

THE WALL STREET JOURNAL.

What's News

Business & Finance

- ◆ **Walmart** posted stronger-than-expected sales for the fall quarter, an indication that shoppers were looking for deals but still spending ahead of the holiday shopping season. **A1**
- ◆ **The retail giant** agreed to pay \$3.1 billion to settle opioid-crisis lawsuits brought by several U.S. states and municipalities. **B2**
- ◆ **The big tech companies** that drove U.S. office demand for years are now canceling leases and flooding business districts with office space as they downsize. **A1**
- ◆ **Activist TCI** called on Alphabet to aggressively cut costs and reduce losses in long-term bets, saying the company would be more efficient with fewer employees. **B1**
- ◆ **FTX's founder** thinks that he can raise enough money to make users of the collapsed cryptocurrency exchange whole, people familiar with the matter say. **B1**
- ◆ **Producer-price** increases in the U.S. slowed in October for the second straight month, adding to signs that inflation pressures could be abating. **A2**
- ◆ **U.S. stocks rose**, with the S&P 500, Nasdaq and Dow industrials notching gains of 0.9%, 1.4% and 0.2%, respectively. **B13**
- ◆ **Microsoft announced** enhanced policies it said are aimed at preventing sexual harassment and gender discrimination, in response to an independent review. **B1**
- ◆ **Berkshire made** an investment valued at roughly \$4.1 billion in TSMC. **B4**

World-Wide

- ◆ **Trump launched** a 2024 White House bid, aiming to reaffirm his position as the GOP's standard-bearer despite disappointing midterm election results that have led some party leaders to suggest that he step aside. **A1**
- ◆ **Republicans remained** on the brink of taking back control of the House, with lawmakers bracing for a new era of divided government in Congress. **A4**
- ◆ **Sen. Scott of Florida** announced a bid to challenge McConnell for the role of Senate Republican leader, deepening a rift within the Republican conference. **A6**
- ◆ **A missile struck** a Polish village near the country's border with Ukraine, killing two people and prompting Warsaw to consider summoning allies for an emergency summit as Russia's fight with Kyiv threatened to spill over. **A1**
- ◆ **A federal judge** struck down a pandemic-era policy known as Title 42 that the Biden administration has used to expel migrants crossing the border illegally. **A3**
- ◆ **A Georgia judge** permanently blocked enforcement of the state's ban on most abortions after six weeks of pregnancy. **A2**
- ◆ **A congressionally** convened commission called on the U.S. to review China's trade practices and assess Beijing's compliance with a landmark 1999 pact. **A9**
- ◆ **The U.N. calculated** that the world's population reached eight billion on Tuesday, a milestone that came about a year later than expected. **A18**

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McCarthy Wins First Round in Contest to Become Speaker



IN FRONT: House Republicans backed Kevin McCarthy as speaker in a closed-door meeting Tuesday, a key step he needs toward winning the gavel. Republicans are expected to have the narrowest majority in the House in recent history. **A7**

Trump Enters 2024 Campaign After Tough Midterms for GOP

By ALEX LEARY

PALM BEACH, Fla.—Donald Trump launched a third consecutive White House bid Tuesday, aiming to reaffirm his position as the Republican standard-bearer despite disappointing midterm election results that have led some party leaders to suggest the polarizing former president step aside.

"In order to make America great and glorious again, I am tonight announcing my candidacy for president of the United States," he said during a prime-time event from his Mar-a-Lago estate.

Mr. Trump has fired back in recent days at intraparty critics and potential rivals for the nomination, primarily Florida Gov. Ron DeSantis, whose overwhelming re-election win on Nov. 8 confirmed his stand-

ing as the leading current alternative to Mr. Trump. Despite signs of dissatisfaction with Mr. Trump, he enjoys broad grass-roots support, has tens of millions of dollars in campaign cash and a history of steamrolling competitors. He has reshaped the GOP demographically, attracting more working-class voters, and has fundamentally shifted the party's policy approaches on trade, China, immigration and other issues.

Tech Firms Downsize, Unload Office Space

By PETER GRANT

The big technology companies that drove U.S. office demand for years as they expanded their empires are now canceling leases and flooding business districts with office space as they downsize. Facebook owner Meta Platforms Inc., Lyft Inc., Salesforce.com Inc. and other tech companies are shedding millions of square feet of office space in San Francisco, Silicon Valley, New York, Austin, Texas, and elsewhere.

Amazon.com Inc. stopped construction in July on new office buildings amid a hiring freeze and is now preparing to lay off thousands of workers. While leasing from all businesses declined during the pandemic, the tech sector accounted for the largest portion of the leasing that took place, according to real estate services firm CBRE Group Inc.

INSIDE



BUSINESS & FINANCE
Auto makers turn to less costly batteries to make electric vehicles more affordable. **B1**

SPORTS
In L.A., Rams, Lakers both traded away draft capital, and now they're struggling. **A14**

Walmart Revenue Rises as Shoppers Boost Store Visits

By SARAH NASSAUER

Walmart Inc. reported stronger-than-expected sales during the fall quarter, an indication that shoppers were looking for deals but still spending ahead of the holiday shopping season. Walmart's comparable U.S. sales—those from stores and digital channels operating over the past 12 months—through Oct. 28 rose 8.2% from a year earlier. That is above the roughly 3% increase the company predicted in August.

Walmart rose 2.1% in the third quarter. The company's total revenue rose 8.7% to \$152.8 billion in the quarter ended Oct. 31 compared with the same period last year. Walmart, the country's largest retailer by revenue, said Tuesday that households continue to face pressure from rising food prices, and lower-income shoppers are dipping into savings. Executives said shoppers are spending in some categories.

Let's Chat... On the Matt Hancock App?

* * *
Twitter alternatives find new fans

By JAMES HOOKWAY

Twitter users whiplashed by all the changes there since Elon Musk bought it have been experimenting with other sites in recent days. Mastodon is a popular choice. Some prefer Discord or Tribel. Others have landed on something a little more niche—the Matt Hancock app. For those who might not be familiar with it, that app was launched by Matt Hancock, a British politician who resigned as the health minister after he was caught in an embrace during the country's Covid lockdown. He came up with the

World Cup Kicks Off Epic Culture Clash

Unaccustomed to Western tourists, Qatar braces for a flood of rowdy fans and alcohol

DOHA—With days to go, Qatar is bracing for a soccer World Cup unlike any global event before it, as a crowd of rowdy soccer fans two-thirds

work to meet demand from fans. Trailer parks are rising from the desert and cruise ships have been commandeered to house visitors, who far outnumber hotel rooms.

Qatar has been dogged by controversy around the event ever since it won the hosting rights in December 2010. First, there were allegations from journalists, lawmakers, and eventually the U.S. Justice Department that the country had secured the win by bribing executives of FIFA. Later came headlines over the conditions faced by migrant workers, who have suffered

the size of its entire population descends on a capital with scant Western tourism experience. The multibillion-dollar extravaganza, which begins Sunday, will be the first FIFA World Cup in the Middle East, the first in a conservative Muslim country and the first hosted in and around a single city, Doha. Qatar's national air carrier is reordering its global net-

Missile Strikes Poland Close to Ukraine

Warsaw weighs seeking NATO meeting after two killed near border

By DREW HINSHAW AND KAROLINA JEZNAH

PRZEWODÓW, Poland—A missile struck this Polish village near the country's border with Ukraine on Tuesday, killing two people and prompting Warsaw to consider summoning allies for an emergency summit as Russia's fight with Kyiv threatened to spill over. The missile, which Poland said was manufactured in Russia, slammed into a granary 3 miles from the border and killed two farmworkers, Polish officials said. In response, Poland summoned the Russian ambassador and put military units for air defense on high alert.

President Biden said preliminary information about the missile strike indicates it was unlikely to have been fired from Russia and he pledged to investigate the incident. "I don't want to say that until we completely investigate," he said. "But it's unlikely [based on the trajectory] that it was fired from Russia. But we'll see."

Mr. Biden spoke following an emergency meeting of G-7 and North Atlantic Treaty Organization leaders along the sidelines of the Group of 20. **Please turn to page A8**

◆ Control of the House comes into clearer view..... **A4**

◆ Looting, sabotage mark Russia's Kherson pullout.... **A8**

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U.S. NEWS

Migrant Rule Struck Down

Judge says Title 42 pandemic-era policy used to expel asylum seekers isn't legal

By MICHELLE HACKMAN AND JAN WOLFE

WASHINGTON—A federal judge in Washington struck down a pandemic-era policy known as Title 42 that the Biden administration has used to expel migrants crossing the border illegally, a ruling that will have a deep impact on the government's efforts to slow illegal border crossings.

In a 49-page ruling Tuesday, U.S. District Judge Emmet Sullivan said that Title 42 was promulgated in violation of the Administrative Procedures Act, a federal law that dictates how agencies can issue regulations. Judge Sullivan said Title 42 "does not rationally serve its stated purpose in view of the alternatives," and that the policy was therefore "arbitrary and capricious."

The ruling came in a protracted lawsuit filed by the American Civil Liberties Union, which has argued that Title 42 violates U.S. immigration laws by denying migrants a chance to ask for asylum.

Late Tuesday, the Biden administration asked the court to stay the order for five weeks to give the administration time to prepare.

In a five-page filing, lawyers for the Biden administration said the Department of Homeland Security "requires a short period of time to prepare for the transition from Title 42 to Title 8 processing, given the need to resolve resource and



Migrants being detained by U.S. Border Patrol agents last week in Eagle Pass, Texas.

logistical issues" officials hadn't been able to address.

Ending Title 42 would mean border authorities return to traditional processing for those caught crossing the border illegally, or asking for asylum at a port of entry. For most migrants, that means facing a deportation hearing.

"This transition period is critical to ensuring that DHS can continue to carry out its mission to secure the nation's borders and to conduct its border operations in an orderly fashion," the government said in its filing. The ACLU doesn't oppose the delay, the filing said.

The Title 42 policy, first instituted in 2020 by the Trump administration at the height of the Covid-19 pandemic, was continued by the Biden administration in the face of rapidly

rising numbers of illegal border crossings.

In March the administration attempted to end its use, saying the policy was no longer necessary to protect the nation's public health. But in May, a federal judge in Louisiana blocked the administration from moving ahead with the wind-down, saying it had failed to post a notice allowing the public to comment on the decision to lift the policy.

Judge Sullivan's ruling makes that litigation moot by declaring that the Centers for Disease Control and Prevention erred in implementing Title 42 in the first place.

Title 42 has been the subject of litigation for nearly two years. Immigration advocates have argued that it has all but shut down the U.S. asylum sys-

tem, while conservative states have intervened to keep the policy, saying it is necessary to keep the border under control.

"This is an enormous ruling that will save lives," said Lee Gelernt, a lawyer with the ACLU and the lead counsel in the Title 42 litigation. "Whatever debates we now have about the asylum system, the one thing that cannot happen is the misuse of the public health laws."

The Biden administration currently uses Title 42 to expel most single adults who cross the border from Mexico and northern Central America.

Last month, about 37% of migrants who crossed the border were expelled under Title 42, down from an average of about 48% in the government's fiscal year that ended in September, according to government data.

Study Cites Bad Effects of Marijuana Smoke

By JULIE WERNAU

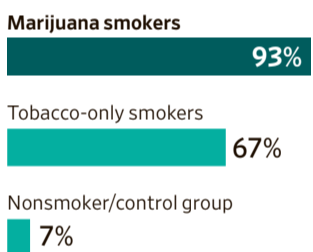
Marijuana might do more damage to smokers than cigarettes alone.

A study published Tuesday in the journal Radiology demonstrated higher rates of conditions including emphysema and airway inflammation among people who smoke marijuana than among nonsmokers and people who smoked only tobacco. Nearly half of the 56 marijuana smokers whose chest scans were reviewed for the study had mucus plugging their airways, a condition that was less common among the other 90 participants who didn't smoke marijuana.

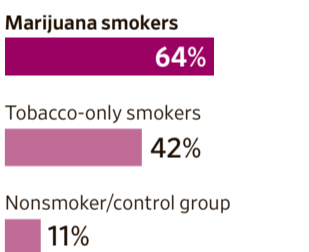
"There is a public perception that marijuana is safe and people think that it's safer than cigarettes," said Giselle Revah, a radiologist who helped conduct the study at the Ottawa Hospital in Ontario. "This study raises concerns that might not be true."

Smokers who added marijuana to the mix experienced a greater deterioration in lung health.

Rates of emphysema for age-matched study participants



Rates of bronchial thickening for study participants



Note: The study evaluated results of chest CT scans of 56 marijuana smokers, 57 nonsmoker control patients and 33 tobacco-only smokers. Age-matched group findings are based on 30 marijuana smokers, 29 nonsmoker control patients and 33 tobacco-only smokers. Scans ranged from Oct. 2005 to July 2020. Source: Radiology

One-fifth of Canadians over 15 years old reported using marijuana in the past three months, according to a 2020 survey of some 16,000 people conducted by Canada's national statistical office.

About 18% of Americans reported using marijuana at least

once in 2020 in the U.S. Substance Abuse and Mental Health Services Administration's National Survey of Drug Use and Health, including about one in three young adults age 18 to 25.

Among the 56 marijuana smokers in the Ottawa study,

50 also smoked tobacco.

Marijuana's illicit status long discouraged substantial research into the long-term effects of its use, said Albert Rizzo, chief medical officer for the American Lung Association, who wasn't involved in the study. Inhaling any heated substance can irritate airways, he said. "There could be an additive effect if you smoke cigarettes as well as marijuana," Dr. Rizzo said.

The study authors found bronchial thickening in 64% of marijuana smokers versus 42% of tobacco-only smokers and a condition that leads to excess mucus buildup in 23% of marijuana smokers versus 6% of tobacco-only smokers. Age-matched marijuana smokers had higher rates of emphysema (93%) than tobacco-only smokers (67%), and the emphysema, which appears in imaging as small holes in lung tissue, was more prevalent in the marijuana smokers, the study found.

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U.S. NEWS

House Comes Into Clearer View

Republicans are on the cusp of taking the chamber as more races are called

By ELIZA COLLINS AND NATALIE ANDREWS

WASHINGTON—Republicans remained on the brink of taking back control of the House of Representatives, with lawmakers bracing for a new era of divided government in Congress featuring narrow partisan majorities in both chambers.

The GOP closed in on control of the House after racking up several wins in competitive races in recent days. Late Tuesday, the party remained one seat away from the 218 needed for a majority in the 435-seat chamber, putting it on course for a razor-thin margin with just a handful of contests still to be called. Days earlier, the Democrats retained control of the Senate with a win in a hard-fought Nevada race.

On Tuesday, four races were called by the Associated Press, all for Democrats: Yadira Caraveo in Colorado, and Reps. Ami Bera, Jim Costa and Josh Harder in California, putting the tally at 217 for Republicans and 209 for Democrats.

The midterm election results, which were weaker than the GOP hoped, sparked questions in the Republican Party about its leadership and messaging looking ahead to the 2024 presidential race, as former President Donald Trump announced he was running and other candidates geared up.



Newly elected members of the U.S. House posed for a group photo outside the Capitol building on Tuesday.

Currently, Democrats have a 220-213 majority in the House, with two vacancies.

The expected change in House control lines up House Minority Leader Kevin McCarthy to become the new speaker, ousting longtime Democratic leader and fellow Californian Nancy Pelosi.

“They don’t hand gavels out in small, medium and large. You get the right-sized gavel, and we will use it,” Mr. McCarthy told reporters Tuesday night, dismissing questions

about potential difficulties in running the chamber with a narrow majority.

In remarks to Democrats Tuesday morning, Mrs. Pelosi didn’t address her plans.

A GOP majority would be able to decide which legislation gets votes, allowing Republicans to easily block bills proposed by President Biden and Democrats.

A shift in congressional power would reshape the second half of Mr. Biden’s first term, effectively eliminating

any prospect of ambitious legislation and forcing him to rely on executive actions to further his agenda.

It also could affect a range of Biden administration policies, including testing U.S. support for Ukraine in its war with Russia given hesitancy among some Republicans to continue the high level of funding for Kyiv. It is expected to spark fresh partisan disputes over spending, taxes, Internal Revenue Service enforcement and the prospect of raising the fed-

eral debt ceiling, as Republicans will be in position to push for their own policy priorities.

With just a handful of seats left to be determined in Western states, Republicans will fall short of the more substantial gains some leaders had anticipated in the closing days of the campaign. Republicans had predicted they could pick up dozens of seats in the House and take control of the Senate, because of voter concerns about inflation and Mr. Biden’s weak approval numbers.

Trump Enters 2024 Race

Continued from Page One fraud in that election. There was no evidence of such fraud, and Mr. Trump’s campaign and its allies lost multiple lawsuits seeking to overturn the results.

No former president in the modern era has attempted such a return bid; the last successful one was Grover Cleveland, who was denied re-election in 1888 but rebounded in 1892.

“America’s comeback starts right now,” Mr. Trump said.

He touted his record as president, particularly on the economy and boosting border security. Foreign adversaries such as China were held “in check,” he said while the country avoided launching any new wars.

By contrast, Mr. Trump painted a bleak picture of the two years of the Biden presidency.



Donald Trump painted a bleak portrait of the Biden presidency.

“Now we are a nation in decline. We are a failing nation,” he said of inflation, higher gasoline prices and problems at the southern border. “We are here tonight to declare that it does not have to be this way.”

Mr. Trump added: “I will ensure that Joe Biden does not receive four more years....Our country could not take that.”

As Mr. Trump made his announcement, President Biden said on Twitter that his predecessor “failed America.” In a statement, Democratic Na-

tional Committee Chairman Jaime Harrison predicted Tuesday would be “just the kickoff to what will be a messy Republican primary.”

Mr. Trump lamented how long it was taking to know the full results of last week’s midterm elections, and he proposed requiring ID for all voters, same-day voting only, and paper ballots rather than machines. He also called—as he has previously—for term limits for members of Congress, and lifetime bans on lobbying

by former lawmakers and Cabinet members.

As he did in his 2016 and 2020 campaigns, Mr. Trump portrayed himself and his supporters as facing an array of sinister forces, including the media, “woke” corporations and censorship by technology companies.

Mr. Trump filed paperwork with the Federal Election Commission on Tuesday to mark the start of the campaign.

Mr. Trump is launching a new campaign while facing several legal entanglements, including investigations into his business dealings, his involvement in efforts to overturn the 2020 results and the Justice Department’s criminal probe into presidential records and documents labeled classified he stored at Mar-a-Lago. The announcement would put the Justice Department into the tricky position of investigating the declared opponent of Mr. Biden.

Senior Justice Department officials, aware that a Trump candidacy will test that independence, are contemplating how to proceed with investigations involving the former

president, people familiar with the matter said, including whether to appoint a special counsel to oversee the unprecedented inquiry into his handling of classified documents.

Mr. Trump has said he did nothing wrong with the documents and cast it as an attempt to wound him politically.

As president, Mr. Trump was impeached twice by the House and acquitted both times by the Senate, the latter time for allegedly encouraging a mob to storm Congress on Jan. 6, 2021, as part of a last-gasp effort to overturn the 2020 election.

For the 2024 campaign, Mr. Trump’s main political committee had about \$70 million in the bank as of October.

—John McCormick, Sadie Gurman, Aruna Viswanatha and Chad Day contributed to this article.

Watch a Video



Scan this code to watch a video of Trump announcing his candidacy.

Executive Testifies At Trump Firm Trial

By CORINNE RAMEY

Longtime Donald Trump confidant Allen Weisselberg testified Tuesday at the Trump Organization’s criminal tax-fraud trial that during his tenure as the company’s finance chief he and the business evaded paying taxes on benefits he received, including leased cars and a rent-free apartment.

Mr. Weisselberg and the Trump Organization were indicted last year in the case, and Mr. Weisselberg in August pleaded guilty to all 15 counts he faced. He agreed to testify at his longtime employer’s trial. Mr. Trump, who has called the case politically motivated, wasn’t charged.

Mr. Weisselberg, the prosecution’s star witness, is playing an unusual role because he remains paid by the Trump Organization, although he is now on leave. He testified that

Allen Weisselberg, who took a plea deal, is the prosecution’s star witness.

after he agreed to plead guilty, on the day he turned 75, the Trump Organization threw him a birthday party.

The trial in state court in Manhattan began Oct. 31. Mr. Weisselberg is the third Trump Organization employee to take the stand. Prosecutors have alleged that Mr. Weisselberg and other employees avoided paying taxes on perks they received, to the benefit of two Trump Organization corporate entities.

