

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

**FTX agreed** to be taken over by rival cryptocurrency exchange Binance after succumbing to a sudden liquidity crunch, a deal that signals a power shift in the crypto world. **A1**

◆ **Walt Disney said** it plans to make cuts to marketing and content budgets after the company reported weaker-than-expected earnings for the fourth quarter. **B1**

◆ **Meta Platforms will** begin laying off employees on Wednesday morning, Zuckerberg told executives, saying he was accountable for the company's missteps. **B1**

◆ **Signs are mounting** that Japan, for years one of the biggest buyers of U.S. Treasuries, is selling short-term U.S. bonds as part of an effort to prop up the yen. **B1**

◆ **Major U.S. stock indexes** notched gains, with the S&P 500, Dow Industrials and Nasdaq rising 0.6%, 1% and 0.5%, respectively. **B13**

◆ **Kohl's chief Gass will** leave the department-store chain to join Levi Strauss with plans to have her take over as the jeans maker's CEO. **B1**

◆ **Musk sold** almost \$4 billion in Tesla stock after completing the \$44 billion purchase of Twitter, according to regulatory disclosures. **B1**

◆ **Microsoft faces** an antitrust complaint from a European industry group over its cloud services, adding to allegations of anticompetitive behavior against the firm. **B7**

### World-Wide

◆ **Results from** the midterm elections rolled in Tuesday with Republicans favored to take the House majority and the fate of the Senate a tossup, as the nation prepared for the possibility of divided government. **A1, A4, A6, A9**

◆ **Ukraine's Zelensky said** he was open to "genuine peace talks" with Russia, following pressure from Western backers to signal readiness for negotiations amid concerns about the rising costs of the eight-month war. **A1**

◆ **The European Union is** looking to lock in \$18 billion in economic support for Kyiv next year in a way that would give Brussels greater power to ensure the money is delivered. **A10**

◆ **U.S. climate envoy Kerry** said that he spoke with his Chinese counterpart during the COP27 summit, rekindling contact between countries that are pivotal in the effort to limit greenhouse-gas emissions. **A11**

◆ **The U.S. and Taiwan** began two days of meetings aimed at strengthening trade and economic links amid ramped-up tensions between Washington and Beijing. **A13**

◆ **The Supreme Court** weighed whether to limit where companies can be sued, in a case that tests the reach of state courts. **A2**

◆ **South Korea deepened** its scrutiny of the police response to a lethal crowd crush during Halloween festivities in Seoul. **A12**

### JOURNAL REPORT

The New Workplace: Managing Star Employees. **R1-10**

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# Race Tight for Control of Congress



Clockwise from top left, Florida Republican Gov. Ron DeSantis won re-election; Democratic Sen. Maggie Hassan of New Hampshire was re-elected; Republican J.D. Vance won the Senate race in Ohio; and Democrat Wes Moore was elected governor of Maryland.

Both parties fend off challenges for Senate while Democrats flip two governorships

By CATHERINE LUCEY AND NATALIE ANDREWS

Midterm election results rolled in Tuesday with Republicans favored to take the House majority and the fate of the Senate a tossup, as the nation prepared for the possibility of divided government.

Going into the night, Republicans needed just a net of five seats to regain the majority in the House of Representatives and end two years of Democratic control of Congress and the White House. As of late Tuesday night, Republicans had picked up several House seats, but many races remained too close to call, and the GOP hadn't made the substantial gains in Democratic territory that they had anticipated in the closing days of the election.

Republican efforts to flip long held Democratic House seats in Rhode Island, Texas and Virginia—where they spent millions of dollars—failed to materialize.

In the Senate, currently split 50-50 with Democrats in control, both parties held seats that the opposing party had hoped to flip. Republican J.D. Vance in Ohio fended off Democratic Rep. Tim Ryan, while Rep. Ted Budd in North Carolina defeated former state Supreme Court Chief Justice Cheri Beasley. Both were open seats.

Meanwhile, Democratic Sens. Maggie Hassan in New Hampshire and Michael Bennet in Colorado defeated Republican challengers in their states.

Governors' elections were also held in 36 states, with close races in Arizona, Wisconsin and Nevada. Two of the na-

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- ◆ **Fight for Senate hinges** on a few races..... **A4**
- ◆ **Pollsters struggle** to improve forecasts..... **A4**
- ◆ **Voters cast ballots** for governor in 36 states..... **A6**

# Pocketbook Issues Drove Voter Choices

By JOHN McCORMICK AND AARON ZITNER

A large share of voters in Tuesday's midterm election said they were upset about the state of the economy, specifically soaring inflation, and unhappy with the nation's direction and political leadership.

The highest inflation in four decades was a dominant issue, with about half of the electorate saying it was the single most important factor in determining their vote, according to preliminary results from a national survey of more than 93,000 registered voters done

for The Wall Street Journal, the Associated Press and Fox News.

Creating a challenging political environment for the party in power in Washington, about three-quarters of voters said they think the nation is headed in the wrong direction. About six in 10 disapproved of the way President Biden is handling the economy, while a majority said his policies have made inflation worse.

When combined with those who saw inflation as an important factor, but not the single most important one, about nine in 10 voters identified rising prices as a significant consideration in their decision.



For those who said inflation was a factor in their vote, about half selected groceries or food prices as most burdensome to them among everyday expenses. Less than a fifth picked gas or transportation costs.

In addition to asking about inflation, the survey also asked voters to classify three other issues on a scale of importance in determining their vote: the future of democracy, violent crime, and the Supreme Court's decision to eliminate the constitutional right to an abortion. Voters could select multiple issues as important.

The future of democracy was rated by more than four in 10 as the single most important factor. Abortion and violent crime were each listed by about a quarter as their single most important issue.

Please turn to page A9

# Binance to Acquire Rival FTX, In Power Shift in Crypto World

Cryptocurrency exchange FTX, months after looking like a shining survivor in a struggling industry, succumbed

By Vicky Ge Huang, Caitlin Ostroff and Caitlin McCabe

Tuesday to a sudden liquidity crunch of its own and agreed to be taken over by rival Binance.

The deal signals a power shift in the crypto world, which has been hurt by rising interest rates and investors' retreat from risk. The pact marks a victory for Binance founder Changpeng Zhao and a humbling comedown for Sam Bank-

man-Fried, the founder of FTX, which had been growing in size and recognition before a clash between the two men set off a series of events that shook investor confidence in his firm.

Collapses of crypto hedge funds and trading firms this year have whittled down a sprawling and crowded field of new institutions that set out to build a new kind of finance. FTX, valued at \$32 billion in a funding round in January, is by far the biggest to stumble.

It suffered a very old kind of problem: a run. Its users pulled money and cryptocurrency out of their accounts en masse, prompting worries by remain-

ing investors that they could be caught out. Binance then stepped in.

The sudden reversal of fortune at FTX highlights the fragility and instability of crypto markets, which have been under intense scrutiny from investors, regulators and others for their propensity to expose investors to large losses.

Some of Silicon Valley's and Wall Street's highest-profile firms stand to be burned as a result of the problems at FTX. Among the investors in the \$900 million fundraising last year were SoftBank Group Corp., Sequoia Capital, hedge

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# Farmers Find Short Corn A Tall Order

New, small varieties bring waves of groans

By PATRICK THOMAS

A change coming for corn farmers could ripple through mazes, scary movies and Broadway show tunes.

Seed companies are investing millions of dollars into developing new and harder varieties of corn—but they are several feet shorter than normal, growing to about 6 feet instead of the usual 9.

The corn could use less water and stand up better against strong prairie winds. But the step down in height is unsettling for some farmers who associate taller corn plants with more grain production. Please turn to page A14

# Kyiv Lays Out Terms For Talks to End War

President Volodymyr Zelensky of Ukraine said he was open to "genuine peace talks" with Russia, following pressure from Western backers to signal

By Matthew Luxmoore, Laurence Norman and Marcus Walker

readiness for negotiations amid concerns about the rising costs of the eight-month war.

Mr. Zelensky said Ukrainian conditions for talks included returning Ukrainian control over its territories, compensating Kyiv for Moscow's invasion and bringing to justice perpetrators of war crimes.

Late Monday, he said efforts should focus on "stopping Russian aggression, restoring our territorial integrity and forcing Russia into genuine peace talks."

There are scant prospects of imminent peace talks, as

both sides still believe they can win. Ukraine has made significant gains on the battlefield in recent months and is pressing for more. Russia believes it can outlast the West and sap Western support for Kyiv, and Western capitals said the Kremlin is escalating the war, rather than seeking talks.

U.S. and European officials have said it is up to Ukraine to define the terms of any acceptable settlement.

But Western officials have been eager in recent weeks to broaden their message away from repeated pledges of military and economic support to start talking about a peaceful outcome of the war, responding to pressures at home and to calls in large parts of the

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- ◆ **Germany searches** UBS offices..... **A10**

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Disney shares fall as losses in streaming operations offset theme parks' gains. **B1**



**SPORTS**  
Formula One plans a U.S. victory lap in Vegas with race next season. **A18**

**Palantir**  
The industry leader in artificial intelligence software.

RANK	COMPANY	2021 AI REVENUE
No. 1	Palantir	\$1,392M
No. 2	Microsoft	\$1,252M
No. 3	IBM	\$776M
No. 4	AWS	\$688M
No. 5	Google	\$536M

Source: IDC, Worldwide Artificial Intelligence Platforms Software Market Shares, 2021: AI Is Being Used In More Unique Ways Than Ever (2022)

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The information presented in the table above has been compiled and analyzed by IDC using their methodology described in the Worldwide Artificial Intelligence Platforms Software Market Shares, 2021: AI Is Being Used In More Unique Ways Than Ever (2022) report contained on IDC's website (www.idc.com). We have not independently verified, and make no representations as to, the accuracy or completeness of the data contained in this report.

## U.S. NEWS

## Justices Weigh State Courts' Jurisdiction

By JESS BRAVIN

WASHINGTON—The Supreme Court on Tuesday weighed whether to limit where companies can be sued, in a case that tests the reach of state courts to hear cases about injuries suffered outside their boundaries.

Businesses must register to operate in Pennsylvania, and a state statute deems that registration as consent to the jurisdiction of Pennsylvania courts over claims involving the company, even if the plaintiff resides elsewhere and the injuries happened out-of-state.

Tuesday's case involved Robert Mallory, a retired employee of **Norfolk Southern Corp.**'s railway subsidiary who

alleges he developed colon cancer from workplace exposure to asbestos and other carcinogens while he was a Virginia resident working in Ohio and Virginia. Mr. Mallory sued the company in a Philadelphia state court.

Norfolk Southern, which was incorporated in Virginia and also is registered to do business in Pennsylvania, argues that under Supreme Court precedents, there must be more than a minimal connection to a state to establish its legal jurisdiction over a lawsuit. While state courts in Ohio and Virginia could hear Mr. Mallory's case, the railroad argues the bare fact of business registration isn't enough to give that power to

Pennsylvania courts.

Behind the dispute is a practice called forum-shopping, where litigants try to maneuver cases into courts they think might be more sympathetic to their claims. A Supreme Court decision in favor of the railroad would likely impose tighter limits on a plaintiff's choice of where to bring a suit.

Mr. Mallory's attorney, Ashley Keller, acknowledged that business groups consider some courts to be "judicial hell-holes" for corporate defendants. But "one person's hell-hole is another's nirvana," he told the court.

Mr. Keller argued that the Constitution's framers didn't put explicit limits on state

court jurisdiction. If businesses didn't like Pennsylvania's law, he said, they could lobby lawmakers in Harrisburg to change it.

Chief Justice John Roberts said Mr. Keller's argument ran counter to an approach the Supreme Court has followed since 1945, when a landmark case, *International Shoe Co. v. Washington*, held that due-process principles require at least "minimum contacts" with a state before a company could be sued in its courts.

Mr. Keller said Norfolk Southern should be held to the consent to being sued that came with Pennsylvania business registration, much as consumers are held to boiler-

plate legal terms imposed by companies.

"We make flesh-and-blood people honor their contracts to waive their rights" to certain legal remedies big companies impose on them as a condition of buying products, he said. "The analogy to real people is apt and we should stop treating corporations as special."

Carter Phillips, representing Norfolk Southern, said his client didn't really consent to Pennsylvania's jurisdiction. A railroad can't pull up its tracks and take its business elsewhere, he suggested; to the contrary, the carrier is required to provide service by the federal government.

In general, a company has a right to trial in its home

courts, Mr. Phillips said, where it is based or where an injury occurred. "Most rights are not waivable by coercion," he said. "You can't put a gun to the person's head and say, you know, 'Give up your Fourth Amendment rights or I blow your head off,' right?"

Justice Sonia Sotomayor said Norfolk Southern appeared to have more miles of track in Pennsylvania than in any other state, including Virginia. Apart from whether the company truly consented, "I think there were sufficient ties. This is the state in which it does the most business," she said.

A decision in the case, *Mallory v. Norfolk Southern Railway Co.*, is expected before July.

## U.S. WATCH



Epiphany Lutheran Church in Jackson, Miss., was destroyed in a fire, one of seven suspected arsons in the capital city early Tuesday morning. No injuries were reported.

NEW YORK

## Cornell Says All Frat Parties Suspended

Cornell University said all fraternity parties are temporarily suspended after at least four students were allegedly drugged with laced drinks and another student reported a sexual assault.

The incidents allegedly took place at off-campus residences affiliated with registered fraternities, the university said Monday. Cornell and local police officials are investigating the alleged incidents, the university said.

Cornell University Police issued an alert Friday saying the department received four reports of students becoming incapacitated after drinking little to no alcohol at parties. The incidents occurred between Sept. 24 and Nov. 3, the alert said. The students said they were exposed to Rohypnol, also known as "roofies," the police said.

The university's police department also said that a person reported at 4:45 a.m. Sunday that they were sexually assaulted. The person made the report shortly after the alleged assault took place, university police said.

Cornell's Interfraternity Council, which oversees fraternities at the university called an emergency meeting with staff on Sunday and decided to temporarily suspend all fraternity parties and social events, the university said.

—Joseph De Avila

MISSISSIPPI

## Arsonist Sought in Seven Morning Fires

Authorities in Mississippi's capital city are on the hunt for a suspected arsonist who set seven fires early Tuesday morning.

At least two of the buildings set ablaze in Jackson were churches; one was burned to the ground. Another one of the fires broke out on fences surrounding the baseball practice field at Jackson State University, a historically Black public university.

No injuries were reported. Authorities are searching for one suspect, according to Patrick Armon, assistant fire chief for the Jackson Fire Department, and the Jackson Police Department. They didn't provide the person's name or a suspected motivation behind the fires.

Officials started to receive calls about fires starting around 2:45 a.m. Officials said six of the seven fires were put out by 6 a.m. Epiphany Lutheran Church burned for more than four hours before the fire was extinguished.

Jackson Mayor Chokwe Antar Lumumba addressed the fires at a city council meeting. "We don't yet know who or why, but I want to thank the firefighters because they were able to respond to that and still get back to the stations, so that people could set up for voting precincts," he said.

—Associated Press

MASSACHUSETTS

## Priest Is Indicted for Alleged Child Assault

A Roman Catholic priest accused of sexually assaulting a child more than a decade ago has been indicted by a grand jury on forcible child rape and indecent assault and battery charges, authorities said Tuesday.

Msgr. Francis Strahan, 89, assaulted an altar boy on two occasions from 2004 until 2008 when the boy was between the ages of 11 and 13, according to a joint statement from Middlesex District Attorney Marian Ryan and Framingham police Chief Lester Baker.

Msgr. Strahan's attorney said his client denies the allegations. "Father Strahan is not guilty," Thomas Hoopes said. "This is a gross injustice for a man who has devoted his life to serving people and his parish."

Msgr. Strahan was the pastor of St. Bridget Parish in Framingham at the time, authorities said.

The Archdiocese of Boston cooperated with the criminal investigation, and started its own investigation that will remain on hold pending the conclusion of the criminal proceedings, the archdiocese said.

Msgr. Strahan was placed on administrative leave in October 2019 when the archdiocese learned of the allegations.

—Associated Press

NEW YORK

## Defamation Suits in Epstein Saga Dropped

Jeffrey Epstein accuser Virginia Giuffre, her lawyer David Boies and the disgraced financier's former attorney Alan Dershowitz said Tuesday that they have dropped their defamation lawsuits against one another, ending a years-long feud involving two of the nation's best-known attorneys.

The litigation stemmed from Ms. Giuffre previously alleging that Epstein—who died by suicide in a New York federal jail in 2019 while awaiting trial on sex-trafficking charges—sexually abused her as a minor and prostituted her to Mr. Dershowitz and other associates. In 2018, Mr. Dershowitz, a retired Harvard Law School professor, denied he sexually abused Ms. Giuffre and accused Mr. Boies of professional misconduct and extortion.

After Mr. Dershowitz accused her of fabrication, Ms. Giuffre filed a defamation suit against him in Manhattan federal court in 2019. Mr. Dershowitz in turn filed a countersuit. Messrs. Boies and Dershowitz also sued each other for defamation in New York state court. The two attorneys also have publicly traded barbs about the allegations.

In announcing the resolution of the lawsuits, Ms. Giuffre said in a statement that she now recognizes that she might have made a mistake in identifying Mr. Dershowitz as one of her alleged abusers. Mr. Dershowitz said in a statement Tuesday that he never had sex with Ms. Giuffre.

Mr. Boies, a founder of law firm Boies Schiller Flexner LLP, said in a statement that he believed the time had come to end the litigation.

The resolution of the litigation doesn't involve the payment of money to anyone, according to a joint statement.

Ghislaine Maxwell, a former British socialite and Epstein associate, was convicted in 2021 of sex-trafficking underage teens to the financier in the 1990s. Ms. Maxwell was sentenced to 20 years in prison.

—James Fanelli

CALIFORNIA

## Storm Brings Rain, Snow, Flooding Risk

A major storm pounded California on Tuesday, bringing rain and snow to the drought-stricken state along with possible flash flooding in areas recently scarred by wildfires, meteorologists said.

The storm is predicted to last into midweek. It arrived Monday, bringing hopes that the precipitation could blunt an already moderate wildfire season in California. But in some areas, the rain posed its own problems.

The city of Duarte, in the Southern California foothills of the San Gabriel Mountains, issued mandatory evacuation orders late Monday night for about 25 homes in the Fish Fire burn scar area. Other evacuation orders are in place through Wednesday morning for canyon areas in the Santa Ana Mountains' Bond Fire burn scar. In Northern California, meteorologists warned heavy rainfall could lead to debris flows and flash flooding in the burn scars of the Colorado and River wildfires.

—Associated Press

OBITUARY

## Jeff Cook, Co-Founder Of Alabama Band, 73

Guitarist Jeff Cook, who co-founded the successful country group Alabama and steered them up the charts with such hits as "Song of the South" and "Dixieland Delight," has died. He was 73. Mr. Cook had Parkinson's disease and disclosed his diagnosis in 2017. He died Tuesday at his home in Destin, Fla., said Don Murry Grubbs, a representative for the band.

As a guitarist, fiddle player and vocalist, Mr. Cook—alongside cousins Randy Owen and Teddy Gentry—landed eight No. 1 songs on the country charts between spring 1980 and summer 1982, according to the Country Music Hall of Fame. That run included the pop crossover hits "Love In The First Degree" and "Feels So Right," as well as "Tennessee River" and "Mountain Music."

—Associated Press

## California Ticket Won Powerball's \$2 Billion

By ALYSSA LUKPAT

A record-breaking Powerball run ended after an hours-long delay Tuesday with a single victor in California selecting all six winning numbers to take home the world's biggest lottery jackpot of \$2.04 billion, officials said.

Powerball drew the winning numbers Tuesday morning, nearly 10 hours later than scheduled because of a security issue. The holder of the winning ticket can receive either \$2.04 billion in 30 annual payments, or a lump sum of nearly \$998 million. No winner has chosen the annual payments since 2014.

Lottery officials didn't say who won the prize, although California law requires the state to release the name of people who win the lottery after they come forward.

The winning ticket was bought at Joe's Service Center, a gas station in the northeastern Los Angeles suburb of Altadena, state lottery officials said. Lottery officials handed the gas station owner a \$1 million check Tuesday for selling the winning ticket, according to videos taken at Joe's Service Center.

The owner had a sign hanging outside the convenience store that said "Billionaire Made Here." Someone wrote the letter "B" over the "M" in "millionaire."

The winning numbers were 10, 33, 41, 47 and 56 and the Powerball number was 10, lottery officials said. The odds of winning the jackpot are 1 in 292 million. A ticket costs \$2.

The Multi-State Lottery Association, which runs Powerball, said Tuesday that one of the regional lottery commissions hadn't finished tabulating their sales and ticket data before the scheduled Monday night drawing. The association said the drawing wouldn't proceed until the commission submitted the data and completed security protocols, which prompted the delay.

"Protecting the integrity of the draw is of utmost importance, even if that means a further delay," the association said in a statement. The association didn't return requests for comment Tuesday.

The Minnesota State Lottery said Tuesday afternoon that it had a delay in verifying sales because of unprecedented interest in the Powerball game. "The delay was necessary to confirm the Powerball drawing could be conducted securely and accurately," a spokeswoman said. "At no time was the integrity of the process compromised."

Forty-five states and three territories—the District of Columbia, Puerto Rico and the U.S. Virgin Islands—participate in Powerball and have their own lottery commissions, according to Powerball.

The Powerball jackpot had been climbing since August, the last time someone matched the winning numbers. Tuesday's drawing was the 40th in this run. Before the latest Powerball jackpot grew to a record number this month, the previous biggest prize was a 2016 Powerball jackpot of \$1.58 billion, according to Powerball.

—Tatal Ansari contributed to this article.

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**CORRECTIONS & AMPLIFICATIONS**

The rumor that Pope Benedict XVI's red shoes were made by Prada was denied in a 2008 article in the Vatican newspaper *L'Osservatore Romano*, which said: "The pope does not wear Prada, but Christ." A timeline with an Off Duty article on Saturday about chic flats incorrectly said Pope Benedict's shoes were made by Prada.

Readers can alert The Wall Street Journal of any errors in news articles by emailing [wsjcontact@wsj.com](mailto:wsjcontact@wsj.com) or by calling 888-410-2667.

## U.S. NEWS

## Tropical Storm Nicole Aims at Eastern Florida

Tropical storm Nicole strengthened Tuesday over the Atlantic Ocean and was projected to become a hurricane as it nears the Bahamas on Wednesday and then bears down on the eastern coast of Florida later that night or early Thursday, according to the National Hurricane Center.

Forecasters said the storm is likely to generate heavy rainfall, storm surge and flooding. A hurricane warning—meaning hurricane conditions are expected within about 36 hours—was in effect for a roughly 225-mile stretch of Florida's coast from Boca Raton in the southeast to the border of Volusia and Flagler counties in the northeast.

A warning also was in place for portions of the northwestern Bahamas, including the Abacos, Bimini and Grand Bahama Island.

Nicole became a tropical storm on Tuesday morning, and was expected to continue strengthening. Its center was about 285 miles northeast of the northwestern Bahamas on Tuesday afternoon, and the storm had maximum sustained winds of 65 miles an hour, according to the hurricane center.

It is a large storm, with tropical-storm-force winds extending

as much as 380 miles from the center, said Michael Brennan, acting deputy director of the National Hurricane Center. "We're going to have a very large area of impacts, with potentially higher-end impacts as we expect Nicole to go on and intensify to a hurricane," he said.

Florida Gov. Ron DeSantis on Monday declared a state of emergency for 34 counties in the potential path of Nicole and urged residents to prepare. His office warned that potential effects include coastal flooding, heavy winds, rip currents and beach erosion. Sandbags were distributed at Mills Pond Park in Fort Lauderdale on Tuesday, right.

Forecasters weren't expecting Nicole to become a major hurricane like Ian, which struck Florida's southwestern coast in late September as a powerful Category 4 hurricane and killed at least 130 people. But the effects of wind and water from Nicole could still be significant, including in parts of northern and central Florida that continue to have elevated water levels due to Ian, Mr. Brennan said.

"There's a lot of vulnerability there along the coast to coastal flooding, significant wave action and storm surge," he said.

—Arian Campo-Flores



JOE CAVARETTA/SOUTH FLORIDA SUN-SENTINEL/ASSOCIATED PRESS

## Feeling Tired? Blame 'Social Jet Lag'

By DOMINIQUE MOSBERGEN

Groggy and disoriented on Monday morning after a weekend of late nights? "Social jet lag" may be to blame, sleep experts say, an inconsistency of sleep schedules that research suggests could have as much of an impact on health as how much sleep one gets.

