment of taxes dating back to 2014. (I had to spend thousands of dollars in legal

and accounting fees to win my appeal. So much for the Democrats' claim that "if you pay your taxes, you have nothing to worry about," as justification for hiring some 75,000 more IRS agents.)

Mr. Bort never contacted me to ask for my side of the story; he simply repeated a three-year-old account from the Guardian, a leftist British publication. Even when I showed his editors the IRS refund check, they refused my demand for an apology and retraction. Instead they added a sentence acknowledging the IRS refund and recast the headline to focus on an alimony dispute that my ex-wife and I settled years before Mr. Trump selected me for the Fed.

Rolling Stone has a history of making reckless and defamatory accusations in furtherance of a political agenda. In 2014 it published a fabricated story of gang rape at a University of Virginia fraternity house, and last year it

ran a fictitious article titled "Gunshot Victims Left Waiting as Horse Dewormer Overdoses Overwhelm Oklahoma Hospitals, Doctor Says." The former led to a grudging retraction and multiple lawsuits, the latter to another rewritten headline: "One Hospital Denies Oklahoma Doctor's Story of Ivermectin Overdoses Causing ER Delays for Gunshot Victims."

In my case, the magazine's deputy general counsel wrote to me that "even if you later resolved the dispute favorably . . . this does not render our report false." Apparently this assault on my integrity was too good to check—a standard more suited to partisan attack ads than to journalism.

Mr. Moore is an economist with FreedomWorks and a former economic adviser to Donald Trump. His latest book is "Govzilla: How the Relentless Growth of Government Is Devouring Our Economy."

OPINION

REVIEW & OUTLOOK

The Court and Racial Preferences

A great triumph of 20th-century American government was the Civil Rights Act of 1964. It broke the back of Jim Crow and reasserted the principle that no one should be discriminated against for his race. The Supreme Court has a chance to reaffirm that vital American principle on Monday when it hears challenges to the admissions practices at Harvard and the University of North Carolina (*Students for Fair Admissions v. Harvard College* and *SFFA v. University of North Carolina*).

The case is an important moment for American law but even more for the country's social and political future. America is becoming increasingly diverse. Yet rather than assimilate this melting pot with race-neutral principles, many in our political class want to divide America into racial categories, allocating jobs, benefits and even elections based on race.

The Biden Administration is trying to embed this practice across the federal government and impose it on the private economy. This is a destructive trend that will inevitably lead to more racial balkanization and enmity.

* * *

The Supreme Court has too often assisted this racial division, notably in education. The seminal mistake was the 1978 *Bakke* decision in which a plurality opinion by Justice Lewis Powell opened the door to racial preferences. Universities pushed that door wide open, which the Court ratified in the misbegotten 5-4 *Grutter v. Bollinger* decision in 2003.

Justice Sandra Day O'Connor predicted for the majority in *Grutter* that racial preferences wouldn't be necessary in admissions in 25 years, but 19 years later they are even more pervasive. The plaintiffs in *Harvard* and *UNC* argue that the schools violate Title VI of the Civil Rights Act, which bars recipients of federal aid from discriminating by race. The Fourteenth Amendment's equal protection clause also prohibits states, including public universities, from discriminating by race.

Grutter's great mistake was carving out an exception for colleges to use race in admissions to achieve a diverse student body. The Court set some guardrails, including that race may only be a "plus" factor, cannot "unduly harm" non-minority applicants; and must be considered alongside "all" forms of diversity. Universities were also required to consider race-neutral alternatives and to ensure that racial preferences are "limited in time." But the Court said—wink, wink—it would be "presumed" they are acting in "good faith."

Evidence uncovered from Harvard and UNC shows they aren't. Like most colleges, Harvard uses "holistic" admissions reviews that include nonacademic and subjective criteria. Applicants are assigned academic, extracurricular, athletic, personal and overall ratings. But the personal ratings seem to reflect racial bias, and they are weighted heavily in the overall scores.

Applicants with similar academic qualifications thus have hugely disparate admission rates. The plaintiffs show that only 22.2% of Asian-Americans who rate in the top 10% academically received a high personal score compared to 34.2% of Hispanics and 47% of blacks.

Impeaching Larry Krasner

Progressive district attorneys have presided over a resurgence in urban crime, and the demand for a political correction is rising. The latest DA in the dock is Philadelphia's Larry Krasner, and on Wednesday Republicans in the state House filed articles of impeachment against him.

Mr. Krasner won election in 2017 with the help of George Soros, and crime has surged on his watch. On Monday a bipartisan House committee faulted the district attorney and his policies for contributing to "a catastrophic rise in violent crime at the expense of public safety."

On Tuesday Charles Cherry, age 30, became the thousandth person slain in Philadelphia since Jan. 1, 2021. That's up from 535 murder victims over the same period in 2016-2017. This year robberies with a gun are up 160% and aggravated assaults involving a gun are up 62% compared to the same period in 2017, the year before Mr. Krasner took office.

Philadelphia police data show that so far this year at least 1,938 people have been shot. That includes "eight victims of non-fatal shootings who have not yet celebrated their sixth birthdays," the committee report notes.

Under Mr. Krasner, "criminals know that their likelihood of getting caught with a gun is slim and, even if they get caught, they feel that they can leave without severe (or any) consequences," according to an analysis commissioned by the Philadelphia Police Department and quoted in the House committee's report.

In a statement to the Philadelphia Inquirer Monday, the DA's office said the committee report "fails to establish a connection between reported crime incidents and Krasner's policies because one doesn't exist."

But then why the spike in crime? Mr. Krasner announced upon taking office that he'd no longer seek cash bail for some 25 offenses, including driving under the influence, retail theft and some drug offenses. Last year

Do these differences owe to conscious prejudice or what the left calls "implicit" bias?

Asian-Americans in the top 10% academically have a 12.7% chance of getting into Harvard compared to 15.3% for whites, 31.3% for Hispanics, and 56.1% for blacks. Harvard can't explain the large disparities if race is merely one factor among many, or why admissions officials apparently believe Asian-Americans have personal attributes that make them less worthy.

UNC's admissions also demonstrate racial disparities that suggest bias. According to one statistical analysis, an out-of-state Asian-American in the fourth highest academic decile has only a 6.5% chance of admissions compared to 57.7% for a black. Another analysis finds that a white, out-of-state male with 10% odds of admission would have a 98% chance if he were black.

Online chats among admissions officers also show that UNC held non-Asian minorities to lower admissions standards—what George W. Bush once called the soft bigotry of low expectations. "If its brown and above a 1300 [SAT] put them in for [the] merit/Excel [scholarship]," one officer wrote. Another: "Stellar academics for a Native Amer/African Amer kid."

Both colleges claim they don't put undue emphasis on race. Yet a district court judge found that race was "determinative" for at least 45% of Harvard's admitted black and Hispanic applicants. If Harvard eliminated racial preferences, the black share of its undergrad class would fall to 6% from 14% and to 9% from 14% for Hispanics. Race is a triple-plus factor.

Colleges could instead adopt race-neutral policies that still benefit minorities as public universities in nine states have done. For instance, Harvard could reduce alumni legacy preferences that primarily benefit affluent whites and give more weight to economic background. California schools have managed this without great rancor since voters there barred government discrimination by race in a referendum in 1996 and again in 2020.

* * *

The Harvard and UNC cases prove that *Grutter* was wrongly decided and unworkable. There are no substantive reliance interests that would argue against overturning it. Colleges could abandon racial preferences tomorrow without overhauling their admissions process. Many no doubt would devise race-neutral ways to admit minority applicants.

Grutter's misplaced hope was that economic mobility would render racial preferences obsolete. Instead, colleges have helped to cover up the failures of K-12 public education, which disproportionately harms black and Hispanic children. Rather than leading to more racial comity, *Grutter* has bred division and resentment. This may explain why a majority of Americans in most polls say they want race-neutral government policies and admission standards.

By ruling that racial preferences in admissions are illegal, the High Court can send a powerful message that discriminating by race is contrary to American principles and destructive to social harmony.

67% of all offenses and 70% of violent offenses in Philadelphia were withdrawn or dismissed, compared to 35% and 51% respectively in 2017. The House committee acknowledged that these statistics combine cases when Mr. Krasner's office decided not to prosecute and cases subject to judicial dismissals.

Yet it also flags "a troubling trend" in Mr. Krasner's handling of gun crimes. His office decided not to prosecute in 18% of cases in 2019 and 21% of cases in 2020, "compared to the respective statewide averages of 8% and 10%."

The House articles of impeachment claim Mr. Krasner's "lack of proper leadership" is a "direct and proximate cause of the crisis" in Philadelphia and accuse him of being "derelict in his obligations to the victims of crime." They also claim Mr. Krasner has "at every turn, obstructed the efforts" of the House committee investigating the spike in crime.

Under the Pennsylvania Constitution, the impeachment standard is "misbehavior in office," and an impeached official is disqualified from holding office again. Pennsylvania requires two-thirds of the Senate for conviction, which would require a bipartisan vote.

Mr. Krasner dismisses impeachment as partisan politics and an attempt to "erase Philadelphia's votes." Last week he also compared Republican criticism of lawlessness in Philadelphia to "the Southern strategy" he claims the GOP used and accused Republicans of engaging in "coded and racist messaging." That resort to racial politics may surprise black residents of Philadelphia who are the most frequent victims of gun violence.

Whether to impeach Mr. Krasner is a political question, and Republicans will have to consider that Mr. Krasner won re-election last year with nearly 70% of the vote. But crime continues to surge, and Mr. Krasner refuses to change the policies that encourage it. His damage to Philadelphia and to the victims of crime is undeniable, impeachment or not.

LETTERS TO THE EDITOR

Missing From the U.S. Military's New Pitch

The op-ed by the secretaries of the Army, Air Force and Navy ("Uncle Sam Wants You for a Military Job That Matters" by Christine Wormuth, Frank Kendall and Carlos Del Toro, Oct. 25) is an interesting piece of recruiting. What's left out is that those same secretaries would rather have critical race theory taught to our servicemen than work to create a warrior ethos.

I got out of the Navy because I received an honor code at the Naval Academy but saw many admirals violate it while speaking to Congress and the public. That said, there are many benefits to serving our country, and I would do it again in a heartbeat—if I could just be young again.

CDMR. HAL DANTONE, USNR (RET.)
Kingsville, Texas

The secretaries may rest assured in one regard: Veterans are already conveying their stories of service to young Americans. Unfortunately, I doubt former service members are winning over the next generation of recruits with tales of inept bureaucracies that hamper the core military mission at every turn, whole days lost to stale online training on crippled computer networks and a risk-averse culture that smothers personal initiative. Neither will they with sea stories of unaccountable payroll errors, eroded standards of conduct, maddening acquisition systems and absurd processing times for the most basic paperwork (assuming it doesn't mysteriously vanish).

Active-duty service members are sharing their experiences as well. Perhaps herein lies some of our recruiting woes.

CDMR. MICHAEL A. LEE, USN
Holly Ridge, N.C.

Missing from the civilian leaders' op-ed are the fundamental words that I associate with a military set to win a war: teamwork, grit, cohesiveness, fighting spirit and bravery. Instead I saw diversity, equity and inclusion. We don't need woke programs, we need warfighters. China must be laughing at us right now.

JOE HANNA
Livermore, Calif.

I served for 26 years and would like to tell another side of the story, separate from the educational benefits and service to country. You will serve with people from all over the country and from every race. My wife and children spent nine of those years in France and Germany. My youngest daughter was born in Paris. But most of all, I want to tell you about the lifelong friends we made. When you serve overseas, your friends become your family. Some came from all over the country to attend our 50th and 60th wedding anniversaries. We visited them as well in Washington and Florida. I am not saying you have to serve that many years, but I am saying you will treasure those years forever.

M.SGT. MARV LEIBOWITZ, USAF (RET.)
Universal City, Texas

The Public-School Monopoly and '3-Cueing'

Regarding Jeb Bush's "How to End the Epidemic of Failure in America's Schools" (op-ed, Oct. 24): The problem isn't an epidemic but a monopoly in America's public schools, thanks to teachers unions and school administrators. Their failure is driven by lack of competition and poor capital allocation with no required rate of return on taxpayer capital.

The simple solution is school choice. Let parents decide where to send their children to school. Given vouchers, parents will allocate capital to schools that provide the best education for their children.

TERENCE E. BURNS
Fairfax Station, Va.

Mr. Bush's writes that "the '3-cueing' approach, which asks students to look at pictures and guess instead of sounding out words, should be scrapped." He couldn't be more correct. My wife, a retired special-education teacher, has been, for her entire teaching career, a strong proponent of the phonics method of teaching children to read. Every school-board member in the country should read Mr. Bush's comments and implement his recommendations. The looking-and-guessing method of learning to read has failed, with serious consequences for the country.

MILLARD YOUNKERS
Denver

Catholic Church Gives Up Too Much to China

Call it a deal with the devil. By allowing the Communist government of China to have a say in the appointment of bishops, the Catholic Church has opened the door for further Communist infiltration and influence within the church in China, and perhaps beyond ("Of Catholics and Communists," Review & Outlook, Oct. 24).

Just what kinds of bishops would the church expect the Chinese Communist government to endorse—stal-

wart defenders of the faith like John Paul II and Cardinal Joseph Zen? Or is the regime more likely to push for cheerleaders like, in a different context, Russian Orthodox Patriarch Kirill of Moscow?

The Catholic Church is better off underground in China. Though it would doubtless continue to be persecuted by the Communist regime, it would also inspire the rest of us with its faith and fidelity to the gospel of Jesus Christ.

MICHAEL J. CLARKE
Baldwin, N.Y.

A Secular Religion Is Being Established in American Law

I agree with Prof. Philip Hamburger that federal and state governments are blatantly discriminating against those who don't share their woke beliefs and agenda ("America Needs a New Civil Rights Act," op-ed, Oct. 17). I would go one step further.

Merriam-Webster's definition of religion includes: "a personal set or institutionalized system of religious attitudes, beliefs, and practices" and "a cause, principle or system of beliefs held to with ardor and faith." Can the woke agenda and its moral relativism be anything but a newly established government religion? It is slowly but assuredly being instituted into law via legislation and bureaucratic regulation, and it is occurring despite our First Amendment.

JOHN M. LACROSSE
Oceanside, Calif.

Witness Britain's Strength Amid the Political Disarray

Walter Russell Mead is right to say "Britain isn't failing" ("Britain's Decline From Winston to Liz," Global View, Oct. 25). Recent political changes are likely the high-water mark of our post-Brexit convulsions.

One benefit of being an old country is that we know we can settle our internal disagreements. Norman or Saxon? Rome or Canterbury? Monarchy or republic? Free trade or imperial preference? Trade unions or entrepreneurs?

It is a strength that this house can divide so volubly. It is a request to the democratic world of which we ought to be more proud.

JONATHAN McMAHON
Middle Chedworth, England

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The Vaccine, Covid Infection And the Risk of Myocarditis

In her letter (Oct. 26), Kathryn Adams takes issue with Florida Surgeon General Joseph Ladapo's recommendation against mRNA Covid-19 vaccination for young men ("Covid Boosters Aren't for Everyone," op-ed, Oct. 21). Dr. Adams cites studies that indicate the myocarditis risk is higher for Covid patients than for Covid vaccine recipients. Therefore, Dr. Adams concludes, myocarditis risk shouldn't be a reason not to receive the vaccine.

That would be true if the vaccine prevented infection and transmission. If, however, the vaccine doesn't prevent infection, then the myocarditis risk is additive. A young man who takes the vaccine runs the risk of contracting myocarditis from both a Covid infection and the shot; a young man who doesn't get the shot might have a lower risk, especially considering Covid morbidity is already exceedingly low among this population.

GORDON GOULD
Boulder, Colo.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Do you have any of those little goldfish snacks I've heard about?"

OPINION

A Time for Choosing for Republicans

By Dan Crenshaw

Ronald Reagan gave his famous speech “A Time For Choosing” a week before Election Day 1964. Nearly six decades later, the speech remains relevant, and the parallels to the circumstances we face today are striking. The battles against big government and Marxist do-gooders have changed only in the sense that they have intensified. Americans are still debating our role in the world—even as war rages in Europe. We are uncertain of our future, as we were then.

Reagan decried a bloated welfare state, a militant tax-and-spending regime in Washington, and the blatant bribing of Americans with their own tax dollars for their votes. Full Democratic control of Washington

Nearly six decades later, the GOP is divided and Ronald Reagan’s famous speech still resonates.

over the past two years has produced the kind of government Reagan could have imagined only in a fever dream. The inflationary Inflation Reduction Act and the unconstitutional forgiveness of student loans via executive fiat were shameless attempts to buy votes before a midterm election.