Lawyers for the Trump companies have said that Mr. Weisselberg, motivated by personal greed, committed tax crimes to benefit himself.

From 2005 to 2017, Mr. Weisselberg said, the Trump business paid for a range of personal expenses, including rent for his Manhattan apartment, leased cars, utilities and parking. In the early years, he received about \$100,000 annually in personal expenses, and beginning in 2013, about \$200,000, he said. Many of these expenses were authorized by Mr. Trump himself, he said.

Prosecutor Susan Hoffinger asked Mr. Weisselberg why he didn’t seek a raise from the company, in lieu of paid perks. “The Trump Corporation would have had to give me double the amount of those expenses,” he said, to account for the taxes he would have needed to pay on the higher salary.

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U.S. NEWS

McCarthy Wins Vote in Speaker Bid

By NATALIE ANDREWS
AND ELIZA COLLINS

WASHINGTON—House Republicans backed Kevin McCarthy as speaker in a closed-door meeting Tuesday, a key step he needs toward winning the gavel, but the result also showed that he has more work to do to win the vote of the full chamber on the floor next year.

In January, Mr. McCarthy must win 218 votes in a roll-call vote among all lawmakers present and voting, and with a Republican majority that is expected to be the narrowest in recent history. All Democrats are expected to oppose him.

Mr. McCarthy, now the House Minority Leader, received 188 votes to be speaker from his conference, according to people familiar with the vote. Rep. Andy Biggs (R., Ariz.), who challenged Mr. McCarthy, received 31 votes. Mr. McCarthy will need to keep most Republicans united for a floor vote—giving each individual lawmaker significant leverage.

The gap between the support Mr. McCarthy received from his colleagues and the 218 needed on the House floor will be the California Republican's focus for the next several weeks. Some Republican lawmakers may be won over with committee posts; others have asked for rules changes to how Republicans govern themselves.

Republicans moved forward with their speaker vote despite the House majority not yet being called by the Associated Press. The House now has 217 Republicans, with several races outstanding, and 205 Democrats.

The expected tight majority has complicated the path for Mr. McCarthy, who was seen as largely a shoo-in for House speaker before Election Day. But the expected big gains didn't materialize. "I think Kevin has done a really great job as minority leader and he has made a very compelling case. We have some family discussions to have this week and then we will be one team, one mission come January," said Rep. Kat Cammack (R., Fla.).



Kevin McCarthy, shown before Tuesday's vote, received 188 votes to be speaker from his conference.

Mr. Biggs's goal wasn't to win the speakership but to show Mr. McCarthy that he didn't have the entire Republican conference backing him, Republican lawmakers said. The vote was a secret ballot.

"The American people want us to turn a page," Mr. Biggs said on Twitter. "They do not want excuses or performance art, they want action and results."

In his speech nominating Mr. Biggs, Rep. Chip Roy of Texas said the challenge "is not an attack" on Mr. McCarthy but rather an effort to have a "debate rather than a coronation," according to his prepared remarks sent out in a fundraising email.

Previous speakers have struggled to get 218 but made it through the House vote. Paul Ryan, of Wisconsin, who served as the Republican House speaker from 2015 to the start of 2019, had to make promises to conservatives to secure his post at the time. Current House Speaker Nancy Pelosi (D., Calif.) initially struggled to lock down support in her caucus when Democrats won the majority in 2018.

In the closed-door meeting Monday, Mr. McCarthy emphasized that Republicans would

have the majority and hold the committee gavels, no matter the size of the conference, according to two people in the meeting. Mr. McCarthy received a standing ovation, according to two people.

Minnesota Rep. Tom Emmer, who recently led the House GOP campaign arm, won a tightly contested race for majority whip, between him, Indi-

Republicans moved with voting despite the House majority not yet being called.

ana Rep. Jim Banks who chaired the Republican Study Committee, and Georgia Rep. Drew Ferguson, the current chief deputy whip.

House Minority Whip Steve Scalise (R., La.) ran unopposed to be the next majority leader.

New York Rep. Elise Stefanik won re-election for GOP conference chair, defeating challenger Florida Rep. Byron Donalds.

The leadership elections are taking place the same day former President Donald Trump is

expected to announce he is running again for the White House. Some Republicans have soured on Mr. Trump after many of the midterms candidates he had endorsed lost. Mr. Trump has endorsed Mr. McCarthy's bid for speaker.

In exchange for their support, some GOP members are asking for changes to the conference rules, especially the motion to vacate the chair, which allows for easier ousting of a speaker. Some lawmakers oppose such a change.

"Frequent leadership overhauls would erode House Republicans' ability to deliver a common sense, conservative vision and meaningful results for the American people," the three co-chairs of the Main Street Caucus, a centrist group of about 50 lawmakers, said in a statement.

Republican leaders have the difficult task of balancing opposing demands from the party's right flank and center.

"Understanding the secret to a close conference is forcing people to talk to each other...let's be honest, McCarthy is a savant of human nature," said Rep. David Schweikert (R., Ariz.) in his endorsement of Mr. McCarthy.

Tax Breaks in the Mix For Congress During Lame-Duck Session

By RICHARD RUBIN

WASHINGTON—The House and Senate returned for a post-election session of Congress this week with tax breaks for retirement savings and corporate research on the agenda.

Lawmakers are hopeful that some of these tax measures with bipartisan support can get through Congress before the end of the year. But short deadlines and postelection uncertainty could impede those efforts.

A lame-duck session, between the election and the new Congress starting in January, can often be an opportunity for the current Congress to push through final priorities or clear tricky items out of the way ahead of a potential new majority.

Even once next year's lineup is set, congressional leadership races and other priorities such as a defense bill and a debt-limit debate may make it hard for tax provisions to get momentum before the new Congress starts in January.

Lobbyists and congressional aides expect any potential tax bill to be attached to a government-spending agreement. That, however, may not materialize if Congress decides to pass a temporary extension and resume spending debates next year.

Members from both parties have shown interest in moving a retirement-savings bill that passed the House in March. It has drawn wide support in the Senate. The legislation would raise the minimum age when people must start taking distributions from tax-deferred retirement accounts to 75 from 72, increase contribution limits for older workers and encourage smaller employers to create retirement plans and auto-enroll employees. It would also enhance a savings tax credit for lower-income workers.

The House and Senate bills aren't identical; reconciling

those differences and advancing the bill is a priority for Ways and Means Chairman Richard Neal (D., Mass.) and two retiring Republicans, Rep. Kevin Brady of Texas and Sen. Rob Portman of Ohio.

"I don't see anything in there that can't be resolved," said Mr. Brady, the ranking Republican on Ways and Means. "There is a willingness from our Democrat colleagues in the House to try to find common ground."

Aides are already talking, said Senate Finance Committee Chairman Ron Wyden (D., Ore.). "We're deep into the discussions. We're making a lot of headway," he said.

Lawmakers also may consider changes to how businesses treat research expenses for tax purposes, potentially reversing a change they made in the 2017 tax law. To generate money to pay for a corporate-tax rate cut, lawmakers began requiring companies to deduct research expenses over multiple years instead of immediately.

That provision took effect in 2022, and the chief financial officers of companies such as Lockheed Martin Corp. and Ford Motor Co. have asked Congress to reverse or delay the rule. That idea has bipartisan support, but some Democrats would like to see it packaged with a revival of the expanded child tax credit that was in place during 2021.

"We think those should both be part of an end-of-year tax package," said Rep. Suzan DelBene (D., Wash.), a Ways and Means member who heads the business-friendly New Democrat Coalition. Mr. Wyden said that benefits for businesses needed to be paired with benefits for families. So far, that potential trade hasn't gained much traction, partly because the full child tax credit is much larger than the research-and-development break.

—Kristina Peterson
contributed to this article.



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WORLD NEWS

Looting, Sabotage Mark Russian Pullout

Troops cut power towers, stole trucks and ambulances before fleeing Kherson

By IAN LOVETT

KHERSON, Ukraine—Earlier this month, Russian soldiers ripped down power lines, topped cellphone towers and looted homes and businesses throughout Kherson...

On Nov. 10, the Russian forces were gone. Knocking out the electricity—along with the heat, water and cell reception—was among the last steps in the Russians’ slow, secret withdrawal...

Beginning in late October, the Kremlin slowly drew down the number of troops in the Kherson region and began moving out heavy equipment. To cover the retreat, they pressed civilians to leave...

Even as troops filled trucks with the looted goods they could find and drove them away, Russian officials told residents they were preparing to fight for the city. Then, they knocked out communications and mined the roads...

“It was an organized retreat,” said one Ukrainian soldier in the 49th individual rifle battalion who fought in the region in the last three weeks before the withdrawal. As the unit reclaimed one village after another last week in the Bashtanka area...

As the unit reclaimed one village after another last week in the Bashtanka area, north of Kherson, they found only a handful of Russian soldiers to take captive. Each village was reclaimed without firing a shot.

“They’d packed up everything,” the soldier said, adding that the mines on the roads slowed their efforts to chase down the retreating Russians. “They placed stones around the mines so we couldn’t remove them with vehicles. We had to extract them by hand.”

In Kherson, the retreat began with a buildup of troops. In mid-October, thousands of soldiers who had been called up as part of Russian President Vladimir Putin’s fall mobilization began arriving. They were so poorly equipped that they were buying boots and other equipment in local stores...

On Oct. 18, the Russian-installed administration here said it was relocating to the east of the river, claiming Ukraine would soon start pummeling the city with artillery. Over the next few days, banks and pension offices were closed.



People charge phones in Kherson. Russian forces toppled cellphone towers and knocked out electricity.

long it would take or what would happen.” Ukrainian forces had been hitting Moscow’s supply lines for months. They disabled bridges, destroyed ammunition dumps and logistics centers, rendering troops west of the river isolated.

“There was panic,” said 28-year-old Serhii Gorbanyov. “People ran to the markets to buy supplies. No one knew how

days of the occupation, residents said, Russians had moved into empty houses and taken anything of value—it reached new levels in November. They took all of the firetrucks from Kherson, leaving the city without equipment. Still, until last week, residents said they weren’t sure if the Russians would leave. Even as the Russian flag disappeared from the regional administration building and ferries stopped running across the river, Russian officials continued to say they would fight

west, city officials said. Kyiv Mayor Vitali Klitschko said emergency power outages would be rotated throughout Ukraine. For NATO and its members, such a fatal strike on alliance territory presents a potentially difficult situation. NATO Secretary General Jens Stoltenberg has repeatedly pledged to “protect every inch of NATO territory” and warned Russia against staging any kind of attack.

Missile Strikes Poland

Continued from Page One major economies summit in Bali, Indonesia. He said the countries agreed to investigate the incident and then determine next steps.

The meeting included leaders from France, Canada, Italy, Japan, the U.K., the European Commission and the European Council, the White House said. Mr. Biden declined to comment on the missile strike in Poland when reporters were briefly brought into the meeting.

The missile that hit Poland landed on a day that Russia fired at least 90 missiles, striking infrastructure and civilian buildings across Ukraine. The wave of strikes, in the wake of Russia’s withdrawal from the Ukrainian city of Kherson, was one of the largest since the start of the invasion in February.

Polish authorities said they would make a determination on whether to invoke NATO’s Article IV. Under NATO’s founding treaty, any member who feels its security is threatened can invoke Article IV and summon the rest of the alliance for consultations on security matters. The alliance isn’t necessarily



The strike in Poland came amid a wave of attacks by Russia in Ukraine. Above, firefighters in an area of Kyiv hit by missile fragments.

required to come to the member’s aid, but the action serves as a warning signal—in this case, to Moscow. Russia’s Defense Ministry said on its official Telegram social-media channel that the country hadn’t carried out any strikes “on targets near the Ukrainian-Polish state border” and accused Poland of engaging in “a deliberate provocation in order to escalate the situation.”

In the remote village of Przewodów, just across the border from an important electrical line that connects Ukraine to the European power grid, Polish investigators arrived at the scene of the missile strike at a grain-drying facility late Tuesday. The missile hit around 3:35 p.m. local time, setting off at least one explosion and killing two men who worked at a granary, local residents said.

Renata Sadowska, 58, was returning home from her job as a janitor at an elementary school in the village of Przewodów on Tuesday, when she heard what sounded like an explosion. “I thought a gas stove at one of the neighbors’ houses must have blown up,” she said. “It would have never occurred to me it was a missile.” She found out what had ac-

Two people were killed when a missile hit a Polish village on the border of Ukraine.



“We are aware of the press reports alleging that two Russian missiles have struck a location inside Poland near the Ukraine border,” Pentagon press secretary Air Force Brig. Gen. Pat Ryder said. “I can tell you that we don’t have any information at this time to corroborate those reports and are looking into this further.” European officials broadly held off from saying whose rocket had caused the damage in Poland. President Volodymyr Zelensky of Ukraine, however, blamed Russia. “Today, Russian missiles hit Poland, the territory of our friendly country. People died,” he said in a video message. “This is a very significant escalation,” he said. “We must act.” Kyrlyo Tymoshenko, the deputy head of Mr. Zelensky’s office, said Ukraine’s air defenses shot down dozens of missiles. Strikes hit electrical networks in Kharkiv, northeastern Ukraine, and Lviv in the

Drop in Retail Sales Deepens Woes for China’s Economy

By STELLA YIFAN XIE

HONG KONG—China’s economy sank into a deeper funk last month as the weight of strict zero-Covid measures, a real-estate downturn and sinking export demand underscored the difficulties of rekindling growth amid tighter government regulations and a worsening global economy.

New data released Tuesday showed economic activity cooling across the board in October. Retail sales contracted unexpectedly for the first time in five months as factory output growth slowed and a pullback in real-estate investment accelerated.

The signs of slowing growth in China will add to fears that the worst has yet to come for the global economy, especially with many economists expecting a recession in the U.S. over the next 12 months.

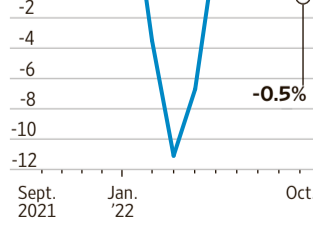
Domestically, the deteriorating economic picture presents a challenge for Xi Jinping, who last month secured a third term as leader of China’s ruling Communist Party. Mr. Xi has consolidated control over economic policymaking. Many economists and investors are looking for signs that he will adopt a more pragmatic approach as rules that he has championed to rein in property developer debt and eradicate Covid-19 have crushed sentiment.

The country is set to miss its official target of about 5.5% gross domestic product growth this year, with the economy expanding by only 3% during the first nine months.

In a tacit acknowledgment of the economic pain their policies have wrought, Chinese authorities on Friday issued a set of 16 measures that extend funding relief to highly-in-

debt developers and strengthen housing supplies, among other things.

On the same day, China’s health authority published 20 measures aimed at reducing



Note: China releases combined economic activity data for the first two months of the year. Source: National Bureau of Statistics of China

the economic and societal impacts of its pandemic controls. “The key question on investors’ minds is whether there will be follow-up policies in the same direction going forward,” noted Zhiwei Zhang, chief economist at Hong Kong-based Pinpoint Asset Management. Last month, consumer sentiment remained weak and labor market conditions barely improved as China battled its broadest-based Covid-19 outbreaks since the Omicron variant of the coronavirus first began to spread widely in the fall of last year. Daily new Covid infection counts have surged to more than 11,000 on average over the past week, more than tripling from a week earlier. Two large provinces—Guangdong, a major export hub in southern China, and Henan, home to Apple Inc.’s main iPhone assembler—have

stepped up restrictions over the past month. In Beijing, schools have been shut as many residents have been confined to their homes again as cases surge.

The new restrictions took a toll on retail sales, a key gauge of domestic consumption, which fell 0.5% in October from a year earlier, according to China’s National Bureau of Statistics—the first such year-over-year decline since May, when Shanghai was stuck in a grueling monthslong lockdown.

Sales of consumer electronics, home decorations and furniture all fell from a year earlier, while demand for smartphone upgrades also slowed. Spending on restaurant dining dropped by nearly 9% from a year earlier, though sales of medicine and fresh food ticked higher.

“Covid measures in October affected consumer behavior

even though it was a month containing long holidays,” said Iris Pang, chief China economist at ING, referring to the weeklong National Day holiday that began on Oct. 1.

Factory output and investment, which have both benefited from Beijing’s economic relief plans, decelerated in October.

Industrial production rose 5% from a year earlier in October, slowing from September’s 6.3% growth, amid falling export demand and weakening domestic sales. Growth in the auto sector slowed particularly sharply, rising just 8.6% in October from a year earlier, down from an increase of 25.4% in September.

While China’s headline unemployment rate held steady at 5.5%, rates of joblessness in 31 major cities edged up to 6% in October from 5.8% for the previous month.

—Laurence Norman, Bojan Pancevski and Andrew Restuccia contributed to this article.

WORLD NEWS

U.S. Panel Calls for Review of Trade With Beijing

By YUKA HAYASHI

WASHINGTON—A congressionally convened commission is calling on the U.S. to review Chinese trade practices—and to suspend normal trade ties if the review determines Beijing hasn't lived up to its promises under a 1999 pact.

In its annual report, the U.S.-China Economic and Security Review Commission recommended that Congress direct the Biden administration to assess China's compliance with the landmark 1999 pact that awarded China the "Permanent Normal Trade Relations" status as Beijing prepared to join the World Trade Organization.

The commission recommended a deadline of 90 days to complete the review. If China is found to be out of compliance, the commission said, Congress should consider legislation to immediately suspend normal trade ties, which have given China the most favorable trade terms and tariff rates.

The suspension could lead to a substantial increase in tariffs on imports from China, Alex Wong, chairman of the review commission, told reporters.

The review of trade status was the top item among the 39 recommendations the commission made in its annual report to Congress on Tuesday. The panel was established by Congress to help address growing concerns over China's threat to the U.S.'s economic and military security.

The commission said China engages in unfair trade practices, including subsidizing favored industries and tolerating intellectual-property theft. China has defended its practices. The commission consists of 12 members appointed by both parties to represent academia, policy-making, business and labor.

Biden, Xi Seek a New Path Forward

NUSA DUA, Indonesia—A few weeks after House Speaker Nancy Pelosi's August visit to Taiwan, advisers to President Biden quietly opened back-channel talks with a senior Chinese diplomat. Beijing had largely severed communication with Washington, and the two sides were looking for a way forward.

By Andrew Restuccia, Ken Thomas, Chun Han Wong and Keith Zhai

During video and phone calls in subsequent weeks, the group laid the groundwork for the first face-to-face meeting between the U.S. and Chinese presidents since Mr. Biden was elected, U.S. officials said. The negotiations continued until the day of the meeting, with senior Biden administration officials huddled with their Chinese counterparts until 3 a.m. on Monday at a hotel in Bali, Indonesia, before that day's talks, U.S. and Chinese officials said.

The meeting between Mr. Biden and Chinese leader Xi Jinping stretched over three hours, covering thorny issues such as their differences over Taiwan, Russia's war in Ukraine and ways to ensure that the U.S.-China rivalry doesn't flare into open conflict. Mr. Xi offered a firm defense of Communist Party rule in China and grew particularly animated when he spoke about Taiwan, providing a detailed history of the self-ruled island that Beijing sees as part of its territory, Chinese officials said.

But Mr. Biden and his advisers also came away with the impression that China has no imminent plans to invade Taiwan, although Mr. Xi didn't say so explicitly, one of the U.S. officials said. To Mr. Biden's team, it appeared the Chinese leader was seeking stability at an uncertain time in China. A downturn in the property market and the country's zero-Covid policies have throttled the economic growth that proceeded at a breakneck pace for decades.

In the end, the meeting largely accomplished what the two sides set out to achieve,



Chinese leader Xi Jinping and President Biden met for three hours in Indonesia on Monday.

restoring dialogue between the major powers and a measure of stability to a relationship that deteriorated to its lowest point since the 1970s.

It also marked a new phase in U.S.-China relations—one that is focused on managing the fierce competition between the economic powers, preventing conflict and finding common ground when they can. It is a departure from past administrations, which have centered more heavily on striking economic deals, finding new business opportunities or expanding cooperation.

Relationship shift

In this phase of the relationship, Chinese and U.S. officials said, Beijing and Washington must work out how to coexist—and avoid, or at least postpone, a conflagration.

For decades, successive U.S. presidents pursued a policy of engagement with Beijing, focused on developing economic and cultural ties that Washington hoped would spur China's shift toward a Western-style democratic system.

Many Chinese officials, meanwhile, wanted to tap foreign expertise to boost their coun-

try's economic development.