Almost half of U.S. adults experience some social jet lag, according to a new study published Tuesday in the journal JAMA Network Open. The term refers to the mismatch between a person's biological time, determined by an internal body clock, and his or her social clock, which is influenced by obligations such as work and school, and social activities.

Like travel-related jet lag, which one might experience when visiting a place with a different time zone, social jet lag is a type of circadian misalignment, sleep experts say, in which the body's circadian rhythm becomes out of sync with the environment. But unlike travel jet lag, which is usually short-lived, social jet lag can be chronic and cause fewer obvious symptoms.

"Jet lag can have a much more dramatic effect on people acutely. You feel jet lag when you travel," said Aric Prather, a psychologist at the University of California, San Francisco who treats insomnia and wasn't involved in the

study. "Social jet lag is more insidious. It's often hiding in plain sight, though it may have an impact on our health."

Social jet lag is measured by calculating the difference in time between the midpoint of sleep on work days and on non-work days. Social jet lag has been associated with higher risks for depression, obesity, Type 2 diabetes and cardiovascular problems, earlier research shows. It has also been linked to less healthy eating habits and poorer academic performance. The greater the social

### It's a mismatch between a person's biological time and social clock.

jet lag, the worse the health outcomes can be, research suggests. And this can be true even if a person is getting the recommended amount of sleep, sleep experts say. The Centers for Disease Control and Prevention recommends that adults sleep for at least seven hours.

"Insufficient sleep is bad for our health. And so are our sleep schedules," said Dr. Prather. "What's interesting is the risk for disease can be independent of sleep duration." Sleep experts said more re-

search is needed to understand why social jet lag might be bad for health. What is known is that circadian rhythms coordinate most physiological functions. "We know circadian rhythm plays an important role in our health," Dr. Prather said. "Maybe there's something going on with circadian clocks that might be driving the problem. It's still an emerging science."

About 47% of U.S. adults studied in the recent paper reported social jet lag of an hour or more. One-fifth of participants reported social jet lag of two hours or more, the analysis of about 9,000 adults found. It is the first large-scale study to compare the sleep duration of U.S. adults on work days and nonwork days separately, according to the study's authors.

"One hour of social jet lag is like traveling one time zone, without even traveling," or going through daylight-saving time, said Susheel Patil, director of sleep medicine at Ohio's University Hospitals system, who wasn't involved in the study.

And while a person can likely adapt well enough to a short bout of social jet lag, chronic circadian disruptions could be damaging to health, Dr. Patil said.

Daylight-saving time, which kicked in last weekend, could be considered a type of social jet lag at a large scale and could exacerbate existing cir-

cadian misalignment, sleep experts said.

Participants in the study, on average, slept more, and went to sleep later and awoke later on nonwork days, the analysis said. Participants reported sleeping an average of 7.5 hours on work days and 8.2 hours on nonwork days. About one-quarter of adults surveyed slept less than seven hours on work days, the study said. The analysis was based on 2017 to 2020 data from the CDC's National Health and Nutrition Examination Survey, which assesses a nationally representative sample of about 5,000 adults and children.

A significant proportion of U.S. adults in the study reported other issues with their sleep. About 30% said they had trouble sleeping, and more than a quarter said they experienced daytime sleepiness.

Some best practices for sleep include having a consistent sleep schedule, cultivating a calming and restorative prebed routine and sleep environment, and practicing stress management during the day.

"In sleep medicine, we think about what you can do to optimize both sleep health and circadian health," Dr. Patil said. "Even if you might be getting adequate amounts of sleep, a misalignment of the circadian system will eventually impact your sleep as well."

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## ELECTION 2022

## Fight for Senate Hinges on Few Races

Votes in Pennsylvania, Nevada, Georgia seen as critical to decide control of chamber

By SIOBHAN HUGHES  
AND LINDSAY WISE

WASHINGTON—Control of the Senate hung in the balance Tuesday, with races in key states such as Pennsylvania and Georgia too early to call.

After the polls closed in many states, no seats had changed hands as of Tuesday evening, but Republicans held out hope that they would wrest power from the Democrats, who now control the 50-50 Senate.

Concerns about high inflation and the economy motivated many voters. Democrats projected optimism that they could prevail in nail-biter contests after they used their fundraising advantage to highlight legislation aimed at reducing drug prices and to emphasize Republicans' opposition to abortion after the Supreme Court this summer overturned *Roe v. Wade*. "The fight for the Senate is as close as it gets, and every seat matters," said Nathan Gonzales, the publisher of Inside Elections, which provides nonpartisan analysis of congressional races.

Democrats were defending 14 seats this cycle, compared with 21 for Republicans. As of Tuesday evening, Republicans had held on to safe seats in states such as Kentucky and



Georgia Democratic candidate Sen. Raphael Warnock, left, and his Republican opponent Herschel Walker seemed headed for a runoff vote.



South Carolina, while Democrats prevailed in races for safe seats such as Vermont and New York, according to the Associated Press.

As many as 13 races were considered competitive.

In Georgia, where Democratic Sen. Raphael Warnock faces former football star Herschel Walker, a Republican, no candidate had secured more than 50% of the vote late Tuesday, raising the prospect of a runoff election.

The AP said Republican J.D. Vance won a closely watched race for an open seat in Ohio. He fended off Democratic Rep. Tim Ryan in a surprisingly

tight contest in a state former President Trump won by 8 percentage points in 2020.

Republican Rep. Ted Budd also won a Senate seat from North Carolina, defeating former state Supreme Court Chief Justice Cheri Beasley.

In New Hampshire, Sen. Maggie Hassan, a Democrat, won re-election, defeating Republican Don Bolduc in one of the states the GOP had hoped they might flip.

Republican Sen. Marco Rubio of Florida defeated a Democratic challenger, Rep. Val Demings, to secure a third Senate term, the AP projected. Mr. Rubio had been favored to

win. In Colorado, Democratic Sen. Michael Bennet won re-election, the AP said, defeating Republican Joe O'Dea in another race that was considered competitive, but Mr. Bennet was expected to win.

The outcome of several tight races weren't known immediately after polls closed in some states Tuesday.

That is partly because of the amount of time it takes to count mail-in ballots in battleground states such as Pennsylvania. Most counties there began the process of removing mail-in ballots from their envelopes and preparing them to be scanned at 7 a.m. Tuesday,

according to the Pennsylvania secretary of state's office.

The GOP was projected to take control of the House. If they win, House Republicans have said they would mount investigations of President Biden's administration and his family. Minority Leader Kevin McCarthy (R., Calif.) has said Republicans also will seek spending cuts in exchange for raising the debt ceiling and push legislation to cut down on illegal immigration at the southern border.

If Republicans also win control of the Senate, they will have more power to thwart Mr. Biden's agenda

during the second half of his term, including efforts to slow-walk his nominees to fill any open cabinet positions and judgeships.

As votes were counted, Pennsylvania Lt. Gov. John Fetterman, a Democrat, had a slight lead over Republican physician and television personality Mehmet Oz in the race to fill the Senate seat held by retiring Sen. Pat Toomey, a Republican. Mr. Fetterman benefited early on from a bruising GOP primary season in which Mr. Oz's opponents branded him an out-of-state opportunist because of his longtime residence in New Jersey.

The race tightened as Republicans launched attack ads against Mr. Fetterman on the issue of crime and after a debate that highlighted his communications challenges following a recent stroke.

The GOP saw opportunities to pick up seats in Nevada, where inflation concerns pushed Democratic Sen. Catherine Cortez Masto into a tough fight against Republican former Attorney General Adam Laxalt, and in Georgia.

Another hotly contested seat was in Arizona, where Democratic Sen. Mark Kelly was trying to win re-election, facing Republican Blake Masters.

For Democrats, top targets besides Pennsylvania included Republican-held seats in Wisconsin, Ohio and North Carolina. Outside Republican groups have spent heavily to defend those seats.

—Cameron McWhirter  
contributed to this article.



People cast their votes in Las Vegas on Tuesday. Nevada was home to one of the more closely contested races for U.S. Senate.

## Race Tight For Control Of Congress

Continued from Page One  
tion's most prominent Republican governors, Florida's Ron DeSantis and Texas' Greg Abbott, won by wide margins.

Democrats flipped two governorships. Maura Healey won the Massachusetts race and will become the state's first woman governor, as well as the first openly gay candidate elected to the post. Wes Moore won in Maryland and will be the state's first black governor.

In Arkansas, Republican Sarah Huckabee Sanders, former White House press secretary under former President Donald Trump, was elected that state's first woman governor.

It wasn't yet clear when the full outcome in some tight races would be known. Lawmakers and political analysts cautioned patience as states count mail-in ballots and tally results for close races. Some key states, such as Pennsylvania and Wisconsin, don't allow officials to begin counting mail-in ballots until Election Day.

Voting proceeded smoothly across most of the country. In Pennsylvania, election officials scrambled to help voters fix mail-in ballots that could determine the winner of a closely watched Senate race. Vote tabulation machines also malfunctioned in Arizona's Maricopa County. Voting in the Houston

area stayed open an extra hour due to polling issues and a handful of precincts in North Carolina also extended their hours.

Low-level cyberattacks hit websites used by election offices, campaigns and partisan groups in a handful of states. The Department of Homeland Security said the attacks didn't affect voting machines or the systems required to process the election.

The 2022 campaign revealed deep voter anxiety over the highest inflation in four decades, the state of the nation, abortion access and crime. A shift in either chamber of Congress would reshape the second half of President Biden's term and could trigger GOP-led investigations into the Democratic administration. It also could affect a range of Biden administration policies, including U.S. support for Ukraine in its war with Russia.

The new Congress also could include more Republican lawmakers who are allied with Mr. Trump and fewer centrist GOP members, possibly heightening tension between Mr. Biden and Congress.

Mr. Biden, 79 years old, has said he intends to run for another term, though he hasn't yet made a final decision. Some Democrats have been vocal about the need for new leadership at the top of the party.

The 2024 campaign will likely begin soon. On Monday night, Mr. Trump teased the coming launch of a 2024 presidential campaign but stopped short of an announcement. Mr. DeSantis is viewed by Republicans as a serious contender for

the GOP presidential nomination.

Some Democrats close to the White House argue that past presidents such as Barack Obama, Bill Clinton and Ronald Reagan mounted successful re-election bids after midterm losses and that a divided government could present the White House with a political foil.

Bridgit Biederman, a 39-year-old who works in sales and has three children in Bucks County, Pa., a battleground suburb outside Philadelphia, said her frustration with the economy made her especially enthusiastic to vote straight-ticket Republican.

### It wasn't yet clear when the full outcome of the races would be known.

"I go to the grocery store trying to feed a family of five and I am spending a bajillion dollars and I'm coming home with nothing," she said.

In Janesville, Wis., Carol and Jerald Miller, a retired couple, voted to re-elect Democratic Gov. Tony Evers and supported his lieutenant governor, Mandela Barnes, for the U.S. Senate. Ms. Miller, 79, said she was worried about democracy and abortion rights.

"That is my right between me and my doctor. It should not be some man who has never gone through a pregnancy or a delivery of a child," she said.

Mr. Biden acknowledged the possibility of losses as he returned to the White House on Monday from his final campaign event. "I think we'll win the Senate. I think the House is tougher," he said. He spoke with Democratic leaders Tuesday, including Democratic National Committee Chairman Jaime Harrison and House Speaker Nancy Pelosi.

The president, who avoided some battleground states as he campaigned for midterm candidates, spent the closing days of the race arguing that Republicans would seek to undo his agenda, as well as target programs such as Social Security and Medicare.

The president and the Senate have called for a range of changes to the two programs, which they say would ensure their future and curb federal spending.

A Republican House majority would immediately try to repeal part of Democrats' climate and tax law that boosted Internal Revenue Service funding, Rep. Kevin McCarthy of California, the House's GOP leader, said in a Tuesday interview. He said Republicans would seek to combat high inflation by cutting government spending and passing legislation aimed at curbing energy prices.

"We told the American people exactly what we'll do so we want them to cast their ballot in what direction they want," he said. House Republicans also would launch oversight investigations into the Biden administration's withdrawal of U.S. forces from Afghanistan, as well as drugs crossing borders into the U.S.

The party in power typically loses seats in midterm elections. Messrs. Trump and Obama saw their parties lose control of the House in the first midterm election after they took office. The latest Journal poll showed 43% of voters approve of Mr. Biden's job performance while 55% disapprove.

Just a few months ago, many Democrats saw the Supreme Court abortion ruling as a motivating force for women and independent voters. But the economy emerged as the leading concern for voters as Election Day grew closer, with voters trusting Republicans more on the issue as inflation persisted.

Democrats said inflation is a global issue and said strong job numbers reflect a healthy economy. They also pointed to spending on public safety and the recent bipartisan gun bill to counter GOP criticism on crime. They have also argued that Republicans would pass national abortion restrictions if they gain power.

More than \$8.6 billion had been spent on advertising through midday Monday on local, state and federal elections during the current two-year election cycle, according to ad-tracker AdImpact. That is close to the \$9 billion spent in the 2020 presidential cycle and more than double the \$4 billion spent in the 2018 midterms.

### For the latest results



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## Pollsters Struggle To Improve Forecasts

By AARON ZITNER

After big misses by pollsters in 2016 and 2020, each election now brings an inevitable morning-after question: Did the pollsters get it right?

As always, some pollsters this year will have missed the mark. A Marist poll conducted last week found Democrat John Fetterman with a lead of 6 percentage points in the Pennsylvania Senate race, while his opponent, Republican Mehmet Oz, led by 3 points in a Remington Research Group survey taken on almost the same days.

But even when multiple polls are averaged together, the results can be off.

In 2020, the final public polls, as averaged by the Real Clear Politics website, suggested that President Biden was sailing into Election Day with a lead of roughly 6.7 per-

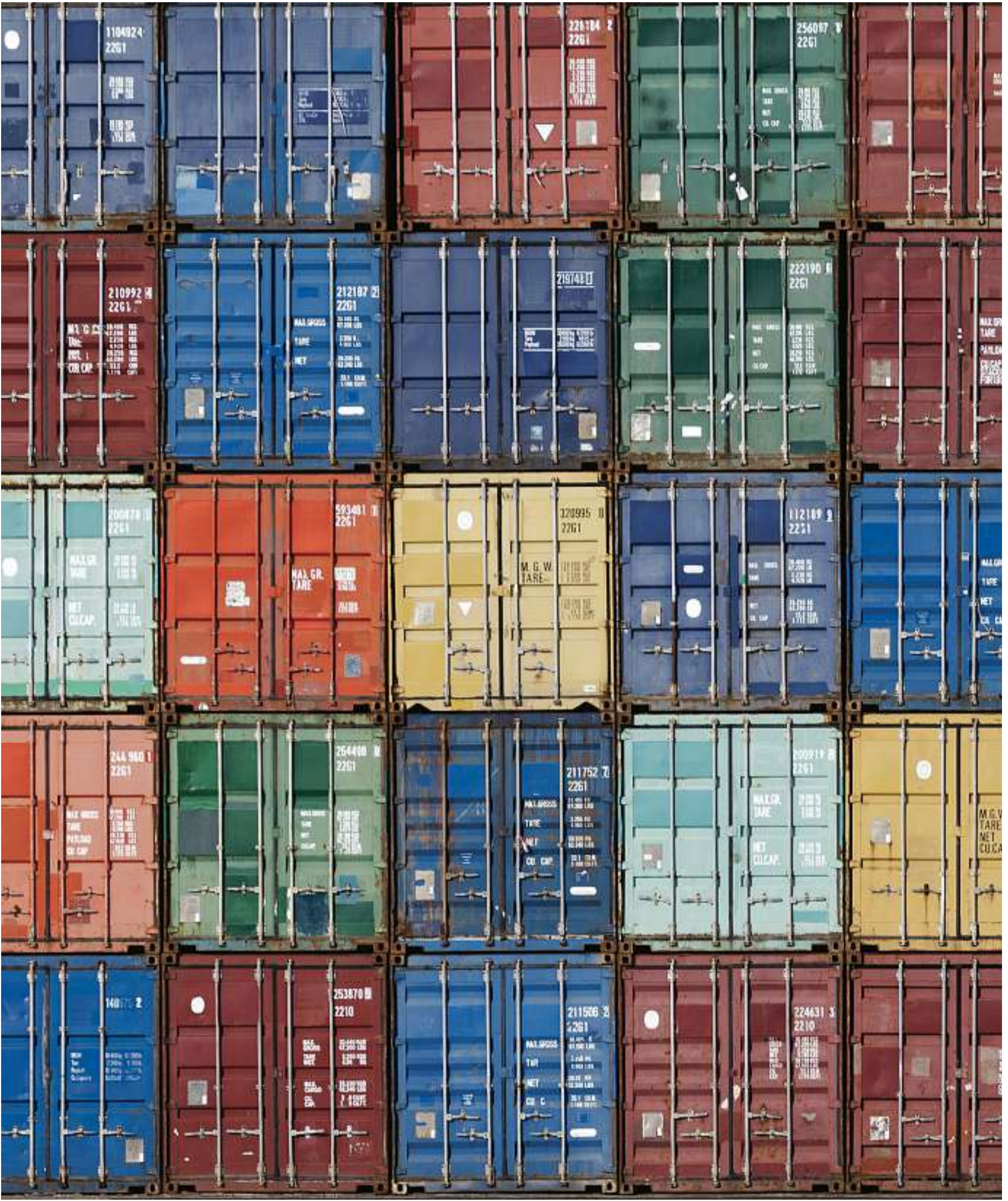
### They are shifting tactics to capture fully representative samples of voters.

centage points in Wisconsin. He squeaked by with a win of less than 1 point. The final merged polls of Florida found Mr. Biden to be narrowly ahead. He lost by more than 3 points.

Overall, national polls in 2020 were the most inaccurate in 40 years, a study by the main association of survey researchers found, and state-level polls in 2016 were significantly off the mark.

This year, pollsters are trying a range of tactics to make sure they are interviewing a mix of people who fully represent the electorate. Some are inviting voters by text message to take surveys, adding to the interviews they conduct on cellphones or landline phones. The goal is to expand the number and type of people agreeing to share their views.

Other pollsters are checking the past voting participation of the people they interview, which is a public record. If they find that too many Democrats in their survey are loyal primary-election voters, for example, that may be a signal that their sample lacks "soft Democrats," whose affiliation with the party is somewhat tenuous, and is too skewed toward Democrats who are highly engaged and partisan.



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## ELECTION 2022

## Voters Pick Governors in Three Dozen States

By JIMMY VIELKIND  
AND ELIZABETH FINDELL

Republican gubernatorial incumbents won big in Florida and Texas while Democrats prevailed in the only two states to flip, Maryland and Massachusetts, according to the Associated Press.

Robust re-election victories for Florida's Ron DeSantis and Texas' Greg Abbott put both men in a strong position as they prepare for possible presidential runs in 2024, according to political analysts.

Both have focused on issues that appealed to the party base. Mr. Abbott, who defeated Democratic former U.S. Rep. Beto O'Rourke, devoted much of his second term to immigration and border security. Mr. DeSantis, who won over Democrat Charlie Crist, a former governor and congressman, emphasized his stances on culture issues and his decision to reopen businesses in his state early in the pandemic.

In New York, incumbent Democratic Gov. Kathy Hochul declared victory over GOP U.S. Rep. Lee Zeldin, who had gained on her in recent polls.

Pennsylvania's Democratic attorney general, Josh Shapiro, won over Republican state Sen. Doug Mastriano, according to the AP, after focusing his campaign on law-and-order issues and protecting abortion access. Mr. Shapiro's win keeps the state in his party's control as he succeeds outgoing Democratic Gov. Tom Wolf.

Georgia Republican Gov. Brian Kemp declared victory over former state House Democratic leader Stacey Abrams, who conceded defeat Tuesday night. Mr. Kemp largely ignored attacks from former President Donald Trump over Joe Biden's win in the state in 2020 and focused on his efforts to promote business development, loosen gun laws, and open the state quickly following Covid-19 lockdowns.

California Democratic Gov. Gavin Newsom easily won re-election, according to the AP, after a campaign in which he



New York Democratic Gov. Kathy Hochul declared victory over a GOP challenger. In Texas, Republican Gov. Greg Abbott won re-election by a wide margin.



spent much of his time feuding with Republicans including Messrs. Abbott and DeSantis and promoting progressive positions on issues such as climate change and abortion access.

Most of the nation's tightest races featured Democratic incumbents on defense, including in Kansas, Nevada and Wisconsin. Those elections were considered tossups by the nonpartisan Cook Political Report, as were the ones to succeed GOP Gov. Doug Ducey in Arizona and Democratic Gov. Kate Brown in Oregon, both of whom are leaving office because of term limits.

Democratic incumbents were favored to win competitive races in Maine, Michigan and New Mexico.

There are currently 28 states with Republican governors and 22 with Democratic governors. Twenty of the states that held elections Tuesday have GOP governors and 16 are led by Democrats.

Results late Tuesday from the AP showed Republicans holding on to the governorships in 15 states but not flipping any, while Democrats have held on to seven in addition to the two they flipped.

Massachusetts Attorney General Maura Healey will be the first woman elected governor of her state, while author and nonprofit executive Wes Moore will become the first Black governor of Maryland. Both defeated Republicans nominees allied with Mr. Trump who tried to succeed popular moderate members of their own party who are stepping down.

Republicans held on to the governorships in Arkansas, New Hampshire, Ohio and Vermont, while Democrats retained their seats in Colorado, Illinois and Rhode Island, according to the AP.

In many states, polls have shown gains for Republicans in the past few weeks as voters said they felt the GOP would better address crime and inflation. Many Democrats focused on the fallout of the U.S. Supreme Court's decision to overturn Roe v. Wade, saying that they would protect abortion access now that regulation of the procedure is up to states.

"The old expression is that all politics is local. Now, in some ways, all politics is national," said Scott Minkoff, a professor of political science

at the State University of New York, New Paltz.

In Arizona, GOP gubernatorial candidate Kari Lake, a former television-news anchor, embraced Mr. Trump's false claims of fraud in the 2020 election and said she would look to bolster election security, as well as devote more state resources to patrolling the border with Mexico.

Her opponent, Democratic

### Democrats have picked up two seats while Republicans haven't flipped any.

Secretary of State Katie Hobbs, framed the election as an effort to save democracy and protect abortion access.

Nevada Democratic Gov. Steve Sisolak has struggled to fend off GOP challenger Joseph Lombardo.

Mr. Lombardo, the sheriff of Clark County, which includes Las Vegas, has tried to connect high inflation and other economic concerns to Nevada's

economic shutdown early in the pandemic. Mr. Sisolak said that he ordered the closure of casinos and other businesses in 2020 to protect citizens from an even bigger death toll and that Nevada has regained jobs faster than most other states.

In Wisconsin, Republican businessman Tim Michels has run neck-and-neck in polls with Democratic Gov. Tony Evers. Mr. Michels has hammered the incumbent on inflation and crime. Mr. Evers ran on a platform of investing in education and infrastructure, opposing gerrymandering and supporting abortion rights.

Oregon might see its first Republican governor in 40 years, as voters angry about homelessness and crime in and around Portland are calling for change. Former Democratic state House Speaker Tina Kotek and former State House GOP leader Christine Drazen were running evenly, according to polls. Betsy Johnson, a Democratic former state senator running as an independent, was polling far behind but drawing enough support that she could influence the outcome.

Kansas Republican Attorney General Derek Schmidt was at-

tempting to unseat Democratic Gov. Laura Kelly by tying her to President Biden in a state Mr. Trump won 56% to 42% in 2020. Ms. Kelly touted her record in office, including working with the Republican-controlled legislature.

In New York, Ms. Hochul, who would be the first woman elected governor of New York, had said abortion rights would be at stake if Mr. Zeldin won.

Mr. Zeldin said that he wouldn't change state laws that protect abortion access and that he would roll back laws restricting the use of cash bail further than Ms. Hochul has to address crime.

Other Democratic governors who had small leads against Republican challengers include Maine's Janet Mills, who faced former Gov. Paul LePage; Michigan's Gretchen Whitmer, who was running against conservative political commentator Tudor Dixon; and New Mexico's Michelle Lujan Grisham, whose opponent was former television-news meteorologist Mark Ronchetti.

—Alicia A. Caldwell,  
Eliza Collins, Joe Barrett  
and Scott Calvert  
contributed to this article.



Californians were voting on gambling measures, including one that would legalize sports wagers made only at tribal casinos.



Voters in five states including Alabama were deciding on outlawing slavery or involuntary servitude as punishment for a crime.