The choice before Americans next month is simple. Will we sell our votes to politicians promising us prosperity if only we give them more of our money? Will we choose



Reagan delivers his ‘A Time for Choosing’ speech, Oct. 27, 1964.

to be free—acknowledging the risks and challenges that inevitably accompany freedom—or will we choose to be dependent? Will we, as Reagan said, “believe in our capacity for self-government, or abandon the American Revolution and confess that a little intellectual elite in a far-distant capital can plan our lives for us better than we can plan them ourselves?”

As Republicans, we believe in the challenge of freedom and individual responsibility. We affirm, as the Founders did, that prosperity and innovation and greatness are born from free enterprise, and that the government exists to protect that freedom, not diminish it. The good news is that polling indicates most Americans agree. This election may well be a referendum on the kind of governance Reagan warned us about decades ago.

But it is also a time for choosing for conservatives. We have to

choose how we will fight for the great vision that Reagan articulated.

The right is divided these days, which is odd, considering that by any measure there are fewer ideological and policy differences within the Republican Party than ever. Yet factions persist. The divisions are becoming more severe and more toxic. Some in our movement insist on sorting themselves into labels: populists, nationalists, MAGA, mainstream—but without any real clue as to what ideas separate these groups. These groupings function more like grade-school cliques than serious political divisions. They are about style over substance.

These divisions are manufactured by opportunists—mostly online and on television—who can’t string a sentence together about serious public policy but are quick to label anyone and everyone a “RINO” or “establishment sell-out.”

These are the people who say

they fight for the conservative movement but in reality only fight for attention, fundraising dollars, clicks and views. They know that Americans have been conditioned to be attentive to Kardashian-like drama, and so they serve it up in our political arena. It’s unhealthy, and we have to stop rewarding it. It makes us seem bitter, unserious and unlikable.

To beat the increasingly radical left, we have to unite, and we have to fight to win. In politics, you win only when you’re persuading those who disagree with you.

This is the choice before conservatives: Will we be happy warriors or furious flame throwers? When we communicate, will we persuade? Or will we serve up a limited menu of red meat? Will we succumb to our grievances and bitterness as the left advances, take the bait they’ve set for us, and become the caricatures they want us to be? Will we do the hard work, play the long game, win majorities and sustain them, in order to implement policy?

I would rather we follow the electoral success of President Reagan, achieved not through grievance but through inspiration. We may win this one election off the coattails of the other side’s seemingly endless incompetence. But we will win the next 10 elections with inspiration, with vision and with the time-tested principles that Reagan defended so well.

That is the choice before us. Let us choose wisely.

Mr. Crenshaw, a Republican, represents Texas’ Second Congressional District.

It’s Possible To Reduce Incarceration And Crime

By Barry Latzer

There’s a way to reduce incarceration and prevent crime—require ankle bracelets for convicts on probation or parole.

Repeat offenders are responsible for most serious crime. A Justice Department study of more than 400,000 state prisoners found that they had a total of 4.3 million arrests before imprisonment and a follow-up study found that 83% of them were arrested again after they were released. Among these recidivists are tens of thousands of parolees and probationers who every year commit new crimes and are sent back to jail or prison. In 2019, before the mass incarceration during Covid, more than 109,000 parolees—imprisoned

Reduce recidivism by requiring GPS ankle bracelets for convicts on probation and parole.

for some of the most dangerous offenses—were reincarcerated, largely because of new crimes. Nearly 225,000 more criminals violated the conditions of their probation and were sent to jail or prison. Calculating from Justice Department data, I estimate that 29% of all 2019 prison admissions were failed probationers or parolees.

Rehabilitation services, including addiction and mental-health treatment, can be helpful in many cases but are insufficient. There are already a plethora of these programs and 8 out of 10 prisoners recidivate anyway.

That’s where technology can help. Ankle bracelets linked to the Global Positioning System can be used to track the location of parolees, probationers and violent crime defendants free while awaiting trial. Not only do these e-monitors deter reoffending; they help offenders stay out of prison and encourage attendance at rehab programs such as addiction treatment and job training.

Electronic monitoring has been proven to reduce recidivism. A Justice Department-supported study in Florida involved more than 5,000 medium- and high-risk offenders placed on electronic monitoring over a six-year period. It found that the risk of an offender failing the conditions of their release was about 31% lower among monitored convicts compared to unmonitored ones. This is one of the most successful outcomes known to contemporary penology.

GPS monitoring is especially valuable for protecting victims, witnesses or other likely targets of a released offender. The bracelet software can be tailored to each released offender, for example by demarcating certain no-go areas—geofenced exclusion zones—such as a victim’s residence and workplace. The device would caution the offender with an alarm if he neared the prohibited area and alert the authorities if he crossed the line. Once an offender enters the geofenced area, the GPS tracker can transmit his location and the time of entry.

Without electronic monitoring, the offender is, as a practical matter, on his honor to keep away from his victims. His parole or probation officer is responsible for dozens of other released offenders. The bracelet would provide a much-needed insurance policy against noncompliance.

Countries all over the world, including in Western Europe, rely much more heavily on e-carceration than the U.S. does. Just a few weeks ago, the English Ministry of Justice announced that 2,000 more offenders, including thieves, burglars and robbers, will receive GPS electronic tags when they leave prison to “drive down re-offending rates and protect our communities.”

The biggest obstacle to electronic monitoring of offenders so far is the Fourth Amendment privacy concern raised by state courts, especially the most liberal courts, such as in Massachusetts. But the U.S. Supreme Court has yet to rule on the reasonableness of GPS monitoring, only going so far as to declare that it legally is a search or seizure. And past rulings have acknowledged that parolees and probationers have diminished privacy rights in the interest of public safety.

Why shouldn’t the U.S., a world leader in the development and application of this kind of technology, make full use of it to help resolve one of our most intractable problems?

Mr. Latzer is a professor emeritus at New York’s John Jay College of Criminal Justice and author of “The Myth of Overpunishment: A Defense of the American Justice System and a Proposal to Reduce Incarceration While Protecting the Public.”

How Do Drag Shows Advance U.S. National Security?

By John Ratcliffe And Cliff Sims

The exportation of American culture has long been one of our nation’s greatest soft-power assets. But instead of using it to affirm Western values and U.S. interests, the Biden administration is proselytizing for woke ideology. The foreign-policy implications could be catastrophic.

In an effort to “promote diversity and inclusion,” the State Department is funding “drag theater performances” in Ecuador through cultural grants. The purpose of the grants, according to official documents, is to “support the achievement of U.S. foreign policy goals and objectives, advance national interests, and enhance national security.”

Left unexplained is how drag-queen shows enhance American national security or advance our interests—let alone why U.S. taxes should pay for it. Meanwhile, a Chinese consortium controls the two largest copper mines in Ecuador. A lot of good drag theater will do when we can’t find enough copper for essential manufacturing.

This moment of diplomatic idiocy pairs nicely with the Biden administration’s request earlier this year for

\$2.6 billion to export woke ideology in the form of “gender equity and equality” around the world.

In another cringeworthy example of the State Department’s woke virtue signaling, the U.S. Embassy in Budapest tweeted a “Who said it?” quiz that asked Hungarians to guess whether various statements had been made by Vladimir Putin or a Hungarian politician.

The Biden administration pushes woke ideology on the world at the expense of American values.

A “downright barbaric ideology is gaining ground,” one quote began, “originating in U.S. universities, which denies all the value that humanity has created.” This supposedly scurrilous statement, with which many Americans would agree, was uttered by Hungary’s deputy prime minister—a thoughtcrime that the U.S. Embassy implies puts him on par with a global pariah.

These are grade-school antics, not the projection of American power. When the U.S. has issues with foreign

leaders, it should deal with them through adult diplomacy. Instead, our diplomatic efforts under President Biden, a self-styled foreign-policy expert, could be summed up as “anyone I don’t like is Putin.”

Hungary beefed up NATO’s eastern flank with military deployments after Russia invaded Ukraine and has absorbed masses of Ukrainian refugees this year. But instead of encouraging Hungary to continue bolstering these efforts, the Biden administration ridicules its leaders for being justifiably repulsed by the woke ideology of American universities.

During the Trump administration, one of us (Mr. Sims) asked the ambassador of a Five Eyes ally why he was confident that his country would stay aligned with the U.S. in the face of increasing Chinese aggression. He replied with a single word: values.

Woke ideology frustrates and confuses allies and undermines our strength by attacking the very values on which America is built. To reclaim America’s role in the world, we must lead by example. American foreign policy must have as strong a moral core as the American people. Our leaders need to understand that our strength abroad emanates from our best traditions at home—strong

families, patriotism, grit and determination, and a military that our service members and citizens can be proud of.

Throughout the Trump administration, our National Security Strategy focused on the values of “principled realism,” acknowledging that “the American way of life cannot be imposed upon others,” but asserting that “advancing American principles spreads peace and prosperity.” These American principles included a respect for national sovereignty, a realistic view of global competition and the limits of U.S. capabilities, and a total confidence in America’s ability to be a force for good in the world.

America’s traditions made our culture the envy of the world. They also helped the U.S. build alliances and, when necessary, win wars. Ideological indulgences like drag shows only drive away allies. It’s time to stop pushing destructive woke ideology on the rest of the world and bring sanity back to American diplomacy.

Mr. Ratcliffe served as director of national intelligence, 2020-21. Mr. Sims served as deputy director of national intelligence for strategy and communications, 2020-21.

Amid the Pandemic, Progress in Catholic Schools

By Kathleen Porter-Magee

The Nation’s Report Card is out, and it is dismal. The 2022 National Assessment of Educational Progress, released Monday found that achievement in reading and math among fourth- and eighth-graders has dropped since 2019 in nearly every state.

To the extent that anyone could deny it before, the results settle the debate: America’s response to the pandemic set a generation of students back. But amid the bad news, Catholic schools were a bright spot, reflecting how these schools are making a difference in students’ lives.

From the beginning of the pandemic, American Catholic schools have shown how community focused, mission-driven leadership can benefit children. In March 2020, Catholic schools were among the first to close as Covid hit. In the fall of 2020, after we had learned more about curbing

superspreader events and as it became clear that children were the least vulnerable to the virus, more than 92% of Catholic schools across the country re-opened for in-person learning, compared with 43% of traditional public schools and 34% of charters.

This week’s NAEP data show how important reopening was for learning. Today, the divergence between Catholic schools and public ones is so great that if all U.S. Catholic schools were a state, their 1.6 million students would rank first in the nation across the NAEP reading and math tests for fourth and eighth graders.

Catholic-school students now boast the nation’s highest scores on all four NAEP tests. The average score among fourth-graders in Catholic schools was 233, 17 points higher than the national public-school average, or about 1½ grade levels ahead. In eighth-grade reading, the average score for Catholic school students was

279, 20 points higher than the national public-school average, or about two grade levels ahead.

When disaggregated by race, Catholic schools showed significant gains since 2019. In particular, achievement among black students enrolled in Catholic schools increased by 10 points (about an extra year’s worth of

Enrollment and student achievement are rising, thanks in part to parents.

learning), while black students in public schools lost 5 points and black students in charter schools lost 8 points. Similarly, on the eighth-grade reading test, Hispanic students in Catholic schools gained 7 points while Hispanic students in public schools lost 1 point and Hispanic students in charter schools lost 2 points.

Catholic schools lead the nation for Hispanic achievement on each of the four tests, and lead the nation in black student achievement on three of the four. They also rank first in eighth-grade reading and third in both fourth-grade reading and fourth-grade math for students who qualify for free and reduced-price lunch.

The report is good news for what has been until now a weary sector. The pandemic strained Catholic schools, particularly urban ones that serve the neediest, but pastors, principals and diocesan leaders pressed forward to serve communities. That revitalization was spurred by parents who saw how Catholic schools responded to the pandemic and who drove the first nationwide Catholic-school enrollment increase in two decades.

As public-school enrollment

plummeted, Catholic-school enrollment rose by about 4% between 2020-21 and 2021-22, increasing in every region of the country, even where the overall population of school-age children declined.

Those trying to undercut the Catholic-school success story dismiss the results as merely the high performance of elite private schools. But K-8 Catholic schools are the only private elementary schools in America that serve the urban poor at scale. The average annual tuition for a K-8 Catholic school is \$5,300—about one-third what states spend per child on public schools.

At Partnership Schools, we serve under-resourced communities in 11 Catholic schools. Enrollment surged over the past two years, growing by 40% in our Cleveland schools and 18% in our New York City ones. In New York, our share of low-income students grew from 65% to 79% since 2020. In Cleveland, almost all our students are low-income, and the average annual income of their families is \$18,000.

While many political leaders called the learning losses inevitable, the performance of Catholic schools in this difficult time shows that they weren’t. During the pandemic, we didn’t lower our standards or accept falling enrollment as inevitable. What we needed then and need now is to empower all parents to choose the best school for their children, and to have leaders who set the bar high and insist we reach it for all our kids.

Ms. Porter-Magee is superintendent of Partnership Schools, a management organization that runs 11 Catholic schools in New York City and Cleveland, and an adjunct fellow at the Manhattan Institute.