China and the U.S. once worked together under the rubric of globalization, but the powers increasingly clash over issues spanning politics, trade and technology. Many lawmakers and analysts in Washington are convinced China poses a grave threat to U.S. interests. Mr. Xi and his lieutenants, meanwhile, often assert that "the East is rising, and the West is declining"—and that China is destined to reclaim its rightful place as a great power.

The U.S. has ramped up pressure on China across economic, diplomatic and military fronts in recent years, a shift that started under President Donald Trump and continued under Mr. Biden. Mr. Trump imposed tariffs on Chinese goods in an effort to rebalance the trade relationship and restore U.S. industrial might. Mr. Biden has kept those tariffs in place and imposed new measures aimed at curbing exports of advanced semiconductors to China.

U.S. officials, nonetheless, wanted to resume the type of extensive, face-to-face talks that Messrs. Biden and Xi first held when they served as vice president of their respective coun-

tries. During a phone call in July, the two leaders directed their teams to explore the possibility of an in-person meeting, said officials from both countries.

Pelosi trip riles Beijing

Then in August, Mrs. Pelosi traveled to Taiwan, the first visit to the island by a House speaker in 25 years. Beijing viewed the trip as a sign of growing U.S. support for the island and launched large-scale military exercises in response, while cutting off key lines of communication between the two governments.

The Chinese government had in the past limited communication as a diplomatic tactic, but the discord after Mrs. Pelosi's visit was extensive, U.S. officials said. China said it would shut some military communication channels and began limiting engagement on climate change, economics and global health. The U.S. ambassador to China, Nicholas Burns, was frozen out by officials in Beijing, the U.S. officials said.

The president's team was able to keep an open line with Qin Gang, the Chinese ambassador to the U.S., and back channels with lower-level officials in

Beijing, officials said. But beyond that, they said their outreach to Chinese officials was often met with silence. Mr. Qin was also having trouble finding people in the U.S. business community who were willing to engage with him, people who spoke with him said.

Working on a reset

That stalemate began to thaw in September, when Secretary of State Antony Blinken met with China's foreign minister at a meeting of the United Nations General Assembly in New York. There, Laura Rosenberger, a special assistant to Mr. Biden and senior director for China at the National Security Council, and a top State Department official, Daniel Kritenbrink, met with Chinese Vice Foreign Minister Xie Feng, U.S. officials said.

Ms. Rosenberger and Mr. Xie agreed to quietly revive a communication channel that had been used to help plan previous virtual conversations between Messrs. Xi and Biden, the U.S. officials said. Though the focus of the discussions was a possible meeting between the two leaders, Ms. Rosenberger pressed Mr. Xie on other issues, such as restoring communication with Mr. Burns, the officials said.

As part of the preparations for Monday's bilateral meeting, Mr. Biden's team reviewed the two leaders' past encounters, "every utterance between President Biden and President Xi, looking for clues for what would be important," one of the officials said.

When Messrs. Biden and Xi met, they were largely the only people who spoke, officials on both sides said.

In a news conference after the meeting, Mr. Biden said he had "open and candid" discussions with Mr. Xi, whom he said came across as "direct and straightforward" in laying down China's positions.

The summit, Chinese Foreign Minister Wang Yi said, helped "set a clear direction, which is to prevent China-U.S. relations from derailing and getting out of control."

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FROM PAGE ONE

World Cup Sees Clash Of Cultures

Continued from Page One

death, injuries and unpaid wages while constructing World Cup infrastructure.

More recently, players and activists have attacked Qatar's ban on homosexuality. A group of European soccer federations has announced plans to protest the policy by having their captains wear a "One Love" armband, with a rainbow in support of LGBT rights. The U.S. team Monday introduced a multicolored crest.

FIFA and Qatar deny any impropriety around the vote, and nobody was ever charged with bribery, although the soccer organization later cited several voters for unrelated ethics violations. Qatar's World Cup organizing committee says that global scrutiny has improved its labor laws. The labor advocacy group the International Trade Union Confederation, once a vocal critic of Qatari labor practices, has shifted to endorsing the country's progress.

The state, as well as FIFA, says that everyone is welcome at the tournament regardless of their origin, background, gender, sexual orientation, religion or nationality.

Frantic dash

"We will have two million people coming from all over the world and showing the world that humanity can live in peace together," said FIFA President Gianni Infantino in a news conference last month.

Nearly every modern World Cup has experienced a frantic dash to the finish line as it prepares for the stress of hundreds of thousands of fans. Unlike Qatar, every other recent host had decades of experience shepherding, housing, policing, and lubricating enormous soccer crowds.

For all of its spending on infrastructure, from seven new stadiums to a gleaming new subway network, Qatar is largely new to all of it.

Officials there say the World Cup is an opportunity to marshal the resources of one of the world's richest countries and showcase the Persian Gulf region to the world.

"You have all the fans of the different teams sort of in really close proximity, so that goes a long way to really create that festive vibe," said Nasser al-Khater, a senior Qatari official organizing the event.

As an authoritarian monarchy, Qatar can take extreme measures to ensure the tournament runs smoothly.

The host country has closed its border to tourists for November, allowing only ticketed fans and up to three of their family and friends into the country. It is the first World Cup staged outside the Northern Hemisphere's summer months to avoid uncomfortable temperatures in Qatar, both for players and fans.

The event's two million expected visitors will congregate in a radius of just 35 miles. When Russia organized the tournament four years ago, stadiums were scattered from Moscow to Volgograd to the edge of Siberia.

Officials say they can monitor traffic, transportation and



An image of Uruguayan soccer star Luis Suarez adorns a building in Doha, top, while Australia's players take part in a training session. This will be the first FIFA World Cup in the Middle East and the first in a conservative Muslim country.

flows of people across Doha, including inside the stadiums where thousands of cameras can zoom in to capture a single face.

"There's no corner of the stadium that's not under surveillance. Every nook and cranny, every corridor, every room, parking, basement," said Niyas Abdulrahman, chief technology officer of the Qatari command-and-control center for the World Cup. "The cameras are everywhere."

The center will send push notifications to phones about crowd logjams and potential dangers at stadiums.

The country sent police personnel to events such as the Olympics and National Football League games, and drafted the help of security forces from 13 other nations, including the New York City Police Department.

To ease traffic, the government has told offices to open for four hours a day and to keep 80% of their staff at home. The school year was moved up a month to align the end-of-year vacation with the tournament.

Hotel rooms are hard to come by. Only 45,000 permanent rooms exist for what could be 500,000 visitors on a busy day. Many ticketed fans will stay instead in nearby cities including Dubai, Riyadh and Muscat and take dozens of daily shuttle flights ferrying people to games. Fans on these 60-to-90-minute flights

are allowed no luggage and can stay in the country for up to 24 hours before they must fly back out, with the risk that some people party too hard and miss their planes.

That is, if they manage to party at all. While soccer fans are known to enjoy a few pints or more around matches, Qatar has almost no drinking culture. The entire country has two liquor stores, owned by the state, and bars are confined to international hotels. It has little history of dealing with fan misbehavior, still a fixture at many European matches.

Drinking will be allowed in designated areas outside the stadiums, not in the stands or concourses. In the evenings, spectators can drink at one of several central fan zones.

The questions about drinking exasperate Qatari officials. "That drives me crazy," said Hassan Al Thawadi, a senior Qatari organizing official, of questions about alcohol. "Anybody who wants to come to have a drink will be able to, you know, have a drink."

Qatar has done a dry run of its alcohol strategy. It hosted the 2019 FIFA Club World Cup, a tournament involving the

world's best clubs. There, it organized zones where fans could buy and drink alcohol, largely clear of the gaze of the country's Muslim residents.

Qatari officials acknowledge that the event of eight games was merely a pilot compared with the 64 games planned for the World Cup.

The country, which is more stringent than the nearby popular tourism hub of Dubai, punishes public displays of affection and wearing revealing clothes. That adherence to the strict Islamic mores of Wahhabism—the conservative strain also followed in Saudi Ara-

bia—means Qatar's tourism industry has been slow to kick off.

Gwyn Davies, 68, of Wales, said he has never traveled farther east than Cyprus and was initially reluctant to visit Qatar. "It's a bit out of my comfort zone, the Middle East," he said.

But Wales last made it to a World Cup in 1958 and this could be his only opportunity to see his team at the event. He is basing himself in neighboring Dubai for roughly a month, where accommodation is cheaper and beer more available, and flying into Doha for games.

Other World Cups, and countries hosting global events, have faced challenges in recent years. The Tokyo Olympics last year turned out to be a multibillion-dollar bust for Japan amid the Covid-19 pandemic. Brazil's government in 2016 raced to finish infrastructure ahead of Rio de Janeiro's Olympics, where the mosquito-borne Zika virus loomed large. South Africa's 2010 FIFA World Cup faced questions over security and cost overruns.

Choke point

Still, the multitude of cultural, logistical and construction obstacles make Qatar's event stand out. After all, the country's entire population is just three million, of whom about 380,000 are citizens.

One potential choke point will be Hamad International Airport, the main entryway for fans into Qatar.

On a routine day, only 15% of passengers on a jet would disembark through the immigration and baggage areas, according to Thierry Antinori, chief commercial officer at government-owned Qatar Airways, the main carrier at the airport.

The airline, which dethroned Emirates Airline for a time as the world's largest long-haul carrier, largely flies people around the world via a connection in Doha, where they don't leave the airport. During the World Cup, flights with an end destination of Doha will be at least 60% of its network, Mr. Antinori said.

For the tournament, the airline has canceled or cut flights to some cities in Africa and Asia, adding flights instead to Madrid, São Paulo, Dallas and Miami. FIFA has said the biggest ticket sales have come from Qatar, the U.S., Saudi Arabia, England and Mexico.

Even with daily shuttle flights in and out of the country easing the burden on hotels, Qatar faces obstacles to accommodating everyone.

To meet additional demand for hotels and housing, the government leased three cruise ships from Italian liner MSC Cruises, with thousands of rooms, to dock off the coast. It has built temporary fan villages, with trailer-park homes and desert tents for thousands more people.

The Qatari government also contracted French hotel operator Accor SA to concierge and manage 80,000 rooms in unoccupied houses and apartments built by developers. It is the equivalent of opening 700 hotels in one go, said Marc Descrozailles, Accor's chief operating officer for India, Middle East and Africa, adding that the company is training 11,000 new staff.

"Nothing like that has ever occurred anywhere in the world," he said.

Niche App Finds New Fans

Continued from Page One

app a few years earlier to connect with voters in his leafy West Suffolk constituency. Until recently it mostly contained pictures of Mr. Hancock doing the sort of things lawmakers do, opening grocery stores or posing with prizewinning pumpkins. Now a wave of new users have signed up to exchange messages and follow each other on its chat function—and they like it.

"why is this the closest thing to an actual twitter clone I've seen so far?" asked someone going by "unfortunatalie."

"it like...really is," replied another, calling themselves "elonmusk."

"matt is always ahead of the curve!" cheered "matt h 4ever." "Just setting up my Matt Hancock," wrote another user, "Andy Parmo," a nod to Twitter co-founder Jack Dorsey's first tweet.

Mr. Hancock, 44, who remains a member of parliament, couldn't be reached for comment. At the moment he is sequestered on a reality television show in Australia's rainforest, where he has said he is looking to raise awareness for dyslexia, and also for a measure of forgiveness while wriggling through cockroach-infested tunnels or nibbling on camel parts for points and an appearance fee.

His office didn't respond to requests for comment.

In his absence, the app's user base is growing. More than 243,000 people have signed up, many in the last few weeks, though only around 200 of whom actually follow Mr. Hancock.

Mastodon's developer, Eugen Rochko, has meanwhile

seen a surge of arrivals from Twitter, saying on the site he is exhausted by the effort to scale up his network to accommodate them. He recently said on the site that there are now a million more people using Mastodon than the 380,000 who were on it toward the end of October.

Unlike Twitter or Facebook, Mastodon goes back to how the internet used to be arranged, in a loosely-connected federation of servers, some run by individuals, others by universities or other groups.

New arrivals have to choose which server to join, but can follow and interact with people across the wider network. Figuring out which server to join and where to find people to follow can be confusing, however. After a look around, novelist Eric Smith came back to Twitter, tongue-in-cheek, to report that "It's like when I tried to get into World of Warcraft a few years too late and couldn't find any of my friends because they were on another

server so I gave up." Software developer Gustavo Fontana said he tried Mastodon and it didn't work out too well. "This is a great public experiment demonstrating that self-referential nerds on their own cannot make a product that humans will use," he tweeted.

Other Mastodon users say it works just fine. They think the difficulty factor is a plus if it deters some arrivals from Twitter, where trolling and hate speech have been a problem in recent years. Lots of Mastodon servers have longstanding rules policing what can or can't be said. Content warnings for hot-button topics are commonplace.

Yet the biggest factor keeping many people back from Mastodon and other smaller platforms is all the people they would be leaving behind on Twitter, which, despite the changes and controversies over who is or isn't a verified user, hit an all-time high of active users on Friday, Mr. Musk said.

It's the same issue former President Donald Trump faced when he set up Truth Social after he was banned from Twitter following the January 2021 riot at the Capitol.

Until there is a broad consensus on where to go after leaving Twitter, many other social media users will likely stay there, too. "As anyone who's ever catered a wedding knows, it's impossible to serve a dinner for 80 that will make everyone happy," technology writer Cory Doctorow noted on his blog.

Over on the Matt Hancock app, its boosters, or "cockers," as they call themselves are finding that Mr. Hancock's team isn't too keen on what's been going on. A number of accounts have been removed from the site in recent days, including the faux Elon Musk, a fake Margaret Thatcher and someone who had been presenting themselves as Mr. Trump. Those who survived the cull largely confine themselves to discussing Mr. Han-

cock's appearance on the reality show, "I'm a Celebrity...Get Me Out of Here!" posting images of Mr. Hancock taking a shower in the jungle, among other shots.

It's too soon to tell whether the app or the reality show will turn around Mr. Hancock's political fortunes after he was caught breaking his own lockdown rules. Indeed, Mr. Hancock is also now inspiring people to download another app—the game show's app, where viewers can vote on which contestant has to take on the most gruesome challenges.

Lawmaker Chris Heaton-Harris told LBC radio last week many of his colleagues now have downloaded it to their phones to make sure it is Mr. Hancock who has to rummage through offal or collect plastic stars from baskets of snakes to earn meals for his camp-mates. So far, Mr. Hancock has had to chow down on fish eyes, and other unsavory animal parts. He was also stung by a scorpion.



Argentine fans take photos in front of the countdown clock. The tournament begins Nov. 20.



FROM TOP: ILLUSTRATION BY CAROLE HELIAFF; GENILSON BRANDAO

Yuthika Girme, a social psychologist at Simon Fraser University, in Burnaby, British Columbia, who studies singles and romantic relationships. "Now they're telling themselves: 'I need to be dating with intent.'"

They're looking deeper.

Each year, researchers ask single people what they're looking for in a partner. The No. 1 answer this year is "someone to trust and confide in." It's always high on the list.

Three traits are new to the top five since the pandemic: Singles said they're looking for partners who are comfortable with their own sexuality; able to communicate their own wants and needs; and who are emotionally mature. (This last one hit the top five for the first time last year, as the pandemic raged.)

A sense of humor stayed on the list—it's always a favorite.

And what dropped out of the top five during the pandemic? Physical attraction.

They're more flexible.

Half of the singles surveyed this year said they've fallen in love with someone they weren't initially attracted to, up from 39% in 2019. This is the highest this number has been in the past decade.

Slightly more than half said they'd be willing to have a long-distance relationship, up from 35% last year, a development researchers say is being driven by the increase in remote and hybrid work.

They're adapting to the times.

Almost 60% of single people say it's important for their partner to share their political beliefs. This is down from a record 78% in 2020. (In 2016, it was 50%.)

But abortion is a hot topic, with 78% of singles of reproductive age saying that the Supreme Court ruling striking down *Roe v. Wade* has changed their sex life. Two out of three single women won't date a partner who has opposing views on the issue. And 13% of active daters said the decision made them hesitant to date.

Mr. Sommers, who is divorced, has a new dating motto now: "No more flakes."

During the pandemic, he says he learned to enjoy his own company. That made him less afraid of being alone—and more selective about whom he dates. Out are men who are handsome but shallow. In are ones who show genuine interest in him and know how to communicate.

Now when he meets a man he likes, he goes on two dates with him. If the man talks only about himself or seems uncaring, he moves on.

And he no longer kisses on the first date.

"During the pandemic I learned to be happy with myself and learned what I want," he says. "So I now can be more focused."

Singles Double Down on Love

New study shows a focus on finding a partner and less emphasis on looks as pandemic wanes



BONDS
ELIZABETH BERNSTEIN

Tom Sommers used to date around, prioritizing looks and career status. Then the pandemic hit.

Like many singles, Mr. Sommers spent months of lockdown by himself. When he returned to dating, he was surprised to find his tastes had changed.

"I realized I need a partner of substance," says Mr. Sommers, 59, who is a marketing executive in Washington, D.C.

Meet the postpandemic single.

Just like everyone else, single people have been rethinking their priorities over the past few years. Many say they are more eager to find a partner than they were in the past—and that they're dating more deliberately, according to the results of the latest Singles in America study, conducted by researchers at the Kinsey Institute and funded by Match, the dating app. They're also adjusting to political and social issues.

They're even (a little) less interested in looks.

Single people had a lot of time to think during the pandemic, says Helen Fisher, a senior research fellow at the Kinsey Institute and the lead researcher on the study. Now, many have a clearer idea of what they want—and what to do to get it.

Researchers surveyed a national, demographically representative sample of 5,000 single Americans age 18 and older who aren't in a committed relationship. Match funds the study, although survey participants aren't collected through its app.

Nearly three-quarters of participants say they want to find a partner who wants to marry, roughly similar to last year and up from 58% in 2019. And half of singles say they're even more eager to find a relationship this year than in the past.

Research has shown that major stressful events can increase people's desire for connection and commitment—and that romantic relationships can buffer against anxiety. A separate study of single people during the pandemic found that those who were worried during it became more selective: They became more interested in finding a

stable partner, says Liesel Sharabi, an assistant professor in the communication school at Arizona State University, a researcher on the study.

Not everyone is looking to pair up, of course. Some single people found they enjoyed spending time alone during the pandemic, says Bella DePaulo, a social psychologist who studies singles.

Yet most postpandemic singles are interested in dating, says Justin Garcia, executive director of the Kinsey Institute and a researcher on the Singles in America study. Here's how their behaviors and attitudes are changing.

They're more deliberate.

Almost three-quarters of single people say they only want to go on a first date with someone they already know they have good chemistry with, the study shows. To figure this out, they're spending more time on phone calls and video chats. Today, a quarter of singles say they've had a video chat with a date before meeting in person, up from 6% in 2019.

When they do meet, slightly



Marketing executive Tom Sommers, 59 years old, has a new dating motto: 'No more flakes.'

more than one-third of singles say they will wait to have sex. And—surprise!—men were more likely than women to say they'd wait: 40%, compared with 33% of women.

"Often, people were just going through the motions before," says

Tax Advisers Vote For the Longer View

BY ASHLEA EBELING

The midterm election returns give Americans an opportunity to map out their next three tax returns, tax advisers said.

Republicans appear on track to regain control of the House of Representatives. A Democratic-controlled Congress might tackle bipartisan retirement legislation and other smaller tax provisions during its coming lame-duck session. A divided Congress is unlikely to pass major tax legislation, said Howard Gleckman, a tax expert at the nonpartisan Urban-Brookings Tax Policy Center.

The divided government means individuals can plan strategies that work over the next few years, tax advisers said. The 2017 tax overhaul under then-President Donald Trump, which included raising the standard deduction, appears likely to remain in place until it expires at the end of 2025, barring action by Congress, Mr. Gleckman said.

That three-year window could allow Americans to make long-term moves to cut their bills, tax planners said. "We're talking at least a few thousand dollars a year in money in one's pocket," said Timothy Wyman, a certified financial planner and lawyer in Southfield, Mich.

When taxpayers plan one year at a time, they might save in the short term but end up paying more later, Mr. Wyman said. For example, one new client, a retiree, had taken large medical-expense deductions and paid \$0 in federal income tax for 2020, missing opportunities for

greater tax savings. "Was that great planning? No," said Mr. Wyman.

Had the client considered a longer planning horizon, Mr. Wyman said, the retiree could have moved money from his individual retirement account into a Roth account, paying taxes up front in the low 10% and 12% marginal tax brackets, compared with paying at a higher rate later. He also could have sold stocks that had gone up in value, taking advantage of the 0% capital-gains rate for earners at his income.