Missouri and about a half-dozen other states were voting on whether to legalize recreational marijuana use.

## Ballot Issues Range From Gambling to Prison Labor

By CHRISTINE MAI-DUC

Voters across the U.S. were set to decide the fate of dozens of consequential ballot measures, from legalizing marijuana to taxing the rich.

Maryland voters approved recreational marijuana use for those 21 and older, according to the Associated Press, while similar measures in four more politically conservative states remained unsettled Tuesday night.

Efforts to prohibit the use of slavery or indentured servitude as a form of criminal punishment were running ahead in Alabama, Tennessee and Vermont with more than half of expected votes counted, according to the AP. Louisiana voters rejected a similar measure there, while the fate of another in Oregon was still unclear shortly after polls closed on the West Coast.

With more than half of the expected vote counted Tuesday evening, a Colorado measure seeking to legalize the use of some plant-based hallucinogens such as compounds found in psychedelic mushrooms was still too close to call.

Nebraska and Nevada voters could boost the minimum wage in their states. Other hot-button issues including gambling, immigration and guns were also the subject of state-level initiative campaigns.

The most expensive of the 130 ballot measures in 37 states—a California initiative that would legalize online sports betting in one of the largest potential markets in the country—appeared headed for defeat, according to many polls. Gambling companies including DraftKings Inc. and FanDuel Group had poured nearly \$160 million into the measure, known as Proposition 27, but faced vigorous opposition from California's gaming tribes, which spent \$220 million opposing it.

Some of those tribes put forth their own proposal, known as Proposition 26, which would legalize sports

wagers but only for in-person bets made at tribal casinos. That measure was also polling poorly ahead of Election Day.

Total spending on both sides of Proposition 27 had exceeded \$375 million as of Oct. 22, according to California campaign-finance records, surpassing the previous spending record of \$226 million.

Also going before voters was California's Proposition 30, which would increase taxes on personal incomes of \$2 million or more to fund programs that would speed the state's electric-vehicle transition and help fight wildfires. The measure has created unusual fissures in the usual political landscape where Democrats dominate.

The state Democratic Party, environmental groups and ride-sharing company Lyft Inc., which largely bankrolled the "yes" campaign, were in support. Gov. Gavin Newsom, a liberal Democrat who has led a

### Immigration and guns were among 130 measures considered in 37 states.

push to ban gas-fueled cars, and the California Teachers Association, a powerful state union, joined business groups in opposing the measure, saying it would benefit a select number of large corporations as they transition to electric vehicles.

In Massachusetts, voters weighed whether to add a 4% tax on personal incomes of \$1 million or more, bringing the total rate for that bracket to 9%, with funds going toward education and transportation.

Drugs got an up-or-down vote in about a half-dozen states. While polls suggested voters in Maryland were poised to legalize recreational marijuana use, the outcome of similar ballot measures in four other more politically conser-

vative states—Arkansas, Missouri, North Dakota and South Dakota—was less clear. To date, 19 states and the District of Columbia have made adult recreational use of marijuana legal. Colorado could become the second state behind Oregon to legalize the personal use of psilocybin, the active ingredient in psychedelic mushrooms, and other plant-based hallucinogens.

On immigration, Ohio voters considered whether to ban all local governments from allowing noncitizens to vote. San Francisco and New York have passed laws allowing noncitizens to vote on local offices and ballot measures, but both face legal challenges. In 2019, voters in the small town of Yellow Springs, Ohio, passed a similar measure before it was put on hold by the Republican secretary of state.

Elsewhere, ballot measures asked voters whether to extend certain benefits to immigrants in the country illegally, including the ability to obtain a driver's license in Massachusetts and pay in-state college tuition in Arizona.

Iowa's constitution could be amended to reaffirm the right to bear arms, while another measure in Oregon would require people to obtain a permit from local law enforcement before purchasing a gun and would outlaw the manufacture, import, sale and possession of magazines that hold more than 10 rounds.

Workers in Nebraska and Nevada could get a minimum-wage boost, to \$15 an hour and \$12 an hour, respectively, if voters approve measures in those states. Washington, D.C., voters considered whether to eliminate a system for tipped employees and grant them a minimum wage instead.

Kansans considered Constitutional Amendment 1, a measure that would allow the state's legislature, currently controlled by the GOP, to override a veto from the governor, currently Democrat Laura Kelly, with a simple majority vote.

## Trump Warns DeSantis On 2024

By ALEX LEARY

Flying from Ohio to Florida aboard his remodeled Boeing 757, Donald Trump caught a glimpse of himself on television. "A fine looking young man, a fine looking candidate," he quipped to a handful of reporters.

Then he saw another potential 2024 presidential contender. "There's our competitor, he's a fine guy," Mr. Trump said Monday night.

He was talking about Florida Gov. Ron DeSantis, who cruised to re-election Tuesday, a victory that will ratchet up talk of a Trump-DeSantis rivalry, which had been at a low boil. On Saturday in Pennsylvania, Mr. Trump rapped him as "Ron DeSanctimonious" though he didn't use the nickname the following day in Miami or at the final rally Monday near Dayton, Ohio.

"I don't know that he's running," Mr. Trump said of the 2024 presidential race. "I think if he runs he could hurt himself very badly."

Mr. Trump remains the party's heavyweight but Mr. DeSantis has built a national reputation and fundraising juggernaut. "I think he would be making a mistake," Mr. Trump said. "I think the base would not like it."

Mr. Trump told reporters Tuesday outside a polling location in Palm Beach that he voted for the governor.

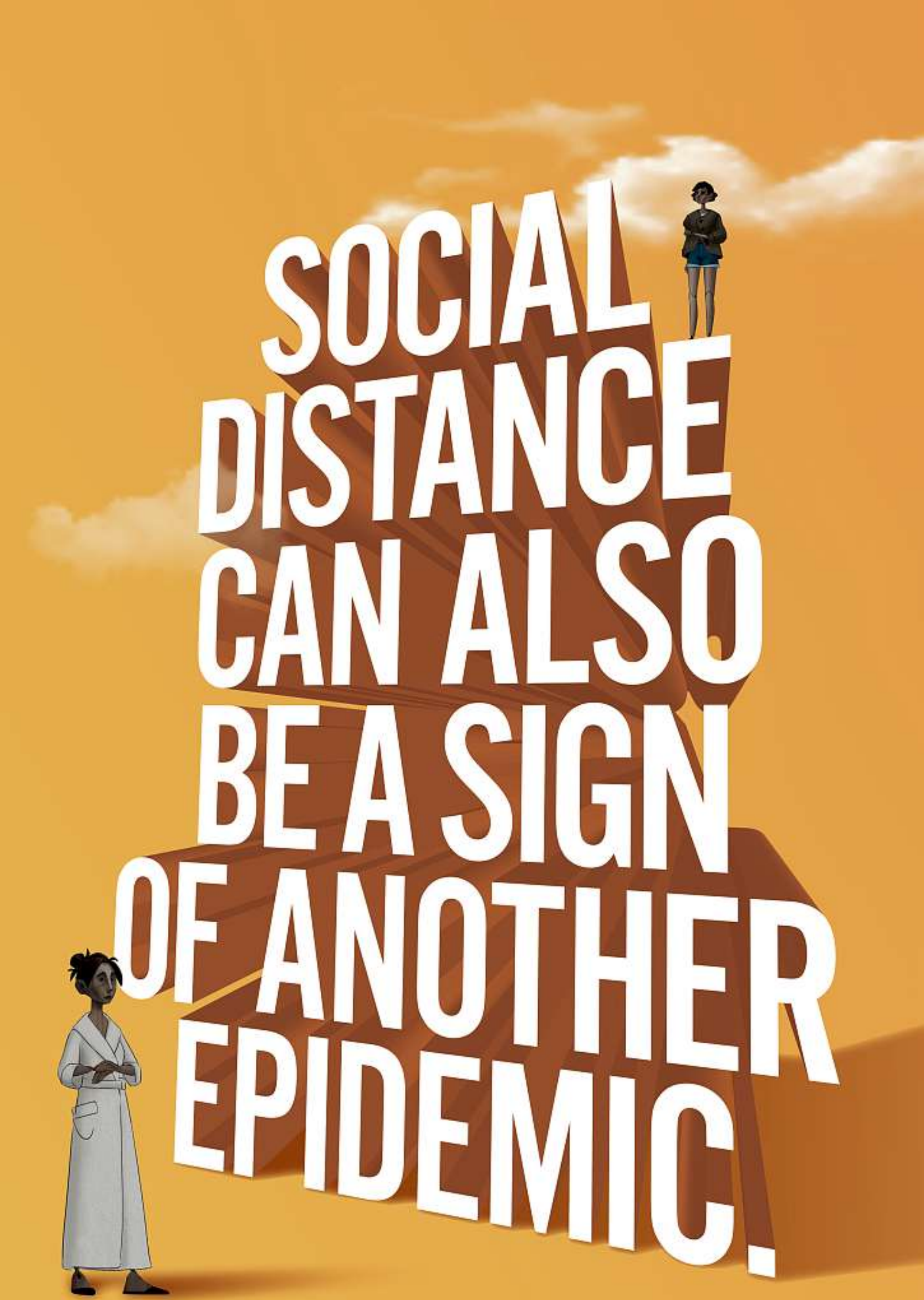
Mr. Trump endorsed Mr. DeSantis in his 2018 run for governor, lifting the tea party-styled congressman in a Republican primary over establishment favorite Adam Putnam.

"If he runs, he runs," Mr. Trump said. But he added: "If he did run, I will tell you things about him that won't be very flattering. I know more about him than anybody other than perhaps his wife, who is really running his campaign."



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## WORLD NEWS

## EU Aims to Lock In Aid for Kyiv

The bloc is pressed to hasten payments and has fallen short of its own pledges

By LAURENCE NORMAN

BERLIN—Amid U.S. pressure to increase support for Ukraine, the European Union is looking to lock in \$18 billion in economic support for Kyiv next year in a way that would give Brussels greater power to ensure the money is delivered.

With U.S. economic and military assistance for Ukraine far outstripping Europe's since the Russian invasion on Feb. 24, the EU this year has fallen short of its own financial pledges. Ukraine is facing a budget shortfall of at least 3 billion euros, or \$3 billion, a month for basic services.

EU officials say the bloc and its member states have delivered €19 billion for Ukraine in economic loans and grants this year. The EU's security assistance so far amounts to an additional €3.1 billion, though that doesn't include everything provided individually by the bloc's member states. However, the EU has failed to raise nearly a third of the €9 billion in vital budget assistance it promised in May, and has delivered only a third of that cash so far, a flashpoint with Kyiv.

In a bid to provide the regular, reliable economic aid Ukrainian President Volodymyr Zelensky has called for, the



A Ukrainian soldier fires toward Russian positions outside Bakhmut. The EU has provided Ukraine with €3.1 billion in security assistance.

European Commission has said it plans to send €1.5 billion a month in loans and grants to Kyiv monthly through next year.

The loans would have long maturity, and the EU has covered the cost of interest payments on other assistance it has extended to Ukraine this year.

Under a plan set to be announced Wednesday, diplomats

say, the commission would propose using money in a special part of its budget—the headroom amounts, or the difference between theoretical payments to member states and the actual amount the EU spends—to provide a guarantee to underpin raising the funds in the capital markets. That would take the money off the books of

the EU's normal expenditures and, crucially, remove the need for member states to put the loans on their books.

This year's money for Ukraine got bogged down in arguments among member states over whether it should comprise loans or grants, and how much of the money each member state should stand behind.

The commission plan needs the support of all 27 member states. It must overcome a familiar hurdle: Hungarian Prime Minister Viktor Orbán's government. Budapest is opposing the proposal as it engages Brussels in political and financial battles over blocked EU funds and its demand for a relaxation of EU sanctions on Russia.

## Germany Searches UBS Offices

By PATRICIA KOWSMANN AND MARGOT PATRICK

German authorities searched the offices of UBS Group AG in Frankfurt and Munich on Tuesday, part of a money-laundering investigation into sanctioned Russian billionaire Alisher Usmanov, according to a person familiar with the case.

A UBS spokesman confirmed the visits to its branches and said the bank is cooperating with authorities. A spokesman at the prosecutors' office in Frankfurt said neither the bank nor its employees are accused in its proceedings, and the searches were meant to get evidence.

A spokesman for Mr. Usmanov said: "We categorically reject any allegations of money laundering or tax evasion."

Mr. Usmanov is one of the highest-profile Russian oligarchs to be sanctioned by Western authorities following Russia's invasion of Ukraine. Forbes estimates his net worth at \$14.6 billion. His main publicly known asset is OOO USM Holding Co., a Russian metals, mining and telecom conglomerate in which he holds a 49% stake.

The Wall Street Journal reported last month on Mr. Usmanov's connections to an extensive offshore financial network centered in the Isle of Man, which invested in numerous companies and properties worldwide, including in mansions near the German town of Tegernsee, about an hour south of Munich. A spokesman for Mr. Usmanov said at the time he is a self-made man who has never tried to hide his assets.

In September, German media reported that one of the villas was among two dozen homes and offices raided by German police in connection with an investigation of suspected sanctions violations.

## Yellen Heads to India as Relations Shift Since War

By ANDREW DUEHREN

Treasury Secretary Janet Yellen's trip to India this week will be the latest attempt by the Biden administration to look past the emerging power's longstanding ties to Russia and deepen a relationship that it hopes would serve as a counterweight to China.

The U.S. has shifted its approach to India since the invasion of Ukraine, at first calling out its ties to Russia and warning the country against massively increasing its purchases of cheap Russian oil. Now, the Biden administration is encouraging India to buy Russian oil under a price determined by the U.S. and its allies, while

more broadly tolerating the country's relationship with Moscow, say analysts and administration officials.

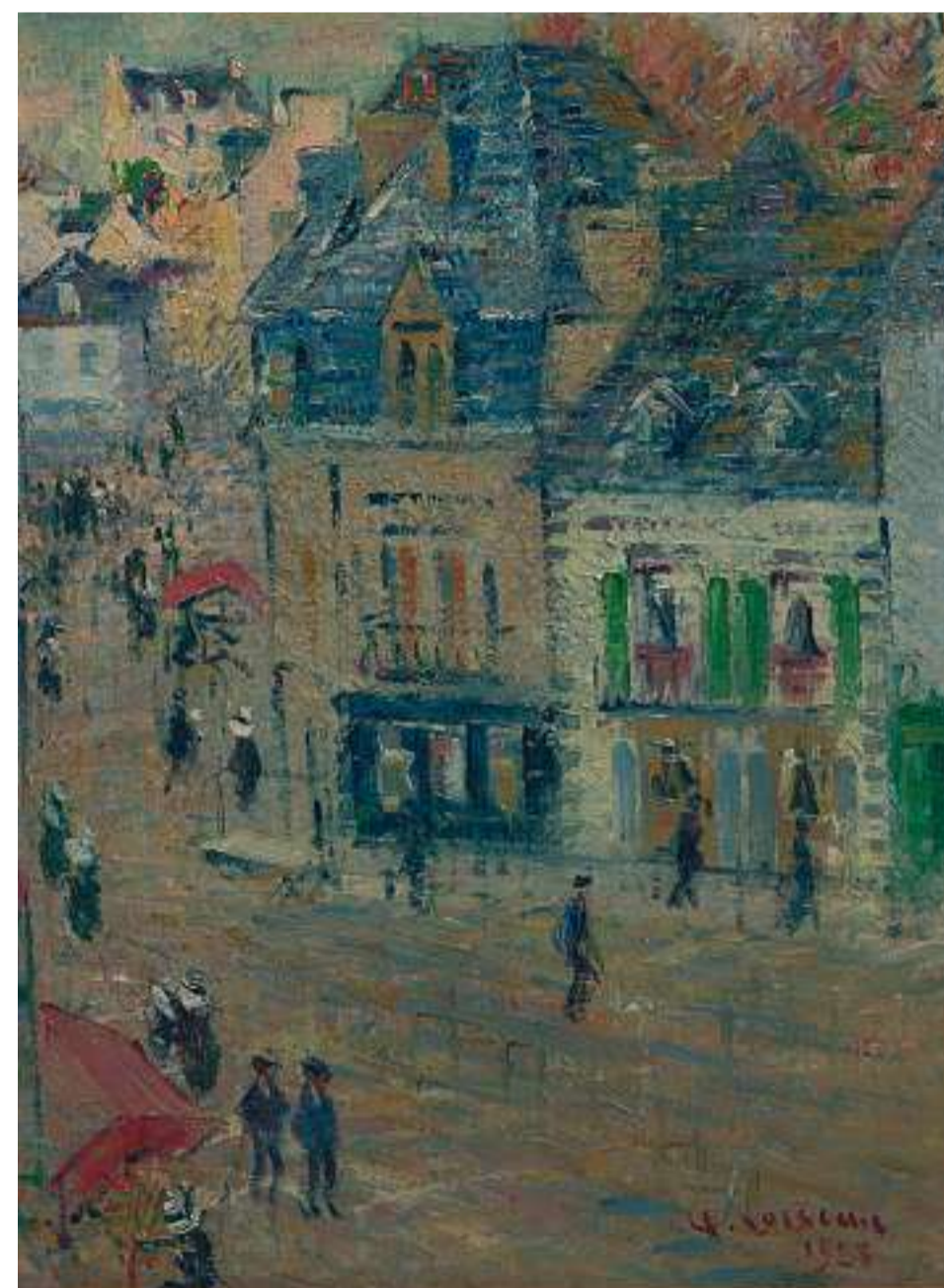
Jay Shambaugh, a counselor to Ms. Yellen who is awaiting Senate confirmation to become the department's undersecretary for international affairs, said Ms. Yellen won't focus on India's ties to Russia or the

price-cap plan, though Treasury officials said it could come up.

Shared concerns about China's rise have drawn the U.S. and India closer. India is mired in an at-times violent border dispute with China, long a geopolitical rival among developing countries. The U.S. considers China the greatest danger to its security, and is taking

economic and military steps to reduce its influence.

In New Delhi, Ms. Yellen will meet with Indian Finance Minister Nirmala Sitharaman and participate in a forum on the U.S.-Indian economic and financial relationship Friday. The talks will focus on developing-country financing and climate change, Treasury officials said.



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## Zelensky Lays Out Peace Terms

Continued from Page One

developing world for a way out of the conflict.

"The military assistance we give is so that when Ukraine does get to the negotiating table it is in the strongest possible position. That military support, our economic support, our humanitarian support, our political support will continue," Karen Donfried, the U.S. assistant secretary of state for European and Eurasian affairs, said Tuesday.

Many Western officials are skeptical that President Vladimir Putin of Russia will be open soon to a settlement that involves Russian withdrawal from occupied regions of Ukraine—a key demand for Kyiv.

Since Mr. Putin said in late September that swaths of Ukraine's east and south belonged to Russia, Kyiv has said it wouldn't negotiate with Moscow until there is a different leader in the Kremlin. Mr. Putin's insistence that Russia's territorial demands are nonnegotiable, meanwhile, appears to leave little scope for talks at present.

"We've always made clear our readiness for such talks," Russia's deputy foreign minister, Andrei Rudenko, said Tuesday in comments carried by state news agency RIA. "From our side there are no preliminary conditions whatsoever, except the main condition—for Ukraine to show goodwill."

Buoyed by recent battlefield successes, Ukraine has demanded that all occupied areas are returned to its control as a condition for any peace deal—including Crimea and parts of the eastern Donbas area that Russia seized in 2014.

Ukrainian advances and attacks on Russian military facilities in Crimea have strengthened Kyiv's hopes that it could take back the peninsula, but some Western capitals are more cautious, given the importance Mr. Putin ascribes to Crimea.

Military realities will dictate how much of its internationally recognized borders Ukraine is



Ukrainian President Volodymyr Zelensky addressed the COP27 U.N. Climate Summit in Sharm el Sheikh, Egypt, on Tuesday.

able to restore, officials in Kyiv and Western capitals said.

Ever since Russia launched its full-scale invasion in February, many Western governments have been skeptical about how much territory Ukraine can take back through fighting. Kyiv has sought to erase such doubts with offensives in eastern and southern Ukraine since late summer, which have made inroads, especially in the Kharkiv region.

Continued Western military and financial support is vital for Ukraine's ability to advance, however. Many in Kyiv fear a

## Continued Western support is vital for Ukraine's ability to advance militarily.

reduction in aid could scuttle Ukraine's hopes of retaking occupied regions, forcing it into negotiations with a weak hand.

Ukraine also fears that any cease-fire would allow Russian forces to regroup and that Mr. Putin would use talks to consolidate Russian control of occupied areas.

Evidence of alleged Russian war crimes in places such as Bucha and Izyum, which Moscow has denied, has hardened Ukraine's insistence on a full Russian withdrawal.

However, the global economic toll of the war and signs of fraying political consensus in Western nations are raising uncertainty about how long the U.S. and Europe will continue to back Kyiv's position.

U.S. House Republicans, who are favored to take control of the chamber in the midterm elections on Tuesday, have questioned the level of funding for Kyiv's war effort. Rep. Kevin McCarthy of California, the House GOP leader, has said some within his caucus want greater accountability for the funds sent to Ukraine.

Ukraine has continued to call for further arms deliveries from the West to protect its cities against Russian missile-and-drone attacks and help it recapture occupied territories.

Top European and U.S. officials said their commitment for Ukraine hasn't flagged and their military and economic support will continue as long as Kyiv believes it can make further gains on the battlefield. On Wednesday, the European Union plans to set out how it will supply Ukraine with budget assistance of €1.5 billion (\$1.5 billion) a month to help it get through 2023.

Leaders from the Group of Seven leading nations in October laid out some basic building blocks of what a just settlement could look like, including respect for Ukraine's sovereignty and territorial integrity and ensuring Ukraine is sufficiently armed to defend itself. But they were careful not to box Kyiv in on issues such as territorial concessions.

Some Western leaders, including President Emmanuel Macron of France, have been explicit recently that a settlement will eventually require Mr. Zelensky's government to sit down with Mr. Putin to hammer out terms. Mr. Macron said the timing of that decision must lie in Kyiv's hands.

WORLD NEWS

Kerry Reconnects With Chinese Envoy At Climate Summit

By CHAO DENG

SHARM EL SHEIKH, Egypt—U.S. climate envoy John Kerry said Tuesday that he spoke with his Chinese counterpart during the COP27 United Nations climate conference, rekindling contact between countries that are pivotal in the global effort to limit greenhouse-gas emissions.

last year's joint declaration with the U.S., China said it would publish a plan on how to cut methane emissions this decade before COP27.

The meeting came ahead of President Biden's planned visit to Southeast Asia, where he may meet with Chinese President Xi Jinping.

"It's conceivable that when they meet in Bali, something may break through," said Mr. Kerry, who also called on China to move faster to reduce carbon emissions and its dependency on coal.

Apart from tensions with China, the war in Ukraine and midterm elections in the U.S. have loomed over COP27 and efforts by world leaders to curb greenhouse-gas emissions.

Mr. Kerry pushed back on the issue of whether industrialized countries should pay compensation to developing countries that are most affected by severe flooding, drought and storms that scientists say are made worse by the effects of climate change. Such payments, known as "loss and damage," would create a new category of funding in addition to funds the West is already sending to the developing world to help it adapt to climate change and shift to cleaner technologies.

Instead, Mr. Kerry called on the private sector and multilateral development banks to provide more capital. "What we need is financial instruments that are as modern as the challenges are complex," he said.

On Wednesday, the U.S. climate envoy will propose a new carbon-credit program that aims to raise tens of billions of U.S. dollars from businesses and governments in wealthy economies to help developing countries cut back on fossil fuels, the Journal reported.

—Sha Hua contributed to this article.



Nadi Abdallah's family has tried to protect their crops from intense heat, but he says he worries output won't cover expenses.

Egypt Farmers Feel Heat—and Cold

By CHAO DENG

FAYOUM, Egypt—Armyworms have ravaged Mohamed Abdel Tawab's maize crop, the result of increasingly frequent heat waves in this central Egyptian oasis that lies to the west of the Nile.

In recent years, the changing weather patterns have helped give rise to pests that have attacked his tomatoes, cucumbers, zucchinis and eggplants. This year, he tried to plant clover, but the weather was too hot and no sprouts appeared.

"It's a disaster," he said, looking down at the barren earth. "It's as if our land is burning."

Egyptian farmers are struggling after changing weather patterns have brought bouts of unusually intense heat and record-low temperatures.

The Nile Delta is considered one of the most vulnerable large deltas in the world to be directly affected by climate change by 2050, according to the U.N.'s Intergovernmental Panel on Climate Change. Egypt derives 60% of its agri-

culture from this region, which, in addition to being subject to changing weather conditions, is suffering from erosion and flooding.