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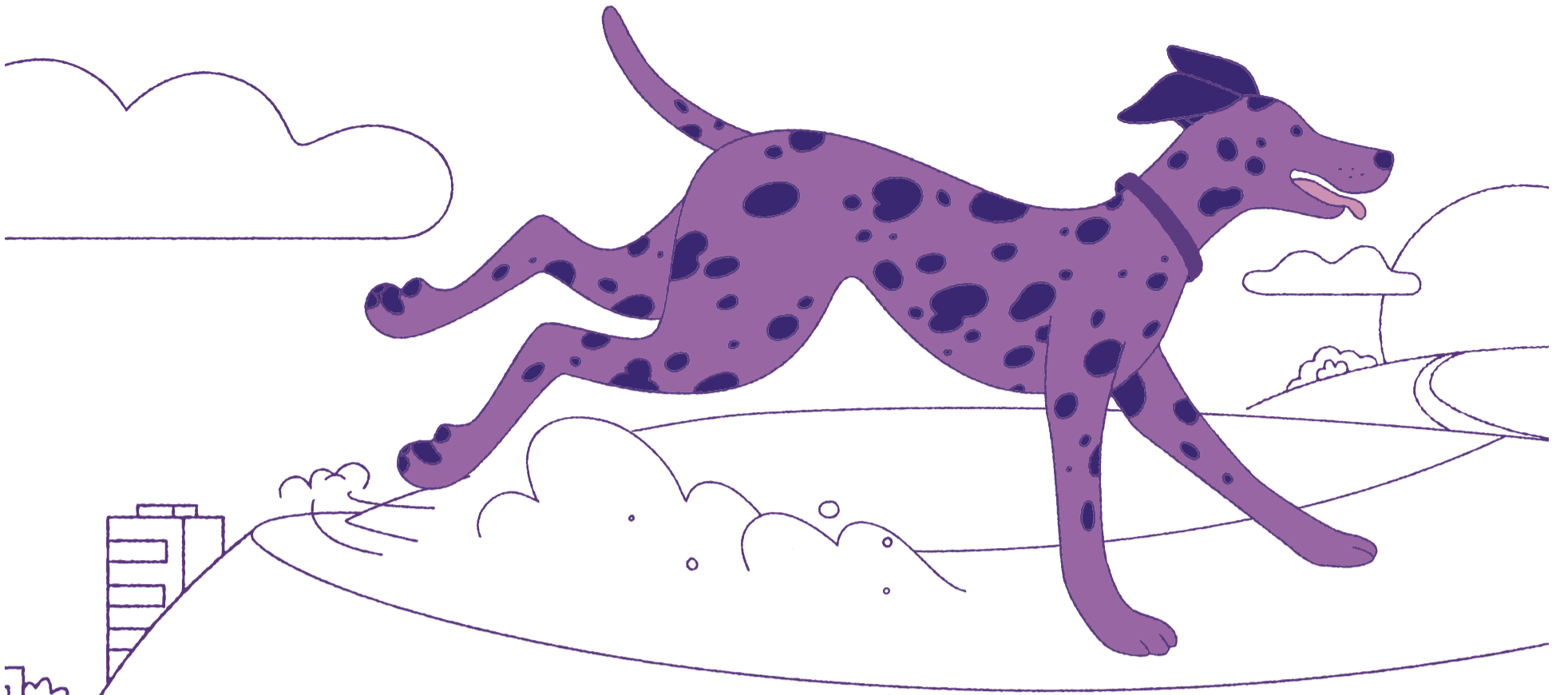
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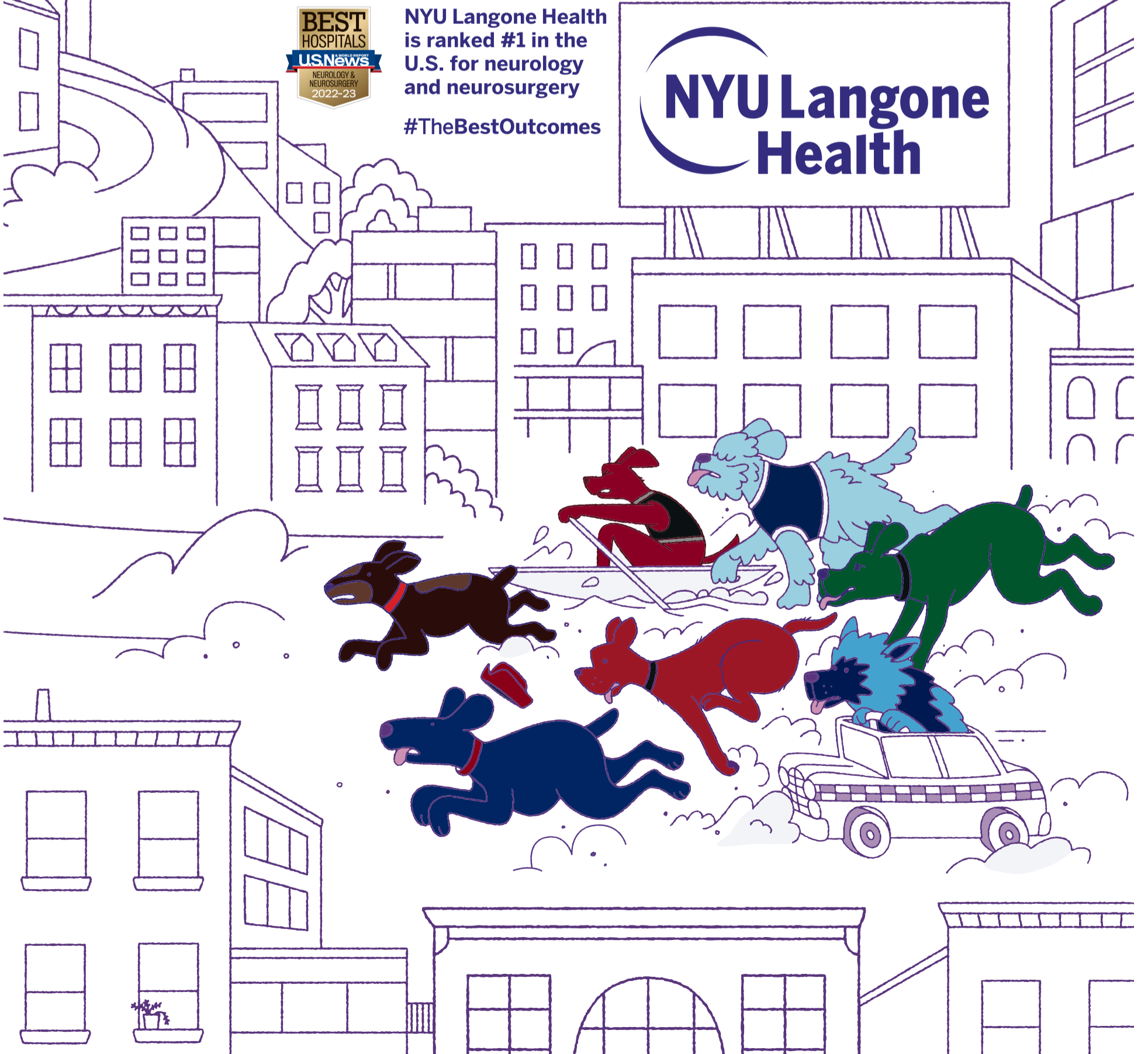
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Twitter Advertisers Are Uneasy

By PATIENCE HAGGIN AND SUZANNE VRANICA

Madison Avenue isn't sold on Elon Musk's takeover of Twitter Inc., which was completed Thursday.

Advertisers are concerned about the billionaire's plans to soften content moderation and what they say are potential conflicts of interest in auto advertising, given that he is chief executive of Tesla Inc., said people familiar with the situation.

After completing the takeover, Mr. Musk fired Chief Executive Parag Agrawal and Chief Financial Officer Ned Segal, people familiar with the matter said.

Spokespeople for Twitter didn't comment. It wasn't immediately clear who would step into those positions.

Mr. Musk said this spring that as owner of Twitter he would reinstate former President Donald Trump's account, which the platform suspended indefinitely after linking Mr. Trump's comments to the Jan. 6 Capitol riot.

ad-buying agency that represents blue-chip brands.

About a dozen of GroupM's clients, which own an array of well-known consumer brands, have told the agency to pause all their ads on Twitter if Mr. Trump's account is reinstated, Ms. Taylor said.

"That doesn't mean that we won't be entertaining lots of emails and phone calls as soon as a transaction goes through," Ms. Taylor said. "I anticipate

we'll be busy."

In a message to advertisers on Twitter on Thursday, Mr. Musk said he was buying the company to "have a common digital town square, where a wide range of beliefs can be debated in a healthy manner."

He said Twitter aims to be a platform that "strengthens your brand and grows your en-

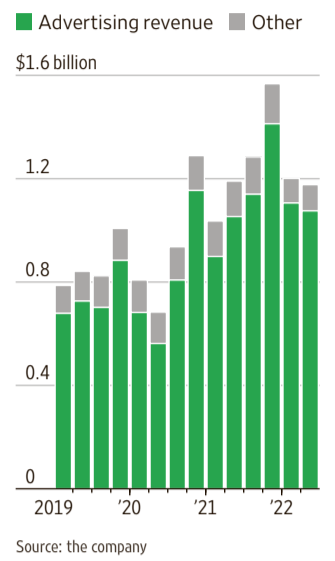
terprise."

Twitter's chief customer officer, Sarah Personette, tweeted that she had a discussion with Mr. Musk on Wednesday evening.

Mr. Trump has said he wouldn't rejoin Twitter even if allowed. Representatives for Tesla and Mr. Trump didn't respond to a request for comment.

Mr. Musk completed the takeover. Please turn to page B2

Twitter's quarterly revenue



Source: the company

Meta Loses Quarter of Market Value

By WILL FEUER

Facebook parent Meta Platforms Inc. lost a quarter of its market value Thursday after the company reported a drop in quarterly revenue, warned of climbing costs and said losses will accelerate next year at the unit leading the charge on its metaverse ambitions.

Shares of Meta fell \$31.88, or 25%, to \$97.94 wiping out \$85 billion of the Menlo Park, Calif., company's market value and returning to levels not seen since 2016.

Meta's revenue dropped 4% in the recently ended quarter, its second consecutive quarter of declining revenue, as the social-media giant battles growing competition from rival TikTok and fallout from Apple Inc.'s ad-tracking changes.

Tightening macroeconomic conditions are weighing on advertiser spending, the company said, and the strong dollar also hit revenue.

Those challenges come as Meta Chief Executive Officer Mark Zuckerberg pushes forward with his expensive pivot to the metaverse, an endeavor that has already cost the company billions.

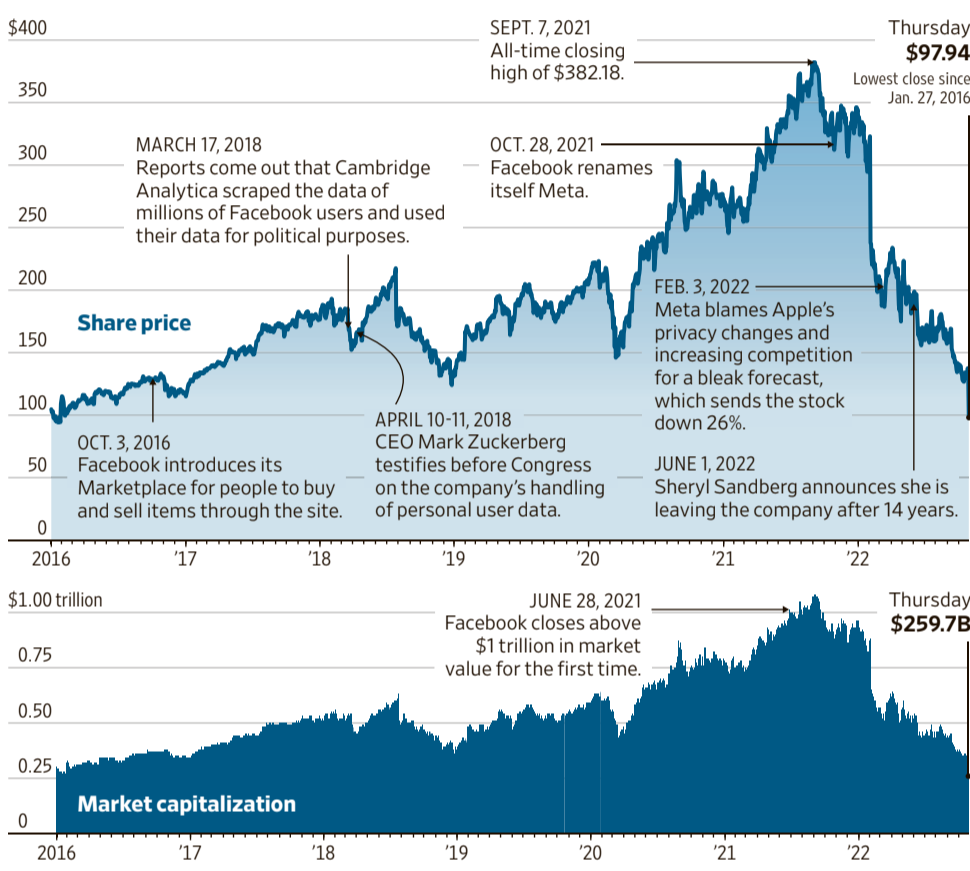
Meta Chief Financial Officer David Wehner said Wednesday that losses at the unit, Reality Labs, will grow significantly next year.

After that, he said, the company plans to pace investment in Reality Labs and focus on expanding the overall company's operating profit.

Analysts homed in on Mr. Wehner's comments that total costs for 2023 will continue to grow to a range of between \$96 billion and \$101 billion. The company's additional expenditures are expected in data centers, servers and infrastructure, as its payroll costs hold steady.

Other analysts were more harsh in assessing the rising costs, especially as some investors were expecting that

Meta Platforms' share price and market capitalization



Meta's worst one-day stock declines



Sources: FactSet (share price, market capitalization); Dow Jones Market Data (one-day declines); the company (profit, revenue)

expenses would be held in check amid plans to keep head count flat.

"We're incredibly frustrated to see expenses balloon with an almost total disregard for investor expectations," Bern-

stein analyst Mark Shmulik said. He also questioned Meta's governance structure and whether there "are any checks and balances to spending and investment decisions."

He maintained his outperform rating on shares, however, anticipating that results might not get worse from here. "Our old swim coach once crudely said, 'The bad

Apple Reports Record Revenue, Beating Estimates

By AARON TILLEY

Apple Inc. reported record revenue in the September quarter, continuing a pandemic-fueled streak that investors have watched closely as demand for certain consumer goods has been sluggish.

The Cupertino, Calif., company announced its full-year earnings on Thursday after markets closed. To date, Apple's business has largely proved resilient as broader smartphone-sales slowdowns and global economic challenges have dragged down peers.

"This is better than what we anticipated at the beginning of the quarter," Apple Chief Financial Officer Luca Maestri said in an interview. Currency fluctuations had a negative impact on the company, he said.

The dollar's value has risen with respect to other currencies this year, a development that has weighed on the results of multinational corporations.

"Apple is not being hurt as much as we were originally

worried about in terms of consumer demand," said Daniel Morgan, a senior portfolio manager at Synovus Trust Co., which counts Apple among its largest holdings.

The tech giant saw growth slow in its services business, an area some analysts say can point to slowing demand that may affect iPhone sales. Sales from services, which includes revenue from the App Store and Apple TV+, was \$19.2 billion, up about 5% from the prior year but lower than year-over-year increases in previous quarters.

Mr. Maestri said the services deceleration was due to effects of foreign exchange as well as slowdowns in digital advertising and gaming.

Investors have grown concerned about slowdowns in its services business because it is an important area for Apple's business diversification as the

Credit Suisse Plans Wall Street Retreat

By MARGOT PATRICK

Credit Suisse Group AG plans to cut thousands of jobs and raise around \$4 billion in fresh capital as it funds a retreat from Wall Street deal making and trading and attempts to recover from a near-existential crisis.

The sweeping overhaul is an attempt to move on from a period of scandals, hefty losses, executive turnover and waning market confidence. It echoes earlier revamps at fellow Swiss bank UBS Group AG and Ger-

many's Deutsche Bank AG, which also in recent years have scaled back in investment banking.

The result will be a leaner bank with around 9,000 fewer staff in three years, with a first wave of cuts involving 2,700 people now.

Credit Suisse stock declined about 19% on Thursday, suffering its steepest one-day percentage decline in FactSet data

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Altria, Japan Tobacco Join Smokeless Forces

By JENNIFER MALONEY

Marlboro maker Altria Group Inc. said it is forming a partnership with Japan Tobacco Group to develop and sell heated tobacco devices in the U.S. and abroad.

The move pits Altria against its former strategic partners, Philip Morris International Inc. and Juul Labs Inc., in the race to dominate the market for smoke-free tobacco products. It also gives Altria access to markets outside the U.S. Altria's sales have been limited to the U.S. since it split from Philip Morris in 2008.

Altria has spent billions of dollars to pivot toward less-harmful products as U.S. cigarette smoking declines, but its efforts have largely flopped. The company tried and failed to develop new e-cigarettes that appealed to smokers. It then spent nearly \$13 billion on a stake in Juul. The vaping company is now trying to

stave off a chapter 11 bankruptcy filing as it fights with federal regulators over whether its products can remain on the U.S. market.

Altria also brought a heated tobacco device called IQOS to market in a handful of U.S. states through a partnership with Philip Morris. The relationship turned acrimonious, and Philip Morris last week said it had agreed to pay \$2.7 billion to regain the U.S. rights for the product.

Altria now plans to work with Japan Tobacco to market two new devices that heat tobacco but don't burn it or produce smoke. One of the devices, owned by Japan Tobacco, heats tobacco sticks that resemble cigarettes. The other, owned by Altria, heats solid tobacco leaf contained inside a capsule or cartridge.

The companies will form a joint venture called Horizon Innovations to sell the tobacco stick product in the U.S. under



McDonald's is bracing for a downturn, planning to keep meals affordable. B3



Shell plans to boost its dividend and buy back an additional \$4 billion of its shares. B6

Intel Posts Sales Decline, Begins Cost-Cutting Efforts

By ASA FITCH

Intel Corp. has embarked on an aggressive cost-cutting push and is considering divestitures as the chip maker tries to navigate a sharp drop in demand for PCs that has weighed on the company's earnings.

Intel posted a 20% drop in third-quarter sales, issued a forecast for even weaker revenue in the current quarter and lowered its full-year outlook.

The company is beginning targeted job cuts and making other adjustments including reducing factory hours to cope with the economic downturn, Chief Executive Pat Gelsinger said in an interview Thursday. He declined to specify how many of Intel's more than 120,000 employees would be affected.

"We are aggressively addressing costs and driving efficiencies across the business," he said.

Intel said it was working to



The chip maker is weighing divestitures as its revenue decreases.

deliver \$3 billion in cost reductions in 2023, growing to \$8 billion to \$10 billion in annualized cost reductions and efficiency gains by the end of 2025. The company took a \$664 million restructuring charge in the third quarter to reflect initial cost reductions.

Intel posted \$15.3 billion in sales in the third quarter, generating net income of \$1 billion. It forecast sales of \$14 billion to \$15 billion for the current quarter, below the \$16.3 billion Wall Street has been expecting, and cut its full-year sales forecast, now projecting up to \$64 billion in

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Altria in Smokeless Partnership

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the Marlboro brand, Altria said. Altria will have a 75% stake in the venture and Japan Tobacco will have a 25% stake, Altria said. Altria will make an initial capital contribution of \$150 million. After that, the investments will be split according to the stakes.

Separately, Japan Tobacco has agreed to introduce Altria's tobacco capsule device in an international test market in late 2024 or 2025, Altria said.