The goal should be to plan a strategy over multiple years, Mr. Wyman said. Here's where tax advisers say people should start.

Bunching charitable deductions

With the expanded standard deduction set to remain in place through 2025, it can pay to bunch deductions into one year and then use the standard deduction the next year, said Robert Keebler, a certified public accountant in Green Bay, Wis. Most people take the standard deduction, which is \$13,850 for single taxpayers and \$27,700 for married couples filing jointly for 2023.

During the lame-duck session, Congress might reinstate an extra charitable deduction for 2022 for nonitemizers of \$300 for single filers and \$600 for married couples filing jointly.

Harvesting gains at 0% or 15%

Taxpayers can sell investments in their brokerage accounts that have gone up in value and pay taxes at the



Retirement-account contribution limits are rising a record amount for 2023.

current historically low capital-gains rates, Mr. Wyman said. The 2017 tax law allows more taxpayers to harvest gains at lower tax rates, even zero, through 2025. For taxpayers with a lot of gains, they will need to spread out those gains over several years to keep taxes down, he said.

The 0% capital-gains tax rate applies for a married couple with income up to \$83,350 for 2022. In other words, a married couple starting with \$60,000 in adjusted gross income could sell stock with a gain of as much as \$49,250 this year, take the standard deduction and owe zero in capital-gains tax. The 15% rate applies for a married couple with income greater than \$83,350 up to \$517,200; the top 20% rate applies above that.

On top of the capital-gains rates, a 3.8% net investment-income tax applies above an income threshold

of \$250,000 for a couple or \$200,000 for single taxpayers.

Harvesting losses

Most taxpayers with investing losses in their brokerage accounts should consider tax-loss harvesting—selling investments at a loss to offset capital gains, said Mr. Keebler. These losses can also be carried over into future years, so the tax hit from future gains can be cut to as little as 0% later. Those afraid to take losses for fear of missing out on a rising market can get right back in; investors could sell an S&P 500 index fund, then buy an S&P 1000 fund, for example, he said.

Tax diversification

Just as investors diversify their portfolios with a mix of asset classes, Mr. Wyman suggests they should also make sure their investments are diverse tax-wise. He recommends

putting some money in pretax savings such as a traditional 401(k) or individual retirement account, some in after-tax Roth accounts, and some in a taxable brokerage account.

A multiyear savings strategy is especially important to tweak your savings strategy if you know you are going to have a low-income year, which calls for Roth savings, followed by a high-income year, which calls for pretax savings, or vice versa, Mr. Wyman said.

Retirement-account contribution limits are rising by a record amount for 2023 because of high inflation. A divided Congress might take up bipartisan retirement legislation this year, and one provision in play is to raise the dollar amount older workers can contribute in catch-up contributions, and require them to be made with after-tax dollars.

Roth conversions

Roth conversions continue to be a popular strategy given current tax rates, said Mr. Keebler, who advocates multiyear tax plans. In a Roth conversion, you move money from a pretax retirement account into a Roth account, paying the income tax upfront, and leaving the money to grow tax-free. Roth accounts don't require annual withdrawals the way traditional IRAs and pretax 401(k)s do starting at age 72.

Making micro Roth conversions quarterly over several years can help lessen the tax bite, Mr. Keebler said.

Estate planning

The threshold for the estate tax will be \$12.92 million per person for 2023. That number is scheduled to drop roughly in half at the start of 2026, making far more estates subject to the tax. Taxpayers who might be affected can consider an annual gifting program now to get money out of their estates, Mr. Keebler said.

PERSONAL JOURNAL.



PERSONAL TECHNOLOGY
JOANNA STERN

Apple's Emergency SOS Is Live, Hopefully Unused

New iPhone 14 messaging system can help when out of cell-service range

The “Please Don’t Die” iPhone—aka the iPhone 14—is finally complete. On Tuesday, Apple started rolling out its Emergency SOS via Satellite service. All four of the iPhone 14 models, if outside of a cellular range, will now be able to send messages to emergency services via a satellite connection. (Older iPhones don’t have the required satellite hardware.)

If you are running iOS 16.1 in the U.S. and Canada, the Emergency SOS area in the Settings menu will now display information about the service. No need to download anything extra. Apple plans to expand the service into France, Germany, Ireland and the U.K. in December.

In fact, if you never checked that hidden-settings area, you might never know the phone was capable of beaming messages up to satellites in the sky. Just like you might not know the phone has car-crash detection, which can automatically alert emergency services if you’re in a car crash—or on a roller-coaster ride!

In September, I was able to test the crash detection with the help of a derby driver. Now, I’ve had a chance to test the satellite feature with the help of Apple. The company gave me a demo device with cellular radios disabled so I could experience emergency messaging without having to go on some extreme, off-grid adventure. The company also ensured my messages didn’t actually go to emergency services.

I honestly don’t know why Apple didn’t call its latest model the iPhone 911. Way back when, we primarily bought cellphones for emergency calls. Now, the company has new tech to overcome obstacles in doing exactly that. I just wish the satellite connectivity would do more than help in emergencies.

How it works

No one likes to imagine themselves in a serious emergency but I needed one for this demonstration. So I made one up.

In need of help, I dialed 911 on the iPhone 14 Plus but because there was no cellphone service, the



The iPhone 14’s satellite connection lets you send emergency messages, and a dispatcher may ask additional questions.

call couldn’t be completed. A green SOS message button in the bottom right said “Emergency Text via Satellite,” and a message on top of the call-screen read “No Connection, Try Emergency Text via Satellite.”

After pressing the button, you fill out a multiple-choice questionnaire: What’s the emergency? (Car or vehicle issue, sickness or injury, etc.) Who needs help? (Me, Someone Else, Multiple People.) How are you breathing? (Normally, With Difficulty.) Do you want to notify emergency contacts?

Then comes the connection, which in my tests took anywhere from 20 seconds to a minute to connect. The phone prompts you to move in different directions so you’re aligned with the satellite. As with other satellite technolo-

gies, you must be outdoors with a clear view of the sky—which could limit its usefulness in certain emergencies. As soon as you’re connected, the iPhone sends your location, your questionnaire answers and your Medical ID (if you’ve filled this out in the Health app). During one of my tests, the connection dropped and it took a few seconds to reconnect.

Where the messages are sent depends on your location. If local responders can’t receive text messages, the message goes to an Apple relay center, where the person will then contact local responders to share your information and get you

help. In either case, a dispatcher may ask some additional questions via text. Mine asked me for more details on my location. “Near a bridge. And a path. And a tree,” I typed into the chat. It took about 15 seconds for the message to send via the satellite connection. Apple suggests keeping the messages short so

there is less data to send.

I fear that in a real emergency, people could be confused by the slower connection and multiple steps. Apple has a demo mode in the settings menu so people can practice this on their own. Because who doesn’t love simulating near-death emergencies in their free time?

One nonemergency feature does work: When you’re away from the cellular network, you can update your current location via satellite using the Find My app.

How it doesn’t work

What you can’t do is send messages to friends or family via satellite. Even your emergency contacts can only receive your location and view your conversation with the responder.

Satellite communicators like the \$400 Garmin inReach Mini 2 and the \$250 Spot X give you more flexibility. While both have emergency SOS features, they also let you send messages to your contacts, get weather updates and share your location. I paired the inReach Mini with an iPhone 14 Pro, launched the Garmin Explore app and was able to send short messages via satellite to family and colleagues. Similarly, I had to be outside and they were slow to send—like sending a message when stuck in an elevator. I could do the same on the Spot X, which I prefer for its touch screen and hardware keyboard.

The Garmin and Spot X, however, require monthly subscriptions. Apple says its SOS feature is free for the first two years, but didn’t say what it will charge after that.

If I were a betting woman, however, I’d put at least \$15 on Apple building out a subscription satellite service of its own in the future, offering features beyond emergency services, including messaging and more. Why else would the company strike an

exclusive deal with Globalstar Inc. and invest \$450 million in the infrastructure?

As the company continues to look for additional services and add products that appeal to the extreme adventurer, like the Apple Watch Ultra, I’d say we should watch this...space.



KENNY WASSIS/THE WALL STREET JOURNAL (2)


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Will Beyoncé Be the Single Artist Who’s Won the Most Grammys?

BY NEIL SHAH

Will Beyoncé—one of the most celebrated music stars of the 21st century—finally conquer the Grammy Awards? That’s the question looming over next year’s ceremony, which takes place Feb. 5 in Los Angeles and is shaping up to be the most competitive in years.

The Recording Academy, which runs the Grammys, announced its nominations on Tuesday. Pop-R&B superstar Beyoncé has more nominations than any other artist, with nine nods, including in top categories like album of the year (for “Renaissance,” her highly regarded homage to dance music) and record and song of the year (for “Break My Soul,” its lead single).

That brings her to a total of 88 career-wide nominations. Beyoncé is now tied with her husband Jay-Z for the most nominations in Grammy history. (He picked up five this year.) Beyoncé is already the most-awarded female Grammy winner, with 28 awards. If she wins four more, she will break the record for most Grammy wins of any recipient.

Despite her extremely long list of nods and wins, Beyoncé has only won one of the four most prestigious Grammys (album of the year, song and record of the year, the top prize, to Adele. The British vocal powerhouse, in one of the more memorable moments in recent Grammys history, reluctantly accepted her award, praising “Lemonade” and referring to Beyoncé as the “artist of my life.”)

Beyoncé and Adele are now vying for the award again, which is especially competitive this year: Pulitzer Prize-winning rapper Kendrick Lamar is nominated for “Mr. Morale & The Big Steppers.” It’s the fourth consecutive time a Kendrick Lamar studio album has earned this nod—he’s never actually won. If he does, “Mr.

“Every year feels like it’s Beyoncé’s year.”

Other heavily nominated artists this year include Kendrick Lamar (eight); Adele and Americana singer-songwriter Brandi Carlile (seven each); and Mary J. Blige, DJ Khaled, Future, mastering engineer Randy Merrill, Harry Styles and R&B producer and singer-songwriter The-Dream (six each).

When Beyoncé competed with her critical and commercial smash “Lemonade”

Morale” would make history as the first rap album to win album of the year since Outkast in 2004—a head-scratching drought given rap’s domination of pop music over the past decade.

Meanwhile, pop star Harry Styles, who is also nominated for album of the year, for “Harry’s House,” has become one of live music’s biggest draws. His album’s lead single, “As I Was,” has, like The Weeknd’s recent hit “Blinding Lights,” been ubiquitous, a



Beyoncé is tied with husband Jay-Z for the most nominations.

back in 2017, she lost album of the year, the top prize, to Adele. The British vocal powerhouse, in one of the more memorable moments in recent Grammys history, reluctantly accepted her award, praising “Lemonade” and referring to Beyoncé as the “artist of my life.”

Beyoncé and Adele are now vying for the award again, which is especially competitive this year: Pulitzer Prize-winning rapper Kendrick Lamar is nominated for “Mr. Morale & The Big Steppers.” It’s the fourth consecutive time a Kendrick Lamar studio album has earned this nod—he’s never actually won. If he does, “Mr.

rarity in today’s atomized, fragmented music-listening culture. Then there’s Puerto Rican rapper and singer Bad Bunny. His album, “Un Verano Sin Ti,” is a streaming juggernaut and currently the biggest album of 2022 in the U.S., by consumption metrics, even though it’s performed in Spanish. It is the first album categorized as Latin to ever compete for album of the year.

Among the nomination highlights: Taylor Swift is up for four awards, including song of the year, for her 10-minute version of “All Too Well.” Her latest album, “Midnights,” was released after the Grammys’ eligibility window.

GETTY IMAGES

ARTS IN REVIEW



Josie Walker, Toby Jones, Kíla Lord Cassidy, Niamh Algar and Florence Pugh, left; Ms. Pugh and Ms. Cassidy, below, in 'The Wonder'

runs through the film, the opening shot of which contains a spare movie set, dominated by scaffolding and a camera track on the floor. What follows is a tracking shot into the hold of a ship, wherein sits the English nurse Elizabeth Wright (Ms. Pugh), a veteran of the Crimean War (1853-56), a widow who's lost a child and who keeps her vial of laudanum wrapped up with a pair of white knit baby booties and a blood-speckled kerchief. Elizabeth is en route to a temp job: monitoring Anna in alternating shifts with a nun, Sister Michael (Josie Walker). Together they will ensure the council, the town and eventually the world that a miracle is under way. Or not.

The "fasting girls" of the Victorian Era were a social and religious phenomenon and situating the syndrome in Ireland, as novelist Donoghue did, certainly makes it more ironic and punctuates the enmity born of the potato famine: Elizabeth knows that, as an Englishwoman, the wary locals reflexively despise her. But the no-nonsense nurse also arrives unaware of what's really going on. The spiritual fervor of the Catholics is beyond her ken, as is the worldview of a population that's seen so much death and suffering that an afterlife simply must exist.

To call the look of "The Wonder" painterly is apt, though the images created by cinematographer Ari Wegner ("The Power of the Dog") are better described as ecstatic. Together with the production design of Grant Montgomery ("Peaky Blinders") the camera provides much of the story in this adaptation by Mr. Lelio. Ms. Donoghue and Alice Birch ("Succession"). The performers—not just the miraculous Ms. Pugh but Ms. Cassidy; her mother, Elaine Cassidy (who plays Anna's mother); and Tom Burke, as the journalist-love interest Will Byrne—give memorably complex portrayals in a tale where elements theological, maternal, political and pictorial are transformed al-

chemically into narrative gold.

The Wonder
Wednesday, Netflix

Mr. Anderson is the Journal's TV critic.

TELEVISION REVIEW | JOHN ANDERSON

Investigating an Irish Miracle

A nurse is sent to Ireland to monitor a girl who is said to be healthy despite a four-month fast

One of the many virtues of "The Wonder," which includes a sublime performance by Florence Pugh, is the case it makes for itself as a film. Not every story can or should be a movie, despite Hollywood's insistence otherwise. Some should remain books. Some should remain silent. And some, such as this, provide a fresh reminder of the power of visual storytelling—and, as happens here, its necessity: It would seem otherwise impossible to unfold such a tale when so much of it is clamped between its characters' teeth.

Adapted from Emma Donoghue's novel and directed by Sebastián Lelio, "The Wonder" is set in the rural Ireland of 1862, a scant dozen years after the Great Hunger. The title refers to an 11-year-old girl named Anna O'Donnell (Kíla Lord Cassidy), who, it is said, has not eaten for four months yet remains healthy and is thus becoming a destination for the spiritually hungry—a human Lourdes. She also comes under the

scrutiny of a committee of townsmen, some of whom are ready to proclaim her a saint.

The others? They're only slightly more skeptical. Dr. McBrearty (Toby Jones), a man of science, is not ready to rule out a divine explanation, but also wonders if Anna might somehow be using, say, photosynthesis to stay alive. Father Thaddeus (Ciarán Hinds) is not entirely on board either, if only because he knows what's involved in the church recognizing a miracle, and the inclinations of his parish. A few, among them the bellicose John Flynn (a ferocious Brian F. O'Byrne), are ready to build the Cathedral of St. Anna, partly because a post-famine Ireland so desperately needs it to happen: A child whom God is keeping alive without food, in a country where a million starved to death and an-



other million fled, would signify a perverse as well as unmerciful God, but an unfed child who lives on "manna from heaven" is a welcome sign that God exists at all.

Director Lelio begins his startling film in a startling way. "Ev-

eryone you will meet, the characters, believe in their stories with complete devotion," says a woman's voice (cast member Niamh Algar). "We are nothing without stories." The redemptive and reformative power of stories

ART REVIEW

Restoring Murillo's Faded Legacy

By Lance Esplund

Fort Worth, Texas

When you travel through Spain, it becomes readily apparent that the twin peaks of the Spanish Golden Age are El Greco (1541-1614) and Diego Velázquez (1599-1660). Towering, also, are Jusepe de Ribera (1591-1652), Francisco de Zurbarán (1598-1664) and Bartolomé Esteban Murillo (1617-1682). Later arose Francisco de Goya (1746-1828), who—bridging El Greco and Picasso—is known as both the last of the old and the first of the modern Spanish masters. But today's acknowledged hierarchy wasn't always as such.

Well into the 19th century, Murillo—the leading religious painter of Seville during his lifetime—was the most highly esteemed Spanish artist in Spain and throughout Europe, and practically the only one known internationally. Celebrated for fusing secular realism and spiritual allegory, Murillo was long equated with Leonardo and Michelangelo.

"Murillo: From Heaven to Earth," an illuminating exhibition of more than 40 paintings and a dozen drawings at Fort Worth's Kimbell Art Museum (its sole venue), offers us the chance to see some of what made Murillo so revered for so long. Curated by Guillaume Kientz, director and CEO of New York's Hispanic Society Museum and Library (and former curator of European art at the Kimbell), the show also allows us the opportunity to reassess Murillo's prodigious gifts.

Murillo was admired primarily for his monumental religious paintings depicting Christian themes—the majority of his output. He was well regarded for merging the best of Flemish, Italian and Spanish innovations—

Rubens's dynamism, Titian's Venetian light, Caravaggio's naturalism, El Greco's religious fervor, Velázquez's authenticity. But Murillo was especially venerated for his idealized paintings and altarpieces of the Virgin, resplendent works crowded with plump, cherubic angels, emphasizing the Immaculate Conception. Murillo's bold devotional paintings, which seamlessly melded worldly and otherworldly realms, were understandably popular. Peopled with commonplace Sevillians in ordinary settings, they combined traditional religious iconography, profound naturalism and theatrical contrasts of enigmatic shadows and luminous, heavenly light.

For context, "From Heaven to Earth" would have benefited greatly from the inclusion of at least one of Murillo's iconic paintings of the Virgin in celestial glory, such as the Prado Museum's "The Immaculate Conception of los Venerables" (1660-65), reproduced in the exhibition catalog. Among the show's dozen devotional pictures is "St. Ferdinand" (c. 1671), which glorifies King Ferdinand III's canonization and blends conventional

The formerly revered religious painter receives a more secular reassessment.

portraiture and religious narrative. In this portrait within a painting, Ferdinand's likeness is flown into heaven by winged putti. Other strong religious paintings in the exhibition include the life-size interior "The Holy Family" (c. 1650), in which Mary ges-



Bartolomé Esteban Murillo's 'Two Women at a Window' (c. 1655-60)

tures toward the infant Christ, who, held by Joseph, appears to bless her; and "Jacob Laying Peeled Rods Before the Flocks of Laban" (c. 1665), a stunning landscape with trees reminiscent of Claude Lorrain, Europe's pre-eminent 17th-century landscape painter.

The Kimbell's show emphasizes earth, rather than heaven. It features Murillo's secular subjects, genre scenes, landscapes, portraits and representations of everyday 17th-century Sevillian life. Greeting visitors at the entrance is "Self-Portrait" (c. 1650-55), in which Murillo, dressed as an aristocrat, portrays himself in a chipped, carved-stone frame, as if straight from antiquity. Murillo's eyes confront rather than engage us. His shoulder, with a self-assured flourish,

bulges against and anchors the stone frame with weighty authority. From here on, the exhibition's paintings never waver in their verisimilitude, bravado and audacity. But they swing wildly from the psychologically perceptive, authentic and cohesive to the excessively theatrical, didactic and sentimental.

In many of his narrative pictures, Murillo doesn't paint believable individuals. Often, his soft-focus figures, dramatically lighted, are personified allegories employed to teach us lessons about good and bad, right and wrong. Here are numerous paintings of his highly prized subjects of beggar boys and street urchins playing frivolous games. There is great painting in many of these canvases (usually in their beautiful still-life ele-

ments or their dreamy skies, at times worthy of the classical French baroque master Nicolas Poussin). But many of these genre paintings, in which imploring figures look directly at us, feel unnaturally staged, corny—abrasively moralizing.

Murillo is best when he's straightforward, breezy, modest. The seated figure in "Young Girl With Flowers" (c. 1665-70), perhaps a personification of spring, is fluid, relaxed, absolutely charming. In the visceral "Old Woman With a Hen" (c. 1645), Murillo conveys a complete personality, alongside the various textures of feathers, eggshell, cloth and flesh. And the candid, captivating figures in "Two Women at a Window" (c. 1655-60) flirt with us out of a mysterious dark void. Additionally, because the painted window frame is nearly coincident with the canvas's edges, Murillo creates the bewitching illusion that the window is part of the wall before us, and that we and the women, interacting, inhabit the same space.