Egypt's agriculture sector has few means of adapting to climate change because the country is mostly desert terrain. It draws a finite amount of water each year from the Nile, and farmers in the north are suffering from decreased flows and pollution. The majority of Egypt's farmers own small plots of land, and are too poor to upgrade to more modern agriculture practices.

Egypt is the host of the U.N. climate change conference, known as COP27, that began on Sunday in the Red Sea resort town of Sharm El Sheikh.

Water issues are on the agenda—including rising sea levels resulting from climate change in the Nile Delta area. Egyptian officials have highlighted the agriculture sector, in Egypt and worldwide, as being most vulnerable to climate change. They have pushed for rich nations to increase sup-

port for Egypt and other developing countries that are suffering as a result of global carbon emissions.

Egypt depends on countries such as Ukraine for imported crops such as wheat and was hit by rising food prices after Russia invaded Ukraine. All homegrown wheat is sold to

Changing weather has brought extreme temperatures that are hurting crops.

the government to produce subsidized bread for the poor.

In the past year, abnormal weather conditions have ruined his family's mangoes, dates, corn and tomatoes, says Nadi Abdallah, a 72-year-old farmer in Kom Ombo, an agricultural town in southern Egypt.

On a recent hot day Mr. Abdallah pointed to a dead baby mango tree that had succumbed

to last winter's frost, as well as cabbage shoots that were growing more slowly than they should because of the heat.

"It's exhausting," Mr. Abdallah said. "We don't know if what we get will cover our expenses."

This year, Egyptian authorities launched a national strategy for tackling climate change for 2050, in which the government would spend \$113 billion for adaptation programs. It envisions almost half of that budget going to agriculture, although it says most of the money has yet to be raised.

President Abdel Fattah Al Sisi has said water- and food-security challenges associated with climate change are a matter of national security.

Mr. Tawab, the corn farmer in Fayoum, says some of his maize was untouched by the armyworms because he planted a small batch early on, before the height of the summer season.

The few husks that did appear were tiny, however. They will go to his farm animals and, next year, Mr. Tawab will give up on corn completely.

EU's Highest Court Overturns Tax Ruling Against Car Maker

By DANIEL MICHAELS AND KIM MACKRAEL

BRUSSELS—The European Union's top court overturned a tax ruling against Fiat Chrysler from 2015, handing the bloc's regulators a fresh setback in a crackdown on multinational companies' efforts to financially shield their operations.

The setback follows similar reversals in tax cases involving Apple Inc., Amazon.com Inc. and Starbucks Corp.

Tuesday's ruling against the European Commission from the European Court of Justice, the bloc's highest court, overturns a 2019 ruling in the commission's favor from the EU's second-highest court, the General Court. That court sided against the commission in the other three cases. The commission has appealed the Apple and Amazon rulings to the ECJ.

The ruling is a blow to

Commission Executive Vice President Margrethe Vestager, who is leading a campaign to curb alleged excesses by some of the world's largest tech companies. Ms. Vestager's tax cases were among her first big salvos against tech companies in her role running EU competition enforcement. She later fined Alphabet Inc.'s Google three times for alleged abuses of dominance. The company appealed those cases.

Ms. Vestager said the commission would study the judgment and its implications.

"The commission is committed to continue using all the tools at its disposal to ensure that fair competition is not distorted in the single market through the grant by member states of illegal tax breaks to multinational companies," she said.

Tax cases such as those brought by the commission

are one reason that nearly 140 countries last year agreed to set a global minimum corporate tax of 15%.

Implementation of that deal is bogged down in review and approval by the countries involved, including among the EU's 27 members.

The commission ruled in 2015 that Fiat Chrysler, now part of Stellantis NV, benefited from an illegal tax deal that was granted to the company in Luxembourg. The commission said at the time that the agreement amounted to a state subsidy, and ordered the Luxembourg government to recover the equivalent of about \$30 million from the company.

The lower court's analysis of the case, "and by extension, the existence of a selective advantage" to Fiat Chrysler is erroneous, the Court of Justice said Tuesday.

Uganda Battles to Contain Ebola

By NICHOLAS BARIYO

Uganda is struggling to contain an Ebola outbreak that has infected at least 156 people and killed 74.

The outbreak, first detected on Sept. 20 in central Uganda, is caused by a relatively rare strain of the virus for which there are no proven vaccines or antiviral treatments. It has since spread to eight districts throughout the East African nation, including Kampala, the capital city of about five million people, prompting World Health Organization warnings that neighboring countries should prepare for infections.

On Tuesday, Uganda's education ministry said it would close schools on Nov. 25, two weeks before the scheduled end of the school year. A day earlier, the U.S. Centers for Disease Control and Prevention issued an alert to American health workers to be on the lookout for patients who have traveled to Uganda in the past three weeks and show



A hospital worker handles a body bag containing the remains of a man suspected of dying from Ebola in Mubende, Uganda.

possible symptoms such as fever, headache, fatigue and unexpected bleeding.

Ugandan health workers and local officials say efforts to contain the second-deadliest outbreak in the country's history have been undermined by a lack of funding. The health ministry faces a \$13 million shortfall to equip hospitals, pay contact tracers and health workers and counter rampant

misinformation about the virus, Henry Kyobe Bosa, the ministry's Ebola incident manager, said last week. He said the ministry was working with donors to obtain more funding.

The Ugandan government has placed two districts at the center of the outbreak under lockdown since mid-October, closing markets, public offices and transport, and telling people to stay home.

Advertisement for the 110 Collection by Oscar Heyman + M.S. Rau. It features images of three pieces of jewelry: a ring with a large blue sapphire, a ring with a large yellow sapphire, and a bracelet with multiple colorful gemstones. The text describes the collection as historic firms with classic designs and fresh colors, celebrating 110th anniversaries. It lists the specifications for each piece and provides contact information for M.S. Rau Fine Art, Antiques & Jewels.

## WORLD NEWS

## WORLD WATCH



Investigators looking into the deadly Itaewon crowd crush on Tuesday carried confiscated items from the Yongsan Ward office in Seoul.

## Probe of Seoul Stampede Expands

By JIYOUNG SOHN  
AND TIMOTHY W. MARTIN

SEOUL—South Korea deepened its scrutiny of the police response to a lethal crowd crush during Halloween festivities in Seoul, with newly released transcripts showing delays in treating the injured as emergency responders and bystanders on the scene repeatedly called the police asking for more backup.

The transcripts, released by two South Korean lawmakers, show dozens of panicked emergency calls made as people got crushed in a pile on Oct. 29, as well as hundreds of radio-communication exchanges between first responders and dispatchers throughout the night.

They highlight the stalled deployment of a variety of emergency personnel, when 156 Halloween revelers were killed and 197 injured on an overcrowded alleyway in Seoul's clubbing district of Itaewon.

Law-enforcement officials have admitted to shortcomings in the emergency response.

Witnesses said they saw few police throughout the night and a lack of personnel on-hand to deal with victims. No single entity had been tasked in advance with managing what was expected to be a sizable crowd on the first Halloween weekend after the country's Covid-19 restrictions had largely been relaxed.

Officials who are part of a special investigation team set up under the National Police Agency said they were looking at whether to bring criminal charges against at least six police, fire and district officials. The potential accusations include dereliction of duty, professional negligence resulting in death and evidence tampering, they said. None of the officials have been charged.

The scope of the probe could expand. On Tuesday, the special-investigation team

searched 55 offices, including those of the chiefs of the national and Seoul city police.

In the hours leading up to the crowd crush, at least 11 calls had been made to police from people in or near the alleyway and fearful of being crushed by the crowd. Once first responders were dispatched at around 10:15 p.m., more than 80 calls poured in to the emergency-response hotline, with many begging to be saved, according to Seoul Emergency Operations Center transcripts released on Monday by Yong Hye-in, a minority-party lawmaker.

More than an hour after the accident, emergency responders made a series of requests asking for police backup to manage the accident site, according to a transcript of the communications between emergency responders released by lawmaker Lee Sung-man of the main opposition Democratic Party. Just after midnight, emergency respond-

ers also requested reinforced telecommunications infrastructure, noting that the network in the area was down and hampering rescue efforts, the transcript showed.

The result of the investigations and the contents of the emergency calls could potentially have a bearing on any potential compensation, legal experts said. The deaths in Itaewon could be recognized under South Korea's State Compensation Act, which holds the state liable for compensation when public officials inflict damage on individuals by intention or negligence in performing their official duties, they said.

The legal process to determine any potential compensation would take years, given the time required for the police investigation, the prosecution review and court proceedings, said Kim Han-kyu, the former chairman of the Seoul Bar Association and an attorney with Seoul-based law firm Space.

## IRAQ

### U.S. Identifies Slain American Citizen

An American citizen who was fatally shot in central Baghdad was identified as 45-year-old Stephen Edward Troell, the U.S. Embassy based in the capital said Tuesday.

Mr. Troell, a native of Tennessee, was killed by unknown assailants in his car as he pulled up to the street where he lived with his family in Baghdad's central Karrada district. It was a rare killing of a foreigner in Iraq, where security conditions have improved.

The embassy said it is monitoring an Iraqi probe, but declined to comment further out of respect for his mourning family.

A State Department official said Mr. Troell was a private citizen with no connection to the government. Security officials said his wife was in the car with him but wasn't hurt. Her whereabouts and that of their children are unknown.

The circumstances surrounding Mr. Troell's death are shrouded in mystery. No group has claimed responsibility for the killing. Security officials dismissed the possibility it was a kidnapping gone wrong.

—Associated Press

## ITALY

### More Migrants Are Allowed Off Ships

The far-right-led Italian government's weeklong standoff

with aid groups running rescue ships partially eased Tuesday, as officials allowed all remaining migrants on two vessels to access port. But a ship with 234 rescued migrants still at sea appealed to France to offer it a safe port after more than two weeks of silence from Italy.

Italy was allowing migrants it had rejected as "not vulnerable" to disembark the Geo Barents, run by Doctors Without Borders, in the Sicilian port of Catania. That comes after all 89 migrants aboard a German-run rescue ship were allowed to disembark on the Italian mainland earlier in the day.

Aid group and experts say all people found at sea in distress are entitled to the closest safe port under international law.

—Associated Press

## CHINA

### Residents, Authorities Clash Over Covid

Seven people were arrested after a dispute between residents and authorities enforcing Covid quarantine rules, police in northeastern China said.

A police news release in the city of Linyi said officials would take strong measures against those who "illegally violated the legal rights of personal protection of citizens."

Anti-Covid rules have prompted nationwide backlash, forming a rarely seen challenge to Communist Party authority. It wasn't immediately clear who was arrested after the clash.

—Associated Press



WORSHIPERS: Hindus prayed at a temple during the fasting festival of 'Rakher Upobash' in Bangladesh on Tuesday.

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## WORLD NEWS

## U.S., Taiwan Kick Off Talks to Deepen Trade, Economic Ties

By YUKA HAYASHI

The U.S. and Taiwan began two days of face-to-face meetings in New York on Tuesday aimed at strengthening trade and economic links amid ramped-up tensions between Washington and Beijing.

The meetings are expected to cover areas including agriculture and digital trade.

While a trade initiative wouldn't be concluded at least until next year, Taiwanese officials have said they hope to deliver an "early harvest" in some areas in coming months.

China, which sees Taiwan

as part of its territory, has condemned the pact, saying the talks send a wrong signal that implies Taiwanese sovereignty.

"China is always against any country negotiating economic and trade agreements of sovereign implication or official nature with China's Taiwan region," Chinese Embassy spokesman Liu Pengyu said. "We urge the U.S. not to repeat its wrongdoing."

This week's meetings come as the U.S. and Chinese governments are working to arrange a meeting between President Biden and Chinese

leader Xi Jinping on the sidelines of the Group of 20 summit of major economies in Indonesia in mid-November.

Tensions are high between the two countries, with the White House continuing tariffs on Chinese imports approved by the Trump administration.

The administration unveiled a new defense strategy on 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.

The meetings in New York, dubbed the U.S.-Taiwan Initia-

tive on 21st Century Trade, follow the May launch of a broad economic-cooperation pact known as the Indo-Pacific Economic Framework for Prosperity, which reflects the Biden administration's effort to beef up economic relations with friendly nations in the region to counter China.

Taiwan expressed interest in joining the IPEF, but the U.S. chose the bilateral format to deepen ties with Taipei.

Taiwan's Executive Yuan, the executive branch of the government, last week said the new initiative would help Taiwan establish a fair and

competitive investment and trade environment, help exporters to reduce operating costs and promote small and midsize enterprises to expand into the international market.

Like the IPEF, the Taiwan initiative isn't designed as a traditional trade agreement involving tariff reduction to increase trade. Instead, it covers a range of issues to strengthen bilateral ties, such as trade facilitation, regulatory practices, removing discriminatory trade barriers and imposing rigorous labor and environmental standards, as well as digital and agricultural

trade matters.

Still, U.S. business groups and trade experts welcome the initiative, which comes as Taiwan's presence as a trading partner looms large, particularly because of its position as a dominant global supplier of advanced semiconductors.

"What we've got here is a big shift in attitude at the Trade Representative's office to lean into the relationship. That's a big win," said Rupert Hammond-Chambers, president of the U.S.-Taiwan Business Council, a group that represents companies doing business with Taiwan.

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# PERSONAL JOURNAL.



◀ Melissa Mowery and Alex Feiszli with their dog at their home in Asheville, N.C.

between married and partnered wealth; the higher your income, the likelier it is that you'll marry, a 2017 report by the American Enterprise Institute found. Plotting a path forward as a couple without much money isn't as easy as getting hitched and suddenly seeing your wealth grow, Prof. Cherlin said.

"Someone looking at the data would say, 'Well, these married people are much more successful than their cohabiting people. If these people would just get married, they'll do better,'" he said. "Whether or not there is truth in that, people don't tend to believe in it anymore. People who aren't doing well financially don't see a clear path to financial success."

Marriage rates are lower among Black and Latino groups, and those same households of similar ages held far less wealth than their white counterparts, whether married or partnered.

Family structure also influences the overall net worth of a household.

Partnered couples with young children tend to have less wealth than partnered couples without children.

Some cohabiting couples are refashioning their financial goals.

Instead of buying a house, Ms. Mowery and her partner recently looked into a house share that would allow them to spend part of the year working from Belize. They have discussed getting married, although haven't made plans to do so anytime soon.

"I care a little bit less than I thought I would about marriage," she said. "Once you start living together, it almost feels like you made that commitment."

## Moving In, but Not Moving Up: Unmarried Face Wealth Gap

By JULIA CARPENTER

**A** walk down the aisle can be a route to greater wealth and prosperity for couples in the U.S. Married people have higher net worths and are more likely to be homeowners than their unmarried counterparts their age are.

The mystery, though, is why cohabitating but unmarried couples struggle to build wealth in the same way.

As of 2019, the median net worth for cohabiting couples age 25 to 34 was \$17,372, a quarter that of the \$68,210 for married couples of that same age range, according to data from the Federal Reserve Bank of St. Louis. For singles it is \$7,341.

The wealth gap between partnered and married couples is larger than one might expect, said Ana Kent, a senior researcher at the St. Louis Fed. "It's so intriguing," she said.

Over the past two decades, Americans are moving in together at higher rates, according to data from Pew Research Center.

The share of U.S. adults who are currently married steadily declined from close to 60% in the 1990s to under half in 2019, according to Pew.

Over the same period, the share of adults age 18 to 44 living with a partner climbed to 59%.

Many young couples now approach marriage as a "capstone" event, said Andrew Cherlin, professor emeritus of sociology and public policy at Johns Hopkins University,

who studies marriage.

"If you build an arch, the cornerstone is the first piece you put in and the capstone is the last," he said. "What this means is people see an economic bar they need to clear before they get married. Couples wait until they have good jobs, a car that won't break down, maybe even a house. Then, they get married."

Melissa Mowery, a 30-year-old communications manager in Asheville, N.C., has been with her boyfriend for five years and living together for nearly four. The two don't share a joint bank

### 1/4

The median net worth of cohabitating couples compared with married ones

account, but they split the cost of rent and other bills. Even so, Ms. Mowery said she can't make sense of the financial gap between her relationship and that of married couples.

"We're already saving a lot of money and splitting the cost on most things," she said. "I don't understand how married couples are accumulating wealth in a way we're not doing."

While there are legal and tax benefits to marriage, research suggests the financial security and long-term mind-set of those who tie the knot may also be a powerful driver of wealth. More married couples pool their money—such as sharing savings accounts and investing

together—to achieve certain goals, Ms. Kent said. Cohabiting couples are less likely to combine finances and investments.

Working with two incomes and combining their investments to maximize compound interest can significantly increase a couple's financial prospects, said Emily Garbinsky, associate professor of marketing at Cornell University, who has studied couples' financial behavior. Simply put, married people may be more likely to be on the same page financially, she said.

"Married people may be much more likely to have these conversations around what goals they have for their financial future," she said. "There seems to be something very special and unique about deciding to share finances."

Unmarried couples may be less willing to commingle their money, said Prof. Garbinsky.

"Our money, our income, represents a huge part of who we are," she said. "[Sharing] that can be scary for people, so they tend to be very protective."

Both married and unmarried couples who do pool finances also experience greater relationship satisfaction and may even stay together for longer, Prof. Garbinsky said.

Housing is one of the biggest factors in establishing a couple's wealth. Compared with single people and cohabiting couples, married couples hold a larger concentration of housing wealth, according to data from the St. Louis Fed. "Most of my married

friends have bought a house," Ms. Mowery said, noting high housing costs in her area. "I just don't know how they did it. Everyone talks about how when you get married, you accumulate wealth but I don't know what that means."

In the current hypercompetitive housing market, as smaller, more affordable starter homes vanish and

housing affordability declines, single people and cohabiting couples are often at a disadvantage.

"These [housing] prices are so high that you really need pooled resources to be competitive in some of these markets," said Lowell Ricketts, a data scientist at the St. Louis Fed.

Socioeconomic factors play a role in the difference



'I don't understand how married couples are accumulating wealth in a way we're not doing,' Ms. Mowery says. The couple save a lot of money and split the cost on most things.

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SPORTS

Formula One Plans a U.S. Victory Lap in Vegas

The sport, which nearly abandoned the American market, will add a race in Sin City beginning next season

By JOSHUA ROBINSON

Las Vegas recently as three years ago, Formula One surveyed what it had achieved in the U.S.—its array of experiments from Detroit to Indianapolis to Austin—and came to a clear conclusion. They had been expensive failures and it was time to close up shop.

F1 was ready to give up on America.

But over the past 18 months, as the sport rode a wave of postpandemic popularity, F1 executives pulled one of the most dramatic U-turns anyone in racing can remember. Instead of quitting the U.S. market altogether, F1 is now preparing to run three distinct American Grands Prix next season, culminating in a first-of-its-kind spectacular in Las Vegas next November, complete with cars racing down the Strip on a Saturday night.

“It was such a quick turnaround—really a matter of two years,” F1 chief executive Stefano Domenicali said. “An incredible ‘switch-on’ that before was not there.”

Committing to a race in Austin, Texas, an established circuit with a reliable promoter and proven attendance numbers, was one thing. (Its 268,000 fans over the 2019 Grand Prix weekend turned into more than 450,000 over three days last month.) Trying something entirely new in Miami in May was a bolder move.

Attempting to race in Vegas was sheer lunacy. Even Domenicali recognizes that while cities such as Monaco and Singapore have grown used to “that invasion” that comes with hosting a Grand Prix, Las Vegas was a step beyond. Then again, if any place on Earth could understand F1’s cocktail of drama, celebrity, look-at-me glitz, and sheer loudness, it was the permanent stage in the Nevada desert.

“Our vision of, ‘Everywhere we go, we want to create a Super Bowl’ is much easier to understand if you have an American mentality,” Domenicali said.

The transformation has been so dramatic that F1 will go from one race in the U.S. last year to three in 2023. Factor in the Grands Prix in Canada, Mexico, and Brazil and suddenly a full quarter of the unprecedented 24-race calendar will fall in U.S.-friendly time zones. For now, that number is where organizers expect to top out. The season already stretches from March to November and hits five continents. F1 is now working on a fu-

3 Number of U.S. cities (Las Vegas, Miami, Austin, Texas) set to host a Formula One race in 2023



Mercedes-AMG Petronas driver George Russell, above, spins his car on the Las Vegas Strip. Right, Lewis Hamilton is projected on a screen.

ture where some tracks rotate in alternate years to accommodate new locations.

The U.S. races, though, have evolved into critical stops for building F1’s image. The series is owned by the Denver-based Liberty Media and is also working on a string of major American projects that have nothing to do with actual racing. At the Austin Grand Prix last month, the long list of A-listers included Brad Pitt, Hollywood producer Jerry Bruckheimer, and Apple CEO Tim Cook, who were on site to discuss plans for a new movie centered on F1.

“Up until a few years ago, the sport was very closed,” two-time world champion Max Verstappen said.

Netflix changed all of that. With a wildly popular show called “Drive to Survive,” which stripped away the technical parts of racing and replaced them with soap-opera intrigue, the sport cultivated an entirely new audience. New fans were younger, more diverse, and far more invested in the lives and personalities of the drivers than in tire



compounds and wing angles. Nowhere did fans latch on harder than in the U.S.

“There’s a culture in the U.S. of making the sport a show,” Ferrari driver Charles Leclerc said.

And there is a culture in Las Vegas of making shows into something even bigger, noisier and gaudier than anywhere else. F1 offered its first real taste of what that might look like last weekend with a demonstration that featured seven-time world champion Lewis Hamil-

ton, his Mercedes teammate George Russell, and Red Bull’s Sergio Perez doing doughnuts on Las Vegas Boulevard in F1 cars. The Strip, which is due to be repaved entirely for the race, came to a standstill as gamblers and vacationers suddenly emerged wearing F1 gear to see the most improbable test drive in the sport.

“I don’t know how we’re going to move around Vegas,” Hamilton had said before the event.

Until recently, neither did the or-

ganizers. Facing one of the sport’s most daunting logistical challenges, they sold the casinos, hotels, local law enforcement, and Clark County officials on a plan for extra pedestrian and vehicular bridges, combined with a 10 p.m. Saturday night start (instead of the traditional Sunday afternoon time slot) to make racing there possible. Liberty Media also said it acquired a \$250 million plot of land away from the Strip to build a 1,000-foot paddock and the start/finish straight of the 3.8-mile, 17-corner circuit.

“To shut down the Strip is a significant inconvenience, obviously,” Renee Wilm, CEO of the Las Vegas Grand Prix, said. “So we had to convince them that the benefit to the town, to the business, to their community would clearly outweigh that inconvenience factor.”

Formula One has raced in Vegas before. In 1981 and 1982, the sport held two poorly attended events that were

largely confined to the gargantuan parking lots of Caesars Palace. For 40 years, that was enough. Other groups tried to revive it, but it took F1 deciding to become the race’s promoter to make it happen. (Everywhere else, the group works with local promoters.)

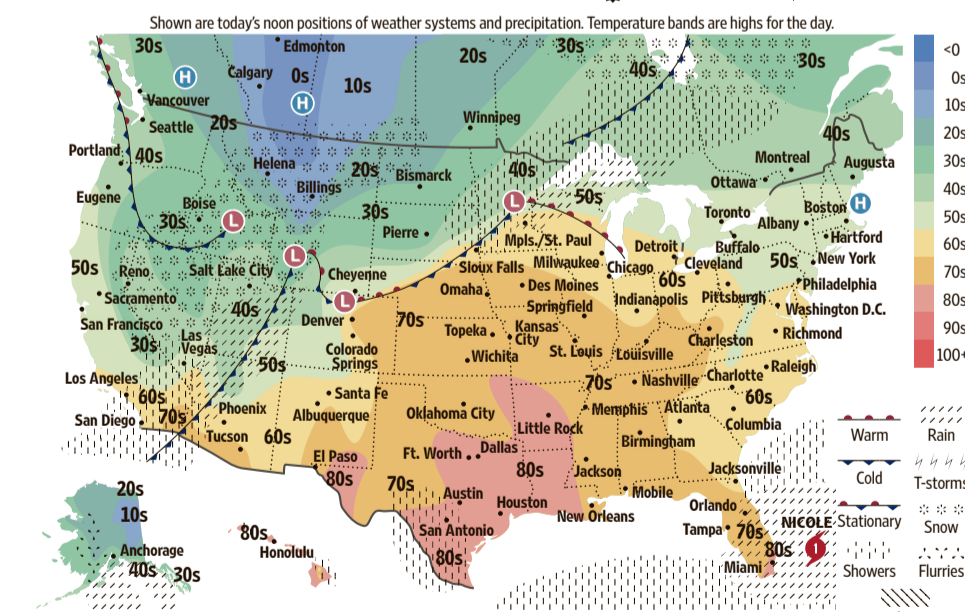
By attempting a Grand Prix now, F1 is also moving into one of America’s newest sports hubs—one that happens to come equipped with 150,000 hotel rooms. In 2017, it welcomed a hockey team, the Vegas

Golden Knights. The following year came the WNBA’s Las Vegas Aces. And in 2020, the Las Vegas Raiders landed in their new home at Allegiant Stadium, which is also due to host the 2024 Super Bowl.