All new tobacco products must be authorized by the Food and Drug Administration before coming onto the U.S. market. Altria said it intends to submit the capsule device for FDA review by the end of 2024 and the tobacco stick product in the first half of

2025. In addition to the plans for the heated tobacco devices, the two companies have signed a memorandum of understanding to develop and market smoke-free products, Altria said. The companies haven't specifically discussed e-cigarettes, but "all options are on the table," an Altria spokesman said.

The U.S. vaping industry is undergoing a shakeout as the FDA conducts a review of every product on the market. Japan Tobacco's Logic brand is one of only three e-cigarette brands the agency has authorized so far.

Altria last month decided to end its noncompete agreement with Juul, giving itself the flexibility to bring its own new products to the market.

The partnership with Japan Tobacco will help more smokers around the world switch to less-harmful alternatives, Altria Chief Executive Billy Gifford said. He added that moving U.S. smokers away from cigarettes would require an array of products.

Intel Sales Decline

Continued from page B1
sales, down from as much as \$68 billion in July. Intel said it reduced capital-spending plans from \$27 billion to \$25 billion for this year.

Intel and other chip makers cashed in on a boom in computer and electronics sales at the outset of the pandemic with the shift toward remote work and distance learning. The market has turned, though, with high inflation, rising interest rates and recession fears that have weighed on demand.

Tech companies more broadly are facing some of these pressures, driving gloomier-than-expected outlooks this week at **Microsoft Corp.**, Google parent **Alphabet Inc.** and Facebook parent **Meta Platforms Inc.** The strong dollar also has dented their earnings.

"We are planning for the economic uncertainty to persist into 2023," Mr. Gelsinger said on an earnings call. "It's just hard to see any points of good news on the horizon."

Intel has been one of the

worst-hit in the chip industry because of its heavy exposure to the PC market. PC shipments are estimated to have logged a 15% contraction in the third quarter, according to International Data Corp.

Intel, which derives about half its revenue from the division that houses its PC chips, said it was expecting the computer market to shrink this year by around 15% to 19%, a bigger decline than it earlier forecast, and that it could contract further next year. That division's sales fell 17% in the third quarter.

The company also is being challenged in the data center market. Intel chips predominate in server farms that process data for companies and governments, but it is facing growing competition there from rival **Advanced Micro Devices Inc.** Intel's data center division reported a revenue fall of 27% to \$4.2 billion for the third quarter.

The weakness in Intel's core business comes as it is expanding manufacturing and seeking to catch up with rivals in Taiwan and South Korea in the race to build the fastest, most cutting-edge chips. But the ambition doesn't come cheap. Mr. Gelsinger, who took the helm last year, has disclosed plans to build plants in Arizona, Ohio and Germany, among other expansions. Those projects could cost hundreds of billions of dollars combined.

One challenge in making cost cuts, which include both workforce reductions and efforts to make factories run more cost-effectively, is to execute them while preserving a strategy to expand the company's manufacturing footprint and catch up to rivals, Mr. Gelsinger said.

"It really is hitting the accelerator and the brake at the same time," he said.

Watch a Video

Scan this code for a video of Intel CEO Gelsinger at WSJ Tech Live.

Sources: S&P Capital IQ; the company

BUSINESS & FINANCE



The troubled retailer in recent months has been catching up on payments to its suppliers.

Bed Bath & Beyond Asks Suppliers to Support It

By SUZANNE KAPNER

On her first day as permanent chief executive of **Bed Bath & Beyond Inc.**, Sue Gove made a plea to suppliers of the struggling home goods retailer: Stick with us.

The company hosted roughly 500 suppliers virtually and at its Union, N.J., headquarters for a two-hour summit in which executives laid out their strategy for resuscitating the chain, which has been reeling from a failed overhaul under prior management that led to plunging sales, a cash crisis and a leadership vacuum. In September, its finance chief died by suicide.

Ms. Gove, a veteran retail executive who had served on the company's board, had been interim CEO since June. She succeeded Mark Tritton,

whose attempt to replace national brands with private-label goods alienated shoppers. Bed Bath & Beyond made her position permanent on Wednesday. She will continue to serve as a director.

Ms. Gove said the company had enough money to make the necessary changes to its business, which includes bringing back more national brands, upgrading its supply chain and improving digital operations. "We don't think there is bankruptcy on our horizon," she said.

The company launched a debt exchange this month to extend maturities and reduce interest expenses. Ms. Gove said the exchange was in the early stages, but she was optimistic about its outcome.

Key to winning back cus-

tomers is bringing back national brands that were pushed aside to make way for Bed Bath & Beyond's private-label goods.

Ms. Gove said the supplier summit on Wednesday was a "call to action" to ensure that suppliers are getting their needs fulfilled and, in turn, delivering products to stock the retailer's shelves.

Bed Bath & Beyond had fallen behind on payments to suppliers, but in recent months has been catching up. "Our accounts payable are as clean as they have ever been," Ms. Gove said.

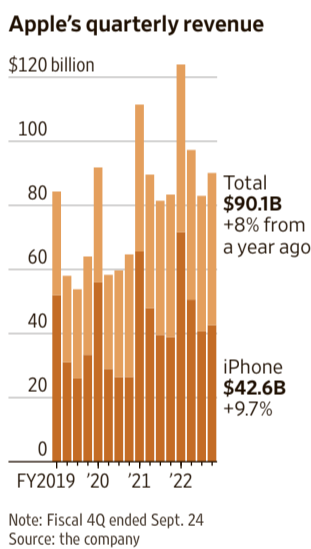
In its latest quarter ended Aug. 27, Bed Bath & Beyond's sales fell 28% and its net loss widened. Ms. Gove said sales won't rebound instantly. "We've got much work to do."

Apple Revenue Increases

Continued from page B1
iPhone becomes a more mature product. Earlier this week, Apple raised the price of its Apple Music and Apple TV+ streaming services, which could give a boost to services revenue for the current quarter.

Apple said in a call with investors that year-over-year sales growth in the December quarter will be lower than the 8% revenue increase in the three-month period that ended in September.

Sales from the iPhone, which continue to account for



around half the company's total revenue, were \$42.6 billion, advancing 9.7% from the previous year. Overall sales were up 8% from the prior year at \$90.1

billion, a record for the July-to-September period. Net income for the quarter was \$20.7 billion, also a record. Total revenue, iPhone sales and net income surpassed analyst estimates.

Chief Executive Tim Cook said in July that the company had yet to see evidence in its internal data that macroeconomic headwinds were having an impact on its iPhone sales.

Apple's fellow tech giants are seeing significant slowdowns. Earlier this week, **Microsoft Corp.**, **Alphabet Inc.**'s Google and Facebook parent **Meta Platforms Inc.** all reported disappointing earnings, citing factors such as softening consumer demand for PCs or weakness in digital advertising.

Apple's largest smartphone rival, **Samsung Electronics Co.**, saw slumping profits as its memory chip business goes

Payments To Poultry Farmers Probed

By PATRICK THOMAS

The Justice Department is investigating how poultry companies pay their chicken farmers, the latest move by the government to clamp down on an industry payment system that has been criticized by some farmers.

Pilgrim's Pride Corp., the second-largest U.S. poultry processor by sales volume, said in a regulatory filing on Thursday that it learned earlier this month that the Justice Department had opened a civil probe into chicken grower contracts and payment practices.

The Colorado-based company said it would cooperate with the DOJ. The Justice Department has similarly notified other poultry companies, people familiar with the matter said.

Chicken farmers work under contracts in which poultry companies own the birds and feed and instruct farmers how to grow the chicks. About two dozen farmers in a given region are typically compared against one another to determine their payment rates, using a sliding scale analyzing their chicken production.

A separate Justice Department effort was dealt a setback this year after five chicken company officials were acquitted following three attempts to win a conviction on charges that they conspired to fix prices.

—Dave Michaels contributed to this article.

through an industrywide downturn due to weakening demand for PCs and smartphones.

Last month, Apple announced its latest lineup of smartphones with the iPhone 14, which includes two lower-priced base models as well as two premium versions of the phone with the Pro designation.

Analysts were expecting weakness in the base models as consumers lean toward the Pro models, which come equipped with a significantly better camera and chips.

The latest iPhone Pro models are estimated to account for 60% of overall iPhone 14 sales, according to J.P. Morgan analyst Samik Chatterjee. Previously, it was split more evenly between the base and Pro models in the iPhone 12 and 13 generations, he said.

forms Inc. or Amazon.com Inc. Already, there have been signs of anxiety on Madison Avenue about Mr. Musk's takeover of Twitter. In July, the company reported a 1% decrease in second-quarter revenue, which it blamed on uncertainty over the deal as well as broader pressures in the digital ad market.

Given Mr. Musk's past remarks on advertising, some advertisers wonder if Mr. Musk may exit the ad business entirely.

Inc. posting lower-than-expected revenue results for the September quarter.

Like other ad-supported social-media platforms, Twitter provides advertisers with adjacency controls, tools that are meant to ensure ads don't appear next to certain content the brands deem objectionable.

Some ad buyers said Twitter lags behind its competitors in providing brand-safety features. Joshua Lowcock, global chief media officer at UM Worldwide, an ad agency owned by **Interpublic Group of Cos.**, called Twitter's adjacency controls inadequate and "poorly thought through."

Ad agency **Omnicom Media Group** evaluates the major social-media platforms' progress on brand-safety tools every quarter. In July, Omnicom rated Twitter's progress behind that of YouTube, Facebook, Instagram, TikTok and Reddit, according to a document reviewed by the Journal. Robert Pearsall, managing director of social activation at Omnicom Media Group, said Twitter has made agreements to improve its brand-safety controls but hasn't introduced those changes to the market yet.

"There are significant concerns about the implications of a possible change to content moderation policy," he said. Twitter has said it is working on tools to give advertisers a better idea of where their ads appear.

Automotive manufacturers have expressed concerns about advertising on Twitter under Mr. Musk's ownership, given his role at electric-vehicle maker Tesla, some ad buyers said. Advertisers often share data with Twitter and other

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BUSINESS NEWS

McDonald's Plans for Downturn

Burger giant's sales growth hit by strong dollar; company beats earnings expectations

By Heather Haddon

McDonald's Corp. said it is bracing for an economic downturn in the U.S. and Europe and it plans to keep its meals affordable relative to competitors to continue attracting consumers.

The Chicago-based restaurant company said global same-store sales, or those in stores open at least 13 months, rose 9.5% during the latest quarter compared with the same period last year. Same-store sales increases in markets including the U.S., Germany, Australia and France were offset by challenges in China due to renewed government Covid-19 restrictions there, the chain said.

McDonald's Chief Executive Chris Kempczinski said business was strong despite broader economic concerns. "There is increasing uncertainty and unease about the economic environment," Mr. Kempczinski said during an investor call Thursday.

Some businesses are planning for a slowdown in the U.S. economy, with a number of companies slashing head count to try to shore up their balance sheets. New data Thursday showed the economy grew during the third quarter, but consumer spending cooled from July to September compared



The fast-food chain said that it expects costs for food, materials and labor to increase next year.

with the previous quarter.

The burger chain said it expects increasing costs for food, materials and labor next year.

Mr. Kempczinski said the company is planning for a mild to moderate recession in the U.S., and a potentially deeper and longer downturn in Europe. "We are seeing consumer sentiment in Europe remain low," Mr. Kempczinski said.

McDonald's said higher costs for energy, food and paper have particularly hurt its European franchisees, and it is prepared to back owners there with company funds on a limited basis. McDonald's provided cash to franchisees temporarily after the Covid-19 pandemic first hit to prop up owners experiencing sales losses.

Chipotle Mexican Grill Inc.

CEO Brian Niccol said Tuesday he expected a broader slowdown in consumer demand in the coming year, and though it has raised prices, the chain is promoting the restaurant brand's value.

McDonald's said marketing featuring its core menu helped generate sales and bring in more orders in the U.S. during the quarter. The chain's Cactus Plant Flea Market Box, a Happy Meal geared toward adults, helped U.S. sales in the current quarter, with half of the toys selling out within days of its debut, the company said.

Price increases also helped revenue. U.S. menu prices were up 10% on average in the third quarter compared with last year, McDonald's said. The company said it is trying to in-

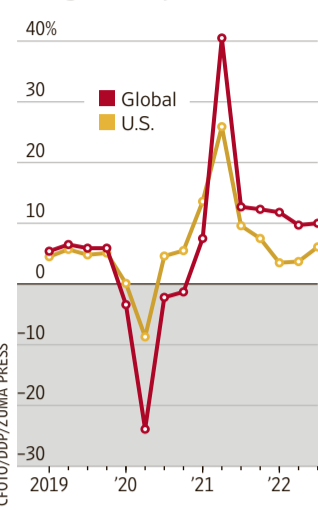
crease prices while still remaining a good value to customers seeking affordable meals.

It said restaurants also are benefiting from prices rising faster at supermarkets than at eateries.

For the third quarter, the weakening of foreign currencies against the U.S. dollar hurt McDonald's global revenue, despite higher menu prices and promotions helping to drive U.S. sales.

The burger giant reported total sales of \$5.87 billion in the quarter ended Sept. 30, down 5% compared with the same period last year, but above the expectations of analysts polled by FactSet. McDonald's said its third-quarter revenue was up 2% compared with the same period in

McDonald's comparable sales, change from a year earlier



Sources: the company

2021 when accounting for the effects of currency fluctuations.

McDonald's logged earnings of \$2.68 a share on income of \$1.98 billion, which fell 8% from the prior year. Per-share earnings were flat during the third quarter compared with the same period last year when accounting for foreign currencies, the company said. The results beat analysts' earnings expectations for the quarter.

McDonald's said its exit from its Russian business led to a pretax charge of \$1.28 billion for the nine months ended Sept. 30, while the sale of its Dynamic Yield technology system generated a \$271 million gain.

Heard on the Street: Golden arches are cool again..... B12

Southwest Airlines Reports Strong Demand

By Alison Sider

Southwest Airlines Co. said strong travel demand continues to bolster profit, but cautioned that delays in deliveries of Boeing Co. jets are likely to continue into 2024.

Southwest is the latest airline to flag snarled aircraft deliveries as a limiting factor as they race to keep up with appetite for travel that shows little signs of easing.

Southwest on Thursday reported net income of \$277 million, or 44 cents a share, on record third-quarter operating revenue of \$6.2 billion for the period ended Sept. 30. Southwest's adjusted profit of 50 cents a share exceeded the 47 cents analysts were expecting, according to FactSet.

Airlines have shaken off concerns about an economic slowdown, with executives saying the robust bookings they saw over the summer have continued into the fall.

Travelers have so far been willing to absorb higher fares, helping airlines recoup their own rising costs for fuel and labor. Airline executives say that shifts such as hybrid work arrangements that give people more flexibility are in some cases driving them to travel even more than they did before the pandemic.

Southwest said leisure demand and last-minute bookings in September more than offset the \$18 million hit from disruptions caused by Hurricane Ian at the end of that month. The airline said it expects operating revenue to be up 13% to 17% from 2019 levels in the final three months of the year.

Slow arrivals of new jets and labor shortfalls throughout the industry will likely act as a check on airlines' growth ambitions well into 2023, executives have said.

Southwest still expects to receive 66 Boeing 737 MAX 8 jets this year—a figure that it reduced over the summer—but said it faces uncertainty around the timing of future deliveries and is working to plan a schedule for next year that won't require last-minute changes. The airline said it expects its network will be fully restored to prepandemic levels by the end of next year.

Both Boeing and rival Airbus SE are behind in handing over new single-aisle jets that airlines rely on for domestic flights and other short-haul trips, as the manufacturers contend with supply-chain snarls.

High-End Brews Fuel Growth in AB InBev Sales

By Jennifer Maloney

Many beer drinkers around the world continue to trade up to pricier brands as an affordable indulgence, Anheuser-Busch InBev NV said. But the brewing giant is also introducing cheaper packages as inflation squeezes consumers' pocketbooks.

The company, which makes one out of every four beers sold globally, said its sales volume rose by 3.7% in the three months ended Sept. 30. The company's revenue climbed 12.1% to \$15.1 billion, buoyed by double-digit percentage growth of high-end beers such as Michelob Ultra in the U.S. and Corona elsewhere.

"If you want to upgrade your house, [it can cost] millions of dollars," Chief Executive Officer Michel Doukeris said in an interview. "If you

want to change your car, thousands of dollars. If you want to go premium in beer, tens of dollars. So during recessions, inflation, consumers tend to trade up."