In the penultimate gallery, Murillo is wholly convincing. In "Portrait of a Gentleman (A Knight of Alcántara of Calatrava)" (c. 1650-55), his first known full-length portrayal, Murillo gets everything—including each bit of embroidery—just right. In "Portrait of Justino de Neve" (c. 1665), you feel Murillo's deep respect for the seated priest, whose chair seems to expand in direct proportion to the importance of its sitter. And in his last known portrait, that of Juan Antonio de Miranda y Ramírez de Vergara, from 1680, the canon, in billowing robes, is as grand as an eagle. Standing among these impressive figures—majestic yet ethereal, authoritative yet understated—all thoughts of hierarchies among the Spanish Golden Age painters fall away completely.

Murillo: From Heaven to Earth
Kimbell Art Museum, through Jan. 29, 2023

Mr. Esplund, the author of "The Art of Looking: How to Read Modern and Contemporary Art" (Basic Books), writes about art for the Journal.

SPORTS

Djokovic Will Get Visa To Australia

By RHIANNON HOYLE

Adelaide, Australia
NOVAK DJOKOVIC will be granted a visa to Australia so that he can compete at the 2023 Australian Open, ending an episode that made the tennis star a lightning rod in a debate about Covid-19 vaccine mandates.

Australian Immigration Minister Andrew Giles has agreed to overturn a three-year ban that was imposed when authorities deported the 21-time Grand Slam champion on the eve of the tournament in January, a person familiar with the matter said Tuesday.

Australia no longer requires travelers to the country to provide evidence of being vaccinated against Covid-19, having progressively rolled back restrictions this year as it shifted toward treating the coronavirus as endemic. The election of the center-left Labor Party in May also meant those government officials who opposed Djokovic's entry no longer hold power.

A spokeswoman for Tennis Australia said the governing body for the sport in the country was awaiting official advice on the matter. The 2023 Australian Open is due to take place Jan. 16-29 in Melbourne.

Djokovic, a nine-time Australian Open champion, wasn't immediately available for comment. The Serb's admission to Australia would make him an immediate favorite to win the tournament and claim his 22nd major title, bringing him level with Rafael Nadal for the all-time men's record.

Djokovic was deported from Australia in January after a court upheld a decision by then-Immigration Minister Alex Hawke to cancel his visa. At the time, Australia didn't allow unvaccinated travelers into the country and authorities said Djokovic's visa wasn't covered by an exemption.

Djokovic also didn't play in this year's U.S. Open because of certain rules about admitting noncitizens unvaccinated against Covid-19, although he did claim his seventh title at Wimbledon in July.

—Joshua Robinson contributed to this article.



Djokovic has won 21 Grand Slam titles.



It has been a rough season for the defending Super Bowl champions and quarterback Matthew Stafford. The Los Angeles Rams are 3-6 heading into Week 11.

To Live and Die—Without Picks—in L.A.

Rams, Lakers traded away loads of draft capital to win championships. Now they're struggling.

By ANDREW BEATON

After the Los Angeles Rams won the Super Bowl, general manager Les Snead went to the team's victory parade wearing a shirt that was both outrageous and a testament to the strategy that took his team to the peak of the football world.

It had a picture of his face, overlaid by three words: "F— them picks." (His version included three additional letters and no dash.)

Another Los Angeles-area resident seemed to appreciate Snead trumpeting his unorthodox philosophy of repeatedly trading away the team's top draft selections to acquire established superstars.

"LEGEND! My type of guy!" LeBron James tweeted above a picture of Snead wearing the shirt.

Snead's Rams and James's Los Angeles Lakers both won championships over the past few years in part because they unloaded their picks and got superstars in return. The strategy worked, and they have rings to prove it.

But circumstances have changed dramatically in the nine months since the Rams' parade. Now the Rams and the Lakers are the types of teams that would love to have their picks.

One of the similarities between the NFL and the NBA is that mediocrity tends to be disincentivized.

It's good to be great. But it can also be good to be bad. That's because worse teams get better draft picks.

Now the Rams and Lakers face a surprising reality that the picks they shipped away are looking increasingly valuable.

The Lakers are the biggest bust of this basketball season, with a 3-10 record that's among the worst in the entire league. The Rams, meanwhile, are 3-6 after Sunday's 27-17 loss to the Arizona Cardinals, putting them on track to have one of the most head-splitting Super Bowl hangovers ever.

In normal circumstances, these might be the exact type of teams that might consider tanking. When a team is crummy, it can be better to become even crummier. The Rams and Lakers don't have that same motivation because their top picks are long gone already.

The Rams last used their first-round pick in 2016 and don't have another one until 2024, thanks to trades for the likes of cornerback Jalen Ramsey and Matthew Stafford. The Lakers don't have their first rounder in the next draft, owing to the 2019 trade for big man Anthony Davis that helped deliver the team a championship inside a bubble the next season. Every game the Lakers lose is a win for the New Orleans Pelicans, who have the right to swap picks with the Lakers in the next NBA

draft, in addition to another future pick.

Typically, teams willing to trade away their early choices think they're going to be pretty good, which means picking pretty late. And picks deep into the first round are worth far less than ones near the top of the draft. The pick the Detroit Lions got from the Rams in this year's NFL draft for Stafford was 32nd overall—or dead last—because the Rams won the Super Bowl.

But next year, the Lions stand to

The picks that the Rams and Lakers shipped away are looking increasingly valuable.

profit off shorting the Rams. That selection, as of now, would be in the top-10 of the draft.

This type of bet is growing in popularity. This past year has shown how more and more teams in the NBA and NFL have adopted the idea printed on Snead's shirt.

To acquire guard Dejounte Murray this summer, the Atlanta Hawks sent three firsts to the San Antonio Spurs.

When the Minnesota Timberwolves got center Rudy Gobert

from the Utah Jazz, they sent back an even bigger haul: four firsts, another player they had just drafted in the first round, along with the rights to swap picks another year.

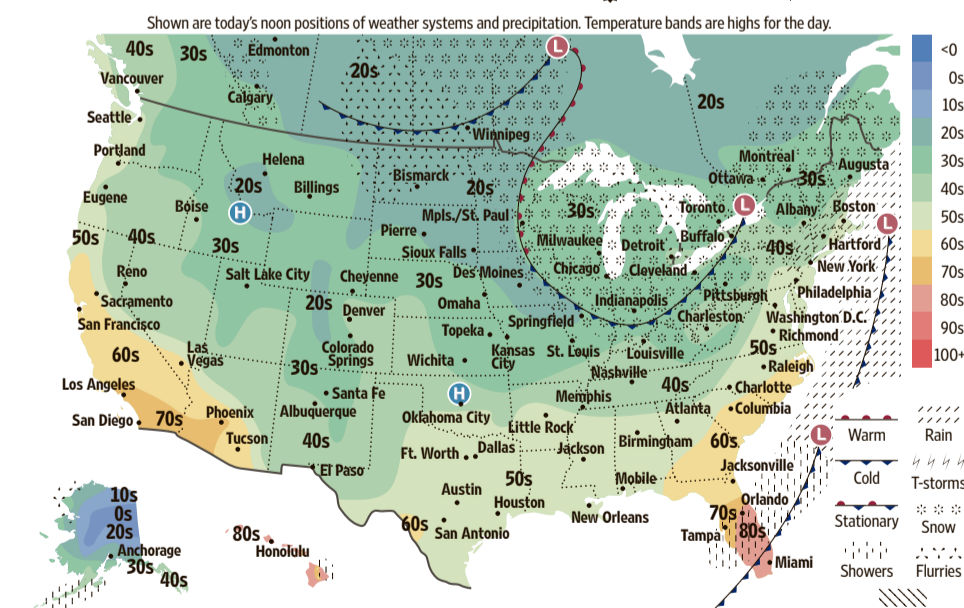
By that standard, football prices are relatively cheap. It took only two first rounders for the Broncos to acquire quarterback Russell Wilson, not that the Seahawks regret selling when they did. Wilson and Denver have been a flop. Seattle is leading its division.

The Rams were quiet at this season's trade deadline, and it's unclear whether they can swing their fortunes over the remainder of this season. The team has suffered an unusual rash of injuries, including Stafford, who missed last Sunday's game. The usual reinforcements aren't on the way.

The Lakers look like a bigger mess. After trading away the mountain of picks for Davis, they traded away their depth for Russell Westbrook, which has been the clunkiest fit imaginable next to James. The team has so much salary tied up in those three players they haven't been able to afford the 3-point shooting necessary on a team built around James. The Lakers are currently the worst 3-point shooting team of the past decade.

The Lakers' most effective strategy might actually be trading Davis and recouping some picks—so they can trade them again for another star this summer.

Weather



Forecasts and graphics provided by AccuWeather, Inc. ©2022

U.S. Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...tstorms; r...rain; sf...snow flurries; sn...snow; L...ice

Table with 4 columns: City, Today, Tomorrow, and a small weather icon. Lists major cities and their forecasted conditions.

International

Table with 4 columns: City, Today, Tomorrow, and a small weather icon. Lists international cities and their forecasted conditions.

Table with 4 columns: City, Today, Tomorrow, and a small weather icon. Lists international cities and their forecasted conditions.

The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with numbers 1-71 indicating starting positions for clues.

COARSE CATALOG | By Kate Chin Park & Will Nediger

- Across: 1 App fix, 6 "I hear you", 10 Poseidon rules them, 14 Cold burst, 15 Norsk Folkemuseum site, 16 Short stroke, 17 Canine command, 18 Drone from a drone, 19 Madam, in Mannheim, 20 Sentimental type, 22 "Lonely Boy" singer, 24 Franklin beat him in 1936, 25 Tool similar to a gimlet, 26 Long dashes, 28 Relates, 30 "Wowers!", 31 With 38- and 49-Across, unrefined, and a hint to what can precede this puzzle's border words, 33 "Number the Stars" author Lowry, 34 Eon subdivisions, 36 Grp. based in the West Bank, 37 Century-spanning stories, say, 38 See 31-Across, 41 Betty Grable poster, perhaps, 43 Make public, 44 BBQ accompaniment, 48 They may justify the means, 49 See 31-Across, 51 Vein discovery, 52 Ad trailer?, 54 Salon substance, 55 Tour grp. for Coco Gauff, 56 Most, in suffixes, 57 Are utterly awful, 59 Place for fossil collection, 61 Like some rec leagues, 63 Email app folder, 65 Do some school work, 66 Member of an Iraqi minority, 67 Beholds, 68 Submit a return with a click, 69 Assist in the gym, 70 Postulation, 71 Contract add-on

- 23 God invoked in the Shahada, 27 Kirk's helmsman, 29 Boxes overlooking a stage, 32 Gamete producer, 35 Smoothies, in a way, 37 Bourbon in New Orleans, 39 Ploys, 40 News aggregator eclipsed by Reddit, 41 Thick fog, metaphorically, 42 Prenatal, 45 Like entry-level jobs, often, 46 What is found at the heart of this clue, 47 Withstand, 49 Ruled the roast, 50 Christian of "Mr. Robot", 52 String sections?, 53 Too, in Toulouse, 58 Tibia's top, 60 Mortgage modification, familiarly, 62 Bird-endangering chemical, 64 Bag-screening org.

Previous Puzzle's Solution: A grid showing the words filled in from the previous crossword puzzle.

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

OPINION

Sunset for Trump and His Foes?



**BUSINESS
WORLD**
By Holman W.
Jenkins, Jr.

How do I know the 2020 election was on the up and up? The only way anybody knows. I have enough faith in the freedom and diversity of our information market to believe the evidence would be reported if it existed. Even mainstream outlets would be dragged to acknowledge the truth. Also because many of the things Trumpists legitimately complain about aren't illegal and don't amount to vote fraud. CIA veterans and the media lying about the authenticity of the Hunter Biden laptop isn't vote fraud. State voting rules being changed through dubious procedures isn't vote fraud and doesn't invalidate votes cast in good faith.

The appeal of "rigged" to Donald Trump is obvious—it lets him continue to command the airwaves rather than concede and disappear as losing candidates usually do. Oh wait I wrote these words in 2016 when he was losing to Hillary Clinton.

Mr. Trump hints at riots if he is denied the nomination—oh wait, I wrote these words in 2016 too.

The big surprise wasn't that the 2016 game plan was still the game plan in 2020, but how much his opponents' behavior had come to resemble Mr. Trump's in the mean-

time. If called before the bar of justice for his 2020 claims, he'll have one semi-plausible answer: Why should anyone believe the media and government when they say fraud didn't occur?

And he'll have half a point. Say this for Mr. Trump: How little disturbance in the social fabric he had to cause to expose the fraudulence of his enemies. Joe Biden and his speechwriters decried a Trump "threat to democracy" even as his donors spent millions promoting the most outrageous Republicans during the GOP primaries. Any GOP aspirant who stood against the election big lie faced not only Mr. Trump but his secret deep-pocketed Democratic partners.

Russia expert and Trump impeachment witness Fiona Hill sees a "straight line" between Mr. Trump's 2019 Zelensky phone call and Russia's invasion of Ukraine. Maybe so, but recall exactly what happened. The U.S. establishment tried to impeach a president for being, it said, flippant and cynical about Ukraine's security interests. Then this same establishment that sought to expel Mr. Trump for being insufficiently devoted to Ukraine took power—and that's when Mr. Putin invaded.

Clearly the Russian leader wasn't making a judgment about Mr. Trump, who was out of power. He was making a judgment about Mr. Trump's impeachers—about the cynicism and opportunism of their sudden and passing devotion to Ukraine.

A great failure has yet to be acknowledged—the failure of our elites to respond in a mature and patriotic way to the outcome of the 2016 election. You don't have to be a Trump fan to see that Democrats, the FBI and the media deliberately promoted the collusion lie. You don't have to be a Hillary Clinton supporter to see that the FBI's unsanctioned meddling in the

Bernie Sanders, the New York Times and Democratic donors will be sad if he goes.

race likely cost her the presidency. You don't have to be a Biden admirer to agree Mr. Trump's own lies undermine our institutions.

But we reach an understanding with ourselves about such matters mainly through the media, which, in its cowardice and innate lickspitlism, sees only the last of these stories.

Voters are doing their part. Several readers complained after 2020: Who believes 81 million Americans actually voted for Joe Biden? They didn't: 60 million (or some large number) voted against Mr. Trump. The biggest, most diverse coalition in America, comprising Democrats, Republicans and independents, has nothing in common except their desire not to see the Trump experiment renewed.

Regression to the mean is happening every day despite the New York Times bleating that "Jan. 6 is not in the past. It is every day." The Trump era is passing even if Bernie Sanders wrestles with his conscience because what would be a "horror show" for America, aka Trump winning the '24 GOP nod, would be good for Democrats.

Mike Pence's memoirs are helping. The irresistible recognition that Mr. Trump sabotages the causes he claims to support is helping. A straight line, after all, also connects his muffing of the 2021 Georgia Senate runoff and Joe Biden's ability to enact his inflationary spending agenda.

The deus ex machina of everyone's daydreams, the bus that drives off a cliff with Mr. Trump and his enemies aboard, isn't really a bus and moves in slow motion.

Look for "whataboutism" to disappear from the national lexicon as surreptitiously as it came. Mistaken for a clever riposte, the term manifests the psychological symptom known as "splitting," in this case denying the reality that some pathologies are not the property of just one party.

Let's hope so because the biggest hostage to this stalemate is the subject we're not talking about, namely how to renew America's economy in the face of our giant debt and urgent need to rearm the country to meet the leadership duties world events are forcing on us.

BOOKSHELF | By Geoffrey Cain

Rebel With a Righteous Cause

The Rebel and the Kingdom

By Bradley Hope
(Crown, 242 pages, \$29)

On Feb. 22, 2019, a man calling himself Matthew Chao knocked on the door of the North Korean embassy in Madrid, with a gift for the embassy's highest-ranking official. The North Korean worker who answered the door escorted the visitor inside and went to fetch his boss. At that moment, five intruders hiding outside, led by the visitor, slipped into the building, produced handcuffs and what looked like pistols—they were actually pellet guns—and forced everyone to the ground.

The North Korean captives probably thought the vigilantes were paramilitary operatives on a mission to kidnap or kill them. But "Matthew Chao" was an activist and human-rights campaigner, not an assassin. His real name was Adrian Hong Chang, and his plan was to fake a kidnapping of North Korean diplomat So Yun-suk, who had asked for his help defecting. Mr. Hong's life and his campaign to end the rule of a brutal regime are the subjects of Bradley Hope's suspenseful nonfiction political thriller, "The Rebel and the Kingdom."

Mr. Hope, a journalist, sets out on a trail of global power and intrigue, revealing a world teeming with undercover activists, missionaries, operatives and their supporters in Washington, D.C. Many pursue a daunting but noble goal: saving the people of North Korea from their despotic leader, Kim

Jong Un. Mr. Hope takes us on a page-turning journey to the "underground railroad," describing the daring escapes of North Korean refugees through China and Southeast Asia, Libya and finally Spain, where Mr. Hong's crew broke into the North Korean embassy.

"The Rebel and the Kingdom" is a worthy successor to Mr. Hope's first two books, "Billion Dollar Whale," written with Tom Wright, unearthed the story of Jho Low, the fugitive billionaire accused of masterminding a scheme to funnel \$4.5 billion from Malaysia's state investment fund into his personal accounts, inveigling Wall Street and Hollywood investors in the process. "Blood and Oil" covered the ruthless rise of the crown prince of Saudi Arabia, Mohammed bin Salman.

In a welcome turn, Mr. Hope focuses here on the hardships of an idealist on a winding, sometimes unreliable path to heroism. Mr. Hong, a Mexican citizen of Korean descent who grew up in California, appears stronghearted but flawed—sometimes placing trust in the wrong people for the right reasons, sacrificing normal adulthood but frustrated with obstacles to saving North Korea from despotism.

The only child of Christian missionaries who lived in Tijuana until he was 7 and then in the San Diego area, Mr. Hong was instilled with a "sense of mission" from his parents, who ran martial-arts schools and reinvested their earnings in their charity for impoverished children. He studied at Yale but found it too sheltered. "For all the lofty talk, most of his fellow Ivy Leaguers were on a glide path to the traditional trappings of success," Mr. Hope writes. Wanting something more, in 2004 Mr. Hong co-founded a group called Liberation in North Korea—LiNK, later renamed Liberty in North Korea.

"The Rebel and the Kingdom" shows Mr. Hong contending with maddening truths about the limitations of U.S. commitments to human rights. State Department officials, concerned with "geopolitics, the balance of power, and nuclear weapons," dismiss his worries about North Koreans suffering. In 2006, six North Korean refugees, "believing the United States was true to its pledge to offer shelter to refugees from North Korea," traveled under Mr. Hong's protection to Shenyang, China, where other refugees had already found haven in the U.S. consulate. But embassy officials denied safe harbor to this group.

How to make a difference in the struggle to bring human rights to North Korea? One frustrated activist took a radical path.

Exposed, Mr. Hong spent 10 days in a Chinese detention center before he was deported. China was prepared to send the refugees back to North Korea—a longstanding government policy—where a grim fate probably awaited them. But the U.S. government worked out a deal to allow them to go to South Korea instead.

Disappointed, Mr. Hong aged into a bold and radical operative. In 2012, he started the secret Cheollima Civil Defense, named for a winged horse so swift it travels hundreds of miles in a day. In February 2017, Cheollima ferried Kim Jong Un's nephew, Kim Han-sol, to safety from Macau to Taipei, after his father—Kim Jong Nam, erstwhile rival to the throne—was assassinated with nerve gas in Malaysia. With an unexpected CIA assist, the activists got their charge on a flight to the Netherlands, but felt slighted when Kim Han-sol, well-positioned to lead a resistance movement against his uncle, then disappeared onto another flight out of Amsterdam. He was still in company with the CIA officer.

Two years later, the staged "kidnapping" would be Mr. Hong's downfall. The North Korean diplomat, Mr. So, got cold feet and decided to stay. Meanwhile, an embassy worker had escaped out a window and alerted the police. Mr. Hong and his crew barely escaped in an Uber and embassy cars.

Mr. Hong and his accomplices have since been exploited and discarded. After they returned to the U.S. and handed over files and drives to FBI contacts, the FBI decided "these guys are on their own," Mr. Hope writes. In April 2019, Mr. Hong's longtime friend and accomplice, a Marine Corps veteran named Christopher Ahn, was arrested in Los Angeles; he now faces extradition to Spain. Mr. Hong is a fugitive and his whereabouts are unknown.

Mr. Hope unfolds the tragedy of this activist group—but also the larger tragedy of the North Korean people, whose suffering has continued for decades, and whose heroes rarely see recognition. Dozens of books have analyzed North Korea and its leaders from a distance. Few have obtained Mr. Hope's deep access to his subjects. Though the author does not always clarify where he gets his information, skipping footnotes and citations, "The Rebel and the Kingdom" is a vividly reported and engaging story about a regime that seems never to change, despite all those trying to change it.