“We are trying, politely, to offer something that is not pure U.S., but is international,” Domenicali said. “And we saw the effect of being stubborn to be in Vegas. No one thought we’d be able to convince the committees to be on the Strip on a Saturday night.”

Weather

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U.S. Forecasts

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

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

International

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

The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with numbered squares and clues for Across and Down.

PRODUCTION ASSISTANTS | By Katherine Baicker & Jeff Chen

Word search puzzle with clues for Across and Down.

Additional crossword clues and a 'Previous Puzzle's Solution' section with a grid of letters.

Solve this puzzle online and discuss it at WSJ.com/Puzzles.

FROM TOP: RAY ACEVEDO/USA TODAY SPORTS; JOHN LOCHER/ASSOCIATED PRESS



## OPINION

## REVIEW &amp; OUTLOOK

## Trump's \$89 Million Debt to McConnell

The election results arrived too late for our deadline on Tuesday, we regret to say, though you can check OpinionJournal.com for our online coverage overnight. But one thing we can say even before all the votes are counted: If Republicans J.D. Vance and Mehmet Oz win their Senate races in Ohio and Pennsylvania, respectively, they'll owe their biggest debt to Senate GOP leader Mitch McConnell.

Donald Trump's endorsement helped both win their GOP primaries, but then the two struggled to raise money for the general election as they trailed their opponents in the polls. Getting them to November required massive spending from the dreaded Republican establishment. Mr. Trump will crow if both candidates win Tuesday, but the man who saved the day is the Senate leader he calls the "Old Crow."

The Senate Leadership Fund, a Super Pac aligned with Mr. McConnell, invested more than \$32 million in the Ohio Senate race. That was 77% of all the GOP's campaign media spending in the Ohio race after Aug. 14. The figure for Pennsylvania is even bigger, \$56.7 million, when counting spending by two related groups, American Crossroads and Faith & Power Pac. That was 62% of all GOP media spending in that race after Aug. 14.

To put that \$88.7 million in perspective, look at how much the two candidates raised. Mr. Vance must not like fundraising. As of the Oct. 19 reporting deadline, he had pulled in only \$12 million, according to Open Secrets, while his opponent, Democratic Rep. Tim Ryan, had raised \$47 million. The gap in Pennsylvania between Mr. Oz and Democrat John Fetterman was also large. As of Oct. 19, Mr. Oz had raised \$40 million to Mr. Fetterman's \$57 million.

Ohio is trending Republican and Gov. Mike DeWine is cruising to re-election. But Mr. Vance, who disdained the GOP establishment during the primaries, would have had a hard time winning in November without the establishment's spending to change Mr. Ryan's image.

The polling bears that out. In late July, Mr.

Vance had a much higher unfavorable rating in public opinion polls (40%) than did Mr. Ryan (22%). That changed as the Senate Leadership Fund ads informed voters of Mr. Ryan's record as "Taxing Tim" and voting with President Biden. By the end of the campaign, Mr. Ryan's unfavorable rating had climbed to 41% while Mr. Vance's was 44%. The head-to-head ballot test didn't shift in Mr. Vance's favor until mid-October.

Mr. Trump's political operation provided little air cover for either candidate. The former President is a fundraising juggernaut. But the Super Pac called Make America Great Again Inc., as of the latest data, had dropped only \$2.3 million in Ohio and \$3.4 million in Pennsylvania, Open Secrets says. Mr. Trump loves to join his endorsed candidates for rallies that put him in the spotlight. But he's a miser with donor money.

Mr. Trump will take credit if Messrs. Vance and Oz win, and he'll never acknowledge the decisive role played by Mr. McConnell and his network of donors. But raising money is crucial in politics to educate voters, especially for Republicans who are also running against the media in most states.

Politics is a team sport, and the money the McConnell network had to devote to saving GOP seats in Ohio and Pennsylvania could have been spent against vulnerable Democratic incumbents in Washington and Colorado. Tiffany Smiley and Joe O'Dea, the GOP nominees, are excellent candidates who could have used \$50 million in those Democratic-leaning states.

With the Senate split 50-50, any one seat could determine the majority, and even 52 seats provides a measure of majority comfort if someone becomes ill or resigns unexpectedly. Mr. Trump will never forgive Mr. McConnell for criticizing him after the Jan. 6 Capitol riot, and he's lobbying Senators to oust him as leader. But those Senators know who raised and spent enough money to rescue the candidates Mr. Trump lifted to the nomination but then left to fend for themselves.

## J.D. Vance and Mehmet Oz needed millions in GOP establishment aid.

## The DeSantis Florida Tsunami

Ron DeSantis was expected to win re-election as Florida Governor, but the big news Tuesday was the magnitude of his victory. His nearly 20-point rout of Democrat Charlie Crist shows the magnitude of the political change in the once-swing state and may launch the Republican's campaign for the White House.

The Governor won nearly everywhere in the state, and notably in Democratic strongholds. He won by double digits in heavily Hispanic Miami-Dade County, which Joe Biden carried by 85,000 votes and a statewide Republican hadn't carried since Jeb Bush won re-election 2002. Mr. DeSantis also won Osceola County south of Orlando, which has a heavy Puerto Rican population. He even won in Democratic Palm Beach County.

The DeSantis tide lifted other GOP candidates, as Sen. Marco Rubio won re-election handily. The GOP also picked up two House seats, including the St. Petersburg seat Mr. Crist gave up to run for Governor.

Florida has been trending to the GOP for some time, and previous two-term Governors Mr. Bush and Rick Scott did much to demonstrate effective Republican governance. But Mr.

## A huge re-election victory vindicates his pandemic policies.

DeSantis won by fewer than 34,000 votes in 2018. He was leading Tuesday by nearly 1.5 million with 90% of the vote counted. Florida Democrats are going to have to re-think their campaigns in the state.

In his victory remarks, Mr. DeSantis credited his pandemic policies, stressing "freedom" over mandates, and "education" over "indoctrination." He expanded school choice in the state, which has helped win minority voters. He opened the state for business and classroom instruction earlier than most Governors did—decisions that were widely derided in the national and Florida press. But the voters seemed to appreciate those policies and rewarded him.

Mr. DeSantis is thought to have presidential ambitions, and his victory speech sounded like it. A national campaign is a much larger challenge than running even a large state like Florida, and Mr. DeSantis will have to cut down on his extensive use of the vertical pronoun if he wants to rally a movement.

But there's little doubt that his Florida success will grab the attention of voters outside the Sunshine State. You can bet Donald J. Trump was watching—unhappily.

## The Court's Other Racial Preference Case

Racial preferences will be at the Supreme Court again Wednesday, but the issue in *Haaland v. Brackeen* is adoption, not college admissions. Under federal law, when a Native American child is being placed into an adoptive home, priority goes to parents who are also Native American. That puts tribal interests above what's best for the child, and it's a constitutional violation to boot.

Chad and Jennifer Brackeen, who aren't Native American, have taken in two siblings identified as A.L.M. and Y.R.J. Their Navajo biological mother supports the arrangement. The Brackeens live in Texas, nowhere near the Navajo Nation. Yet they say in their brief that the tribe has sought, among other things, to "send Y.R.J. to live in another State hundreds of miles away with either a great-aunt or an unrelated Navajo couple, rather than with her brother A.L.M."

The 1978 Indian Child Welfare Act (ICWA) includes such preferences for Native Americans. The tribes defending the law argue it doesn't violate the Constitution, since tribal membership is a political classification, not strictly a racial one. There's some precedent for this, albeit in limited circumstances. In 1974 the Justices upheld a hiring preference at the Bureau of Indian Affairs as furthering tribal self-governance.

But the ICWA is far-reaching. Its placement criteria can apply when a child isn't even a tribal member, as long as a parent has membership and the child is eligible for the same. The Brackeens' brief says Y.R.J. was unilaterally enrolled by the Navajo. The U.S. has 574 recognized tribes that the ICWA treats as fungible: Any Native American adoptive home is given priority over a white or black or Asian one.

It's questionable enough for Navajo children in Texas to be prioritized by the government for Na-

vajo adoptive parents, irrespective of whether they participate in tribal culture or would intend to pass it along. But what conceivable interest does

the government have in preferring a placement with Sioux parents over white ones?

The ICWA "is suffused with a racial purpose," the Brackeens tell the Justices. A brief by the state of Texas argues that the constitutional violation is compounded because Congress "lacks Article I authority to regulate state-court child-custody proceedings," and it also "cannot compel Texas to administer what is effectively a federal child-custody regime."

The tribes defending the ICWA, which include the Cherokee and Oneida, say courts "may depart from these preferences for 'good cause.'" Yet that hardly fixes the constitutional problem. Some tribes have close relationships and shared traditions, and this brief argues forthrightly: "When a Cherokee child lives among Pomo Indians in California, it is rational to prefer a nearby Pomo family."

The ICWA, the tribes say, "is based on a simple idea: When Indian children can stay with their families and communities, Tribes and children alike are better off." But if that's what truly serves the best interests of any given child, then courts should be able to take it into account without the kinds of problematic preferences that the ICWA puts into law.

The Brackeens argue that the ICWA, to the contrary, treats Native American children as "a 'resource' to be gathered up by a tribe." Y.R.J. is 4½ years old. She tested positive for methamphetamine after her birth. Now she has lived with the Brackeens and her brother for years, and they would like to adopt her. Should courts be thinking about the Navajo Nation, or should they be asking what's best for Y.R.J.?

## LETTERS TO THE EDITOR

## Hong Kong Responds on Investment Summit

We dispute and strongly object to the ill-intended and gravely biased editorial "Wall Street's Hong Kong Kowtow" (Nov. 4), which is nothing more than an insult to the many internationally renowned leaders who came to Hong Kong to join the Global Financial Leaders' Investment Summit held earlier this month.

Despite the malicious intent of your editorial to demonize an international financial and economic event at all costs, nothing could be further from the truth. Attended by more than 200 international and regional leaders from around 120 global financial institutions, the summit was a resounding success.

Your editorial is a brazen demonstration of disrespect for all these financial leaders who meant business. Contrary to the ideological prejudices that your piece is rife with, participants of the summit were able to exchange insights and see for themselves the vibrancy, vitality and business-friendliness of Hong Kong as

an international financial and trading center. They were also able to meet local staff, reconnect with long-term clients and build relationships with new ones.

We believe all fair-minded investors and businesspeople would make objective judgments and rational decisions based on Hong Kong's reality and their interests in the city. They would not be influenced by any skewed media report or political meddling that smears Hong Kong and our Motherland at every turn.

No one is above the law in Hong Kong. We are appalled by the far-fetched analogies you draw in attempts to taint and hamper our law-based administration. Hong Kong is a society governed by the rule of law, where laws must be observed and lawbreakers held accountable after due process.

CHAN KWOK-KI  
Chief Secretary for Administration  
Government of the Hong Kong Special Administrative Region

## Are Electric Vehicles the Wave of the Future?

I recommend renting an electric vehicle for a couple of weeks before you buy one ("Gear & Gadgets: Should I Buy An EV Now?" Off Duty, Oct. 22). I just had an EV for two weeks, and it was very disappointing. The car was just fine (and certainly goes from 0-60 miles an hour more quickly than my internal combustion engine). The EV experience was disappointing, however, because of range limitations, recharging difficulties and recharging time.

There are constraints in lithium batteries that don't let them charge up to 100% very quickly regardless of the size of the charger; charging slows down to a trickle charge after the battery reaches 80% capacity. (I wouldn't stop filling my gas tank at 80%.) To charge from 80% to 100% takes a time equal to that to get to 80%. One must double the "fill-up" time if one wants anywhere near the cited range in miles.

Meanwhile, the range in miles indicated on the dash doesn't take into account whether one is using the cabin air conditioning, navigation screen, Bluetooth or recharging one's phone in the cabin. Further, the lithium battery itself has a heating-and-cooling jacket to keep it in the ideal range of 50-90 degrees Fahrenheit. Each of these takes away from the indicated range, which surprised me every time. The cited range of 250 miles was actually never above 200 miles, so I was looking for charging stations much sooner than expected.

PATRICK COLLINS  
Camas, Wash.

If electric vehicles are the wave of the future, then why don't the auto companies band together and sponsor a transcontinental EV race? Early last century, long before EVs, auto companies held a similar race. It proved the worth of the auto as a replacement for the horse and brought publicity to the need for a viable road program beyond state borders. A cross-country EV race would answer the question of whether the electric vehicle is the worthy successor to the internal combustion engine.

BILL KLEIN  
Springfield, Ill.

A massive conversion to EVs from internal-combustion-powered vehicles will erode American energy independence and make vast swaths of our country wholly dependent on China for the batteries and rare metals that comprise them. It will also eradicate a significant number of high-paying U.S. energy jobs. The manic drive toward EVs has broad national security and economic ramifications, and most of them aren't good.

HOWARD BARBANEL  
Bay Harbor Islands, Fla.

Is the earth better served by my continuing to drive a hybrid vehicle that conserves energy through regenerative braking, eliminates the need to divert resources to charging stations, avoids disrupting the business models of major industries and provides a practical driving range?

BILL WARD  
Vancouver, Wash.

## More Military History, Less 'Top Gun,' Please

Regarding Edward Rothstein's review of the National Air and Space Museum (Arts in Review, Nov. 3): I was privileged as a Smithsonian Associate to get a sneak preview of the reopened west wing. Though the space exploration exhibits are excep-

tional, I was disappointed to find that the Smithsonian powers that be no longer consider our military aviation history to be significant in the telling of our aviation heritage.

Gone, from what I saw, are the A-4 Skyhawk and the tribute to aircraft carrier flight ops, the wonderfully detailed model of the USS Enterprise, the B-25 cockpit mock-up and the inspiring mural of a B-17 raid that helped save the world from tyranny. In their places we find a motorcycle and race car whose relevance to aviation is a mystery unless you happen to recall Tom Cruise remarking on his "need for speed" in "Top Gun."

LT. ALAN R. CLICK, USN  
Alexandria, Va.

## I Saw a UFO, and So Did Members of My Flight Crew

Another pilot, another opinion on UFOs. The obvious rebuttal to Art Saboski's "A Pilot Explains UFOs—for the Last Time" (Letters, Nov. 2) would be: So, UFOs don't exist because you and your friends have never seen one? I know they exist because I was the co-pilot of a Pan American cargo flight with five crew members who clearly saw their formation. It was on a crystal clear, moonless night over Nova Scotia's south coast, and we all watched and saw the same thing through different panes of cockpit glass. Their dance was from another world. It lasted five minutes and terminated with the most dazzling feat of aerodynamics we had ever seen. I have now retired to the largest fly-in community in the world, in which many highly trained observers know that UFOs are real, "cataracts and floaters" aside.

RALPH LOEWINGER  
Port Orange, Fla.

## The Act That Was Mismamed

The deceptively named Inflation Reduction Act is often referred to as the "so-called Inflation Reduction Act," as it doesn't actually reduce inflation. Joe Grogan's "The Inflation Reduction Act Is Already Killing Potential Cures" (op-ed, Nov. 4) implies a much more accurate name by which to reference the bill: The Innovation Reduction Act.

ALEC ELLISON  
Greenwich, Conn.

## Loose Lips Sink Democracies

Regarding Holman Jenkins, Jr.'s "To End the Ukraine War, Shut Up About Negotiations" (Business World, Nov. 5): It's a conundrum: Lively public discourse is fundamental to the functioning of free, democratic societies. This principled domestic discourse, however, is often exploited by foreign competitors. It is a betrayal of the former to suggest that there can be no public debate about issues of war, but evident disagreement may embolden a wavering opponent, thus increasing the likelihood of undesirable outcomes.

RYAN DIEHL  
Columbus, Ohio

## Pepper ... And Salt

THE WALL STREET JOURNAL



"Are you asking my opinion or hoping for validation?"

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## OPINION

## Lincoln's Vision of Democracy

By Allen C. Guelzo

The news of the great battle at Gettysburg came to Abraham Lincoln by fits and starts. But when it was finally confirmed on the morning of July 4, 1863, that Robert E. Lee's Confederate army had been forced to retreat, the tidings couldn't have been more welcome. To a crowd of well-wishers who gathered outside the White House, Lincoln exulted that "the cohorts of those who opposed the declaration that all men are created equal" had at that great battle "turned tail" and run.

At Gettysburg, he chose his words carefully—especially the prepositions, 'of,' 'by' and 'for' the people.

Before month's end, plans were developing to create a majestic national cemetery in Gettysburg for the more than 3,300 Union dead, with dedication ceremonies to take place on Nov. 19. The featured orator would be the august Edward Everett. But for the actual dedication sentences—a "few, appropriate remarks," as David Willis described them in his invitation letter—the organizers turned to Lincoln.

What they expected was probably perfunctory. But Lincoln gave them something far beyond their expectations. In 272 terse and simple words, the president laid out the story of the American republic in three

stages: past ("four score and seven years ago"), present ("now we are engaged in a great civil war, testing whether this nation, or any nation so conceived and so dedicated, can endure") and future ("we here highly resolve that these dead shall not have died in vain").

The brevity of Lincoln's remarks also left the Gettysburg Address dark with hidden lights. Why the oddly biblical opening? Why the invocation of 1776 and the Declaration of Independence rather than 1787 and the Constitution? What would have happened if, in the ensuing two years of the Civil War, we had failed the "testing"?

The least well-examined words of the address, however, are its expansive triplet: "government of the people, by the people, for the people." This wasn't merely a rhetorical flourish. In that triplet, Lincoln lays out the three fundamental elements of democracy. The first is consent—government of the people. "According to our ancient faith," Lincoln said in his 1854 speech objecting to the Kansas-Nebraska Act, which compromised on slavery, "the just powers of governments are derived from the consent of the governed." That meant plainly "that no man is good enough to govern another man, without that other's consent. I say this is the leading principle—the sheet anchor of American republicanism."

A second distinctive feature of democracy is the people's voice in the affairs of governing—government by



Gettysburg, Pa., Nov. 19, 1863

the people. It matters little whether that active voice is the direct participation of individuals, as in ancient Athens, or through their representatives, as in the American Constitution. From his earliest moments in politics, Lincoln argued that government by the people—through their laws and through elections, and not by mobs with nooses and shotguns—was the only legitimate expression of democracy. "I do not deny the possibility that the people may err in an election," he conceded in 1861. "But if they do, the true cure is in the next election."

The third basic element of democracy is a government that serves the interests of the people—government for the people—not those of a

monarch, an aristocracy or an angry and contemptuous elite. For that reason, Lincoln wrote, government served to do only those things that need "to be done, but which they can not, by individual effort, do at all, or do so well, for themselves," such as roads and bridges, schools and asylums, the enforcement of the laws and the defense of the nation. While government isn't "charged with the duty of redressing, or preventing, all the wrongs in the world," he said in 1859, it does have the responsibility to keep from "planting and cultivating too many thorns in the bosom of society."

Lincoln's address at Gettysburg wasn't an explosion of rhetorical fireworks. That kind of speaking was

reserved for Everett's 13,000-word oration, teeming with classical allusions to Thucydides and Pericles but without a single sentence anyone could remember afterward. Lincoln's was an essay on why American democracy had been founded, why it was worth the sacrifice to preserve, and what the country could anticipate if it emerged whole from the conflict. The example of that sacrifice would stimulate "a new birth of freedom," like the new birth revival preachers had exhorted people to embrace—a revitalization of the original purpose of the American Founding that would, as Lincoln said in 1858, "turn this government back into the channel in which the framers of the Constitution originally placed it."

That new birth is the task that lies before every succeeding generation of Americans. In it, we find our way not only back to Lincoln but to democracy itself. We return to the dignity of a human form that can stand upright before its Creator, with no autocrat or prince casting an intervening shadow, with hands outstretched to nature and its God, and to each other. When we do, the shades of those Lincoln honored at Gettysburg will embrace us, as the sun shines again on government of the people, by the people, for the people.

Mr. Guelzo is director of the Initiative on Politics and Statesmanship at Princeton University's James Madison Program.

## ESG Investing Is Consistent With Fiduciary Duty

By Al Gore And David Blood

No matter your investment strategy, timely access to accurate and comprehensive information is critical. Transparency enables investors to make informed decisions with a greater understanding of the risks and opportunities facing a company. Yet incredibly, some American politicians are now trying to pass laws to prevent investors from taking highly relevant information into account.

Why? Is the information they seek to ban inconvenient?

We co-founded Generation Investment Management with five other partners nearly 19 years ago as a pure-play sustainable-investment manager. We agree with much of the recent criticism of the way some investors have claimed to use environmental, social and governance factors. We are unsurprised by the recent backlash against the multiple definitions and confusing terminology, the overreliance on checklists, the potentially misleading marketing campaigns, and the frequent lack of rigor and accountability. But these criticisms are by no means evidence that sustainable investing and ESG are

failed concepts. Instead, they are welcome challenges to ensure that sustainable investing and the incorporation of ESG factors are carefully defined, clearly understood and effectively practiced.

Sustainable investing is about investing in businesses that are driving toward a world with low greenhouse-gas emissions that is also prosperous, equitable, healthy and safe. It is consistent with the fiduciary duty that investment professionals owe their clients. Those who don't take sustainability factors into account aren't fulfilling that duty.

Widespread marketing and greenwashing campaigns have contributed to confusion in the financial marketplace about what ESG is and what it is not. Put simply, ESG analysis is a tool to advance sustainable investing; it isn't an outcome in itself. We see environmental, social and governance factors as critical inputs into decisions about where to invest money. Investors should take ESG factors into account alongside more-traditional measures such as expected cash flow.

Consider two examples. If a company is at risk of having significant liabilities for its past practice of dumping toxic chemicals into a

river, don't investors need to know that? Or how about if a company is building gas-fired power plants or new oil pipelines that, as governments tighten their climate targets, may have to be shut down decades before their projected useful lifetimes expire. Isn't that relevant information?

It's not an end in itself. It's simply an analytical tool that investors would be smart to make use of.

ESG factors shed light on the quality of a business and help investment managers develop a clearer view of a company's true market value. Context is critical: ESG has no meaning in a vacuum. ESG doesn't lend itself to a weighted average score, and its several factors sometimes work counter to one another. A company whose products aid the transition to net-zero emissions, for example, might have awful corporate-governance or work practices.

A major misperception around sustainable investing is that it can change the world on its own. It

can't. Such investing is necessary but far from sufficient to deliver the world we need. Investors can't play the role governments must play. Yet when capitalism is focused on the long term and paired with supportive policy, it is the most powerful vehicle to enable a sustainable world for all. This means we need policy from government that creates the rules and incentives for a sustainable economy. We also need governments to step in where markets simply can't succeed.

Since all businesses affect social and environmental issues, for good or ill, all investment must consider risk, return and impact as part of fiduciary duty. Negative environmental and social effects are headwinds on future business success; positive effects are tailwinds. Developing comparable data sets on impact, robust standards, and measurement and reporting norms should be the highest priority for sustainable investors. Accountability is essential.

We acknowledge that sustainable investing is hard. Not everything is a win-win. And not all businesses that are sustainable are good investments, because the fundamentals of finance still apply. Yet we believe sustainable investing is the best investment approach and will

increasingly be recognized as such. Banning consideration of ESG factors would not only lead to poor investment outcomes; it would constitute a clear dereliction of fiduciary duty.

There remains a significant gap between the sustainable future to which we aspire and the world we have today. That is why there is an urgent need to adopt a model of economic growth that requires businesses to address the full costs of their activities, including greenhouse-gas emissions and unsustainable depletion of natural resources.

Sustainable investing isn't going away. Its trajectory is best captured by the economist Rudi Dornbusch, who observed that "things take longer to happen than you think they will, and then they happen faster than you thought they could." The investment community is adapting for the next chapter of capitalism, in which sustainable investing is mainstream. This is the only way the planet, its people and their investments can thrive. Sustainable investing is capitalism at its best.