The businesses of drinks companies PepsiCo Inc. and Coca-Cola Co. also have shown resilience as consumers have tapered spending on other goods and kept up spending on sodas.

AB InBev, which sells Corona outside the U.S., said the brand's revenue grew by 23.5% in the quarter. Revenue from Stella Artois grew by 7%. Constellation Brands Inc. sells Corona in the U.S.

AB InBev didn't disclose its average price increases during the period but said the beer industry's pricing trails inflation in markets around the world.

In the U.S. and Europe, shoppers are switching from



The company, which makes one out of every four beers sold globally, said its sales volume rose 3.7%.

small, local convenience and grocery stores to larger stores where they can find discounts and promotions, but they generally aren't trading down to cheaper brands, Mr. Doukeris said.

For consumers hit harder by rising prices, AB InBev is introducing cheaper options, such as a smaller, 300-milliliter returnable bottle in Brazil, he said. The brewer can deliver it, chilled, directly to a shopper's

home in 30 minutes, he added. "This pack is doing very, very well" because it is affordable and convenient, he said.

AB InBev's sales volume continued to slip in the U.S., where mainstream lagers have long been losing ground to Mexican imports and other higher-end options. In response to changing consumer tastes, the company has been working to shift its U.S. portfolio toward high-growth beers

like Michelob Ultra and other drinks such as Cutwater, a spirit-based, ready-to-drink cocktail brand.

The company said its volumes grew in more than 60% of its markets around the world.

Shares of Anheuser-Busch gained 6% in Brussels trading Thursday.

Heard on the Street: Risks remain at brewer..... B12

Unilever Boosted by Record Price Rises

By Peter Stiff

LONDON—Unilever PLC raised its full-year sales forecast after the consumer-products giant pushed through record price increases of 12.5% in the third quarter.

The maker of Dove soap and Ben & Jerry's ice cream on Thursday reported a 10.6% rise in underlying sales growth for the quarter, driven by higher selling prices, with sales volumes declining 1.6%.

Companies across the consumer-goods industry are increasing prices to offset higher costs for ingredients, transport and labor, while trying to avoid putting off shoppers from buying their brands at a time when consumers also are struggling with high inflation.

Unilever's price rises in the third quarter were the steepest the company has ever implemented, and mark the seventh consecutive quarter of increases, Chief Financial Officer Graeme Pitkethly said on a call with reporters.

So far the fall in sales volumes in response to higher prices has been better than Unilever had expected, Mr. Pitkethly said.

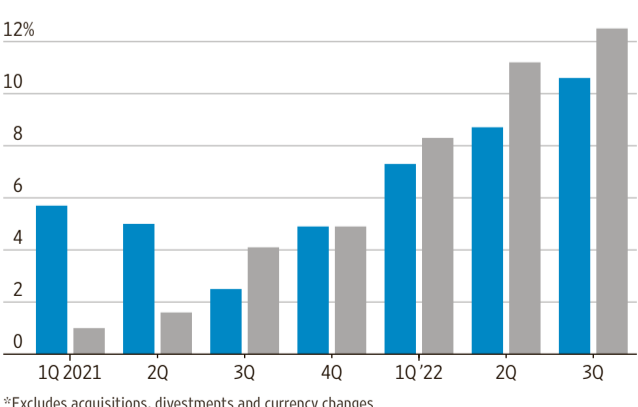
However, the company does forecast a further deterioration in volumes in the fourth quarter as consumers grapple with rising costs, particularly in Europe.

"Consumer sentiment in



The maker of Ben & Jerry's ice cream posted 18% revenue growth.

Unilever's quarterly sales and pricing, change from a year earlier



Excludes acquisitions, divestments and currency changes. Source: the company

Europe is at an all-time low," Mr. Pitkethly said. "The basic needs of European consumers are occupying a higher share of wallets," he added, noting that shoppers paying more for

energy and transport could cut back spending on discretionary items.

Nevertheless, Unilever said stronger sales, particularly of its biggest brands such as

Hellmann's mayonnaise and Rexona deodorant—sold as Degree in the U.S.—would help the company report better-than-expected growth figures for the full year.

Unilever said it now expects underlying sales growth for 2022 to be above 8%. At its half-year results in July, the company forecast underlying sales growth ahead of the previously guided range of 4.5% to 6.5%.

Overall for the third quarter, Unilever reported an 18% rise in revenue to €15.8 billion, equivalent to \$15.9 billion, partly helped by the impact of the strong dollar.

Looking ahead, the company said the outlook for the global economy was mixed and that it expected inflationary pressures to continue into 2023, including from higher raw-material costs and supplier processing costs connected to energy and labor inflation.

Unilever is contending with these pressures as it seeks to reinvigorate growth across its sprawling operations, in part by rotating its product portfolio into faster-growing areas such as health, beauty and hygiene.

The company also is looking for a new chief executive after saying last month that Alan Jope plans to retire at the end of next year.

—Kyle Morris contributed to this article.

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TECHNOLOGY

Jury Divided on Nikola Founder's Intent

Milton was found guilty on three counts of fraud but acquitted of most-serious charge

By CORINNE RAMEY

A jury's journey to convict Nikola Corp. founder Trevor Milton of defrauding investors involved negotiations with initial holdout jurors and tense debates about whether the former electric-truck executive acted with criminal intent, producing an unusual mixed verdict.

Three women, known during the trial as Jurors 1, 5 and 6, described to The Wall Street Journal how a federal jury in New York over five hours came to find Mr. Milton guilty of two wire-fraud charges and one count of securities fraud—but not guilty of another securities-fraud charge that carried the stiffest maximum sentence. The verdict, delivered Oct. 14, puzzled some court watchers because the two securities-fraud charges involved the same alleged conduct by Mr. Milton and required jurors to make nearly identical findings to convict.

The jurors' account of the deliberations, which took place behind closed doors, sheds light on the complexities facing jurors tasked with applying the law in white-collar criminal cases, where a crucial question is often not a defendant's conduct, but his state of mind at the time an act was committed.

"You get a multibillionaire up there, and [on the jury] you get working people, retired people, people of all walks of life," said juror Elyse Stringer, 61 years old, who lives in Westchester County, N.Y. "It was very diffi-



A jury of three men and nine women decided Trevor Milton's fate.

cult to understand where Trevor was coming from."

Alleged lying

The case centered on allegations that Mr. Milton ripped off investors—and made himself a billionaire—by repeatedly lying about Nikola's progress in developing zero-emissions trucks and the hydrogen fuel needed to power them. Mr. Milton's lawyers argued that he didn't intend to defraud anyone and have said they would keep fighting.

The three jurors said they found testimony from Nikola employees compelling, particularly when company executives said they warned Mr. Milton against making rosy pronouncements about Nikola on social media and in interviews. Two of the jurors said they were far less persuaded by Mr. Milton's sole defense witness,

a Harvard University professor of securities law who testified that Mr. Milton's statements didn't affect Nikola's stock price. The economist talked down to the jury, they said.

A spokesman for the U.S. attorney's office for the Southern District of New York and Marc Mukasey, a lawyer for Mr. Milton, declined to comment.

Around 11 a.m. on a Friday, a court officer locked three men and nine women into a jury room, leaving them to decide Mr. Milton's fate. "It was kind of a mess," said juror Margaret Gerrity, 66, a bookkeeper who lives on Manhattan's Upper West Side. "Nobody knew what to do."

Each juror sat at a desk, spaced 3 feet apart and arranged in a circle. Juror Jennifer Diroche, 33, a safety director who lives in the Bronx, said she wrote the four counts on a large whiteboard.

Understanding Of Law Questioned

Some former prosecutors said the jurors may have misunderstood the law, because criminal intent was a required element for conviction on both securities-fraud counts.

"The intent requirements of count one and two are essentially the same," said Edward Imperatore, a former Manhattan federal prosecutor now at Morrison & Foerster LLP. He said the two wire-fraud counts also required criminal intent.

"If they didn't find criminal intent, they should have acquitted him for every count," Mr. Imperatore said.

The law largely insulates jury verdicts from being attacked on appeal based on what was said during jurors' deliberations.

"It's the attorneys' and the court's job to ensure that the instructions are clear," said Joshua Margolin, a partner at Selendy Gay Elberg PLLC. "But even with the best efforts, juries sometimes can misinterpret or misunderstand, through no fault of anyone."

"We think he had good intentions with Nikola," juror juror Elyse Stringer said. "It just didn't come into fruition as quickly as he wanted to. That made him do unsavory things to get it done. But the criminal part of it? We didn't feel it was anything criminal."

The first securities-fraud count, the three jurors said, was relatively straightforward. They said the jury believed it only needed to find that Mr. Milton's conduct met one of three criteria in that count, simplifying the discussions.

Work got trickier

"That's why it was so easy to all come to a unanimous conclusion," said Ms. Stringer, the jury's foreperson, who is retired and previously worked for an institutional-investment adviser.

The three jurors said there weren't detailed discussions on the first securities-fraud charge about the intent behind Mr. Milton's actions, though the judge had said they needed to find Mr. Milton acted with an intent to defraud.

On count three, a wire-fraud charge, the women said jurors easily agreed that Mr.

Milton was guilty.

Count four, another wire-fraud charge, was trickier, they said. Prosecutors alleged that Mr. Milton lied to a businessman about Nikola's technology to persuade him to accept company stock options as payment from Mr. Milton for a Utah ranch. The jury found the businessman unlikable and unsympathetic, they said.

The businessman and his lawyers didn't respond to requests for comment.

Ms. Stringer said she and another juror were initially holdouts on convicting Mr. Milton of the offense. She found it hard to believe that the businessman accepted Nikola stock based on Mr. Milton's claims about the company instead of doing his own research or a simple Google search about Nikola's prospects.

"I got a couple of faces from people," she said. "It's the guy's life on the line."

After some tense exchanges, Ms. Stringer said she voted guilty. The second holdout, who had a heavy accent and some trouble communicating his views in English, then voted guilty as well, she said.

'A big hangup'

That left count two, the second securities-fraud charge. Complicating matters, jurors thought they needed to consider the issue of criminal intent differently on that charge than the prior securities-fraud count, Ms. Gerrity said.

Yes, the judge's instructions on the first securities-fraud charge told the jury to consider whether Mr. Milton had acted "knowingly, willfully and with an intent to defraud," Ms. Gerrity said. But the written instructions for the second charge were presented in a slightly different way, with the term "criminal intent" emphasized in bold as a header on one of the pages, she said.

"It was definitely that phrase that was a big hangup," Ms. Gerrity said.

Jurors found it hard to know what was in Mr. Milton's head, the women said.

Only Ms. Gerrity thought that Mr. Milton had intended to deceive, they said. The other 11 jurors wanted to find him not guilty. "We thought that he didn't have an intent to harm," Ms. Diroche said.

Just after 4 p.m., Ms. Stringer read the verdict in court as Mr. Milton shook his head and his wife cried.

Mses. Diroche and Gerrity said they researched Mr. Milton after the trial and regretted not convicting him on all charges.

—Ben Foldy contributed to this article.



Lee Jae-yong has served as Samsung's de facto head ever since his father and predecessor suffered a heart attack in 2014.

Lee Jae-yong Named Samsung's Leader

By JIYOUNG SOHN

SEOUL—Samsung Electronics Co. officially appointed Lee Jae-yong as its executive chairman, formalizing the all-encompassing leadership role he has long played at South Korea's largest business conglomerate.

The 54-year-old Mr. Lee—who goes by Jay Y. Lee in the West—had previously held the title of Samsung Electronics vice chairman. He takes over a position previously held by his father, Lee Kun-hee, who died two years ago after being incapacitated by a 2014 heart attack.

With his father ill, Lee Jae-yong served as the de facto head of Samsung, which includes Samsung Electronics, the conglomerate's crown jewel. All major decisions across Samsung's various affiliates, from theme parks to life insurance to biopharmaceuticals, required his approval.

Samsung Electronics' board said Thursday it had recommended giving Mr. Lee the executive chairman title in light of the uncertain global business environment and need for stronger accountability.

A variety of legal issues had complicated Mr. Lee's formal ascension to the top. He was imprisoned twice in recent years for bribing South Korea's president at the time. Last year, however, he was paroled from a 30-month sentence tied to the bribery conviction that included a five-year employment ban. And in August, Mr. Lee received a presidential pardon that cleared the 2017 conviction from his record.

The new title formalizes his role, but it hasn't settled the concerns of corporate-governance experts who have criti-

cized the company's arcane structure and decision making.

They said it isn't clear why he should be able to dictate actions across the different affiliates of the Samsung conglomerate from a position atop Samsung Electronics. They also worried his absence from the company's board means his decisions will be less transparent and less subject to shareholder questions and votes.

"It's terrible from an accountability perspective," Yookyung Park, Asia-Pacific head of responsible investment and governance at Dutch pension fund APG, one of Samsung Electronics' major institutional investors, said of the failure so far to put Mr. Lee on the board.

A Samsung spokeswoman said it is up to the board to decide whether to nominate Mr. Lee as a director.

Mr. Lee's formal ascent has raised expectations that he will be more active in pushing forward big mergers and acquisitions and making decisions to prepare Samsung's diverse businesses for the future, said Kim Kyeong-jun, president of CEO Score, a Seoul-based corporate-research firm.

"Now is the time to plan our next move. Now is the time to act, to be bold and unwavering in our focus," said Mr. Lee in a meeting with Samsung CEOs this week. The remarks were shared with Samsung employees on the company's internal website on Thursday.

The announcement of Mr. Lee's executive chairmanship appointment came as Samsung Electronics reported a 24% decline in third-quarter net profit due to a slowdown in memory-chip demand.

Comcast Takes Sky Write-Down

By PATIENCE HAGGIN

Comcast Corp. took an \$8.6 billion write-down on its Sky pay-TV operations and posted a dip in third-quarter revenue, as strong growth in the company's wireless and film businesses was offset by a slowdown at its media segment.

The cable and entertainment giant swung to a net loss of \$4.6 billion, compared with a profit of about \$4 billion in the year-earlier period, mainly because of the write-down. The company said the noncash charge was due to macroeconomic conditions in Sky territories in Europe, including the Ukraine conflict, higher energy costs and interest rates, inflation and currency headwinds. Comcast acquired Sky in 2018 for about \$40 billion.

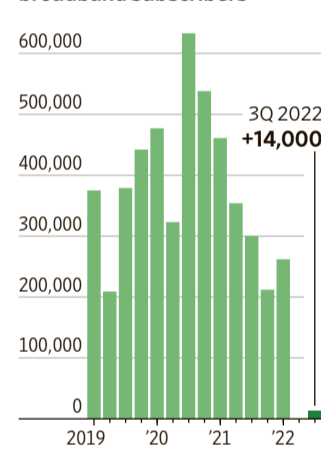
Factoring out the Sky write-down and certain other items, Comcast would have reported an adjusted net profit of \$4.2 billion, or 96 cents a share, beating Wall Street's expectations. Analysts polled by FactSet expected adjusted net income of \$3.54 billion, or 90 cents a share.

The company reported total



The company reported growth in its wireless and film business.

Comcast's net new broadband subscribers



Source: the company

revenue of \$29.8 billion for the quarter, a 1.5% decline from the year-earlier period.

Revenue at Comcast's NBC-Universal media and entertainment unit fell 4.3%. Revenue in the media segment declined sharply from the previous year, when results were boosted by carrying the summer Olympics. Ad revenue fell 35%. Excluding the Olympics, media revenue would have increased 4.4%.

On an earnings conference

call, Comcast Chief Financial Officer Michael Cavanagh said a deterioration in the ad market could weigh on fourth-quarter results for the media segment, along with stepped-up pay TV cord-cutting.

Chief Executive Brian Roberts said the company was paying attention to economists' views about how the macroeconomic conditions affecting Europe may affect the U.S. as well. "While we are cer-

tainly not immune to potential macroeconomic headwinds, I firmly believe that Comcast is in a very strong position relative to our peers and most other companies," he said.

Profitability in the media business also declined, due partly to increased spending on the Peacock streaming service. Adjusted earnings before interest taxes, depreciation and amortization in that part of the business fell 41.5%.

Huawei Posts Rare Increase in Revenue

By DAN STRUMPF

HONG KONG—Huawei Technologies Co. recorded its second straight quarter of higher revenue in the third quarter, as signs emerged that its business has begun to stabilize following years of punishing U.S. sanctions.

Revenue at the Chinese telecom giant rose 6.5% to 144.2 billion yuan, or about \$20 billion, in the third quarter compared with a year ago, according to calculations based on unaudited financial figures released by the privately held company Thursday.