Mr. Cain, senior fellow at Lincoln Network, is author of "The Perfect Police State" and a former correspondent in South and North Korea.

The Post-Midterm Scramble Begins



**POLITICS
& IDEAS**
By William
A. Galston

A week after the 2022 midterm election, we are beginning to understand its consequences. If Republicans end up with a majority in the House, their margin will be much smaller than expected, giving factions within the caucus substantial leverage. To become speaker, Kevin McCarthy will have to accept demands from the hard-right Freedom Caucus affecting both personnel and policy. But if he goes too far in the caucus's direction, the remaining moderates could oppose some of his legislative initiatives, including fiscal moves that could lead to a government shutdown. It will be a delicate balancing act, and Mr. McCarthy's room to maneuver will be limited.

In the Senate, the Democrats retained their working majority, allowing them to maintain control of the judicial nominations process and prevent Senate Republicans from joining their House colleagues in investigations of the Biden administration and the president's son. Winning a 51st seat in next month's Georgia runoff would give them a numerical edge within what would otherwise be evenly divided Senate committees.

Meanwhile, divisions among Senate Republicans are bursting into public view, including the long-running clash between Florida Sen. Rick Scott, head of the Republican Senatorial Campaign Committee, and Minority Leader Mitch

McConnell over midterm strategy. Fresh off a landslide reelection victory, Florida Sen. Marco Rubio joined Mr. Scott, Utah Sen. Mike Lee, Missouri Sen. Josh Hawley and others in demanding that the vote for their party's leadership be postponed until after the Senate runoff in Georgia next month. Mr. Rubio wrote on Twitter that the caucus needs leaders "genuinely committed" to "fighting for the priorities & values of the working Americans (of every background) who gave us big wins in states like #Florida," a clear shot at Mr. McConnell.

This fight is about more than strategic disagreements and personal enmities. Mr. McConnell, an establishment Republican, is not on speaking terms with Donald Trump and clearly believes that the former president's brand of no-holds-barred populism is a threat to the party. Mr. McConnell's dissidents believe that Mr. Trump has shown the way to a new Republican majority, even if he may no longer be the party's best standard-bearer.

This election season has altered the dynamic of the 2024 presidential election for both parties. If the Democrats had suffered a rout, President Biden probably would have faced intensified pressure to stand down and allow the party's next generation to vie for the nomination. Instead, he is free to choose, and if he decides to run for re-election, which seems likely, the odds are that he would not face a serious challenge from within his party.

The opposite has occurred for Republicans. Florida Gov.

Ron DeSantis's landslide victory raised his standing as a potential presidential nominee, while the defeat of many of Mr. Trump's anointed senatorial and gubernatorial candidates is leading many members of his party to wonder whether nominating him for a third consecutive time is the best course. If Mr. DeSantis is tempted to wait, he may want to ponder Chris Christie's fate. As Shakespeare wrote,

The emergence of strong governors as potential national leaders is good news.

"There is a tide in the affairs of men, / Which, taken at the flood, leads on to fortune; / Omitted, all the voyage of their life / Is bound in shallows and in miseries."

The 2022 midterms also clarified the parties' Electoral College prospects in 2024. In Ohio, Democratic Rep. Tim Ryan ran arguably the best campaign of any senatorial candidate of either party and lost to J.D. Vance by 6.6 points. In Texas, Beto O'Rourke ran an energetic race against Gov. Greg Abbott and lost by 11 points. In Florida, Mr. Rubio and Mr. DeSantis won their re-election contests by 16 and 19 points, respectively.

The message to Democrats: Ohio and Florida have become part of the Republicans' Electoral College base, and Texas will remain there for the foreseeable future. Concentrate your resources elsewhere, on

states you have a chance of winning in 2024.

As Democrats revel in their better-than-expected showing, they should also consider some long-term demographic challenges. Republicans won the national popular vote, including almost 40% of the Hispanic vote nationwide, up from 25% in the 2018 midterms. Democrats lost significant support among Asian voters as well and can no longer assume (if they ever could) that garnering majorities among immigrants and their children will be large enough to counterbalance a lackluster showing among white Americans.

In both parties, governors have emerged as potential party leaders. Among Republicans, the re-elected chief executives of Texas, Georgia and Florida are especially notable. On the Democratic side, California's Gavin Newsom and Michigan's Gretchen Whitmer won substantial re-election victories, while Pennsylvania Attorney General Josh Shapiro ran a sure-footed campaign against a Trump-leaning Republican and prevailed in the governor's race by 14 points. In Maryland, Wes Moore beat another such Republican by an astounding 28 points to become the state's first black governor.

Unlike senators, governors are forced to learn the art of executive leadership or risk losing their office in the next election. The Oval Office is a tough place for on-the-job training, which is why the re-emergence of strong, capable governors as potential national leaders is good news for the country.

Verbal Tics Are Kinda Annoying

By Gregg Opelka

There's something that kind of bothers me. Maybe it kinda does you too.

It comes up in this webinar I listen to regularly in which a rotating series of panelists—all highly educated professionals—opine on a difficult and complex subject. I'm fascinated by each episode and always feel elevated after listening. But something keeps distracting me—kind of.

One of the regular speakers inserts that phrase, most often in its elided colloquial form "kinda," into nearly every sentence. Qualifying an idea is a sign of a thoughtful speaker; but not almost every idea. Sometimes two or three "kindas" even manage to make it into the same sentence. The discussions' content remains stellar, but the

peccadillos are jarring. It's analogous to a three-star Michelin restaurant with visibly dirty carpets. I have trouble focusing on the proverbial chateaubriand.

I am the first to acknowledge the insidious nature of verbal tics—the ums, wells, likes, you knows, I means,

You'll communicate more clearly without them. Does that make any sense to you?

sort ofs, yadda yadda—that clutter our speech. I myself am a recovering "you know" offender. Most verbal crutches are what I call "stallers," phrases that give our slow-footed brains time to catch up with our runaway mouths.

We're all susceptible to this, especially anyone who does public speaking. That's why these verbal viruses are prevalent, but that makes them all the more annoying.

Years ago, I worked on musical productions with a talented director prone to two irritating stallers. His preferred crutch was "Do you know what I'm sayin'?" Perhaps unconsciously practicing the rhetorical art of variation, he'd occasionally resort to his backup, "Does that make sense to you?" Of course, as a native speaker of English, I did know what he was saying, but I always bit my tongue when I was tempted to give a sarcastic reply. During our three-year collaboration we worked harmoniously, eased along by my frequent assurances that, yes, that made sense to me.

But there is great value in

working to leave "kinda" and its kin behind. I know from when my friend Todd Hunt—Ogilvy advertising executive turned motivational speaker—cured me of my "you know" habit years ago. He styles himself a "business humorist" whose expertise is the art of communication and how to improve it. As he observes in the opening of one of his entertaining talks, "We begin communicating the day we are born and we don't stop until the day we get married."

Todd taught me that to be a better speaker, you must be a better listener—first of all to yourself. If we want to lose those verbal tics and crutches that plague us, we must vigilantly monitor our speech. Kinda all the time. You know what I'm sayin'?

Mr. Opelka is a musical-theater composer-lyricist.

OPINION

REVIEW & OUTLOOK

LETTERS TO THE EDITOR

Kari Lake's Loss Destroys 'Stop the Steal'

If anyone needs more evidence that "Stop the Steal" was a loser for the GOP this year, the party's Arizona wipeout is definitive. On Monday Kari Lake joined the list of Republicans in the Grand Canyon State who ran on the stolen 2020 election and lost.

Ms. Lake, a former TV news anchor, had all the sparkling charisma that Donald Trump's other favorite candidates lacked. She loved telling off journalists. She called 2020 "a corrupt, stolen election," and she repeated that line to the bitter end. As Mr. Trump bragged in a phone call captured on tape: "If they say, 'How is your family?' she says, 'The election was rigged and stolen.'"

But she lost, 49.6% to 50.4%, according to the latest data. The Democratic gubernatorial nominee, Katie Hobbs, ran an uninspiring campaign and went all in for the teachers union. She still won. As a reminder of how winnable Arizona should be for Republicans, Gov. Doug Ducey was re-elected in 2018 by 14 points and is finishing a highly successful second term that includes statewide school choice and a 2.5% flat tax.

Abraham Hamadeh, the Trump-endorsed Republican candidate for Attorney General, promised a "day of reckoning" for "those who worked to rob President Trump in the rigged 2020 election." That race isn't called yet and could go to a recount, but Mr. Hamadeh is currently losing, 49.9% to 50.1%.

Mark Finchem, the Trump-endorsed Republican candidate for Secretary of State, essentially made himself a walking referendum on 2020 fraud theories. He lost, 47.6% to 52.4%.

Blake Masters, the Trump-endorsed Republican candidate for Senate, said in an early ad: "I think Trump won." After he captured the GOP nomination, he tried to pivot by decrying the influence of Big Tech, while saying he saw no evidence of fraudulent vote totals. That earned him a debasing rebuke from Mr. Trump. Mr. Masters lost, 46.5% to 51.4%.

One person who deserves special mention for orchestrating these defeats is Kelli Ward, Arizona's Republican state chair. She has now presided over the loss of two Senate seats and nearly all of the top statewide jobs.

Notably, however, the GOP wipeout didn't go all the way down the ballot: Republican state

Treasurer Kimberly Yee sailed to re-election, 55.6% to 44.4%. Curious, yes. Mr. Trump might retort that this race was relatively low profile, and the Treasurer's office has been Republican for decades. On the other hand, doesn't that make it a proxy for generic GOP support?

Look at the raw totals. Ms. Yee won roughly 115,000 more votes than Ms. Lake. The GOP also won six of nine Arizona House districts, and Republicans in those nine races received 50,000 more votes than Ms. Lake. Both figures are well above her losing margin. What explains the gap? According to exit polls, Ms. Lake lost independents by seven points and moderates by 20. At the same time, she lost 9% of self-identified Republicans.

Many Republican voters simply don't like being fed Trump baloney about the 2020 election. Or if baloney is too mild a word, there's always "horse—," which is what Arizona's sitting Attorney General, Republican Mark Brnovich, recently called the mass fraud claims. Among other investigations, his office tracked down 282 purportedly dead voters, he wrote this summer, many of whom were "very surprised to learn they were allegedly deceased."

Mr. Brnovich ran for Senate this year but was outflanked by Mr. Masters in the primary. If he had been the nominee, he might have won last week. But he refused to pretend the 2020 election was stolen by some shadowy conspiracy that eluded law enforcement and normal standards of proof. "We as prosecutors deal in facts and evidence, and I'm not like the clowns that throw stuff against the wall and see what sticks," Mr. Brnovich told "60 Minutes" in October. "It's like a giant gift in some ways."

Nearly everywhere in competitive races last week, Mr. Trump's endorsed candidates went down in pyrotechnics. But the flameout of an awkward eccentric, such as Doug Mastriano in Pennsylvania or Don Bolduc in New Hampshire, only says so much. Kari Lake is a telegenic fraud theorist straight out of Mar-a-Lago casting, running in a historically red state, in a year with an unpopular Democratic President and 8% inflation.

If Ms. Lake couldn't win on "Stop the Steal" in 2022, it's hard to see how anyone else can pull it off. Maybe at last the 2020 election is over.

When GOP Gains Lag the Popular Vote

Republicans appear set to take the House with a historically small margin. If the GOP winds up with, say, 221 seats, that equates to 50.8% of the chamber's 435 total. Yet in House races overall, the popular vote for Republicans is beating Democrats by 4.4 percentage points, per the latest data. So does this mean U.S. democracy is structurally rigged?

That's a joke, and astute readers are probably already yelling into their coffee that the "House popular vote" is not a thing that, strictly speaking, exists. Rather, the U.S. has 435 House races in 435 separate districts. 'Twas ever thus. Yet for years progressives have pointed to similar figures in the other direction as proof that democracy is fundamentally broken.

"Has Gerrymandering Made it Impossible for Democrats to Win the House?" That headline ran in the New Yorker in 2014. They won it in 2018 and again in 2020. A New York Times writer nonetheless fretted in 2020: "Gerrymandering and geography means that Democrats need to win a substantial majority in the House popular vote to take the gavel."

The Crypto Politics of Bankman-Fried

Cryptocurrency mogul Sam Bankman-Fried's Icarus-like crash could make compelling Netflix material. One story line that deserves more attention is how the FTX founder tried to buy influence with Democrats in Washington.

Mr. Bankman-Fried became a celebrity and spokesman for the crypto-currency industry by embracing progressive causes and giving liberally—literally. Last year FTX committed to making its trading platform "carbon neutral" and promised millions of dollars to climate causes.

He also supported a nonprofit that gave to progressive media outlets such as ProPublica, Vox and the Intercept. In an interview with the New York Times last month, he said he planned to give away most of his fortune over the next couple of decades to "effective altruistic" causes. After FTX's collapse, he might not have any to give.

The media loved the 30-year-old. But reports that he leveraged customer funds to make risky bets are making his bank-rolling of liberal causes inconvenient. Mr. Bankman-Fried was Democrats' second biggest donor this election cycle after George Soros. Democrats accounted for more than 90% of his nearly \$40 million in political giving.

During a September interview on NBC, he said his goal was "to support great public servants"—apparently, his code for Democrats. He also said his top issue was Covid. No doubt lockdowns and pandemic transfer payments helped boost trading on his platform. Rival exchange Coinbase reported a surge in deposits tied to Congress's first Covid relief bill.

GOP candidates took the Trump line on 2020, and it cost them.

Is this a crisis of democracy? That's what Democrats always say.

The FTX mogul was the second biggest donor to Democrats this cycle.

As Rep. Kevin McCarthy waits to see if Republicans win enough seats to make him the next Speaker of the House, we look forward to weighty think pieces on this ongoing crisis of democratic legitimacy.

Complaints about the "Senate popular vote" are also common, but they make even less sense. The existence of states

is not a matter of partisan gerrymandering. Raw vote totals don't always line up with political outcomes, but the gaps vary, and one cause is simple geographic sorting. Democrats can run up their margins in Manhattan and L.A., but that doesn't win Senate seats in Oklahoma.

Uncontested races can skew the totals, as can jungle primaries, since two Democrats might make the general election. For the record, Republicans have 51.4% of the House vote, versus 47% for Democrats, according to the Cook Political Report, though late California ballots will probably narrow the gap. If the GOP in 2024 makes more gains among minority voters in heavily Democratic districts, that could push up its vote total without flipping seats. This isn't a crisis. It's the way our constitutional democracy works.

Notably, Mr. Bankman-Fried's individual donations mainly went to Democrats who will be crucial to enacting crypto legislation that would affect his company, including Senate Agriculture Committee members Debbie Stabenow, Kirsten Gillibrand, Cory Booker and Tina Smith. He also gave to ranking Republican John

Boozman. FTX backed legislation by Ms. Stabenow and Mr. Boozman that would assign primary jurisdiction over crypto-currencies, brokers and exchanges to the Commodity Futures Trading Commission. Securities and Exchange Commission Chairman Gary Gensler is seeking to regulate crypto-currencies as securities, which would have limited Mr. Bankman-Fried's profit-making activities.

The debate over how to regulate the crypto industry isn't playing out on partisan lines. But Mr. Bankman-Fried probably hoped to befriend Democrats in Congress in the hope that they'd keep Mr. Gensler off his back. He also reportedly met with Mr. Gensler this year.

That personal lobbying wasn't always appreciated by others in the industry. Binance CEO Changpeng Zhao triggered a run on FTX by selling some \$500 million of its tokens and flogging the platform's conflicts of interest. "We won't support people who lobby against other industry players behind their backs," he tweeted.

Trying to protect your company from political depredations is no crime. But Mr. Bankman-Fried seemed to bet his success as much on regulatory as financial arbitrage. That can be as risky as crypto.

Does America Know How to Run an Election?

Nothing better demonstrates the degeneration of the U.S. to Third-World status than the transformation of our elections ("It Takes Too Long to Count Votes," Review & Outlook, Nov. 11). Throughout most of my life, America had a couple of months of political campaigning before Election Day, with results tabulated and announced no later than the next morning.

Now we biennially have a year of posturing and campaigning followed by an extended voting season and then, despite our technological advances, days and even weeks of uncertainty as votes are counted. Even then, extended litigation often ensues. The whole thing has become a clown show unworthy of a great nation.

PETER E. TAUSSIG
Lake Oswego, Ore.

Your editorial misses the mark. Rather than lambasting vote by mail, why don't you say that states are doing it wrong? Oregon has been voting by mail since the late '90s with negligible issues. Oregon is the third state I've voted in, and compared with Georgia and North Carolina, it's dazzling in

its superiority and simplicity. Vote by mail—ask Oregon how to do it.

ERIN BUTLER
McMinnville, Ore.

The real problem with mail-in voting, as opposed to early in-person voting, is the loss of secrecy. In the voting booth, no one can look over your shoulder and corruptly influence your vote. They can try to buy your vote, but they will never know if you voted for the right person, which makes it a losing proposition.

If someone can look over your shoulder while you vote, that person can pressure you or offer a bribe. This gets even worse when that person can then review your ballot, stuff it in the pre-signed and -dated secrecy envelope and deliver it to a drop box or polling place without showing any ID. To restore integrity to the system, outlaw mail-in voting except in the case where people really are absent from their jurisdiction for a good reason or unable to go to the polling place due to a physical limitation.

ED ROTHBERG
Sugar Land, Texas

Take Note: School Choice Is a Political Winner

Corey DeAngelis is correct that the 2022 midterm elections were a victory for school choice. ("The School-Choice Election Wave," op-ed, Nov. 11). Indeed, he understates how big the victory was.

Opponents of school choice have long claimed that voters would punish lawmakers who pass legislation that give families more choices in education. Such policies supposedly endanger traditional district schools to which voters feel a strong attachment. The midterms demolished this hypothesis. Every state in which a GOP trifecta—governor and legislative chambers—enacted large, new school-choice programs or significantly expanded existing ones in the past two years kept that trifecta, and most expanded the GOP's majority in the legislature.

The one exception is Arizona, where a Democrat narrowly won an open governor's seat in a race that was primarily about other issues

(election integrity, abortion, the border). Nevertheless, it appears the GOP kept its margins in the state legislature—even after primary voters replaced the only three Republican legislators who had opposed school choice with choice proponents.

In Pennsylvania, a majority of Democrats joined all legislative Republicans in enacting the largest expansion of the Keystone State's school-choice policy in state history. The bill was signed by a Democratic governor, who has now been replaced by another Democrat, Josh Shapiro, who has publicly endorsed school choice.

The message of the 2022 midterms for lawmakers interested in expanding school choice: Be not afraid.

JASON BEDRICK AND LINDSEY M. BURKE
Phoenix, Ariz., and McLean, Va.

Mr. Bedrick is a research fellow and Ms. Burke is director of the Center for Education Policy at the Heritage Foundation.

GOP Would Be Wrong to Abandon Ukraine

The need to "take care of our people" and leave Ukrainians "to fight their own battle" voiced by many is understandable but dangerously shortsighted ("Republicans Increasingly Opposed to Aid for Ukraine, New Poll Finds," U.S. News, Nov. 4). What happens in Ukraine will affect us and the rest of the world for years to come.

If Ukraine is left to be swallowed up by Russia, President Vladimir Putin and his ilk will be emboldened to continue with their imperialistic expansion in a replay of the Nazi takeovers of Poland, Czechoslovakia and Austria leading up to World War II. The idea that our country could once again be faced with such a conflict is terrible to contemplate. It makes

Another Trade Complaint Won't Get AMLO's Attention

Regarding Mexico's intent to ban biotech corn imports, Jon Doggett urges the U.S. Trade Representative to file a complaint (Letters, Nov. 10). If the agency did so, the Mexican President would laugh it off, as he did its filing of July 20 about violations in the energy sector. The president made sure that it would "go nowhere" (his words) by pushing out his commerce minister and negotiating team in early October. USTR is back to square one.

Parties file complaints of damages caused by policy or regulation. Regarding corn and other biotech crops, there have been no damages, only the serious prospect of same.

How to get Mexico's president to stop laughing? Mexico relies on remittances more than oil exports. A tax on remittances would get everyone's attention, including drug cartels.

GEORGE BAKER
Houston

Election Denial? No Contest

Regarding "For the Left, 'Election Denial' Is Like Hindsight—Always 2020" (op-ed, Nov. 11): Barton Swaim fails to account for degree. Comparing Democratic election-denial claims that faded soon after the elections to Republican efforts to overturn an election, which have lasted for years, is like comparing a drizzle to a hurricane. Both can get you wet but the difference in damage is incalculable.