Mr. Gore, a former vice president of the United States, is chairman and Mr. Blood is senior partner of Generation Investment Management.

## Democrats Pay a Political Price for Going Easy on Crime

UPWARD MOBILITY  
By Jason L. Riley

One reason Republicans were projected to make big gains on Election Day is that GOP candidates have highlighted crime, which has risen nationally in recent years and in some big cities has hit elevations not seen since the early 1990s. For anyone paying attention, however, the writing has been on the wall for some time now.

Earlier this year, voters recalled San Francisco District Attorney Chesa Boudin for his lax attitude toward prosecuting criminals. Marilyn Mosby, the top prosecutor in Baltimore—where homicides have topped 300 for each of the past seven years—lost her bid for re-election in July for similar reasons.

Philadelphia is on pace to surpass last year's record number of murders, and state lawmakers have filed

articles of impeachment against District Attorney Larry Krasner over his soft-on-crime policies. In addition, 2021 saw the election of mayors in Atlanta, New York and Seattle who all ran on public-safety platforms.

This history would seem to suggest that progressive criminal-justice reforms haven't resonated with most voters, not even in some of the nation's bluest precincts. In the past few years, we've conducted a natural experiment in defunding police departments, releasing prisoners before they complete their sentences, stripping judges of discretion in holding suspects until trial, and effectively decriminalizing so-called minor offenses such as retail theft.

The upshot has been lower morale among law enforcement, higher crime rates and more crime victims, particularly among the low-income minorities on whom violent criminals tend to prey. The Democratic Party's embrace of Black Lives Matter activism has turned out to be not only bad

policy but also bad politics.

Alas, not everyone has gotten the memo. As of Jan. 1, Illinois is poised to adopt some of the same policies that have failed so badly in other parts of the country. Chicago has long been the poster child for big-city crime run amok. Its homicide rate is roughly five times New York City's and 2.5 times Los Angeles's. "Overall crime is up 37 percent over 2021 and 20 percent over pre-George Floyd 2019," reads a September report from Wirepoints, a local watchdog group. "Carjackings are set to hit nearly 2,000 this year, or one every 5 hours. And this year alone, 35 Chicago children have been murdered so far."

No matter. In 2021 Gov. J.B. Pritzker signed a criminal-justice bill called the SAFE-T Act, and in less than two months the state is set to eliminate cash bail entirely and impose stricter limits on pretrial detention. Under the new law, which is supported by Chicago's left-wing

mayor, Lori Lightfoot, the "threat to the community" detention standard will be abandoned, and it will become much harder to detain suspects accused of battery, assault, arson and various weapons felonies.

But they're slow to learn. Illinois is about to adopt some of the same policies that failed elsewhere.

According to Wirepoints, since 2017 more than 15,000 crimes have been committed by suspects released on bond while awaiting trial. When officers risk their lives arresting dangerous suspects only to see them quickly released, disrespect for police increases and department morale suffers. The Chicago Police Department is down 1,700 officers, or about 13%, since 2019, while attacks on

cops have risen, and nothing in the SAFE-T Act seems likely to reverse these unsettling trends.

Matt Rosenberg, a journalist for Wirepoints and author of "What Next, Chicago?," a book about the city's social disorder, told me in an interview last week that proponents of the legislation were not aware of how these criminal-justice reforms have played out elsewhere in the country. They just didn't care.

"There was little hesitation on the part of Democrats to pass this bill," he said. "They have supermajorities. This is effectively a one-party state, and particularly so in the state Legislature. The political culture of Chicago, which is where most of the bill's lead sponsors came from, is also a hard-left, progressive monoculture, so there was no threat of real pushback."

The priorities of progressive utopians who disregard inconvenient facts are unlikely to change regardless of Tuesday's results. Still, there are growing indications that the left's preoccupation with racial balance in arrests and prosecutions, despite the racial imbalance in lawbreaking, is costing Democrats key voters.

"The Republican Party is winning support from a larger share of Black voters than in other recent elections and has improved its standing in the past few months among Latino voters," the Journal reported this week. In a Pew Research Center survey published earlier this year, black respondents listed "violence/crime" as their top concern and "racism" near the bottom.

If more minorities are leaving the Democratic Party, maybe it's because they're tired of being used as guinea pigs by progressive elites who think social justice is more important than public safety.

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## Notable &amp; Quotable: Democracy

Josh Barro writing at Substack.com, Nov. 2:


Joe Biden will give yet another speech about "democracy." . . . The idea that telling voters about January 6 one more time would help anything is just crazy.

But the other problem is that the message makes no sense on its face.

When Democrats talk about "democracy," they're talking about the importance of institutions that ensure the voters get a say among multiple choices and the one they most prefer gets to rule. But they are also saying voters do not get to do that in

this election. The message is that there is only one party contesting this election that is committed to democracy—the Democrats—and therefore only one real choice available. If voters reject Democrats' agenda or their record on issues including inflation, crime, and immigration (or abortion, for that matter), they have no recourse at the ballot box—they simply must vote for Democrats anyway, at least until such time as the Republican Party is run by the likes of Liz Cheney and Adam Kinzinger.

This amounts to telling voters that they have already lost their democracy.

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# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Wednesday, November 9, 2022 | B1

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## Disney+ Costs Eat Into Earnings

Budget cuts planned for marketing, content as unit's loss widens; theme parks set record

By ROBBIE WHELAN

Walt Disney Co. said it plans to make cuts to marketing and content budgets after the company reported weaker-than-expected fourth-quarter earnings Tuesday, the result of wider losses in the streaming business that offset the strong

performance of the company's theme parks.

"We are actively evaluating our cost base currently," said Disney Chief Financial Officer Christine McCarthy in a conference call with analysts. Some cost adjustments provide near-term savings, others are long-term and structural, she said.

In the three months ended Oct. 1, the flagship streaming service Disney+ added 12.1 million net new accounts, beating analysts' predictions and bringing its global total to

164.2 million subscribers.

But those new subscribers came with a hefty cost. Disney's streaming business lost \$1.47 billion in the fourth quarter, more than twice that of the year-earlier period and 38% wider than what analysts polled by FactSet had predicted. Since Disney+ launched three years ago, Disney's streaming business has lost more than \$8 billion.

On Tuesday, Disney said it had recorded "peak losses" in streaming and expects those losses to start to narrow in the

current quarter. Chief Executive Bob Chapek has indicated that Disney+ is entering a new phase that gives priority to income over rapid growth, but so far the company has struggled to translate subscriber additions into profits.

"The rapid growth of Disney+ in just three years since launch is a direct result of our strategic decision to invest heavily in creating incredible content and rolling out the service internationally," and the company expects to pare losses in the division going forward,

Mr. Chapek said. "Disney+ will still achieve profitability in fiscal 2024, assuming we do not see a meaningful shift in the economic climate."

The executives' comments highlight the balancing act Disney is trying to strike between spending enough money on popular shows and movies to attract new subscribers, finding the right pricing point for dozens of different markets and reining in costs so streaming can break even.

Since the spring, shares of *Please turn to page B11*

## Japan Loses Appetite For U.S. Bonds

By SAM GOLDFARB AND MEGUMI FUJIKAWA

Japan has been one of the world's biggest buyers of U.S. Treasuries for years, helping to hold down borrowing costs for American businesses and consumers. Now that is changing.

Signs are mounting that Japan's government is selling short-term U.S. bonds, part of an effort to prop up its currency. At the same time, some Japanese institutional investors are racing to reduce their foreign bondholdings, including Treasuries.

The shift is another example of inflation and rising rates altering investors' long-held assumptions. The Federal Reserve's interest-rate increases have weakened the yen and made it costlier for Japanese investors to hedge against currency fluctuations when buying U.S. assets. As a result, instead of counting on Japanese investors' demand for Treasuries, investors have become increasingly concerned about a potentially destabilizing shift in global capital flows.

Japan's appetite for U.S. bonds has long been important to the economy and financial markets. The world's third-largest economy is the U.S. government's largest for *Please turn to page B12*

## Travel Rebound, Flight Cuts Keep Fares High

By ALISON SIDER AND BENJAMIN KATZ

Airfares are high, and airline executives expect them to stay that way.

Airlines are battling surging costs for fuel and labor. Meanwhile, worker shortages and delayed plane deliveries are preventing them from adding more flights when more people want to fly.

The consumer-price index for airfare was up 43% in September from a year earlier, according to the Labor Department. Ticket prices were still depressed last year, but airfares in the CPI were up 8% from September 2019, according to Airlines for America, a trade group.

Airlines stabilized their operations after a rocky start to summer that was marred by cancellations, delays and lost baggage. But they did it by cutting back on the number of flights they offered, and executives say the industry's growth will be hemmed in for the foreseeable future.

Andrew Watterson, Southwest Airlines Co.'s chief operating officer, said, "It's unusual. You have demand quickly outstripping supply like this."

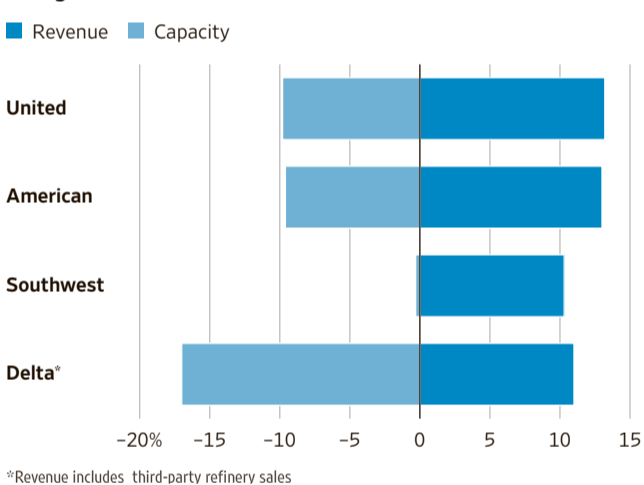
"I think we have a couple of years where demand and supply may not be as aligned as it was prepandemic," he said.

For airlines, that is proving to be a blessing in part, leading to higher fares that have *Please turn to page B2*

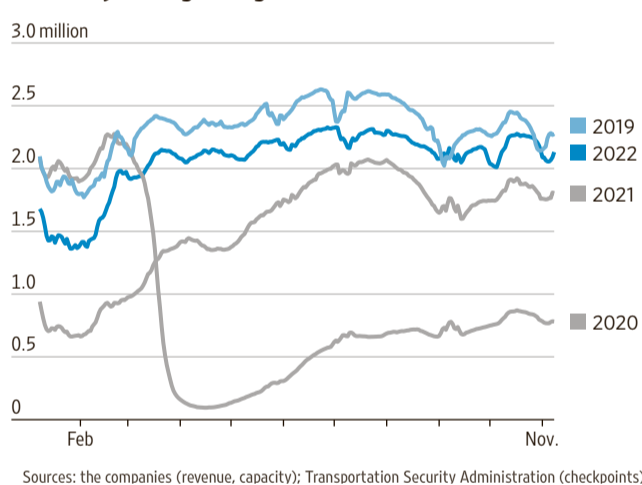


Airports like Amsterdam's Schiphol have faced labor shortages and other challenges as they try to respond to greater demand.

3Q 2022 revenue and capacity for major airlines, change from 2019



Number of travelers passing through TSA checkpoints, seven-day moving average



## Top Office Developers Pause on New Projects

By PETER GRANT

U.S. real-estate developers are delaying major office projects already under way or in the planning stages, discouraged by high vacancy rates and the reduction in workspace demand owing to remote work.

Some property developers view periods of economic uncertainty and weak office demand as good times to launch new projects. Because large-scale developments tend to take three to five years or longer, developers bet that tenants looking to trade up in office quality will be drawn to modern offices with lots of amenities just as the economy is gaining steam.

But soaring interest rates and the slow pace at which workers are returning to offices have even some risk-taking developers wary about the future.

With office use only about half of what it was before the

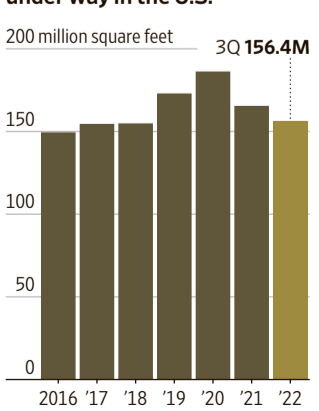
pandemic, some of the most active developers are postponing major projects and are losing their appetite for new developments.

That list includes real-estate heavyweights **Vornado Realty Trust**, Houston-based **Hines**, **Kilroy Realty Corp.** and Toronto-based **Brookfield Asset Management Inc.**, according to the companies or people familiar with the matter.

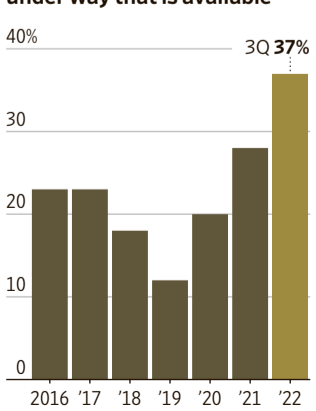
"Caution is the word of the day," Vornado's president and chief financial officer, Michael Franco, said on the company's earnings call last week. "There's increasing uncertainty in the world, and tenants are acting accordingly."

Some analysts took these and other comments by Chief Executive Steven Roth as a sign that Vornado might move more slowly than expected on its planned new office tower on the site of Manhattan's Hotel *Please turn to page B6*

Office space construction under way in the U.S.\*



Share of construction under way that is available



## Kohl's CEO Gass to Leave Under Pressure, Join Levi's

By SUZANNE KAPNER

Kohl's Corp. Chief Executive Michelle Gass is leaving the department-store chain early next month to join Levi Strauss & Co. with plans to have her take over as the jeans maker's CEO.

At Kohl's, Ms. Gass has been under attack from activist investors for sales declines and a steep drop in the stock price. In September, activist investor **Ancora Holdings Inc.** urged the company to replace Ms. Gass and its chairman. Kohl's shares, down nearly 40% on the year, jumped 7% Tuesday.

Ms. Gass will leave Kohl's Dec. 2 and join Levi Jan. 2, where she will serve as presi-



Michelle Gass will leave Dec. 2.

dent with oversight of Levi's brand and global digital and commercial operations. The 54-year-old will succeed Levi's CEO Chip Bergh within 18 months, the company said. Mr.

Bergh, who is 65 years old, has run Levi Strauss since 2011.

Ms. Gass had been job hunting for months. She was in the running for the top Starbucks Corp. job, according to a person familiar with the situation, but the coffee chain named Laxman Narasimhan as its next CEO in September.

Mr. Bergh said he instructed his search firm to reach out to Ms. Gass in September, after the activists pushed for her removal at Kohl's. She had been on Levi's list of CEO candidates since it started succession planning several years ago. "Her skills and experience over a 30-plus year career sets her up per- *Please turn to page B2*

## Musk Sold \$4 Billion of Tesla Shares After Twitter Purchase

By REBECCA ELLIOTT

Elon Musk sold almost \$4 billion in Tesla Inc. stock after completing the \$44 billion purchase of Twitter Inc.

Mr. Musk sold 19.5 million shares in Tesla Nov. 4-8, according to regulatory disclosures made public Tuesday.

The Tesla chief executive, who has become the world's wealthiest person thanks in large part to his stake in the car maker, has sold more than \$19 billion worth of the elec-

tric-vehicle maker's stock this year. He said after doing so in April and in August that he wasn't planning additional sales.

Mr. Musk late last month completed his acquisition of Twitter after agreeing in April to pay \$54.20 for each share he didn't already own. Mr. Musk provided \$33.5 billion in equity financing to pay for the deal, though had lined up co-investors, according to disclosures. Twitter also took on \$13 billion in debt as part of the takeover,

in which the company went private.

Tesla didn't respond to a request for comment. Its shares are down more than 50% from their peak last November. It wasn't clear what prompted Mr. Musk to sell the stock. Mr. Musk said Friday in a tweet that Twitter had suffered "a massive drop in revenue" and was losing \$4 million a day.

Twitter's advertising business has seen turmoil in the early days of Mr. Musk's owner- *Please turn to page B2*

## Zuckerberg Shoulders Blame for Layoffs

By JEFF HORWITZ AND SAM SCHECHNER

Meta Platforms Inc. will begin laying off employees on Wednesday morning, Chief Executive Mark Zuckerberg told hundreds of executives at a meeting on Tuesday.

The coming cuts are expected to total many thousands of employees and will likely be the largest of the year to date in the technology sector.

Mr. Zuckerberg appeared downcast in Tuesday's meeting and said he was accountable for the company's missteps, and that his over-optimism about growth had led to overstaffing, according to people familiar with the meeting.

Meta's head of human resources, Lori Goler, told the group that employees who *Please turn to page B2*

### INSIDE



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Netflix considers live sports to drive growth but without adding a large cost burden. **B3**

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Renault to split into several units, leaving the core company focused on EVs. **B4**



BUSINESS NEWS

# Netflix Looks to Add Live Sports

Discussions center on events that won't carry burdensome cost, including tennis, cycling

By JESSICA TOONKEL AND SARAH KROUSE

Netflix Inc. is warming up to the idea of offering live sports on its platform—as long as it can do so without breaking the bank, according to people familiar with the discussions.

The company recently bid for the streaming rights for the ATP tennis tour for some European countries, including France and the U.K., but dropped out, one of the people said. It also discussed bidding for a series of other events including U.K. rights to the Women's Tennis Association and cycling competitions, the people said.

Additionally, in an effort to bypass the ever-escalating costs of bidding for sports rights, Netflix executives have had discussions about buying lower-profile leagues, people familiar with the discussions said. The company late last year was in talks to buy World Surf League, but negotiations fell apart be-



The company recently bid for streaming rights for the ATP tennis tour, but dropped out.

cause the two organizations couldn't reach an agreement on a price, people familiar with the potential deal said.

Some Netflix executives believe that given the size of its platform, Netflix could turn lesser-known sports like surfing into big franchises, and create new sporting tournaments or events, the people said.

Netflix's potential foray into sports comes as many of its streaming rivals have spent heavily for access to high-profile sporting events. Amazon.com Inc.'s Prime Video is now the primary home of "Thursday Night Football," while Apple Inc.'s Apple TV+ and Comcast Corp.'s Peacock had exclusive rights to stream

specific Major League Baseball games last season.

Earlier this year, Netflix bid for the live U.S. streaming rights to Formula One—a sport whose profile has risen significantly in the U.S. thanks to a popular Netflix documentary series—but lost out to Walt Disney Co.'s ESPN, people familiar with the matter said.

Netflix co-Chief Executive Reed Hastings has said in meetings that he doesn't want to get caught in bidding wars every few years, according to people familiar with the discussions. That is partly why some executives are pushing for buying stakes in sports leagues, they said.

Netflix has struggled to add new subscribers in recent quarters after years of rapid growth. It recently launched an ad-backed tier of service and has vowed to crack down on password-sharing in an attempt to boost revenue and subscriber growth. The company has said it would keep its content spending steady at around \$17 billion in the next few years.

Sports, as well as news, are among the rare types of programming that people still watch live. This appeals to advertisers because viewers who tune in for a big event watch for hours. Devout fans of a given league are also likely to stick around until the end of a season, which can help reduce customer defections.

"No other category of content comes with an existing audience that has to watch it live," said Lee Berke, president and CEO of LHB Sports, Entertainment & Media Inc.

# TSMC To Expand Arizona Investment

By ASA FITCH AND YANG JIE

Taiwan Semiconductor Manufacturing Co., the world's largest contract chip maker, is preparing to double down on its investment in Arizona with plans for a multibillion-dollar cutting-edge semiconductor plant, people familiar with the plans said.

The new plant, which the company plans to announce in the coming months, would be built beside another chip factory north of Phoenix that TSMC committed to in 2020, according to people familiar with the expansion plans. The scale of the investment is expected to be roughly similar to the \$12 billion plant commitment of two years ago, the people said.

The company's bet on making chips in the U.S. comes after Washington agreed to provide semiconductor makers lucrative grants to bring advanced manufacturing back to American soil.

TSMC's new facility would manufacture 3-nanometer transistors, some of the tiniest and fastest currently possible, the people said.

TSMC has said it plans to hold a ceremony in Arizona in December to install the first batch of production equipment in the plant it announced two years ago. At the time of that commitment, the company said it would produce 5-nanometer chips there.

It is gearing up to also produce more advanced 4-nanometer chips with larger capacity at the facility, according to people familiar with the matter. The plant is expected to start mass production in 2024.

TSMC didn't respond to a request for comment. It is considering expanding its production facilities in Japan and is looking into building a multibillion-dollar plant in Singapore.

# Nvidia Offers China a Sanctions-Proof Chip

HONG KONG—Nvidia Corp. has begun offering an alternative to a high-end chip hit with U.S. export restrictions to customers in China, after the new rules threatened to cost the

By Dan Strumpf, Karen Hao and Raffaele Huang

American company hundreds of millions of dollars in lost revenue.

Nvidia said the new graphics-processing chip, the A800, meets U.S. restrictions on chips that can be exported to China under new rules rolled out last month. The chip went into pro-

duction in the third quarter, the company said.

The A800 replaces the A100, a chip widely used in servers and artificial-intelligence applications by China's tech giants including Alibaba Group Holding Ltd., Tencent Holdings Ltd. and Baidu Inc. According to a memo Nvidia sent to its channel distributors last Thursday, the A800 has the same computational performance but a narrower interconnect bandwidth, the capacity of a chip to send and receive data from other chips, crucial for training large-scale AI models or building supercomputers.

"The A800 meets the U.S.

government's clear test for reduced export control and cannot be programmed to exceed it," the company said. Nvidia's plans to offer the new chip were earlier reported by Reuters.

A Commerce Department spokesman said chips below the performance limits outlined in the latest U.S. restrictions were permitted for export to China, but said companies should conduct due diligence when transacting with Chinese entities.

Nvidia's new chip is a response to the Biden administration's sweeping new rules restricting exports of American chip technology to China, which

U.S. officials say is aimed at slowing the country's military advance. The rules unveiled by the Commerce Department last month blocked an array of semiconductor technology from being shipped to China without a license, including advanced chip-manufacturing equipment and cutting-edge chips used for AI and supercomputing.

Those rules expanded on earlier restrictions placed on Nvidia's China exports of the A100.

In August, the company disclosed that export restrictions on its A100 chips would cost it \$400 million in lost sales. About a quarter of Nvidia's

\$26.9 billion in revenue in its most recent fiscal year came from China and Hong Kong, the company said.

The company is preparing for high levels of demand for the new chip, according to people familiar with the matter, with the company set to start giving quotations in China as soon as Wednesday, the people said. Shipments are expected to start in the coming weeks and potential buyers include U.S. companies such as Dell Technologies Inc. for products they sell in China, these people said. A Dell spokesperson confirmed the company is evaluating Nvidia's A800 offering.

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TECHNOLOGY

WSJ.com/Tech

# Renault to Split Up for EV Bid

Overhaul to involve combustion-engine venture with China's Geely, electric listing

By Nick Kostov

PARIS—Renault SA said it would split itself into several divisions, putting its core business making conventionally powered cars into a joint venture with a Chinese partner and detailing plans for a separate stock-market listing of its electric-vehicle division.

The restructuring, one of the most radical in the French auto maker's 124-year history, will leave Renault mostly focused on electric vehicles. Executives hope the overhaul will attract investment and give it the wherewithal to tackle the expensive transition away from the internal combustion engine.

As part of the plan detailed Tuesday, Renault said it is forming a joint venture with China's Geely Automobile Holdings Ltd. focused on gasoline-powered engines and hybrid technology. It said it was in talks with longtime alliance partner Nissan Motor Co. about the Japanese company investing in its new EV and software business, though it didn't provide a time frame for reaching an agreement.

Across the auto industry, executives are restructuring operations that have long been built around the internal combustion engine, putting more emphasis on the development of technologies for electric ve-



Renault envisions a stock listing for its electric-vehicle division.

hicles—a transition that requires hefty investment.

Renault has gone further than most. As well as carving out units focused on electric cars and combustion and hybrid-engine assets, Renault is also creating divisions to house its Alpine sports brand, its financial-services assets and a new mobility and recycling business. Renault Chief Executive Luca de Meo floated the idea of listing Alpine in the future.

"A series of revolutions is reshaping the auto industry in depth," Mr. de Meo told investors on Tuesday while presenting the new strategy.

Renault said the venture with Geely would have 17 powertrain plants and five research and development centers, and would employ about

19,000 workers. Renault and Geely will each hold a 50% stake in the new entity and the venture could welcome new shareholders in the future, the company said.