Huawei said its main business line selling telecommunications equipment grew, while a longtime decline in its consumer-device business had slowed. It was the second straight quarter of higher revenue for the Shenzhen-based company, putting a halt to more than a year of dwindling revenue driven by plunging smartphone sales and restrictions on sales of its telecom equipment to many countries.

Huawei has been battered by U.S. export restrictions that include a 2020 ban on it buying advanced chips made with American technology. The re-



Huawei has been battered by U.S. export restrictions that have decimated its smartphone business.

strictions have decimated the company's smartphone business, once the world's largest and a major source of growth. It has also dented its business of selling telecom equipment, though analysts say the effect has been less pronounced because such equipment requires fewer high-end chips and is more reliant on long-term business deals.

To offset the restrictions, Huawei has been developing an array of new business lines less dependent on chips. They include cloud-computing ser-

vices, autonomous-driving components, smartphone software and consumer gadgets such as smartwatches and tablets, though the new businesses haven't offset the steep drop in smartphone sales.

The company has also been investing heavily in China's fast-growing chip-manufacturing industry via its investment arm Hubble Technology Investment Co. That industry faces new hurdles in the wake of sweeping export controls on high-end chips and chip-manufacturing equipment imposed

by the Biden administration earlier this month.

The U.S. has long viewed Huawei as a national security threat and has said Beijing can use Huawei equipment to spy, which the company denies. A number of U.S.-aligned countries have lined up to bar Huawei from building their 5G telecom networks, curbing its international revenue, though it continues to win big contracts in China and is still the world's largest seller of telecom equipment overall, according to Dell'Oro Group.

PAID ADVERTISEMENT

This announcement is not an offer, whether directly or indirectly, in Australia, Hong Kong, Japan, New Zealand or South Africa or in any other jurisdiction where such offer pursuant to legislation and regulations in such relevant jurisdiction would be prohibited by applicable law. Shareholders not resident in Sweden who wish to accept the Offer (as defined below) must make inquiries concerning applicable legislation and possible tax consequences. Shareholders should refer to the offer restrictions included in the section titled "Offer restrictions" and "Important notice to shareholders in the United States of America" in the Offer Document (as defined below).

**Philip Morris Holland Holdings B.V. Has Received Necessary Approvals from
Authorities for the Recommended Offer for
SWEDISH MATCH AB
at
SEK 116 per Share, in Cash,
and
Reminds Swedish Match Shareholders of the Terms of the Offer and of
Certain U.S. Regulatory Requirements**

On May 11, 2022, Philip Morris Holland Holdings B.V., a Dutch private limited liability company ("PMHH"), an affiliate of Philip Morris International Inc. ("PMI"), announced a recommended public offer to the shareholders of Swedish Match AB ("Swedish Match") to tender all shares in Swedish Match (excluding any treasury shares) to PMHH (the "Offer"). An offer document regarding the Offer was made public on June 28, 2022 (the "Offer Document") and a supplement to the Offer Document was made public on July 22, 2022. On October 20, 2022, PMHH increased the price in the Offer from SEK 106 to SEK 116 in cash per share, and announced that it will not further increase the price in the Offer. On October 25, 2022, PMHH announced that PMHH has received all necessary approvals from authorities and that this condition for completion of the Offer has been satisfied. In addition, PMHH is obligated to remind the shareholders of Swedish Match of certain U.S. regulatory requirements, including with regard to PMHH's right to reduce the acceptance level condition after the acceptance period ends, and reminds the shareholders of Swedish Match of the terms of the Offer.

On October 25, 2022, PMHH announced that the European Commission has approved, under the EU Merger Regulation, the proposed acquisition of Swedish Match, subject to PMHH's divestiture of Swedish Match's subsidiary SMD Logistics AB following the completion of the Offer. PMHH does not believe that Swedish Match's earnings and operations will be materially affected by the divestiture and the continued operation of SMD Logistics AB by a third-party outside of the Swedish Match Group. Hence, with respect to the Offer and completion of the acquisition of Swedish Match, PMHH has obtained all necessary regulatory, governmental or similar clearances, approvals, decisions and other actions from authorities or similar, including from competition authorities, on terms which, in PMHH's opinion, are acceptable. Accordingly, this condition for completion of the Offer has been satisfied.

"We are pleased to have received all necessary regulatory approvals, and believe the best and final price in our revised offer for Swedish Match provides very compelling value for the shareholders of both Swedish Match and PMI," said Jacek Olczak, Chief Executive Officer of PMI. "The revised offer retains a 90% acceptance condition, which is critical to capture the full potential of the combination. Should the offer fail, we are well prepared to proceed autonomously to develop IQOS and the rest of our smoke-free portfolio in the U.S."

The acceptance period for the Offer expires on November 4, 2022. All other conditions for completion of the Offer are still applicable to the Offer as set forth in the Offer Document.

Reminder of certain terms of the Offer and required reminder of certain U.S. regulatory requirements, including with regard to PMHH's right to reduce the acceptance level condition after the acceptance period ends.

As stated in the Offer Document, completion of the Offer is conditional upon, *inter alia*, the Offer being accepted to such extent that PMHH becomes the owner of shares representing more than 90 percent of the total number of outstanding shares in Swedish Match (on a fully diluted basis) (excluding any treasury shares) (the "acceptance level condition"). PMHH has reserved the right to waive, in whole or in part, one or more of the conditions set out in the Offer Document (including, with respect to the acceptance level condition, to complete the Offer at a lower level of acceptance).

The acceptance period under the current Offer timetable expires on November 4, 2022. To satisfy U.S. regulatory requirements, PMHH is obligated to announce the possibility of any waiver or reduction of the acceptance level condition via a press release issued at least 5 business days prior to the end of the acceptance period (i.e., October 28, 2022, under the current Offer timetable). While as of today there has been no decision to reduce or waive the acceptance level condition, with the purpose of satisfying U.S. regulatory requirements, PMHH hereby reminds the shareholders of Swedish Match that it may (but is not obligated to) reduce the acceptance level condition after the expiration of the acceptance period on November 4, 2022, and complete the Offer at a lower level of acceptance. In the event of such a reduction, (i) PMHH may reduce the acceptance level condition from 90 percent to 50.01 percent of the total number of registered shares in Swedish Match and declare the Offer unconditional, (ii) PMHH would grant an additional acceptance period of at least 5 business days from announcement of the reduction of the acceptance level condition and (iii) shareholders who had previously tendered their shares in the Offer, and shareholders who tender their shares during the additional acceptance period, would not have withdrawal rights during the additional acceptance period.

In compliance with U.S. regulatory requirements, PMHH informs the shareholders of Swedish Match that if they have already tendered their shares in the Offer, but their willingness to tender will be affected by a possible reduction of the acceptance level condition as described herein, they should withdraw their tenders immediately, but in any event, before the expiration of the acceptance period on November 4, 2022. To be valid, such withdrawal must have been received in writing by Handelsbanken Issue department (address: Handelsbanken Capital Markets, Offerings & Issue Services, SE-106 70 Stockholm, Sweden) not later than 17.00 CET on the last day of the acceptance period on November 4, 2022. Shareholders of Swedish Match holding nominee-registered shares wishing to withdraw acceptance shall do so in accordance with instructions from the nominee.

This announcement is not an indication of current or expected acceptance levels. For further information on the potential effects of a reduction of the acceptance level condition, specifically the implications of PMHH's ownership of less than 90 percent of the total number of registered shares in Swedish Match if the acceptance level condition is reduced, PMHH refers shareholders of Swedish Match to the description thereof included in the section of the Offer Document entitled "*Important notice to shareholders in the United States of America*".

The Offer Document and other information about the Offer is available on the Offer website: www.smokefree-offer.com. Shareholders of Swedish Match whose shares are directly registered with Euroclear Sweden should direct their questions to Shareholder Service by phone at +46 480-404-393 or by e-mail to smokefree-offer@answeronline.se. Shareholders in Swedish Match whose holdings are registered in the name of a nominee, i.e., a bank or other nominee, should contact their nominee regarding administrative questions about the Offer. Further, shareholders may direct additional questions and requests for assistance to Georgeson LLC at the applicable address or telephone number set forth below.

Shareholders in the U.S.:
Georgeson
1290 Avenue of the Americas, 9th Floor,
New York, NY 10104
All Holders in the United States: 1-888-293-6908

Shareholders outside the U.S.:
Georgeson
3rd Floor, 120 London Wall,
London, EC2Y 5ET, United Kingdom

European Investor Helpline: +46 846-007-389
E-mail: swma-offer@georgeson.com

BUSINESS NEWS



SCOTT OLSON/GETTY IMAGES
The company said it plans to raise its per-share dividend 15% and buy back another \$4 billion of its stock.

Shell to Increase Payouts for Shareholders as Cash Swells

Company swings to \$8.3 billion profit in quarter, lifted by natural-gas business

By JENNY STRASBURG

LONDON—Shell PLC said it plans to boost its dividend and buy back another \$4 billion of its shares in the coming months, as the oil major continued to benefit from strong demand for natural gas in difficult-to-navigate markets.

Shell on Thursday reported a higher third-quarter profit compared with the same period a year ago, even as price volatility in energy markets took a bite out of earnings in its core natural-gas trading business. Earlier this month, the company had warned that natural-gas price swings and lower margins from fuel-refining would cut into its third-quarter earnings.

The London-based company said that lower refining and chemicals-production margins were partially offset by higher

volumes from deep-water oil and gas production. Shell is one of the biggest players in Gulf of Mexico oil drilling, and continues to invest billions of dollars in the region.

Overall, Shell's third-quarter profit on a net current-cost-of-supplies basis—a figure similar to the net income that U.S. oil companies report—was \$8.3 billion, compared with an \$880 million loss in the year-ago period.

Adjusted earnings, which strip out certain commodity-price adjustments and one-time charges, were \$9.5 billion, slightly beating the \$9 billion analysts' consensus forecast for the quarter compiled by the company. That was down from \$11.5 billion in the second quarter but up from \$4.1 billion in the year-ago quarter.

Shell said it would reward investors with a continued bonanza of cash payouts. It said it would buy back another \$4 billion of its shares over the next three months, bringing announced buybacks this year to \$18.5 billion. Shell also said

Thursday it intends to increase its per-share dividend by 15%, for the fourth quarter, pending board approval.

Shares closed up 5.5% in trading in London.

Oil giants have been swimming in cash this year as manufacturing and global travel recover from their pandemic doldrums, with demand for natural gas and fuel outstripping supplies for months. Rather than plow that cash into large new oil-and-gas projects, companies have returned tens of billions of dollars to investors, stoking political scrutiny in the U.S. and Europe as high prices for gasoline and natural gas have crippled consumers and fueled recession worries.

Still, Shell's results on Thursday, which follow two quarters of record profit, also reflect how the world's biggest oil-and-gas companies are navigating highly turbulent markets in the wake of Russia's invasion of Ukraine. The war has spurred a global struggle to secure

enough gas to heat homes and keep power plants and factories running, especially in Europe.

Markets also have been whipsawed by natural-gas price drops as warmer-than-normal temperatures have helped to cause a seasonal glut of the fuel. Europe is still expecting struggles to maintain adequate gas supplies after this winter, and for years to come.

Shell is grappling with these issues as it works to balance its traditional profit-heavy oil-and-gas businesses with pressures from investors, governments and climate activists to push further into lower-carbon energy such as wind, solar power and green hydrogen.

The company is also preparing for a change of leadership, with Shell last month naming Wael Sawan, its head of integrated gas and renewables, as its next chief executive, succeeding longtime CEO Ben van Beurden. Mr. Sawan is expected to take the top job on Jan. 1.

Rush to Buy I Bonds Before Friday Cutoff Taxes Treasury Site

By VERONICA DAGHER

So many investors are scrambling to buy inflation-adjusted bonds, known as I Bonds, which pay a 9.62% interest rate if purchased by Friday, that the Treasury Department said it cannot guarantee orders made before the deadline will be processed in time.

The government's TreasuryDirect site, the only place investors can directly purchase securities such as I Bonds and Treasury bills, this week became one of the most visited federal sites on the web, officials said, and has experienced intermittent outages.

Safe, staid inflation-adjusted Series I savings bonds don't capture much of the investing spotlight in most years.

They became breakout stars of 2022 as inflation reached a four-decade high, markets plunged and investors searched for a safe place to park their money.

During just the final week of October, the Treasury issued \$1.95 billion in I Bonds, more than the total for fiscal year 2021.

In just one year, some 3.7 million new accounts were created on the site, more than the 2.4 million for the prior 10 years combined.

Starting Nov. 1, the interest rate on I Bonds is expected to drop to about 6.47%.

Previously, the Treasury Department said those who wished to score the higher rate would need to take action by Friday.

Investors must complete purchases and receive a confirmation email by Oct. 28 to ensure they will get the 9.62% rate, according to the TreasuryDirect website.

The Treasury doubled its server capacity to address the outages, a Treasury Department spokesman said.

The system experienced some moments of slow performance and was briefly un-

available, the spokesman said. "We continue to balance these efforts with our commitment to the overall integrity of the 20-year-old system and protecting the personal identity and financial assets of our customers," the spokesman said.

This isn't the first time the website crashed due to high I Bond demand.

The TreasuryDirect website experienced outages on May 3, a day after the 9.62% rate was announced.

Users regularly take to social media to complain about the TreasuryDirect website and sometimes go to great lengths to make their I Bond purchases.

"The TreasuryDirect website isn't known for its user friendliness," said Elliot Pepper, a financial planner in Baltimore.

Starting Nov. 1, the interest rate on I Bonds is expected to drop to 6.47%.

On Tuesday night, Mr. Pepper was working with a client to open custodial accounts and purchase more I Bonds before the rate change and twice they were knocked off the website for seemingly no reason, he said. Eventually they were able to open the accounts and buy I Bonds, but it was quite stressful at the time, he said.

More than \$22.3 billion worth of I Bonds have been purchased this year through September on the Treasury Department's website.

The yield for I Bonds far exceeds cash, and the bonds are appealing for investors who want to grab a higher rate of return without the risk of the stock market.

—Richard Rubin contributed to this article.

T-Mobile's Subscriber Gains Outpace Rivals, Yearly Forecast Raised

By DREW FITZGERALD

T-Mobile US Inc. said its cost and customer trends had improved heading into the end of 2022 after the company logged its strongest jump in core phone subscriptions since its merger with Sprint Corp.

The cellphone carrier reported a net gain of 854,000 postpaid phone connections during the recent quarter, a postmerger record that outpaced both AT&T Inc. and Verizon Communications Inc. The tally topped the average estimate of 725,000 from analysts polled by FactSet.

T-Mobile's shares climbed about 3% after hours Thursday to \$145.

T-Mobile said total net customer additions under postpaid plans would hit 6.2 million to 6.4 million for the year, up from its earlier 6 million to 6.3 million target. The positive projections represented T-Mobile's third target increase this year.

AT&T added 708,000 such customers and raised its projected full-year profit, a sign its customers were still willing to spend heavily on new smartphones with expensive data plans. Verizon, the largest of the three U.S. wireless network

operators, posted an 8,000-phone increase in the category.

T-Mobile's customer gains have led the wireless industry for most of the past two years. The Sprint merger helped the combined company cut its construction and tower-leasing costs and led to widespread layoffs over the past two years.

T-Mobile expects savings and benefits from its 2020 purchase of Sprint to reach between \$5.7 billion and \$5.8 billion this year, up from its earlier \$5.4 billion to \$5.6 billion target.

T-Mobile's overall profit fell to \$508 million, or 40 cents a share, from \$691 million a year earlier, or 55 cents. The earnings result included \$972 million of merger-related costs and an expected \$803 million loss in the quarter from the sale of the company's wireline network to Cogent Communications Holdings Inc. for \$1.

Total revenue slipped 0.7% to \$19.48 billion despite higher revenue from wireless service. Finance chief Peter Osvaldik said the decline reflected dwindling leased smartphone plans under Sprint accounts, which generate sales but don't contribute to the service revenue that powers company profits.



DAVID PAUL MORRIS/REUTERS
Sales of the company's construction equipment jumped by 19%, with gains across all regions.

Solid Demand, Price Hikes Boost Caterpillar's Profit

By BOB TITA

Caterpillar Inc. said its quarterly sales climbed by 21% as the company sold more equipment and raised prices, offsetting rising production costs and the strengthening U.S. dollar.

Caterpillar said markets for its construction and mining equipment and engines for transportation and energy generation stayed strong, despite weakening consumer spending pulling down other industries.