BOB KAGAN
Narberth, Pa.

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concerns about inflation, energy policy, education and the rest seem petty in comparison. Support for Ukraine until it is able to reclaim all the territory that Russia has brazenly taken is essential.

RICHARD F. BRAUNLICH
Briones, Calif.

Republicans' growing tendency not to face the reality of Mr. Putin's invasion of Ukraine and hegemonic goals is frightening and appalling. Strong arguments can be made for limited involvement in Ukraine, but Russia can't be allowed to prevail. To say that you've got to take care of yourself before you can take care of other people is what Mr. Putin is counting on. We must be better than this.

KENNY MOORE
Parker, Colo.

The Problem of Censorship: Who Decides What's a Lie?

Don Glickstein states that Democrats merely want to silence Donald Trump's lies (Letters, Nov. 12). Democrats get to determine what is a lie, however, and that includes anything with which they disagree. But anything they say is the truth: fetal heartbeats are deceptive fakes (Georgia's Stacey Abrams), high crime is a Republican invention (New York's Kathy Hochul), a Capitol policeman died "because of people like Kari Lake," (campaign ad by Arizona's Katie Hobbs), and abortion is needed as a solution to inflation (Ms. Abrams).

Given the opportunity to silence, I doubt Democrats would stop with Mr. Trump. But that isn't the point. Letting either side decide that voices may be silenced is an assault on the First Amendment.

ROBERT BALES
Portland, Ore.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Objection. Calls for a definition of 'truth.'"

OPINION

The New Discrimination Demands a New Law

By Vivek Ramaswamy
And Jed Rubenfeld

Republican politicians often ask what they can do in office to combat “wokeness.” The best approach is to amend state and federal civil-rights laws to protect employees from discrimination on the basis of political beliefs. Corporate viewpoint discrimination is unfair and widespread, a driver of polarization, and a direct consequence of the way existing civil-rights laws have been interpreted—a legal mistake that demands a legal solution.

On signing the Civil Rights Act of 1964, President Lyndon B. Johnson declared that it would “end divisions” and told Americans to “lay aside irrelevant differences and make our

Expand the Civil Rights Act to protect employees from being fired for their political beliefs.

nation whole.” But while the act prohibits discrimination on the basis of race, sex, and religion, it doesn’t protect political beliefs, and today corporations across America fire employees who express the wrong political opinions.

Disney fired actress Gina Carano after she compared the treatment of conservatives on social media to Nazi persecution of Jews. The company called her post “abhorrent and unacceptable,” although co-star Pedro Pascal wasn’t sacked for likening Trump supporters to Nazis. Longtime Sacramento Kings broadcaster Grant Napear lost his job for tweeting “ALL LIVES MATTER.” A Virginia high school teacher was fired for refusing to use a student’s “preferred

pronouns.” A software company dismissed an employee for posting a TikTok video complaining about Bronx bodegas. A USA Today editor was demoted for tautologically tweeting: “People who are pregnant are also women.”

This is un-American, and it’s also counter to the spirit of the Civil Rights Act. You can’t be fired for expressing your religious beliefs or gender identity. Why can you be fired for your political beliefs?

The answer lies in Supreme Court cases, beginning with *Meritor Savings Bank v. Vinson* (1986), which interpreted the Civil Rights Act broadly to protect workers in protected categories from “harassment.” The justices defined that term to include “verbal . . . conduct” that create “an intimidating, hostile or offensive working environment.”

Since then, hostile-workplace litigation has exploded, and today political viewpoints or symbols perceived by minorities or women as hurtful or demeaning can create unlawful “hostile work environments” subjecting the employer to liability:

- The Equal Employment Opportunity Commission ruled that a postal worker stated a valid hostile-workplace claim against the U.S. Postal Service for allowing a co-worker to wear a cap with the “don’t tread on me” flag; the aggrieved employee “stated that he found the cap to be racially offensive to African Americans because the flag was designed by Christopher Gadsden, a slave trader & owner of slaves.”

- A federal judge ruled that a New York policeman stated a valid hostile-workplace claim based in part on a “one-time placement of a campaign sticker” for Donald Trump on another officer’s locker.

- A federal judge in Idaho found that a company’s letter disapproving of athletes’ “kneeling during the national anthem” as disrespectful to the



MARTIN KOZLOWSKI

military could “indicate a culture of racial discrimination” that would support a black worker’s hostile-workplace claim.

- A federal judge in Georgia allowed a claim to proceed in which, among other things, the plaintiff’s co-workers made “frequent comments that ‘President Obama was stupid.’” The court explained that “President Obama is African American” and that the plaintiff “understood” these comments to be “harassment based on race.”

If companies face liability when employees express such views, suppressing them is a prudent policy. Corporate explanations for speech prohibitions often say so explicitly: When Goodyear faced backlash for telling employees that “Blue Lives Matter” and “Make America Great Again” shirts were prohibited but “Black Lives Matter” shirts were acceptable, the company claimed it needed to keep its “work environment” free of

“any forms of harassment or discrimination.” When Southwest Airlines fired a flight attendant who made anti-abortion posts on Facebook, it asserted that she might have violated its anti-sexual-harassment policy.

The laws prohibiting race and sex discrimination have turned into engines not only of suppression but of compulsion. A professor at the University of North Texas was fired, he alleged in a lawsuit, “for refusing to affirm a view—the concept of micro-aggressions—with which he disagreed,” in a judge’s paraphrase. A Texas hospital fired a nurse for objecting to a mandatory course that required her to admit she is racist because she is white.

Free-marketeers argue that businesses should be free to set workplace conditions and to hire and fire as they please. But for many companies, a prohibition on viewpoint discrimination would come as a liberation, not a restraint. Numerous

CEOs of major corporations have told us in private that they don’t want to be part of “cancel culture”—or participate in culture wars at all. They don’t want to force an ideology into their workplace; they feel compelled to act because of pressure from activists and employees, backed by the threat of hostile-workplace litigation.

Lawmakers can adopt a framework that builds on the legal test for civil servants, who are already protected by the First Amendment from discrimination on the basis of political opinion. Employers couldn’t penalize an employee for off-duty political expression but could set rules for on-the-clock political speech in a viewpoint-neutral manner. A company could say “no political hats” but couldn’t favor BLM over MAGA. These rules have not led to unworkable challenges or neo-Nazi explosions in government workplaces.

It’s true that discrimination is more invidious when it’s based on immutable characteristics than on freely chosen beliefs. Yet the law protects employees from discrimination based on religion and gender identity, both of which can be matters of choice.

Companies at their best unite their employees in a common cause that transcends politics—to create, innovate, serve customers and generate wealth together. Protecting political expression as a civil right would respect LBJ’s admonition “to lay aside irrelevant differences and make our nation whole.”

Mr. Ramaswamy is executive chairman of Strive Asset Management and author of “Woke, Inc.: Inside Corporate America’s Social Justice Scam” and “Nation of Victims: Identity Politics, the Death of Merit, and the Path Back to Excellence.” Mr. Rubenfeld is a professor at Yale Law School and a First Amendment lawyer.

Minority Support for the GOP Crept Up Again in the Midterms

UPWARD MOBILITY
By Jason L. Riley

My colleague James Freeman, who writes the Journal’s Best of the Web column, noted earlier this week that the term “progressive” might be falling out of favor with some Democrats following the midterm election results. If so, it

wouldn’t be the first time. The Progressive era of the early 20th century produced such presidents as Woodrow Wilson and such intellectuals as the British economist John Maynard Keynes. Following World War I, however, voters began repudiating progressivism, and by the time the political left was ascendant again in the 1930s under Franklin D. Roosevelt, erstwhile progressives had rebranded themselves as liberals. That label would stick though the 1980s until calling a candidate liberal became almost a smear, and by the end of the 20th century Democrats on the left were self-describing as progressives again.

One of the things that progressive elites in both eras share is an outside

role in promoting racism. Keynes co-founded a eugenics society at Cambridge University. Wilson hosted a White House screening of “The Birth of a Nation,” a movie that glorifies the Ku Klux Klan, and one of his first acts as president was to segregate federal employees. Madison Grant, a lawyer and leading conservationist, wrote the 1916 bestseller “The Passing of the Great Race,” a pseudoscientific screed arguing that blacks, Native Americans, Jews and the peoples of Eastern and Southern Europe were members of inferior races.

Today’s progressives advocate preferential treatment based on race and ethnicity. Boston University professor Ibram X. Kendi, one of the most celebrated progressive thinkers in the country, openly supports racial discrimination. “The only remedy to past discrimination is present discrimination,” he asserts. A hundred years ago, progressives attributed racial disparities to genetics. Today, they blame racial bias. In both cases, they’ve taken one factor and convinced themselves that it alone is the determining factor.

Democrats have long sought to win elections by fueling racial resentment.

And while Donald Trump’s recent verbal assaults on former Transportation Secretary Elaine Chao, a native of Taiwan, show once again that Democrats don’t have a monopoly on racism, today’s Democrats are far more reliant on identity politics to get their voters to the polls. That’s why President Biden likens his political opponents to

Democrats boost appeals to racial resentment as their ethnic base continues its gradual erosion.

Jefferson Davis and Bull Connor and refers to Republican policies as “Jim Crow 2.0.” And it’s why Democratic candidates in last week’s election spent so much time trying to paint Republicans as not only wrong on the issues but bigoted to boot.

The good news is that it didn’t seem to work. According to exit polls, every major racial and ethnic minority group voted more Republican this year than in 2018. Compared with four years ago, “Hispanic and Asian

support for the GOP jumped 10 and 17 points respectively, while Black voters shifted about 4 points to the right,” Politico reports. Among black and Hispanic men, Republican gains in recent elections have been even more pronounced.

Democrats continue to pay a price for catering to upscale white progressives while giving short shrift to the concerns of their minority base. Increasingly, these neglected voters see the GOP as a viable alternative. The Asian and Hispanic shares of the electorate are growing. Democrats can bleed only so much minority support, particularly in battleground states and swing districts, and still win elections.

In Georgia’s gubernatorial race, Democrat Stacey Abrams lost her rematch against Republican incumbent Brian Kemp. Georgia had record turnout for early voting, yet black support for Ms. Abrams, a progressive superstar who has made phantom voter suppression her signature issue, ticked down from four years ago. In the state’s Senate race, meanwhile, incumbent Democrat Raphael Warnock is facing Republican Herschel Walker in a runoff election. Notably,

Mr. Warnock has campaigned as a pragmatist rather than a progressive, which is one reason he performed so much better than Ms. Abrams and still has a shot at holding his seat. If Democrats are rethinking the progressive label, candidates such as Ms. Abrams are the reason.

Whether Democrats call themselves liberals or progressives, the bigger problem is the policy behind the label. Defunding the police gives the upper hand to violent criminals in poor communities who target their mostly law-abiding neighbors. Opposition to parental choice forces children to attend schools where little if any learning takes place. Living-wage laws harm job prospects by making would-be employees too expensive to hire. Expanding the welfare state has a long history of expanding dependency rather than reducing poverty. The political left’s support for such policies undermines upward mobility among the very groups they claim to champion.

More minority voters are giving the GOP a look because they want more effective representation from the political class. Who can blame them?

Business Is Far From Usual in Hong Kong

By L. Gordon Crovitz
And Mark L. Clifford

Hong Kong leaders would like the world to think the financial hub is back to normal as it reopens for international business. At a conference this month of more than 200 of the world’s top bankers, John Lee, Hong Kong’s chief executive, reassured attendees that “the rule of law is sacrosanct.” “Fundamental rights and freedoms, including freedom of speech, of the press, of assembly, are enshrined in and protected by the Basic Law,” Mr. Lee said, referring to China’s guarantee of a large degree of autonomy to Hong Kong. But Beijing’s 2020 National Security Law—also called the NSL—has done the opposite, allowing the Chinese Communist Party to stomp its boot on Hong Kong’s free society and markets.

Business is far from usual in Hong Kong. As the two American board members of Next Digital, a Hong Kong publishing company, we know this firsthand. Jimmy Lai, a self-made billionaire who fled to Hong Kong from communist China as a child, founded Next Digital and its Apple Daily, a popular pro-democracy newspaper. Next Digital became a publicly traded company in 1999, and Apple Daily had more than 600,000 online subscribers in 2020.

Our company existed under a legal and regulatory system that for years placed Hong Kong among global hubs like New York and London. That all changed with the NSL.

That the government came after Mr. Lai’s business is no accident. Apple Daily’s reporters and opinion writers often detailed Beijing’s encroachments on Hong Kong’s free-

doms and its violation of the “one country, two systems” arrangement Beijing promised Hong Kong when it was returned to China from the British in 1997.

The NSL’s terms are dangerously broad, referencing crimes of “secession,” “subversion” and “collusion with foreign forces.” In 2021 Mr. Lee, then secretary for security, invoked the NSL to accuse Apple Daily of endangering national security and declared it a crime for Next Digital to fund Apple Daily. As a result, Next Digital couldn’t use its cash flow to pay for newsprint, web servers or journalists’ salaries, forcing it to close Apple Daily. The government has appointed a “special inspector” to determine the cause of Next Digital’s demise. It is no great mystery what happens to a company when it is prohibited from funding its own operations.

The “Apple Daily Seven,” including Mr. Lai and the outlet’s top executives and journalists, were arrested in August 2020, accused of collusion with foreign forces and conspiracy to publish a “seditious publication” for

The vague terms in Beijing’s National Security Law mean no business in Hong Kong is safe.

their journalism. Mr. Lai has been in jail since December 2020 and the others since the summer of 2021.

After these arrests, the company’s accounting firm and insurers stopped working with us out of fear, as did the corporate staff responsible for the regulatory compliance

duties of a publicly traded company. We—along with the remaining directors—resigned in September 2021 to enable an orderly liquidation. As we wrote in our resignation statement to the Stock Exchange of Hong Kong, the NSL forced the company out of business despite “no trials and no convictions.” The stock exchange, likely driven by fear, didn’t object to the use of government diktat to force Next Digital into liquidation, costing its shareholders their equity.

Next Digital’s fate should be a warning to all Hong Kong businesses working under the shadow of the NSL. The law’s vague crimes could apply to anyone who poses a risk to the Chinese Communist Party’s conception of national security. Most vulnerable are the approximately 1,260 American companies with offices in Hong Kong. From Beijing’s expansive point of view, American executives could be guilty of “collusion” by complying with any of the growing list of U.S. sanctions against China.

Mr. Lai’s trial on national-security charges is scheduled to begin next month—two years after he was first jailed and more than a year after his Apple Daily was forced to close. What the Communist Party did to corrupt Hong Kong’s rule of law and subsequently to target Apple Daily is a clear sign of how far Beijing will go to end fundamental freedoms wherever it can.

Mr. Crovitz is a former publisher of the Journal. Mr. Clifford is president of the Committee for Freedom in Hong Kong Foundation. Both were independent nonexecutive directors of Next Digital.

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Notable & Quotable: Backlash

Matthew Continetti writing in the
December issue of Commentary:

The left has treated the affirmative-action cases as racial analogues to last term’s *Dobbs v. Jackson Women’s Health Organization*, in which the Court reversed the *Roe v. Wade* (1973) decision and restored abortion law to the states. After *Dobbs*, the media portrayed the Court as antidemocratic, counter-majoritarian, and contemptuous of public opinion. And they had half a point. The polls really did show that the public was against overturning *Roe v. Wade*. For Washington Post

columnist Ruth Marcus, the Students for Fair Admissions cases, like *Dobbs*, have been taken up by a “heedless” Court eager to embroil itself “in some of the most inflammatory issues confronting the nation” after a “cataclysmic” term.

There’s a problem with this analysis, however. . . . Americans support general efforts to promote opportunity and inclusion. But they oppose the explicit use of race as a criterion in college admissions, hiring, and promotion. The Court won’t be risking a backlash if it ends affirmative action. It will be on the side of the people.

WORLD NEWS

Israeli Lawmakers Aim to Remake Court

Right-wingers push for changes to enable laws previously struck down by judges

By DOV LIEBER
AND AARON BOXERMAN

TEL AVIV—Benjamin Netanyahu's right-wing political allies aim to make sweeping changes to Israel's judicial system, which could allow lawmakers to pass laws previously struck down as unconstitutional, including bills aimed at expanding settlements in the occupied West Bank.

For decades, Israel's right wing has accused the country's Supreme Court of abusing its power and having a left-wing bias because it disproportionately struck down laws connected to the right wing's legislative agenda.

Now, with Benjamin Netanyahu on the cusp of forming a right-wing, ultranationalist coalition, they see their chance to remove judicial hurdles to their policy goals. Specifically, Mr. Netanyahu's allies are proposing a law that would allow the country's parliament, or Knesset, to override Supreme Court rulings with a simple majority. This would give lawmakers, rather than the court, final say on what laws can be passed. Mr. Netanyahu's partners also want politicians to play a greater role in appointing judges.

If the law is passed, lawmakers



Israeli Prime Minister-designate Benjamin Netanyahu's allies want lawmakers to be able to override judges' rulings on laws.

ers in Mr. Netanyahu's bloc say they aim to quickly overturn judicial rulings striking down the yearslong detention of African asylum seekers, a law retroactively legalizing illegal Israeli outposts built on private Palestinian land and a law formally excluding ultraorthodox Israelis from the country's mandatory military service.

Mr. Netanyahu's right-wing, ultranationalist bloc won 64 seats in the country's 120-seat parliament in elections earlier

this month. On Sunday, Israeli President Isaac Herzog handed the longtime leader a mandate to form the next government. Israel's 25th Knesset was sworn in on Tuesday.

It could take days or weeks until Mr. Netanyahu is sworn in again as prime minister, though. He is currently holding coalition talks to discuss forming a government and creating the key elements of a platform. The legal overhaul has been at the center of these negotiations.

The debate over Israel's top court is partly explained by ambiguity in the country's legal system that dates back to its founding.

Israel doesn't have a written constitution. Instead, the court bases its decisions on British common law, evolving Israeli precedent and a series of basic laws, which provide quasi-constitutional powers.

For decades, Israeli courts rarely struck down laws passed by the Knesset. But in the

1990s, Supreme Court Chief Justice Aharon Barak said recently passed basic laws that enshrined fundamental rights had empowered justices to overturn other laws that violated them—what he called “a constitutional revolution.” Many right-wingers considered this judicial overreach.

Mr. Netanyahu has been quiet on the judicial overhaul his allies campaigned on. In the past, he has expressed support for such changes, say-

ing in a 2019 tweet that he supported “the necessary return of balance between authorities in Israel.”

Since being indicted on corruption charges four years ago, Mr. Netanyahu has become a vocal critic of the justice system. He says leftist prosecutors and police conducted a witch hunt against him, an accusation echoed by his supporters.

Mr. Netanyahu's allies are also pushing legal changes that could affect his continuing corruption trial by weakening the charges against him. Mr. Netanyahu has said he won't allow any legislation to influence his trial.

A spokesperson for Mr. Netanyahu declined to comment.

Critics of the judicial overhaul say it will undermine Israel's democracy by giving absolute power to the ruling coalition and leave minorities without protection from the will of the majority. Advocates for the changes say they will restore power to elected officials hamstrung by activist judges.

“In a well-organized democracy, there's no worry about any tyranny of the majority,” said Simcha Rothman, a right-wing lawmaker from the Religious Zionism alliance, which is expected to be the second-largest faction in Mr. Netanyahu's future government. “Instead, the top court enforces its will on the majority—this is the far more concerning reality.”

World's Population Hits 8 Billion, U.N. Agency Estimates

By ALYSSA LUKPAT
AND JOANNA SUGDEN

The Earth is now home to eight billion people, the United Nations said, because people are living longer and fertility rates have surged in some countries.

The U.N.'s population division calculated that the global population reached eight billion on Tuesday. The milestone came about a year later than expected

because of the Covid-19 pandemic, said Patrick Gerland, the chief of population estimates and projections for the U.N.'s population division. The pandemic slowed global birthrates and killed millions of people.

U.N. officials said the milestone was an indicator of humanity's achievements in medicine, nutrition, public health and personal hygiene.

The world's population has

grown rapidly since 1900 largely thanks to soaring birthrates in some regions and healthcare advancements, according to the U.N.

The developments came faster than the U.N. once predicted. The organization projected in 1999 that the world would hit the 8-billion mark in 2028.