The new venture will supply both car makers, and may later serve outside customers. Renault said it expects to finalize the agreement with Geely next year.

For Geely, the move continues a pattern of investing outside China. The Chinese auto maker is owned by Zhejiang Geely Holding Group, which also holds Swedish car maker Volvo Car AB.

For Renault, the venture is a central plank of the overhaul, which executives have been working on for months. However, it remains unclear how

Renault's longtime partner Nissan will fit into the new configuration. Renault has been locked in negotiations with Nissan about the latter investing in Ampere, the new EV division, and it said those talks were continuing. The framework being discussed, people familiar with the matter have said, would also see Renault reduce its current 43% stake in Nissan to 15%—a stake sale that its Japanese partner has long requested.

The EV business will be based in France and employ about 10,000 people. Renault aims to take the new company public during the second half of next year if market conditions allow, and intends to keep a majority stake in the business.

# Lucid Plans Stock Sale, Loss Widens

By Sean McLain

LOS ANGELES—Lucid Group Inc. said it may raise up to \$1.5 billion through the sale of stock to fund future operations, as the electric-vehicle maker increases factory spending to push out more cars.

The EV startup disclosed the fundraising plans in regulatory filings after it said third-quarter losses grew from a year earlier to \$670.2 million. Lucid has been spending more money to boost factory output as it strains to produce cars to satisfy a 34,000-reservation wait list, the company has said.

The shares would be sold in two separate sales. In the first, Lucid's current majority shareholder, Saudi Arabia's Public Investment Fund, would purchase up to \$915 million in a series of private placements, according to a securities filing. The remaining \$600 million in new shares would be sold to other investors.

"No one should be under any illusion," said Chief Executive Peter Rawlinson in an interview ahead of the fundraising announcement. "We are under a trajectory that is capital intensive and that's what provides the true long-term value of this company."

Lucid shares fell 12% in after-market trading. Its stock declined nearly 70% this year through the close of trading Tuesday as parts shortages and production problems led it to walk back earlier forecasts on how many vehicles it can build this year.

Sherry House, Lucid's chief financial officer, said the company was spending to expand production at its plant in Casa Grande, Ariz.

The current 34,000 preorders for Lucid vehicles represented around a year's worth of the company's current production capability.

Lucid reported \$3.85 billion in cash and cash equivalents,

down from \$4.57 billion at end of the second quarter, which the company said it believed was sufficient to fund its operations into the fourth quarter of 2023.

Lucid's capital expenditures more than tripled to \$290 million in the third quarter from a year ago, as it expanded factory output. The company is also spending on future vehicle development, including the Gravity sport-utility vehicle. Lucid plans to start taking orders for the vehicle next year.

The company said revenue for the period was \$195.5 million, compared to \$232,000 a year earlier, when it had begun producing its first cars.

**'We are under a trajectory that is capital intensive,' says Lucid's CEO.**

Lucid reported a net loss per-share of 40 cents, missing analysts' projections of a \$0.31 per-share loss, according to FactSet.

Factory production totaled 2,282 vehicles, more than triple the volume in the previous quarter, as the company increased production to 300 vehicles a week. The auto maker said it expects to hit its goal of making 6,000 to 7,000 vehicles this year.

The Newark, Calif., startup slashed its production outlook in half in August, after it had to shut down production for 2½ weeks at its factory in Casa Grande. The company attributed that shutdown in part to quality issues with some of the vehicles it produced.

"We have made strident gains in our ability to manufacture at scale," Mr. Rawlinson said Tuesday. He said Lucid was making progress on solving the quality issues that led to the prior shut down.

# Tesla Offers Fix for 40,000 Recalled Vehicles

By Will Feuer

Tesla Inc. released a firmware update to address the voluntary recall of about 40,000 2017-2021 Model S and Model X vehicles over an issue that could have led to a loss of power-steering assistance in

certain situations.

The National Highway Traffic Safety Administration said in a safety-recall report that the issue could have led to reduced or lost power-steering assistance related to road dynamics, such as potholes or bumps. Tesla isn't aware of

any injuries related to the issue, the agency said.

The NHTSA said Tesla began to roll out an update on Oct. 11 that included new calibration values for the electronic power-assist steering system. About a week later, Tesla began to receive alerts

relating to the calibration values, the NHTSA said. On Oct. 25, the company decided to voluntarily recall the affected vehicles, according to the NHTSA.

Representatives for Tesla didn't respond to a request for comment.

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## THE PROPERTY REPORT

## New York Hotelier Branches to Florida

Richard Born, known for the Ludlow, Mercer and others, sets plan for West Palm Beach

By CRAIG KARMIN

Richard Born is among New York City's biggest hotel owners. One of the lessons he learned during the Covid-19 pandemic, when his properties were shut down for months, was a need to diversify his business.

"I was highly concentrated in New York and highly concentrated in hospitality," said Mr. Born, who through his company **BD Hotels** and other partnerships owns and operates 24 hotels with around 4,000 rooms in the city.

Now, he is breaking away from both. Mr. Born is an investor in a 2-million-square-foot project in West Palm Beach, Fla., that will feature a hotel, rental apartments, condominiums, retail and office buildings.

The developers expect to break ground this month on the first phase, which includes 13 buildings and 150,000 square feet of retail, bars and restaurants. The project's overall costs should approach \$1 billion, according to one of his partners.

Mr. Born is designing a 175-room hotel at the site, which he said will likely have the look and feel of a New York hotel, rather than mimicking the local design aesthetic. That means, for example, a red brick exterior instead of white stucco, and an aged



West Palm Beach, Fla., has been attracting firms looking for satellite locations in South Florida.

wood interior, rather than marble or brass. "It may remind people of the Ludlow, the Mercer or the Bowery," he said, ticking off three of his more popular Manhattan hotels.

Mr. Born's new project is the latest sign that more executives in New York's real estate community are concluding that opportunities in South Florida have become too compelling to ignore.

While Miami has been the most popular destination, West Palm Beach in recent years has

been attracting firms looking for satellite locations in South Florida. A new building from **Related Cos.** has signed such blue-chip tenants as **BlackRock Inc.**, **Goldman Sachs Group Inc.**, and the hedge fund **Elliott Management Corp.**

Like most every New York City hotel owner, Mr. Born had a tough time during the early months of the pandemic when travel to the city all but evaporated. **BD Hotels** closed all of its hotels for a period. When the prospect of travel looked as if it could remain subdued for years, Mr. Born said all New York City hotel owners had to

be thinking about whether there are better uses for their properties than lodging. More recently, much of the New York lodging market has bounced back. Hotel revenue per available room for the first nine months of this year is more than \$190 a night, not far below where it was during the same period in 2019, according to data tracker **STR**.

"Business is very good in New York," Mr. Born said. In Manhattan, he added, "our

downtown and midtown rates and occupancy are as good as they have ever been." After a series of legal challenges, he and his **BD Hotels** partner **Ira Drukier** reopened the famous **Hotel Chelsea** in Manhattan early this year. The hotel's main restaurant, **Cafe Chelsea**, is poised to open its doors in the first quarter. Mr. Born is also reviving the Mercer hotel in **SoHo**, bringing on **Scott Sartiano**, co-founder of the **Zero Bond** private club downtown, to run the restaurant, bar and other food and beverage services.

And, Mr. Born said, he is always looking to acquire another New York City hotel.

Mr. Born is working in partnership with Florida developer **Place Projects** and **NDT Development**, a real estate and hospitality company based in West Palm Beach. Their project will rise in the city's **Nora** district, which for decades was largely a collection of warehouses near a railway station. **Wheelock Street Capital LLC** is providing financing and is a general partner in the development.

Joe Furst, founder and managing principal at **Place Projects**, said he had often stayed at Mr. Born's properties, such as the **Bowery** and **Mercer** hotels, on business trips to New York. He was eager to bring that same sensibility to the **Nora** project. When he found out that Mr. Born was interested in expanding his empire to South Florida, "that was music to my ears because I always had a passion for what he had done," Mr. Furst said.

The partners quickly reached a deal. Mr. Born said he would design the lodging and consult on the restaurants and condo design. **Sean MacPherson**, a hotelier and long-time collaborator with **BD Hotels**, is also part of the project.

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# \$190

Hotel revenue per available room for first 9 months of 2022

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## Office Developers Pause

Continued from page B1

Pennsylvania, which it is demolishing. Mr. Roth declined to address that matter on the call.

Kilroy, which earlier this year delayed a 600,000-square-foot development in San Diego, said last month that it was shelving a 500,000-square-foot project in Austin, Texas, that had already started.

"There are times to buy, times to sell, times to develop and times such as now to be patient," John Kilroy, chief executive and chairman of **Kilroy Realty**, said on an earnings call.

About 156 million square feet of office-space construction currently is under way in the largest 54 U.S. markets, down from 186 million in the first quarter of 2020 before the pandemic hit, according to data firm **CoStar Group Inc.** That figure is expected to decline further as developers confront rising vacancies and falling rents in most markets.

The national office vacancy rate stands at 12.5%, up from 9.6% in 2019 and the highest since 2011, **CoStar** said. Just as worrisome for developers, 37% of the space under development remains available, more than double the rate in 2019 and approaching the record 39% in 2008, **CoStar** said.

Many companies have told workers to return to their offices after more than two years of remote work. But businesses also are adopting new workplace strategies that allow employees to work from home a few days during the week.

As a result, tenants need less office space. Most businesses aren't including expansion space when they sign new leases as they often did in the past, according to brokers. About 212 million square feet of sublease space is currently available, according to **CoStar**, a record since 2005 when the

company began tracking the metric.

Office landlords had hoped that leasing activity would start to return to prepandemic levels, but there is little sign of that happening, especially now with the threat of a recession looming. New tenant searches in October remained below half of their average prepandemic pace in 2018 and 2019, according to the **VTS Office Demand Index**.

Not every developer is tapping the brakes: **Boston Properties Inc.**, the office real-estate investment trust, is building a 390,000-square-foot project in San Jose, Calif., near a planned new **Google** campus. "We would expect an improvement in market conditions" by the time it is completed in late 2024, a spokeswoman said.

Developers forging ahead say that demand remains strong for the highest-quality space with great locations and amenities such as restaurants, good views, fitness centers and daycare. Businesses adopting new workplace strategies feel it is worth paying higher rents for this space partly because they are leasing less and partly to encourage workers to return to the office for more days.

"They want to find the best space with amenities, with restaurants, with locations to bring their people back," said **Steve Center**, senior vice president of **American Assets Trust Inc.**, which is developing a 200,000-square-foot office building in San Diego without any preleasing.

This strategy has worked for some developers in past downturns. But high interest rates and rising building costs have put in a new wrinkle: Even if developers are able to attract tenants to their new buildings, they might not be able to get the rents they need for their investments to pay off, some analysts say.

"History shows there is likely to be good demand for new and high-quality office space," said **Danny Ismail**, a senior analyst at real estate analytics firm **Green Street**. "But will demand be there at the rents needed to justify those developments?"

## Insurers Face Reinsurance-Rate Rise

By LESLIE SCISM

Hurricane season is nearly over, though one more storm is potentially heading for Florida. For insurers, the worries won't end on Nov. 30.

Insurers are in the middle of negotiations with reinsurers, which are trying to boost rates by 10% to 30%. Nearly two-thirds of U.S. property-catastrophe coverage renews each Jan. 1, including for many large diversified U.S. and European insurers.

It is too soon to know if the reinsurers will get what they want. Carriers might buy less reinsurance to limit the increase in cost, taking on more risk themselves and possibly limiting premium increases they would pass on to customers. Insurers have been boosting premium rates on their business, homeowner and auto policies to deal with higher costs due largely to inflation.

Reinsurers are reacting to five years of outside catastrophe losses and growing worries that climate change is intensifying the risks from storms and wildfires, among other concerns. Hurricane **Ian** is estimated to cost insurers from \$40 billion to more than \$70 billion, making it the nation's second-most-expensive natural disaster for the insurance industry. Hurricane **Katrina** cost more than \$90 billion in today's dollars.

Despite the big cost, large publicly traded property insurers came through Hurricane



Large publicly traded property insurers came through Hurricane Ian on solid financial footing.

**Ian** on solid financial footing, based on their third-quarter reports. Their earnings were badly dented, but **Moody's** Investors Service notes they have considerable resources to draw on. Meanwhile, tropical storm **Nicole** might slam the state's east coast this week.

Many of the large national carriers, and all of the Florida-specific ones, rely on reinsurers—a globe-spanning community of giants like **Munich Re**, **Swiss Re**, **Lloyd's of London** and **Berkshire Hathaway Inc.** and smaller players—to take on some of the risk of the policies they sell.

Reinsurance limited insurers' losses from **Ian**. Car and home insurer **Allstate Corp.** said its **Ian**-related estimated gross catastrophe losses totaled \$671 million pretax, but reinsurance cut what it will pay by \$305 million, down to \$366 million.

**Allstate** Chief Executive **Thomas Wilson** said the price increases being sought by reinsurers are due to their recent losses, worries about climate change and the dollar's strengthening, which hurts some reinsurers because they sell coverage in U.S. dollars yet hold capital in another currency. "The combination of those

three things will make for a really tight reinsurance market," Mr. Wilson said. "It seems likely to me that the price will go up next year." **Allstate** won't face the hit all at once because its reinsurance program staggers renewals over three years, he said.

Rapidly rising interest rates are hurting reinsurers. Higher rates reduce the value of the bonds they hold. If the companies face payouts, for example from a quick succession of major hurricanes, they might have to sell some of their bonds at a loss. The inflation being experienced by carriers is driving up reinsurance prices, too.

## Downtown Los Angeles Tower Is Sold at Loss

By WILL PARKER

A major Chinese developer disposed of the tallest rental apartment tower in downtown Los Angeles at a steep loss, the latest in a recent wave of Chinese investors unloading prized U.S. real-estate assets.

The U.S. subsidiary of China's **Greenland Holding Group** sold the 59-story apartment skyscraper for \$504 million on Tuesday, according to the buyer, privately held apartment owner **Northland**.

That sales amount was a record for a single rental property in Los Angeles, but it was still far less than **Greenland** had initially hoped to get for the building. Eighteen months ago, the asking price for the building was \$695 million, which even at that price was less than what **Greenland** had paid in development costs, according to **Northland**.

After nearly two years of soaring rents and property values, the multifamily market has been cooling off. Higher interest rates and three months of falling rents nationally have weighed on the apartment

market broadly, while the L.A. market has faced some specific challenges, said **Matthew Gottesdiener**, **Northland's** chief executive. California rent regulations and the ability of renters to move away from downtown Los Angeles because of remote work have suppressed values, he said.

Chinese companies were some of the biggest investors in U.S. hotels, office buildings and other commercial real estate during the previous decade. But a few years ago, the Chinese government limited the outflow of investor cash from the country, part of an attempt to manage China's financial risk, leading to a flurry of exits by Chinese firms.

Real-estate investment trust **SL Green Realty Corp.** in September took over the Manhattan office tower 245 Park Avenue from its bankrupt owner, an affiliate of Chinese conglomerate **HNA Group Co.** Developer **China Oceanwide Holdings** lost a number of its U.S. projects to its lenders. **Host Hotels & Resorts Inc.** recently said it had acquired the **Four Seasons Resort & Resi-**

dences in **Jackson Hole, Wyo.**, for \$315 million. The seller was a Chinese insurer.

Overall, Chinese firms sold a net \$23.6 billion of U.S. commercial properties since 2019, according to data provider **MSCI Real Assets**. **Greenland** has been among the active sellers. The firm traded two apartment buildings in Brooklyn for \$315 million earlier this year. It put the 350-key

## Chinese firms sold a net \$23.6 billion of U.S. commercial property since 2019.

hotel at the **Metropolis** on the market for sale, according to a report in **The Real Deal**, a property-industry publication.

In Los Angeles, the apartment building known as **THEA** at **Metropolis** was the fourth tower in **Greenland's** mega-project in the city's downtown. The firm began construction in 2014. The luxury real-estate

sector was bouncing back after the recession, fueled in part by money from overseas.

**Greenland** has struggled with debts and a rough housing market back in China, which some U.S. real-estate executives say might have led the company to raise cash through sales of its American assets.

"The strategic disposition of **THEA** at **Metropolis** in this challenging market affirms not only the quality of assets that **Greenland USA** produces but also our commitment to seeing all of our U.S. projects through completion," a **Greenland** spokeswoman said.

This summer, the **Shanghai**-based builder received large loans from its state-owned Chinese shareholders to shore up its finances. More recently, **Greenland** said it was likely to default on an outstanding \$362 million bond balance, citing declining sales in China for its poor financial performance. China's property sector has been reeling all year as its real-estate bubble continues deflating and developers face a liquidity squeeze.



An office tower is planned for the site of the Hotel Pennsylvania.

## BUSINESS NEWS

# Exchange Rates, Book Unit Dent News Corp

By ALEXANDRA BRUELL

**News Corp** posted slightly lower revenue for the latest quarter as foreign-currency fluctuations and a decline at its book-publishing unit more than offset continued growth at Wall Street Journal parent Dow Jones & Co.

The New York-based media company, which owns the Journal, HarperCollins Publishers and news organizations in the U.K. and Australia, reported revenue of \$2.48 billion, down less than 1% from the year-earlier period. Net profit fell 80% to \$40 million, or seven cents a share, from \$196 million, or 33 cents a share, a year earlier.

"While the macro environment is patently more volatile, the results highlight the resilience of News Corp," Chief Executive Robert Thomson said.

News Corp said a decision by **Amazon.com** Inc. to reduce inventory levels and shutter warehouses accounted for almost the entirety of the 11% contraction in revenue at its book-publishing unit, HarperCollins Publishers. The changes resulted in lower

physical book sales from Amazon, the company said.

The company said it expected the impact from Amazon to be temporary.

The only News Corp unit to report revenue growth in the quarter was Dow Jones, the publisher of the Journal, Barron's and MarketWatch, which posted a 16% rise in revenue to \$515 million and a 19% increase in segment earnings to \$113 million.

News Corp calculates segment earnings as revenue less operating and administrative expenses. Segment earnings exclude expenses such as interest, taxes, depreciation, amortization, impairment and restructuring charges, and other items.

The Journal averaged over 3.157 million digital subscriptions in the period, an increase of 62,000 from the previous quarter. Including the print edition, the Journal averaged 3.778 million subscriptions in the period. Total average subscriptions to Dow Jones consumer products reached 4.922 million, the company said.

The company said it recently began to roll out more

bundle features for Dow Jones subscribers that include multiple Dow Jones products. "There's no doubt you'll see over the next six months the virtue of those bundles Dow Jones has just begun marketing," Mr. Thomson said.

Despite gains in digital advertising, the company said it expects the second quarter to be more challenging, citing tough comparison to previous quarters.

News Corp's other news publications, which include the New York Post, the Sun and the Times in the U.K. and many papers in Australia, reported a 4% decrease in revenue and a 47% drop in segment earnings.

The company's digital real-estate services division reported a 1.2% decrease in revenue, with segment earnings declining 14%. News Corp has a majority stake in **REA Group Ltd.**, a publicly traded digital real-estate company, as well as an 80% stake in **Move Inc.**, an online real-estate business based in Santa Clara, Calif., that primarily operates the website **Realtor.com**.

News Corp's subscription-video-services unit, which includes **Foxtel**, an Australian pay-TV provider, posted a 1.6% decline in revenue and a 2.6% decrease in segment earnings, partly due to the negative impact from foreign-currency fluctuations and fewer residential broadcast subscribers.

News Corp announced last month that its board had formed a special committee to consider the idea of reuniting with **Fox Corp.**, nearly a decade after the two companies split. Mr. Thomson on Thursday said there can be no certainty the company would engage in such a transaction, and had no further comment.



The Journal's publisher was the only unit to report revenue growth.

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CHLOE KASINGER/BLOOMBERG NEWS

A trade group says Microsoft uses its software to direct European customers to its cloud service.

## A New Antitrust Complaint Targets Microsoft in Europe

By KIM MACKRAEL

**BRUSSELS**—Microsoft Corp. faces an antitrust complaint from a European industry group over its cloud services, adding to recent allegations of anticompetitive behavior against the U.S. tech company.

Cloud Infrastructure Service Providers in Europe, or **Cispe**, a trade group, said it filed the complaint with the bloc's competition regulator, the European Commission, on Tuesday. The complaint alleges that Microsoft uses its dominance in productivity software to direct customers in Europe to its Azure cloud service and makes it difficult for them to switch to other cloud service providers, the trade group said.

The Wall Street Journal reported earlier this year that a member of the trade group, French cloud provider **OVHcloud**, had filed a complaint against Microsoft over competition concerns related to its cloud services.

**Cispe** said it supports the companies' concerns and wants to participate in any discussions about whether and how Microsoft might be forced to change its practices.

Microsoft said it introduced licensing changes this fall that give customers and cloud providers more options for run-

ning and offering its software in the cloud. "We remain committed to addressing valid licensing concerns and support a competitive environment where all providers can thrive," a spokesman said on Tuesday.

A spokeswoman for the commission declined to comment on the complaint.

Two other complaints filed in recent years against Microsoft cover related concerns about the company's practice of linking products together. German cloud-storage company **Nextcloud** complained to the European Union last year about Microsoft's practice of bundling its OneDrive storage product with the Windows operating system.

Another complaint, filed in 2020 by business-messaging app **Slack**, accused Microsoft of trying to quash competition by tying its Teams platform for business communication with its Office productivity software.

Microsoft has sought in recent months to disarm its cloud-services critics in Europe by meeting with regulators and competitors and laying out a set of principles Microsoft said its cloud business would follow. It also announced changes to its licensing practices, which took effect in October.

**Cispe** said the changes don't do enough to address cloud-

service providers' concerns. "Microsoft's ongoing position and behaviors are irreparably damaging the European cloud ecosystem and depriving European customers of choice in their cloud deployments," the group said.

It said its concerns could be addressed by measuring Microsoft's practices against a set of principles meant to ensure the company isn't unfairly giving preference to its own products or locking in customers. It said the same principles could apply to other dominant software providers.

The EU recently finalized legislation that is expected to designate Microsoft and several other large U.S.-based companies as "gatekeepers" and impose new rules governing competition.

The industry group's complaint against Microsoft comes as the company is separately seeking approval for a \$75 billion acquisition of game developer **Activision Blizzard Inc.** The EU's competition watchdog is among several regulators worldwide that are looking at the transaction to determine whether it could harm competition in the videogame industry.

The commission said on Tuesday that it would conduct an in-depth probe of the merger.

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BIGGEST 1,000 STOCKS

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Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more from their previous closing price was \$2 or higher.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Boeing, Alphabet, Amazon, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Cleveland-Cliffs, Clorox, Cloudflare, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like ElancoAnimal, EliottSystems, ElectronicArts, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Federal Realty, FedEx, Fidelity, etc.

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Dividend Changes
KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S21: stock split and ratio; SO: spin-off.

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Agriculture Futures table with columns: Open, High, Low, Settle, Chg, Open Interest. Includes Corn, Soybeans, Soybean Meal, Soybean Oil, Rough Rice, Wheat, Cattle-Feeder, Cattle-Live, Hogs-Lean, Lumber, Milk.

Interest Rate Futures table with columns: Open, High, Low, Settle, Chg, Open Interest. Includes Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, 3-Month SOFR.

Currency Futures table with columns: Open, High, Low, Settle, Chg, Open Interest. Includes Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, Australian Dollar, Mexican Peso, Euro.

Index Futures table with columns: Open, High, Low, Settle, Chg, Open Interest. Includes Mini DJ Industrial Average, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 1000, U.S. Dollar Index.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Bond benchmark table with columns: Total return close, YTD total return, Index, Yield (Latest, Low, High). Includes Broad Market, U.S. Corporate Indexes, High Yield Bonds, U.S. Agency, Global Government.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Global Government Bonds table with columns: Coupon (%), Maturity, Country, Latest Yield, Spread Under/Over U.S. Treasuries. Includes U.S., Australia, France, Germany, Italy, Japan, Spain, U.K.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Corporate Debt table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread. Includes GE Capital, Banco Santander, ENEL Finance, Glencore Finance, Royal Bank of Canada, Credit Agricole, Celanese, GA Global Funding Trust.

...And spreads that widened the most

Corporate Debt table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread. Includes HSBC Holdings, Societe Generale, Deutsche Bank, UBS, Comcast, Manulife Financial, State Street, PACCAR Financial.

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

Corporate Debt table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread. Includes Toledo Hospital, WeWork, Dish DBS, Teva Pharmaceutical Finance Netherlands, Sprint Capital, Navient, American Airlines, Deutsche Bank.