The company said its dealers added inventory in the quarter in response to rising demand from customers, particularly in North America—the company's largest market—where its machinery and engine sales grew by 33% from the same period a year earlier.

Caterpillar said it continued to raise its prices to counter higher material costs, and freight transportation and manufacturing inefficiencies from supply-chain problems. Price increases contributed \$1.6 billion to overall sales, which reached \$15 billion in the quarter. The company said its material and freight costs

have increased by about one-fifth since 2020.

"We still have supply-chain struggles that we're dealing with, but we also have strong demand across most of our end markets," Chief Executive Jim Umpleby said during a conference call with analysts.

The company, based in Irving, Texas, said its operating profit margin in the quarter expanded to 16.2% from 13.4% a year earlier. Caterpillar's shares closed up nearly 8%, to \$212.14, in Thursday trading.

Unfavorable exchange rates when sales in foreign currencies were converted into U.S. dollars sliced \$461 million from sales in the quarter, Caterpillar said. The dollar's value against foreign currencies has been rising, putting U.S.-based companies with foreign operations, such as Caterpillar, at a disadvantage.

Sales of the company's yellow construction equipment, such as bulldozers, rose by 19% to \$6.3 billion for the quarter, with higher sales recorded across all of the company's geographic markets, especially in North America and Latin America.

Caterpillar said residential construction activity is mod-

erating but remains at an elevated level. Nonresidential construction activity is strong, the company said, and Caterpillar expects the market to continue to improve in the months ahead, boosted by higher spending in the U.S. on government-funded public works and infrastructure projects.

Expanding investments in oil and natural gas production are driving higher demand for Caterpillar's engines used at drilling sites and pipelines, the company said.

The company reported a 22% increase in its energy and transportation business to \$6.2 billion during the quarter.

Caterpillar said its mining-equipment sales jumped 30% to \$3.1 billion, helped by a 66% increase in sales in North America.

Overall, for the three months ended Sept. 30, Caterpillar reported a profit of \$2 billion, or \$3.87 a share, up from \$1.4 billion, or \$2.60 a share, in the same period a year earlier. Sales and profit from the quarter exceeded analysts' expectations.

—Sabela Ojea contributed to this article.

Merck Lifts Outlook After Sales Leap 14%

By SABELA OJEA

Merck & Co. raised its revenue outlook after posting a 14% rise in third-quarter sales on growing demand for its oncology treatments and vaccines.

The pharmaceutical giant on Thursday said sales climbed to \$15 billion in the quarter ended Sept. 30, ahead of market expectations of nearly \$14.1 billion, according to FactSet.

The company said revenue for its cancer treatment Keytruda and for its human papilloma virus vaccines Gardasil and Gardasil 9 increased 20% and 15% in the period, respectively, boosted by growth in the U.S. and Chinese markets.

Excluding the impact of a stronger dollar, sales for Keytruda and Gardasil—Merck's top-selling drug and vaccine—jumped 26% and 20%, respectively.

However, U.S. sales for its Type 2 diabetes drug, known under the brands of Januvia and Janumet, fell 15% as generic competitors grew, the company said.

Given current levels of demand, Merck expects to end the year with worldwide sales between \$58.5 billion and \$59 billion, up to 21% growth year over year. The company's previous guidance topped out at \$58.5 billion.

For the third quarter, Merck's net income came to \$3.25 billion, or \$1.28 a share, compared with \$4.57 billion, or \$1.80 a share, a year earlier. Stripping out one-time items, Merck said adjusted earnings were \$1.78 a share. Analysts recently polled by FactSet expected adjusted per-share earnings of \$1.85.

Merck's stock closed up 1.4% to \$99.74 a share.

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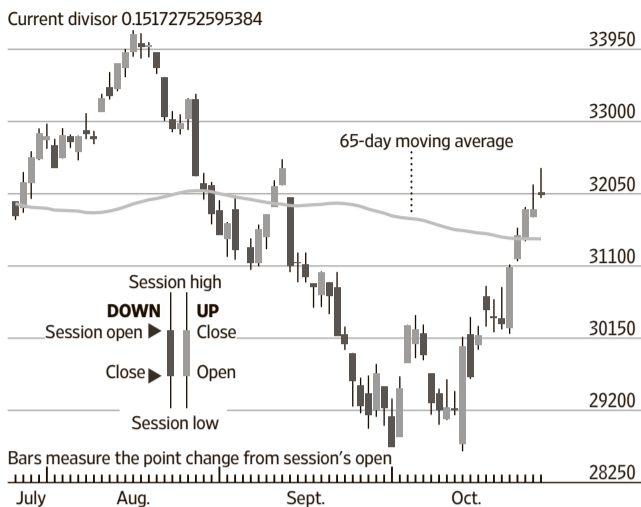
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

32033.28 ▲194.17, or 0.61%
 High, low, open and close for each trading day of the past three months.

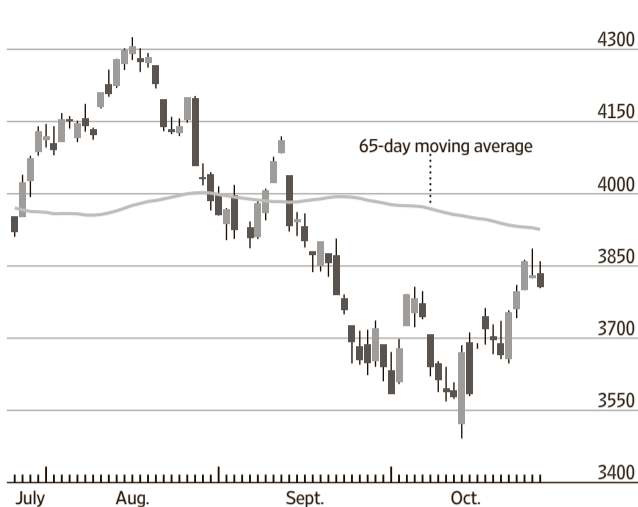
Last Year ago
 Trailing P/E ratio 19.94 23.06
 P/E estimate * 16.77 18.93
 Dividend yield 2.23 1.79
 All-time high 36799.65, 01/04/22



S&P 500 Index

3807.30 ▼23.30, or 0.61%
 High, low, open and close for each trading day of the past three months.

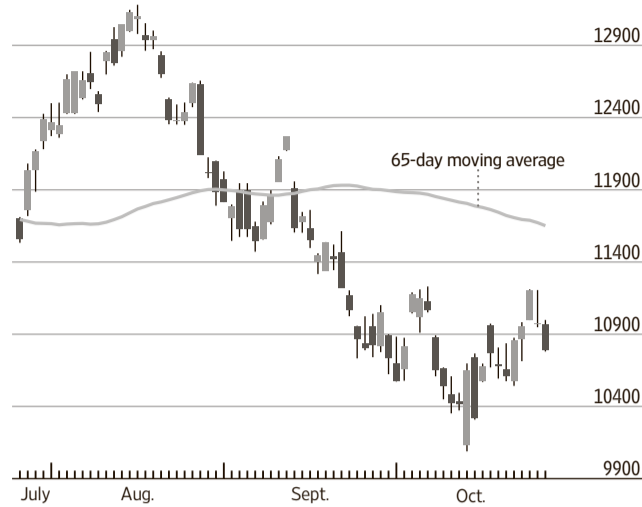
Last Year ago
 Trailing P/E ratio * 18.27 30.45
 P/E estimate * 16.57 22.17
 Dividend yield * 1.79 1.32
 All-time high 4796.56, 01/03/22



Nasdaq Composite Index

10792.67 ▼178.32, or 1.63%
 High, low, open and close for each trading day of the past three months.

Last Year ago
 Trailing P/E ratio ** 23.07 35.47
 P/E estimate ** 20.97 28.95
 Dividend yield ** 0.99 0.68
 All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	Low	% chg	YTD	% chg 3-yr. ann.
Dow Jones										
Industrial Average	32388.42	31993.21	32033.28	194.17	0.61	36799.65	28725.51	-10.3	-11.8	5.9
Transportation Avg	13616.79	13337.01	13369.09	-57.94	-0.43	17039.38	11999.40	-16.0	-18.9	7.2
Utility Average	906.27	893.89	896.78	7.99	0.90	1071.75	838.99	-2.6	-8.6	1.1
Total Stock Market	38899.28	38330.56	38366.76	-192.33	-0.50	48929.18	36056.21	-19.4	-21.1	7.5
Barron's 400	931.76	916.97	917.96	-1.72	-0.19	1127.20	825.73	-13.9	-17.0	10.0
Nasdaq Stock Market										
Nasdaq Composite	10998.73	10780.50	10792.67	-178.32	-1.63	16057.44	10321.39	-30.1	-31.0	9.4
Nasdaq-100	11417.04	11179.90	11191.63	-214.27	-1.88	16573.34	10692.06	-29.1	-31.4	11.7
S&P										
500 Index	3859.95	3803.79	3807.30	-23.30	-0.61	4796.56	3577.03	-17.2	-20.1	8.0
MidCap 400	2421.99	2388.48	2391.29	0.72	0.03	2910.70	2200.75	-14.4	-15.9	6.9
SmallCap 600	1189.06	1170.21	1171.58	4.08	0.35	1466.02	1064.45	-15.0	-16.4	6.6
Other Indexes										
Russell 2000	1832.09	1804.70	1806.32	1.99	0.11	2442.74	1649.84	-21.4	-19.6	5.0
NYSE Composite	14726.11	14531.69	14569.90	38.20	0.26	17353.76	13472.18	-14.7	-15.1	3.5
Value Line	539.34	531.72	532.20	0.32	0.06	696.40	491.56	-20.9	-20.8	4.4
NYSE Arca Biotech	4899.43	4797.63	4807.40	-91.90	-1.88	5815.27	4208.43	-15.2	-12.9	3.0
NYSE Arca Pharma	802.75	795.52	795.70	-1.64	-0.21	887.27	737.84	3.4	-3.8	10.3
KBW Bank	104.33	102.57	102.74	0.00	0.00	147.56	94.66	-26.4	-22.3	-0.6
PHLX ^S Gold/Silver	107.84	105.58	105.65	-1.47	-1.37	167.76	91.40	-20.9	-20.2	4.1
PHLX ^S Oil Service	84.29	81.31	81.63	-0.23	-0.28	88.37	49.14	31.0	54.8	6.7
PHLX ^S Semiconductor	2430.78	2338.38	2340.60	-35.73	-1.50	4039.51	2162.32	-31.9	-40.7	12.4
Cboe Volatility	27.67	26.94	27.39	0.11	0.40	36.45	15.10	65.7	59.1	29.4

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. †Based on Nasdaq-100 Index
 ‡Nasdaq PHLX
 Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Amazon.com	AMZN	37,340.4	95.41	-15.56	-14.02	112.76	87.54
Apple	AAPL	21,028.6	144.22	-0.58	-0.40	148.25	136.00
ProShares UltraPro QQQ	TQQQ	18,425.1	19.22	-0.68	-3.42	19.92	18.22
ProSh UltraPro Shrt QQQ	SQQQ	10,933.0	56.99	1.79	3.24	59.86	55.09
SPDR S&P 500	SPY	9,228.6	377.32	-2.66	-0.70	382.01	370.02
Twitter	TWTR	7,928.9	53.88	0.18	0.34	53.90	53.70
Invesco QQQ Trust I	QQQ	7,679.9	269.98	-2.89	-1.06	273.08	265.10
Snap	SNAP	7,387.8	9.50	-0.06	-0.63	9.65	9.31

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low	% chg
Pinterest	PINS	5,702.8	24.25	2.36	10.78	26.29	20.02	
DexCom	DXCM	158.3	111.00	9.75	9.63	118.65	101.25	
Arch Capital Group	ACGL	99.6	55.00	3.31	6.40	55.80	51.69	
Vertex Pharmaceuticals	VRTX	166.7	304.00	16.11	5.60	305.00	287.00	
Ameren Corp	AEE	155.9	84.30	4.02	5.01	84.30	80.25	
...And losers								
Direxion Dly AMZN BI 15X	AMZU	64.9	16.15	-4.13	-20.36	19.95	13.97	
Amazon.com	AMZN	37,340.4	95.41	-15.56	-14.02	112.76	87.54	
PTC Therapeutics	PTCT	54.1	38.50	-6.09	-13.66	45.00	35.00	
Edwards Lifesciences	EW	125.9	77.00	-9.30	-10.78	86.30	77.00	
ACADIA Pharmaceuticals	ACAD	89.6	14.36	-1.34	-8.54	15.70	14.36	

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	1,017,590,985	9,607,323
Adv. volume*	563,883,379	4,839,519
Decl. volume*	444,120,825	4,518,681
Issues traded	3,339	303
Advances	1,746	152
Declines	1,423	137
Unchanged	170	14
New highs	76	2
New lows	128	13
Closing Arms*	1.10	0.88
Block trades*	4,886	113
	Nasdaq	NYSE Arca
Total volume*	4,773,524,946	31,273,943
Adv. volume*	1,454,528,732	132,093,282
Decl. volume*	3,270,155,335	181,763,344
Issues traded	4,905	1,716
Advances	2,210	767
Declines	2,432	924
Unchanged	263	25
New highs	112	13
New lows	183	14
Closing Arms*	2.04	1.02
Block trades*	26,909	1,380

*Primary market NYSE/NYSE American/NYSE Arca only. †(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	582.18	-1.96	-0.34	-22.9
	MSCI ACWI ex-USA	256.40	0.21	0.08	-25.5
	MSCI World	2523.59	-12.08	-0.48	-21.9
	MSCI Emerging Markets	859.46	7.65	0.90	-30.2
Americas	MSCI AC Americas	1450.89	-7.15	-0.49	-20.6
Canada	S&P/TSX Comp	19352.11	72.35	0.38	-8.8
Latin Amer.	MSCI EM Latin America	2217.22	28.32	1.29	4.1
Brazil	BOVESPA	11640.76	1876.97	1.66	9.4
Chile	S&P IPSA	3171.57	22.06	0.70	13.0
Mexico	S&P/BMV IPC	48892.56	-434.55	-0.88	-8.2
EMEA	STOXX Europe 600	410.19	-0.12	-0.03	-15.9
Eurozone	Euro STOXX	392.65	-0.51	-0.13	-18.0
Belgium	Bel-20	3527.26	-6.30	-0.18	-18.2
Denmark	OMX Copenhagen 20	1640.07	-6.48	-0.39	-12.0
France	CAC 40	6244.03	-32.28	-0.51	-12.7
Germany	DAX	13211.23	15.42	0.12	-16.8
Israel	Tel Aviv	1933.82	-0.74	-0.04	-2.2
Italy	FTSE MIB	22590.41	200.63	0.90	-17.4
Netherlands	AEX	669.40	3.77	0.57	-16.1
Russia	RTS Index	1105.71	17.12	1.57	-30.7
South Africa	FTSE/JSE All-Share	67123.41	20.32	0.03	-8.9
Spain	IBEX 35	7921.10	50.50	0.64	-9.1
Sweden	OMX Stockholm	751.97	-1.88	-0.25	-27.5
Switzerland	Swiss Market	10706.62	-110.59	-1.02	-16.8
Turkey	BIST 100	3934.52	-41.84	-1.05	111.8
U.K.	FTSE 100	7073.69	17.62	0.25	-4.2
U.K.	FTSE 250	18081.92	-23.97	-0.13	-23.0
Asia-Pacific	MSCI AC Asia Pacific	137.91	0.65	0.48	-28.6
Australia	S&P/ASX 200	6845.10	34.23	0.50	-8.1
China	Shanghai Composite	2982.90	-16.60	-0.55	-18.0
Hong Kong	Hang Seng	15427.94	110.27	0.72	-34.1
India	S&P BSE Sensex	59756.84	212.88	0.36	2.6
Japan	NIKKEI 225	27345.24	-86.60	-0.32	-5.0
Singapore	Straits Times	3015.24	6.85	0.23	-3.5
South Korea	KOSPI	2288.78	39.22	1.74	-23.1
Taiwan	TAIEX	12926.37	197.32	1.55	-29.0
Thailand	SET	1602.33	5.87	0.37	-3.3

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	Low	% chg
Selina Hospitality	SLNA	40.90	31.77	347.97	49.49	7.85	321.2
UserTesting	USER	7.40	3.54	91.71	15.98	3.31	...
Altra Industrial Motion	AIMC	59.72	19.47	48.37	62.25	32.18	12.8
Impinj	PI	115.30	26.07	29.22	115.82	39.74	62.4
Community Health Systems	CYH	2.90	0.60	26.09	15.29	1.88	-75.8
Airspan Networks	MIMO	2.87	0.52	22.13	8.00	1.82	-58.6
LMF Acquisition Opps A	LMAO	10.89	1.89	21.00	12.80	5.72	9.0
NeuroBo Pharmaceuticals	NRBO	9.76	1.65	20.28	63.85	7.40	-81.8
Greenbrier Cos	GBX	32.87	5.26	19.05	53.46	23.80	-22.5
Shopify Cl A	SHOP	34.10	5.04	17.34	176.29	23.63	-76.6
Frontier Group Holdings	ULCC	11.87	1.68	16.49	17.50	8.19	-24.4
Oceaneering Intl	OII	13.08	1.85	16.47	18.20	7.25	-7.0
4D Molecular Therap	FDMT	8.93	1.23	15.97	32.49	5.32	-71.1
Nuvalent	NUVL	22.00	2.91	15.24	31.43	7.09	-10.6
Gravitas Education ADR	GEHI	19.38	2.46	14.52	54.80	10.30	-63.3

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
Mullen Automotive	MULN	260,207	129.6	0.54	-0.2		

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities.