...And with the biggest price decreases

Corporate Debt table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread. Includes Crown Cork & Seal, Hat Holdings I, Ford Motor Credit, Barclays, OneMain Finance, IntelSec Finance Holdings, Lumen Technologies, Venture Global Calcasieu Pass.

\*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

COMMODITIES

Commodity Futures table with columns: Open, High, Low, Settle, Chg, Open Interest. Includes Cocoa, Coffee, Sugar-World, Sugar-Domestic, Cotton, Orange Juice.

Commodity Futures table with columns: Open, High, Low, Settle, Chg, Open Interest. Includes Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, 3-Month SOFR, Eurodollar.

Cash Prices | wsj.com/market-data/commodities

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Cash Prices table with columns: Commodity Name, Price. Includes Energy (Coal, Battery/EV Metals), Metals (Gold, Silver, Copper), Fibers and Textiles, Grains and Feeds, Fats and Oils.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Soiland Publishing; R=S.N. Energy; S=Platts-TSI; T=Gotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. \*Data as of 11/7

Exchange-Traded Portfolios

Largest 100 exchange-traded funds, latest session

Exchange-Traded Portfolios table with columns: EFTF Symbol, Closing Price, Chg (%), YTD (%). Includes CnsmrDiscSelSector, CnsStapleSelSector, DimenUSCoreEq2, EnSelSectorSPDR, FinSelSectorSPDR, HealthCareSelSector, IndusSelSectorPDR, InvscOOQ, InvscS&P500EW, ISHCoreDivGrowth, ISHCoreMSCIEAFE, ISHCoreMSCIECIEM, ISHCoreMSCIECITnet, ISHCoreS&P500, ISHCoreS&P100, ISHCoreS&P200, ISHCoreS&P300, ISHCoreS&P400, ISHCoreS&P500, ISHCoreS&P600, ISHCoreS&P700, ISHCoreS&P800, ISHCoreS&P900, ISHCoreS&P1000, ISHCoreS&P1100, ISHCoreS&P1200, ISHCoreS&P1300, ISHCoreS&P1400, ISHCoreS&P1500, ISHCoreS&P1600, ISHCoreS&P1700, ISHCoreS&P1800, ISHCoreS&P1900, ISHCoreS&P2000.

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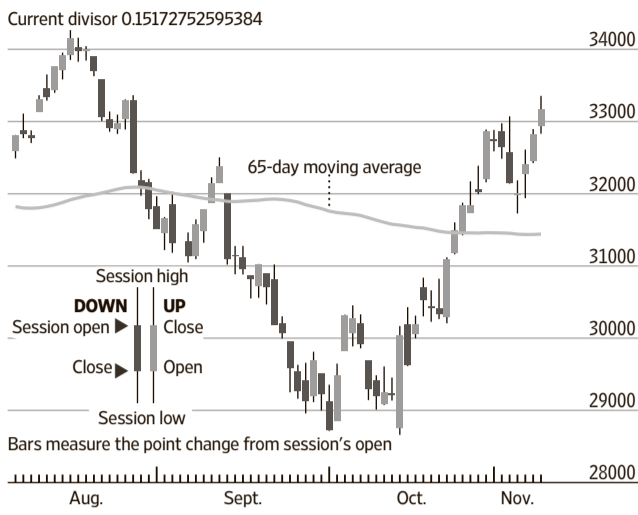
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MARKETS DIGEST

EQUITIES

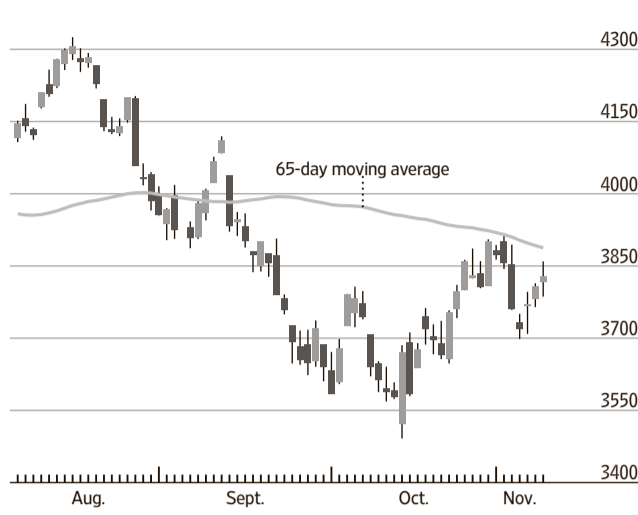
Dow Jones Industrial Average

33160.83 ▲ 333.83, or 1.02%
High, low, open and close for each trading day of the past three months.



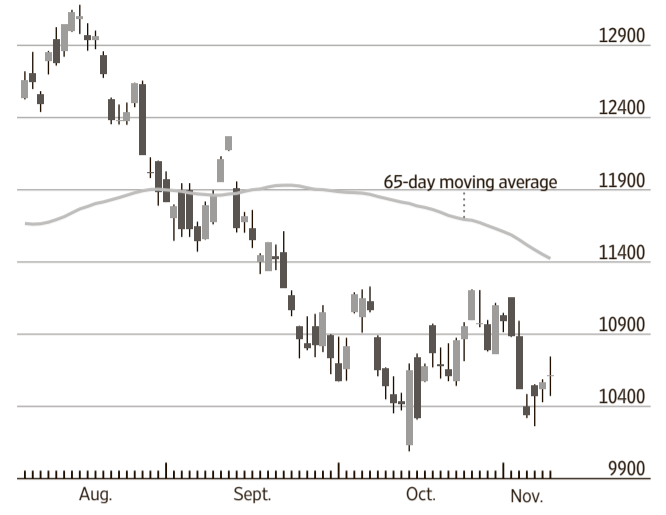
S&P 500 Index

3828.11 ▲ 21.31, or 0.56%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

10616.20 ▲ 51.68, or 0.49%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table listing various stock market indexes including Dow Jones, Nasdaq Composite, S&P 500, and Russell 2000, with columns for High, Low, Close, Net chg, % chg, and YTD % chg.

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...

Most-active issues in late trading

Table of most-active issues in late trading with columns for Company, Symbol, Volume, Last, Net chg, After Hours % chg, High, and Low.

Percentage gainers...

Table of percentage gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, and % chg.

Trading Diary

Volume, Advancers, Decliners

Table showing trading volume, advancers, and decliners for NYSE and NYSE Amer. with columns for Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, etc.

International Stock Indexes

Table of international stock indexes by region/country, including MSCI ACWI, Euro STOXX, Nikkei 225, etc., with columns for Index, Close, Net chg, Latest % chg, and YTD % chg.

Percentage Gainers...

Table of percentage gainers from international markets with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, and % chg.

Percentage Losers

Table of percentage losers from international markets with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, and % chg.

Most Active Stocks

Table of most active stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low, and % chg.

Volume Movers

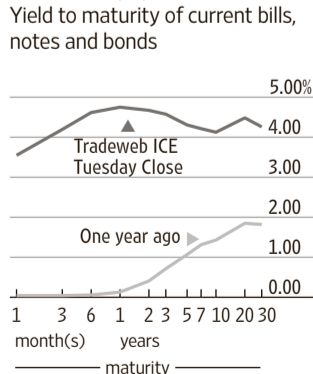
Table of volume movers with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low, and % chg.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Complex block containing U.S. consumer rates (Prime rate, New car loan) and Selected rates (Bankrate.com avg, First Savings Bank, etc.) with charts and tables.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields for various bond indices like U.S. Treasury, Aggregate, and Muni Master.

CURRENCIES & COMMODITIES

Currencies

Table of U.S.-dollar foreign-exchange rates for various countries and currencies, including Euro, Yen, and others.

Commodities

Table of commodity prices for DJ Commodity, Crude oil, Natural gas, and Gold.

BUSINESS NEWS

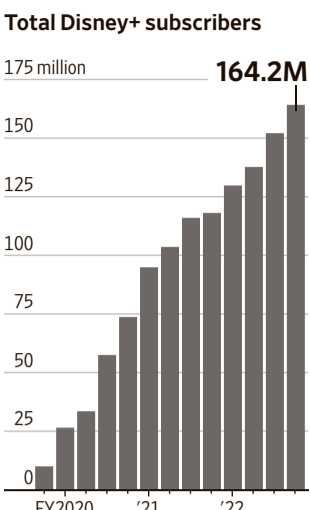
Disney Earnings Miss Views

Continued from page B1 media companies that rely on streaming have fallen across the board, as investors have grown more pessimistic about the prospects of near-term profitability for streaming. Year to date, Disney shares are down 36%.

On Tuesday, the stock fell more than 6% in after-hours trading, after edging down 0.5% in regular trading.

"The halcyon days of total growth and number of subscribers, those days are over," said Chris Legg, senior managing director at investment bank Progress Partners, which advises companies in the media and advertising technology space.

Mr. Chapek said Tuesday his outlook for the streaming service remains rosy, chiefly because of price increases to some Disney+ packages and a



Note: Fiscal 2022 ended Oct. 1 Source: the company



The ad-supported tier of Disney+ will compete with a similar product launched by Netflix this month.

cally or internationally. They probably have a few quarters to keep playing that game, but Wall Street is definitely getting less patient with this spend-for-subs model."

Mr. Chapek said Tuesday his outlook for the streaming service remains rosy, chiefly because of price increases to some Disney+ packages and a

new ad-supported subscription tier for Disney+ that are both set to take effect Dec. 8.

For its fiscal fourth quarter, Disney reported earnings of \$162 million, or 9 cents a share, slightly above year-ago earnings of \$159 million, or 9 cents a share.

Excluding certain items, the company had earnings of 30

cents a share, down from 37 cents per share. Analysts, on average, were expecting earnings of 56 cents a share, excluding items, according to FactSet.

Revenue rose 9% from a year ago to \$20.2 billion. Analysts were expecting revenue of \$21.27 billion, FactSet said. Disney's income from opera-

tions for the quarter totaled \$1.6 billion, down 55% from the previous quarter and on par with the year-ago quarter.

The theme parks division set a record for revenue with \$7.42 billion for the quarter, up 36% from a year earlier. Disney said the full-year results from the theme parks division set all-time records for the company in both revenue and operating income.

Ms. McCarthy, the CFO, pointed to "structural changes" that she said the company had made to the parks business during the pandemic that helped save money on labor, better manage crowds and encourage visitors to spend more.

Over the last year Disney has launched an online reservation system for the parks, as well as smartphone app features that allow guests to pay extra fees to skip long lines for popular rides. The company has credited the features with transforming the parks division into Disney's most profitable.

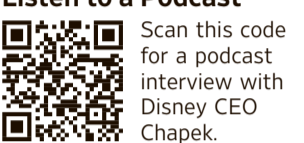
As the streaming industry matures, most companies are

raising prices, including Disney. The ad-supported tier of Disney+ will compete with a similar product launched by rival Netflix Inc. this month.

"Streaming is a critical mass business. Scale is really, really important in order to be able to thrive," Mr. Chapek said last month at The Wall Street Journal Tech Live conference in Laguna Beach, Calif. In the future, consolidation will lead to fewer streaming services and force companies like Disney to offer more services through their streaming platforms, he added.

This month, Disney launched a test program that placed links inside the Disney+ app allowing users to buy exclusive merchandise related to Star Wars, Marvel Studios and other popular franchises the company owns.

Listen to a Podcast



Scan this code for a podcast interview with Disney CEO Chapek.

Biggest 1,000 Stocks

Table listing the top 1,000 stocks by market cap, including columns for Stock, Sym, Close, Net Chg, and various financial metrics.

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New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Table showing new highs and lows for various stocks, including columns for Stock, Sym, Hi/Low, and % Change.

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Borrowing Benchmarks

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table showing borrowing benchmarks for various currencies and terms, including columns for Instrument, Rate, and Maturity.

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Mutual Funds

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

Table listing the top 250 mutual funds, including columns for Fund Name, NAV, and % Change.

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Table listing the top 250 mutual funds, including columns for Fund Name, NAV, and % Change.



## BUSINESS &amp; FINANCE

# Goldman Scouts Out Fintech Businesses

By ANNAMARIA ANDRIOTIS

Goldman Sachs Group Inc. has expressed interest in buying a payments-technology firm to further build out its credit-card capabilities, according to people familiar with the matter.

Goldman executives discussed acquiring Deserve, a fintech credit-card platform that the bank has close ties to, according to people familiar with the matter. Executives sounded out another fintech credit-card platform called Cardless and a payments company called CoreCard Corp., the people said.

Outreach from Goldman's executives to Deserve executives began last year, people familiar with the matter said. The most recent overture came last month, they said.

No official discussions are currently taking place between Goldman and the companies, the people said.

A Goldman spokesman said the bank has already built technology platforms that enable it to help card partners grow their businesses and serve their customers.

"We have the ability to scale these businesses with our existing technology and are not currently looking for acquisitions

in the space," the spokesman said.

Long the epitome of high finance, Goldman has been trying to round out its investment-banking and trading units in part by growing its cards business. But progress has been slow.

Goldman previously bid to take over the credit-card programs of JetBlue Airways Corp. and Macy's Inc. but lost out. The bank successfully bid to take over the General Motors Co. credit-card program in 2020, but technology glitches delayed the rollout, the Journal previously reported.

In 2019, Goldman launched a credit card with Apple Inc., and Apple encourages cardholders to use the card with Apple Pay.

Goldman recently announced a broad restructuring that included moving its card partnerships with Apple and GM into a new unit called Platform Solutions.

Bulking up its payment technology could help Goldman better compete against bigger banks when bidding on credit-card partnerships, people familiar with the matter said. Executives wanted to better prepare for what they believed would be a string of tech com-

panies that would want to quickly launch credit-card programs embedded within their apps, the people said.

Goldman is CoreCard's biggest customer by consolidated revenue, according to a recent regulatory filing by CoreCard.

Deserve currently powers credit cards for private student-loan lender Sallie Mae, financial-services startup Glorifi, BlockFi's crypto rewards credit card and others.

Goldman became an investor in Deserve in 2019, and a Goldman managing director is on Deserve's board. The bank recently facilitated a credit line for Deserve.

## Big Asset Managers Disclose Probes

By DAVE MICHAELS

WASHINGTON—Private-equity giants are the latest companies to face regulatory investigations over use of banned communication channels.

Apollo Global Management Inc., KKR & Co. Inc. and Carlyle Group Inc. disclosed Tuesday that they face investigations over whether their employees used messaging apps such as WhatsApp to do business. They are the most prominent asset-management firms so far to disclose their exposure to a regulatory sweep that examines record-keeping rule compliance.

The Securities and Exchange Commission and Commodity Futures Trading Commission in September settled with 11 major broker-dealers accused of failing to maintain and preserve all of their employees' communications. The firms collectively paid \$1.8 billion to resolve the cases.

Apollo said in a securities filing that some of its subsidiaries are under investigation, and Carlyle disclosed that regulators told it to preserve business communications sent over text message, WhatsApp and WeChat. KKR also disclosed on Tuesday that it is subject to an investigation.

SEC rules require most employee communications to be preserved. Firms whose employees talk about business over prohibited mobile apps risk violating those rules if they don't retain or monitor those messages.

The firms said they were cooperating with investigators. The disclosures don't mean the firms broke any rules.

Spokeswomen for KKR and Carlyle declined to comment. A spokeswoman for Apollo didn't respond to a message seeking comment.

## Japanese Sell Off Treasuries

Continued from page B1

ign creditor, according to Treasury Department data, holding Treasuries with a market value of about \$1.2 trillion as of August. Private Japanese investors poured hundreds of billions of dollars into U.S. and other foreign bonds in recent years, seeking better returns than they could find at home.

That flow, however, has sputtered in recent months, and many analysts don't expect it to return soon. "Going forward, it isn't clear there is going to be any new buying from Japan," said Brad Setser, a senior fellow at the Council on Foreign Relations and former adviser to the U.S. Trade Representative.

The decline in Japanese demand comes as the U.S. bond market is suffering one of its worst years in history, having been battered by inflation and escalating expectations for how high the Fed will need to raise rates. As bond prices have fallen, Treasury yields have climbed to their highest level in more than a decade. That

has made loans more costly and fueled a selloff in stocks.

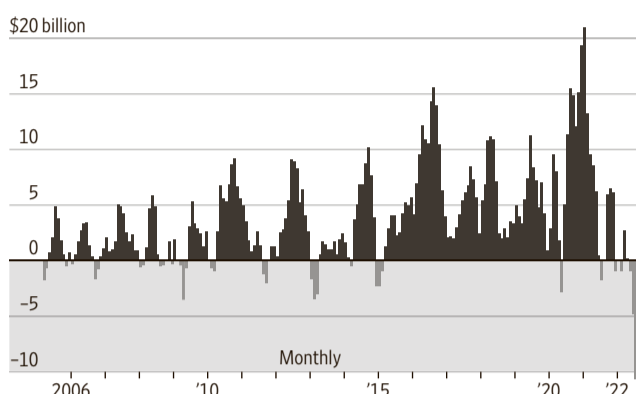
Most likely, Mr. Setser and others said, Japan's pullback will continue to be felt on the margin, applying still more upward pressure on Treasury yields. Many of the same analysts, though, worry that it could turn more damaging. At some point, the thinking goes, Japan might not only stop buying Treasuries but also start selling them at a faster pace, adding extra stress to the market.

Investors have already shown signs of nervousness. On Sept. 22, the yield on the 10-year U.S. Treasury note logged its second-largest jump of the year after Japan's government said that it was buying yen with dollars from its foreign-currency reserves for the first time since the 1990s.

Since then, the government has, to some degree, supported investors' initial fears by releasing data suggesting that it dipped into its securities holdings to raise the dollars needed, rather than drawing from its bank deposits. That, analysts say, likely means that it has sold short-term Treasuries because selling longer-term bonds would cause more market disruption.

So far, the government likely hasn't sold enough to have a major impact on bond prices. Still, investors worry that it will have to continue

### Net purchases of non-Japanese bonds by Japanese life insurers and pensions



Note: Three-month moving average. As of September 2022  
Source: Exante Data; Japan Ministry of Finance

selling just to keep the yen stable around a three-decade low against the dollar. That has fed a fear that it could eventually turn to longer-term Treasuries if it runs low on shorter-term bonds.

One problem is that the weakness of the yen is being driven by a wide gap between U.S. and Japanese interest-rate policy that is almost certain to get wider in coming months.

While the Fed has tried to fight inflation by lifting short-term rates from near zero to almost 4%, the Bank of Japan has remained committed to keeping even 10-year Japanese government bond yields near zero. This reflects fundamental differences between the U.S. and

Japanese economies, with inflation hovering around 8% in the U.S. and just 3% in Japan.

Even so, U.S. investors also worry about what would happen if the BOJ moves to raise interest rates in any way. For many, one unsettling aspect of the Japanese government's intervention in the current market is that it showed Japanese authorities are uncomfortable with the yen's weakness, which has contributed to major increases in the costs of imported food and fuel—household essentials.

Bank of Japan Gov. Haruhiko Kuroda has repeatedly said that the central bank has no plans to change its policy. Nonetheless, some analysts on

Wall Street say that a shift is still possible next year, particularly if inflation remains above the BOJ's 2% target for longer than the central bank expects and the Fed keeps pressure on the yen by continuing to raise rates.

In that scenario, the concern is that institutional investors in Japan would step up their selling of Treasuries so that they could increase their holdings of domestic bonds.

Already, such investors have pulled back from the global bond market.

For years, they had scooped up U.S. bonds in particular not just because they offered higher yields than Japanese bonds but because yields on longer-term Treasuries were higher than those on shorter-term Treasuries. This allowed them to earn good returns by borrowing dollars at short-term rates and then buying longer-term bonds—a move that also acted as a hedge against currency fluctuations.

Now, the trade doesn't work, because short-term U.S. rates have caught up with longer-term yields.

Overall, Japanese life insurers and pensions alone reduced their foreign bondholdings by nearly \$40 billion from April through September, according to Japanese government data compiled by the research consultant Exante Data.

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Denise, adopted 17-year-old Amina

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MARKETS

Stocks Rise With Elections Main Focus

Market attention is expected to quickly shift to Thursday's report on inflation

By WILL HORNER

Stock indexes finished ahead as investors awaited the outcome of midterm elections.

Unless there is a very unusual result to the congressional elections, investors will quickly turn their attention to Thursday morning's inflation report and its implications for Fed policy, analysts said.

TUESDAY'S MARKETS

Stocks rallied in the morning before the S&P 500 and the Nasdaq Composite briefly fell into the red in afternoon trading.

51.68 points, or 0.5%, to 10616.20.

The Dow Jones Industrial Average rose 333.83 points, or 1%, to 33160.83.

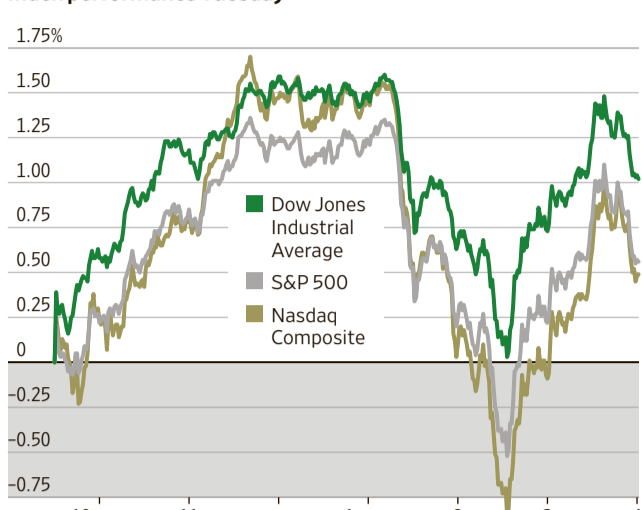
Investors' optimism had built ahead of the midterms, which could see a shift in the control of Congress and offer signals about the next presidential race.

The Democrats' narrow control of both chambers was up for grabs. If Republicans take control of the House of Representatives, for example, it would lead to a divided government and potentially limit the scope of the Biden administration's legislative plans.

Such an outcome is typically considered a boon for stock markets as it limits uncertainty and reins in both parties, investors say. "It tends to make the electoral body much less effective in terms of implementing big changes and it tends to force the policy agenda much more toward the center," said Charles Diebel, head of fixed income at Mediolanum International Funds.

The year after the midterms tends to see the highest equity returns of a president's first

Index performance Tuesday



Source: FactSet

four years in office, as divided governments tend to make for predictable politics, said Elliot Hentow, head of macro policy at State Street Global Advisors, in a note. The S&P 500 has been higher a year after every midterm since World War II, according to analysts at Deutsche Bank.

"It's no exaggeration to say

that midterm elections are one of the best historic buy signals for equities we have," said Jim Reid, Deutsche Bank's global head of credit strategy, in a note.

Still, investors caution that any boost to optimism will be limited, as the Federal Reserve follows its path of raising interest rates to bring soaring infla-

tion under control and the global economy slows. Corporate earnings also are expected to suffer.

In commodity markets, oil prices fell as hopes faded that China was considering easing its strict Covid-19 policies soon. Commodities and Chinese stocks had risen as social media rumors suggested Beijing was considering relaxing its zero-Covid policies sooner than expected. But officials have pushed back on such rumors, damping investors' hopes. Beijing is considering such a move but is progressing cautiously and has set no timeline for reopening its economy, The Wall Street Journal reported.

"For the global outlook, China reopening would be a big deal were it to happen. But with China, you have to know who to listen to. Often the rumor catches fire but doesn't have any grounding in reality," Mr. Diebel said.

In corporate news, Take-Two fell \$14.83, or 14%, to \$93.57 after the game publisher cut its fiscal-year outlook, citing shifts in the company's pipeline, fluctuations in foreign-exchange

rates and a more cautious view of the economy.

Lyft fell \$3.24, or 23%, to \$10.90 after the ride-sharing company said its revenue growth slowed and the number of people using its service remained below prepandemic levels.

The yield on the 10-year Treasury note edged down to 4.125% from 4.212% on Monday. Yields rise as prices fall.

Overseas, the pancontinental Stoxx Europe 600 rose 0.8%.

Early Wednesday in Asia, Japan's Nikkei 225 was down 0.2%, Hong Kong's Hang Seng Index was down 0.6% but South Korea's Kospi was up 1.2%. S&P 500 futures rose 0.1%.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

Table with columns: Applications, Accepted bids, Auction price (rate), Interest rate, Bids at clearing yield accepted, Cusip number, and 52-Wk % change.

New Highs and Lows

Large table listing various stocks with columns for Stock, Sym, Hi/Lo, Chg, 52-Wk % change, and other metrics.

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