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 if their previous closing price was \$2 or higher.

Table of stock prices for the first 100 largest companies, including symbols, names, and price changes.

Table of stock prices for the next 100 largest companies, including symbols, names, and price changes.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

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Dividend Changes

Table listing companies with dividend changes, including symbol, amount, and frequency.

Reduced

Table listing companies with reduced dividends, including symbol, amount, and frequency.

Foreign

Table listing foreign companies with dividend changes, including symbol, amount, and frequency.

Special

Table listing companies with special dividends, including symbol, amount, and frequency.

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2:1: stock split and ratio; SO: spin-off.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session.

Table of stock prices for the first 100 largest companies, including symbols, names, and price changes.

Highs

Table listing stocks that reached new 52-week highs.

Table of stock prices for the next 100 largest companies, including symbols, names, and price changes.

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MARKETS

Caterpillar Shares Push Dow Into Black

Nasdaq, S&P 500 fall as tech companies report lackluster quarterly results

BY CAITLIN OSTROFF AND GUNJAN BANERJI

Stocks ended mixed after data showed the U.S. economy returned to growth in the third quarter and investors digested more earnings from big tech companies

The Dow Jones Industrial Average gained 194.17 points,

or 0.6%, to 32033.28. A jump in Caterpillar shares helped push the blue-chip index to its fifth day of gains. It is up 5.6% over that period, its largest five-day gain since May.

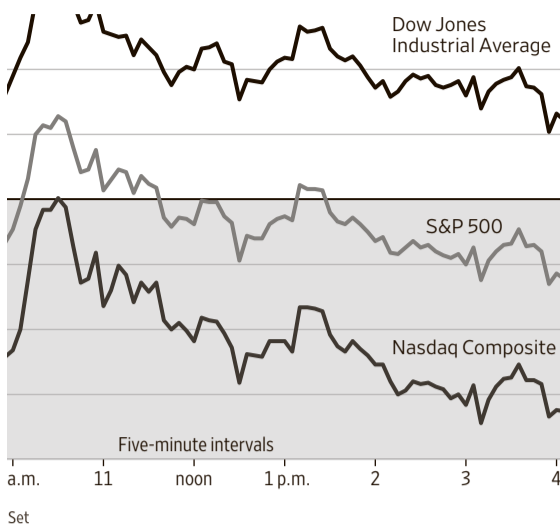
The S&P 500, meanwhile, fell 23.30 points, or 0.6%, to 3807.30. The tech-focused Nasdaq Composite lost 178.32 points, or 1.6%, to 10792.67. Both suffered their second straight day of losses.

Stocks have swung lately, driven by continued uncertainty about the pace of interest rates and the latest batch of corporate earnings.

On Thursday, the latest gross domestic product data showed that the U.S. economy grew at a 2.6% annual rate last quarter, a sign that the economy is stronger than many have feared.

Still, investors are worried that lackluster results so far in technology companies' earnings could be a sign of a coming economic slowdown. This week, some of the biggest technology firms have reported financial results that disappointed investors.

Facebook parent Meta Platforms posted its second revenue decline in a row after markets closed Wednesday. The social-media company is battling a host of challenges, including a tough macroeconomic climate, growing competition and the fallout from Apple's ad-tracking changes, all of which have taken a toll on its advertising business. The shares plunged 25%, falling \$31.88 to \$97.94. It was one of the biggest one-day declines since the company went public about a decade ago.



A Honeywell demo. The company's shares gained 3.3% Thursday.

AUCTION RESULTS

Here are the results of Thursday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

Table with columns for Applications, Accepted bids, noncompetitively, foreign noncompetitively, Auction price (rate), Coupon equivalent, Bids at clearing yield accepted, Cusip number, and The bills, dated Nov. 1, 2022, mature on Nov. 29, 2022.

Some investors said they were bracing for bigger losses ahead for tech stocks after an already punishing year.

"I would be more skeptical of being tempted to own what might look cheap," said Rupal Bhansali, chief investment officer and portfolio manager of global equity strategies at Arriel Investments, of Meta shares. "It seems cheap, but it's an optical illusion."

Google-parent Alphabet reported its fifth consecutive quarter of slowing sales growth this week, with its YouTube video platform posting a drop in advertising revenue for the first time since the company began reporting the unit's performance. The company's shares fell \$2.71, or 2.9%, to \$92.22, bringing losses for the week to 8.8%.

"Some of the tech earnings have been very disappoint-

ing," said Sebastian Mackay, a multiasset fund manager at Invesco. Advertising has historically been seen as a bellwether for how the economy is doing, he said, with the decline in that part of earnings "suggesting the economy is slowing."

The swings this year in big tech stocks have marked the end of an era for the group of companies dubbed the FAANG stocks. For years, they notched big, simultaneous gains.

That trade has unraveled this year. The five FAANG stocks—Facebook parent Meta, Apple, Amazon, Netflix and Google parent Alphabet—have posted double-digit declines this year.

"We've seen these names trade like a block the past few years," said Jason Brady, chief executive officer of Thornburg

Investment Management. "We're starting to see both in the stock prices and results, some differentiation in their results."

The volatility hasn't been limited to tech. Shopify jumped 17%. Honeywell International gained 3.3% after the conglomerate housing aerospace, materials and other businesses raised its full-year profit forecast. Caterpillar posted a big increase in third-quarter sales, with demand for its construction and other heavy equipment holding up even as it raised prices. Shares rose 7.7%.

In economic news, data from the Commerce Department showed that the U.S. economy grew at an inflation-adjusted annual rate of 2.6% in the third quarter, snapping two quarters of contraction. Durable-goods orders rose

0.4% in September from the previous month, and new figures showed that 217,000 workers filed for unemployment benefits in the week ended Oct. 22, up slightly from the week prior but still near historic lows.

In bond markets, the yield on the benchmark 10-year Treasury note slipped to 3.938% from 4.014% Wednesday. Yields and prices move inversely.

In energy markets, Brent crude, the international benchmark, rose 1.3% to trade at \$96.96 a barrel.

Overseas, the pan-continental Stoxx Europe 600 edged down by less than 0.1%.

Early Friday, Japan's Nikkei 225 was down 0.4%, Hong Kong's Hang Seng Index was down 1.3% and the Shanghai Composite was down 0.9%. S&P 500 futures fell 0.3%.

German Exchange Stock Outperforms U.S. Rivals

BY BEN DUMMETT

Surging interest rates are benefiting German exchange operator Deutsche Börse AG by boosting demand for derivatives tied to borrowing costs and making some of its post-trade services more lucrative.

Deutsche Börse's stock has beaten regional and U.S. competitors this year, generating a total return, including dividends, of 14%. The rise puts it among continental Europe's best-performing large stocks. It compares with declines of more than 12% for Nasdaq Inc. and more than 29% for New York Stock Exchange owner Intercontinental Exchange Inc.

The divergence shows how turbulent markets have created pockets of opportunity for market-infrastructure companies, despite a steep drop-off in initial public offerings and other share sales.

Deutsche Börse's Eurex exchange is one of the world's largest platforms for interest-rate derivatives, including instruments such as futures and options tied to European government bonds, and interest-

rate swaps.

Years of low interest rates and muted volatility damped trading volumes by discouraging bets on interest-rate swings. But with central-bank policy rates and benchmark bond yields surging alongside rampant inflation, Eurex trading volumes are rising as companies and banks seek to hedge their risks, and investors use the platform to speculate on the outlook for rates.

"People are looking for safety at the moment," said Tom Lemaigre, a London-based portfolio manager at Janus Henderson Group. "Deutsche Börse offers investors that, because people think interest rates are going to keep going up, and if that happens, Deutsche Börse stands to benefit," said Mr. Lemaigre, whose firm owns the stock.

In September, 83.7 million interest-rate derivative contracts traded on Eurex, up 30% from a year earlier. For six straight months, growth in the trading of interest-rate derivatives has outpaced that for derivatives tied to stocks and indexes, Deutsche Börse's website shows.

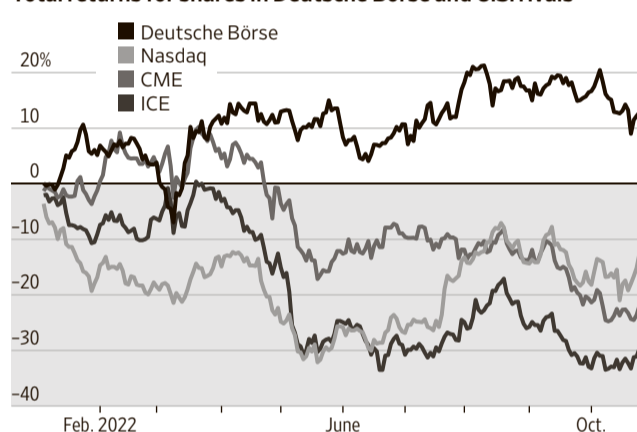
Deutsche Börse's revenue from trading and clearing interest-rate derivatives rose 41% on the year in the third quarter to 95.4 million euros, or about \$95 million. High inflation, rapid tightening of monetary policy and Russia's invasion of Ukraine led to strong demand for hedging products, particularly in financial derivatives and commodity trading, Deutsche Börse said.

Comparing exchanges isn't straightforward. Deutsche Börse and its U.S. rivals oversee diversified operations, with different units focusing on areas such as securities trading and clearing, market data and analytics.

While Nasdaq lacks an interest-rate exchange platform that would benefit from volatile rates, ICE is active in this market. However, higher rates are a drag on ICE's technology business that services the U.S. mortgage sector. That unit's revenue fell 13% to \$604 million on the year in the first half, as more expensive credit made housing less affordable.

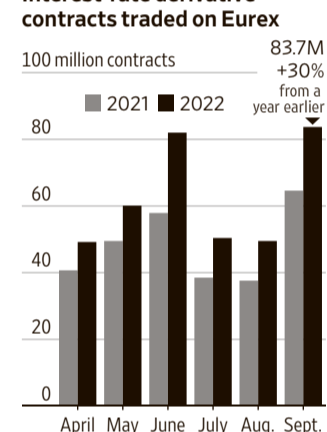
Nasdaq's stock price has fallen to less than 22 times expected earnings, down from

Total returns for shares in Deutsche Börse and U.S. rivals



*Returns in local-currency terms. Sources: FactSet (total returns); the company (contracts traded)

Interest-rate derivative contracts traded on Eurex



about 28 times at the start of the year, S&P Global Market Intelligence data show. ICE's valuation multiple has suffered a similar drop. Deutsche Börse trades around 19 times, down from almost 22 times over that period.

Many investors use the so-called risk-free rate offered by government bonds to help calculate what they should pay today for future cash flows. That means that as bond yields have risen this year, investors have become less willing to buy shares at high multiples of earnings.

With benchmark 10-year Treasury yields climbing above 4%, that has "caused multiple compression for exchanges and other stable cash-flow businesses that were previously

looking more attractive," said Kyle Voigt, an analyst at Keefe, Bruyette & Woods.

Nasdaq declined to comment, while ICE didn't respond to requests for comment. ICE is scheduled to report third-quarter results on Nov. 3.

To be sure, Deutsche Börse's performance looks less impressive to dollar-based investors. Listed in Frankfurt, Deutsche Börse's stock is priced in euros. The stock is flat in 2022 measured in dollar terms, because of the euro's depreciation against the U.S. currency. That return, though, still outpaces its U.S. peers.

Aside from derivatives, Deutsche Börse's Clearstream unit is another lucrative source of interest-rate related revenue. Because it settles bond trades

for market participants, it sits on hefty cash balances.

It holds the equivalent of €17.5 billion in customer balances that are destined to be used to pay for bond purchases. Clearstream invests this money in short-term money-market securities in the U.S. and Europe, generating interest income that rises with rates.

Benjamin Goy, an analyst at Deutsche Bank Research, estimates Clearstream will generate net interest income approaching €500 million in 2024, nearly 10 times the 2021 level.

In the U.S., Clearstream's equivalent is the Depository Trust Co. That is owned by the Depository Trust and Clearing Corp., which isn't wholly owned by any exchange.



Tightening macroeconomic conditions are weighing on advertiser spending at Facebook.

Meta Loses Quarter Of Value

Continued from page B1

news is you suck, the good news is you can only get better," he said. "There was some truth to those words, and perhaps the same holds true here."

Oppenheimer analysts called the guidance "very disappointing," while Deutsche Bank analysts said it was "the wrong number at the wrong time for investors."

"Meta appears to have limps on how fast it can pull back expenses," KeyBanc analysts said in a research note.

James Lee and Wei Fang, analysts at Mizuho, said the company needs to do more to lower operating costs.

Analysts at Raymond James said accelerating losses at Meta's Reality Labs unit are unlikely to sit well with investors "given its unproven business model."

The unit, which is driving the company's virtual-reality and metaverse efforts, posted a nearly 49% drop in revenue to \$285 million and had an operating loss of \$3.7 billion for the recently ended quarter, the company said.

Mr. Zuckerberg said

Wednesday that he was encouraged by the company's progress in responding to the tougher environment.

"I have to say that our product trends look better from what I see," he said on a call with analysts.

During a townhall broadcast to employees on Thursday, Mr. Zuckerberg and other executives continued to express optimism about the company's progress, according to a recording of the session.

Listen to a Podcast



Scan this code for a podcast on glitches and missed goals in the metaverse.

Credit Suisse Resets

Continued from page B1 going back to 1985, as investors digested the plan and the dilution to their shareholdings.

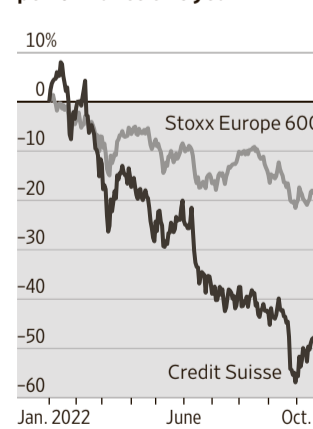
The Swiss bank said it would sharpen the focus of its markets trading businesses and rebrand its capital markets and advisory business as an independent unit called CS First Boston, reviving a storied U.S. investment-banking brand.

Michael Klein, a veteran banker and board member who helped plan Credit Suisse's latest pivot, will step down to become the new unit's chief executive. Credit Suisse CEO Ulrich Körner said the unit could be spun off to other investors.

Credit Suisse intends to become "simpler, more stable and with a more focused business model built around client needs," Mr. Körner said in a statement.

The bank confirmed it is poised to transfer its securitized products group—a large business within the investment bank—to a consortium made up

Share-price and index performance this year



Source: FactSet

9.9%. A rights issue for existing shareholders will run through November.

Saudi National Bank said it may also invest in CS First Boston. Mr. Körner, the chief executive, said the unit has a \$500 million funding commitment from a prominent investor, which he didn't name, despite a spinoff potentially being years away.

The Saudi bank is owned mainly by Saudi Arabia's sovereign-wealth fund, the Public Investment Fund, and another government fund. It had been looking to acquire a foreign bank to boost its status, a person familiar with the entity said.

Qatar, a regional rival to Saudi Arabia, is among Credit Suisse's large existing shareholders, with a roughly 6% stake in the bank. Qatar's sovereign fund started investing in European banks after being established in 2005 to help invest Qatar's revenue surpluses and diversify its economy from energy.

Credit Suisse estimated the cost of the restructuring at about \$2.9 billion over the next two years.

The Swiss bank is reinventing itself after a client collapse last year cost it more than \$5 billion and a series of reputational scandals pushed up its legal bills.