There were about 300 million people on Earth two mil-

lennia ago, according to the U.N. The population fluctuated in the centuries after that, largely because of plagues and natural disasters. Then the population accelerated, reaching one billion in 1804, four billion in 1974 and seven billion in 2011.

The most populous regions are in Asia, the U.N. said, with China and India—each more than 1.4 billion strong—the main contributors to the popu-

lace. India's population is expected to surpass China's at some point next year, according to the U.N.

Globally, life expectancy reached 72.8 years in 2019, an increase of almost nine years since 1990, the U.N. said, though it fell to 71.0 years in 2021 as a result of the Covid-19 pandemic.

Demographers project the world will reach nine billion—

around 2037.

The U.N. predicts that the global population will peak at around 10.4 billion during the 2080s and remain near that level until the start of the next century. Another forecast, from the Wittgenstein Centre for Demography and Global Human Capital at the University of Vienna, has it peaking at 9.67 billion in 2070, before a slow decline as fertility rates drop.

WORLD WATCH



Israeli forensic investigators examine one of the sites of an attack that killed three people.

WEST BANK

Palestinian Kills 3 Israelis, Officials Say

A Palestinian man killed three Israelis and severely injured three more in a stabbing and car-ramming attack in the West Bank on Tuesday, according to Israeli military and medical officials, the latest in a spate of violence in the occupied territory this year.

The assailant began his attack by stabbing individuals at the entrance to an industrial zone near the West Bank settlement of Ariel, the officials said. He then fled to a nearby gas station, where he stabbed a few others and left in a stolen vehicle. The assailant rammed the car into a 50-year-old pedestrian, before being shot and killed by an Israeli soldier.

Israeli security officials identified the assailant as 18-year-old Mohammad Sami Souf, and said he worked for an Israeli company in the industrial zone and lived in the nearby Palestinian town of Haris.

Israel's military said it was still searching for an accomplice to the assailant.

The attack comes amid a period of sustained conflict between Israeli security forces and Palestinian militants, which has resulted in one of the bloodiest years in the Israeli occupied West Bank in more than a decade.

—Dov Lieber

IRAN

Shopkeepers Close To Support Protests

Iranian shopkeepers across the country closed their stores and went on a planned three-day strike starting Tuesday in solidarity with a monthlong protest movement demanding the ouster of the clerical leadership.

The strikes this week are also meant to mark the three-year anniversary of a violent crackdown on protesters in 2019, the last time Iranians seriously challenged the ruling establishment.

In Tehran, shopkeepers in the Grand Bazaar, a key node in the country's economy, closed their stores and chanted “death to the dictator.” Steelworkers in the capital and the city of Isfahan also went on strike, according to footage and pictures on social media.

Across the western Kurdistan province, which since the beginning of the movement has seen some of the most active protests, shopkeepers closed markets in at least 18 cities, according to Hengaw, an Oslo-based human-rights organization focused on the Kurdish region.

The protest movement erupted following the death on Sept. 16 in police custody of Mahsa Amini, a 22-year-old woman arrested for allegedly violating Iran's strict Islamic dress code.

—Sune Engel Rasmussen

INDONESIA

Funding Set for Push Away From Coal

Wealthy countries including the U.S. and some of the world's biggest banks backed a \$20 billion funding plan to steer Indonesia, the world's largest coal exporter, toward renewables as part of efforts to help emerging economies decarbonize.

The funding, announced at a meeting of G-20 leaders, is aimed at one of the thorniest climate challenges. Developing countries such as Indonesia, India and South Africa say they can't afford to quickly transition to renewable energy. But if they stick with fossil fuels, carbon emissions will rise as their economies grow.

Over the next eight years, Indonesia—the world's fourth-most populous country with some 275 million people—will install 22 million air conditioners and add 12 million cars to the road, the International Energy Agency says. Its energy-intensive steel production is set to increase by a third.

Japan, the European Union, Canada and other governments besides the U.S. are expected to provide \$10 billion over three to five years under the plan. The rest of the funds are supposed to come from the private sector.

The money will be used to invest in low-carbon energy so that 34% of Indonesia's power generation is renewable by 2030.

—Ed Ballard



THREE'S COMPANY PIERRE BONNARD

Post-Impressionist artistry. Rich color. Sentimental subject.



Pierre Bonnard's *Jeunes femmes dans la rue* features three women on a Parisian sidewalk with dynamic brushstrokes of bold, sunny color. Because Bonnard painted from memory, his works often depicted those closest to him as subjects; this work features Marthe, Renée and Lucienne, three important women in Bonnard's life. Given the sentimental subjects, it is no surprise that this work was a favorite of Bonnard's. It stayed in his personal collection until he passed in 1947. Circa 1922. Signed “Bonnard.” Canvas: 29”h x 23”w. Frame: 37½”h x 31¼”w. #31-5905



This work is currently on view in our exhibition, *Revolutionaries: The Impressionists and Post-Impressionists*. Scan for details.

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THE WALL STREET JOURNAL.

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Activist Presses Alphabet for Cuts

Owner of \$6 billion in shares calls on Google parent to slash staff, pull back on Waymo

By MILES KRUPPA

Activist hedge fund **TCI Fund Management** called on Google parent **Alphabet Inc.** to aggressively cut costs and reduce losses in long-term bets such as the self-driving car unit **Waymo**, claiming the company would be more efficient with fewer employees.

London-based **TCI**, which said it owned Alphabet shares worth more than \$6 billion, made the requests in a letter to Chief Executive **Sundar Pichai** on Tuesday, writing that it has been a significant shareholder since 2017.

"We are writing to express our view that the cost base of Alphabet is too high and management needs to take aggressive action," **TCI** wrote in the letter, signed by Managing Director **Christopher Hohn**. "The company has too many employees and the cost per employee is too high."

The move adds to the pressure on technology companies to tamp down costs following a stretch through the pandemic when they invested heavily in employees and facilities. Those bets were based on the expectation that they would sustain high rates of growth, which hasn't come to pass.

In an interview, **Mr. Hohn** said he had previously shared **TCI's** concerns with Alphabet's management and expected the board, including Google co-founders **Sergey Brin** and **Larry Page**, would be receptive to the suggestions. He said **TCI** didn't

plan to seek a board seat.

"The founders, **Sergey** and **Larry**, are clever people, and they will realize that for the company to be successful, it has to be healthy," **Mr. Hohn** said. "A highly bloated cost base doesn't serve the ability of a company to reinvest and for the stock price to appreciate."

Alphabet declined to comment. On an earnings call last month, **Mr. Pichai** said the company had begun "realigning resources to invest in our biggest growth opportunities" and employee growth would be significantly lower in the

fourth quarter.

Google reported a fifth consecutive quarter of slowing sales growth and the first recorded annual drop in advertising sales on its YouTube video platform in the most recent financial period, sending shares tumbling.

It is rare for big technology companies to face campaigns from activists such as **TCI**. Alphabet and others have made large profits while buying back billions of dollars in shares in recent years as interest rates remained low in the developed

Please turn to page B4

FTX Founder Attempts To Raise New Cash

FTX filed for bankruptcy last week, but the cryptocurrency exchange's founder still thinks he can raise enough money to make users whole, according to people familiar with the matter.

By **Caitlin Ostroff**, **Vicky Ge Huang** and **Berber Jin**

Sam Bankman-Fried, along with a few remaining employees, spent the past weekend calling around in search of commitments from investors to plug a shortfall of as much as \$8 billion in the hopes of repaying **FTX's** customers, the people said.

The efforts to cover that shortfall have so far been unsuccessful. The Wall Street Journal couldn't determine what **Mr. Bankman-Fried** is offering.

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Companies Race To Build Solar Industry in U.S.

By PHRED DVORAK

The Biden administration has placed a big bet on solar power, but breaking the Chinese stranglehold on the industry will require companies to build a supply chain in the U.S. almost from scratch.

The U.S. has little or no manufacturing for almost any component needed to produce solar energy. China, which can produce solar components less expensively, controls more than 80% of the supply chain, dominating the manufacture of solar panels and other equipment. In recent years, China has spent almost 10 times as much on solar manufacturing as the U.S. and Europe combined.

To boost U.S. solar production, President Biden in August signed into law bonus tax credits for renewable-power projects that use American-made equipment, as well as incentives for manufacturing solar panels, wind turbine blades and other components in the U.S. The Energy Department forecasts solar will need to grow from 4% today to at least 37% of the U.S. power mix by 2035

to hit the Biden administration's clean-energy targets.

Spurred by the incentives, some green-energy companies say they are increasing investments in U.S. manufacturing. **First Solar Inc.**, the biggest solar-panel maker in the U.S., said in August it would spend up to \$1.2 billion to increase its U.S. manufacturing capacity by 75% citing the tax credits as a primary reason.

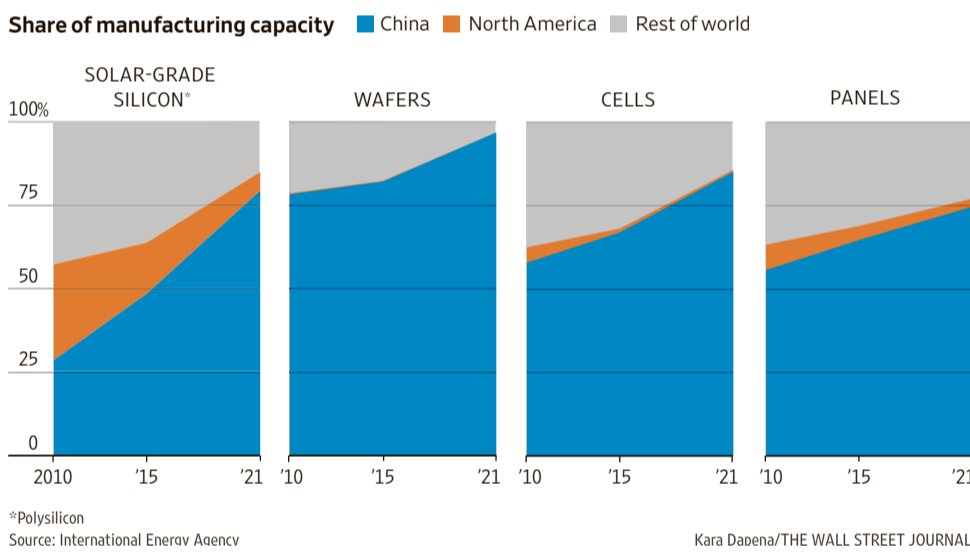
Hanwha Solutions Corp., a member of South Korean conglomerate **Hanwha Group**, said it would invest billions of dollars in building its own solar supply chain in the U.S., and plans to apply for tax credits. Its **Qcells** unit is assessing sites in Texas, Georgia and South Carolina for facilities to make solar components, according to documents the company filed in Texas in July.

More than 40 gigawatts of new solar-panel plants are in various stages of planning in the U.S., almost five times what the U.S. has now, said **Andy Klump**, chief executive of **Clean Energy Associates**, a consulting firm that helps renewable-en

Please turn to page B2



BCI Steel, in a former **Bethlehem Steel** factory in **Leetsdale, Pa.**, makes tubes for solar panels.



Banks Curtail Purchases of Mortgage Bonds

By BEN EISEN

Bank of America Corp. gobbled up hundreds of billions of dollars of mortgage bonds during the height of the pandemic. But with rates rising, its buying spree has ended.

Banks have stepped back from buying mortgage bonds.

So has the Federal Reserve, the largest investor in that market. Foreign buyers and money managers are curtailing purchases, too, analysts say.

The lack of buyers has helped push mortgage rates to their highest level in 20 years. The average 30-year fixed mortgage rate topped 7% recently, further cooling a hous-

ing market that was red hot just a few months ago.

When lenders extend mortgages to people buying homes or refinancing, they don't usually hold on to the loans.

Instead, they pool them into bonds that get sold to investors, often with a guarantee from a government-controlled entity that investors

will get repaid.

Today, a shrunken pool of buyers is demanding a higher yield to own mortgage bonds. That is driving up the rates on the mortgages inside those bonds at a faster pace than their benchmark, Treasury yields.

The gap between them was recently the biggest since the

1980s, according to the Urban Institute.

"Banks stepping back, the Fed stepping back, foreign investors stepping back—that has widened the spread that mortgages trade at versus Treasuries, which directly translates to the borrower's mortgage rate," said **Nick**

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Microsoft Toughens Policies On Abuse

By ERIC BELLMAN

Microsoft Corp. announced enhanced policies it said are aimed at preventing sexual harassment and gender discrimination in response to an independent review that outlined areas where the software giant should improve.

The policies, made public Tuesday along with a 50-page report by the law firm that conducted the review, followed an unexpected victory by activist shareholders last year when the company's annual investor meeting passed a proposal demanding greater disclosure around sexual-harassment issues.

The company then said it would conduct an internal review and unveil a summary of the results of past investigations into how the company handled allegations against company executives, including

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Electric-Vehicle Makers Shift To Lower-Cost Battery Types

By MIKE COLIAS

In the race to build a more affordable electric car, auto makers are turning to a lower-cost battery type that could lead to less-expensive options but deliver less driving range.

Several major car companies plan to deploy lithium-iron-phosphate batteries, known as **LFP**, a type commonly used in China, the world's largest market for

electric cars. Those iron-based battery cells cost less than the nickel-and-cobalt combination used widely in North America and Europe.

Tesla Inc., **Ford Motor Co.**, **Rivian Automotive Inc.** and other auto makers say **LFP** could tamp down electric-vehicle costs by sidestepping the use of pricey and scarce minerals like nickel and cobalt. But the move also requires them to manage performance

trade-offs and thorny supply-chain issues.

Lithium-iron-phosphate battery cells have less energy density than nickel-based cells, which means the battery range—the distance an EV can travel between charges—is shorter. That has led auto makers to tweak the chemistry and the design of **LFP** battery packs to bring out more range. Also, the supply hub for

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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.

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Walmart to Pay \$3.1 Billion To Settle Opioid Lawsuits

By SHARON TERLEP AND SARAH NASSAUER

Walmart Inc. agreed to pay \$3.1 billion to settle opioid-crisis lawsuits brought by several U.S. states and municipalities, adding to a landmark settlement with rival pharmacy chains.

The agreement resolves a collection of lawsuits brought by states, cities and Native American tribes. Earlier this month, CVS Health Corp. and Walgreens Boots Alliance Inc. agreed to pay roughly \$5 billion apiece to settle the lawsuits. The companies didn't admit wrongdoing in their deals.

The Walmart agreement was

announced the same morning that the retail giant reported its latest quarterly results. The company said it took \$3.3 billion in charges in the last quarter related to opioid settlements. It reported stronger-than-expected sales in the October-ended quarter and raised sales and profit goals for the year, signs the big discount chain is drawing in shoppers despite high inflation. Walmart shares rose 6.6%.

Each state, local government and tribe will need to decide whether to participate in the settlement. Walmart said it strongly disputes allegations in the lawsuits and the settlement isn't an admission of liability.

The Race To Build Up U.S. Solar

Continued from page B1

ery companies with supply chains. With vast deposits of oil and gas, the U.S. has largely avoided the energy shortages Europe faces amid the war in Ukraine and Russia's restrictions on fuel exports. The U.S. government and green-energy advocates, however, want to boost energy production from sources that emit less greenhouse gas.

If the U.S. becomes more reliant on solar power, depending on China for equipment could present a security risk, politicians and energy executives said. Bottlenecks in the manufacture and shipping of solar components during the pandemic, along with deteriorating U.S.-China relations, have exacerbated supply-chain concerns.

For now, domestic manufacturers are still largely dependent on components and processes available only overseas, industry executives said.

"How do we as the West manage to reshore entire industries?" asked Moritz Borgmann, chief commercial officer of Meyer Burger Technology AG, a Swiss manufacturer of solar cells and panels that plans to build a factory in Arizona.

The solar supply chain starts with companies that purify silicon, the base material for most of the world's panels. It is an expensive and energy-intensive process. Much of the manufacture takes place in the western Chinese region of Xinjiang, where electricity is cheap but the U.S. government has accused China of human-rights abuses and banned the import of products made there.

The purified silicon is shaped into ingots and sliced into thin wafers, which are cut into cells. Panel manufacturers assemble the cells in a frame.

China has invested more than \$40 billion in this supply chain in the seven years through 2021, according to estimates from the Paris-based In-



A worker on the manufacturing line at BCI Steel.

When the Covid pandemic disrupted global supply chains in early 2020, shipping bottlenecks and international freight costs made it very difficult for Nexttracker to import its trackers. Nexttracker Chief Executive Dan Shugar started thinking seriously about moving more production to the U.S.

One Nexttracker customer, Silicon Ranch, a solar-power developer based in Nashville, Tenn., had ordered trackers for solar farms it was building in Georgia, but the racks were delayed. Silicon Ranch CEO Reagan Farr said he urged Mr. Shugar to do everything he could to get the equipment to the U.S.

The two companies ended up hiring a ship. Still, the trackers arrived so late that Silicon Ranch had to double its construction crew and work through Christmas to complete the jobs, said Mr. Farr, adding that his company probably took a loss on the projects.

In May, Silicon Ranch signed a contract with Nexttracker to buy enough trackers to support at least 1.5 gigawatts of solar panels during the next two years—provided they are made in the U.S. Mr. Shugar started teaming up with steel fabricators to make racks in the U.S., including with BCI Steel Co.

The two companies decided to recommission a Pittsburgh-area steel plant to make the trackers. To get the plant running as soon as possible, Nexttracker and BCI Steel shipped their entire Malaysian manufacturing line for shaping steel tubes to the U.S. on a boat.

In June, Energy Secretary Jennifer Granholm spoke at its opening, heralding federal efforts to stoke manufacturing of renewable-energy components.

By June, the new line was bending and welding steel sheets into tubes. Nexttracker and its steel-processing partners had spent more than \$50 million to expand their U.S. manufacturing capacity by a factor of 10. Under the Inflation Reduction Act, the companies could earn around \$174 million in tax credits a year, according to calculations by The Wall Street Journal. The credits would make the price for domestic manufacturing competitive, said Mr. Shugar.

ternational Energy Agency.

The U.S. has only a few high-purity silicon manufacturers, which primarily sell to the semiconductor industry, and a small number of solar panel makers.

In 2012, the U.S. imposed tariffs on Chinese solar panel and cell makers. The Chinese government followed in 2014 with high duties on imports of

Moses Lake, Wash.

Earlier this year, Hanwha Solutions, the South Korean company that aims to build a U.S. solar supply chain, paid more than \$200 million for a 21% stake in REC, which it plans to use as its source for high-grade silicon. Spurred by Hanwha's investment as well as supply shortages that sent prices soaring, REC decided to restart the plant.

REC will have to retool its factory to produce a higher grade of silicon that is now the industry standard. It expects that and other upgrades to cost about \$150 million. The plant would also be eligible for new federal tax credits.

Trackers—racks that enable solar panels to pivot to follow the sun—are another critical component for the solar industry. Fremont, Calif.-based Nexttracker Inc. is the world's biggest manufacturer of the racks but for years has primarily made them overseas, taking advantage of inexpensive labor and material costs to produce trackers in countries such as China, Malaysia, India and Brazil.

'How do we as the West manage to reshore entire industries?'

U.S. silicon for solar components. The Chinese duties forced one big U.S. silicon maker to close a \$1.2 billion factory before it even opened.

Another manufacturer of silicon in the U.S., Norwegian company REC Silicon ASA, had almost nowhere to sell its solar products due to the U.S.-China tariff battle. In 2019 it shut down production at its plant in



Ford Motor's battery-powered F-150 Lightning trucks under production in Dearborn, Mich.

EV Makers Cut Cost of Batteries

Continued from page B1

LFP cells is heavily concentrated in China, leaving auto makers more dependent on Chinese battery supplies as the industry tries to wean itself from dependence on China for EV technology.

Global auto makers are honing their battery strategies as they spend billions of dollars to put more electric vehicles in showrooms.

In many cases, they are revising plans in relatively short periods in response to changes in mineral prices, battery technology and government policy, testing the agility of an industry accustomed to vehicle-development cycles that can span many years.

Rivian, for instance, is moving to LFP battery cells for some trucks, SUVs and vans, after supply-chain snarls crimped production earlier this year, and cobalt and nickel prices shot up.

"We're quite bullish on LFP," said Rivian Chief Executive RJ Scaringe, on the company's earnings call. He added that the cell type does well in applications where the driver is frequently recharging the vehicle and in roomier models that have the space for a bigger pack.

A few years ago, analysts

and executives figured the lithium-iron-phosphate chemistry would mostly be used for low- and moderate-price EVs in China, where drivers, clustered in dense cities, generally travel shorter distances. In Europe, and especially North America, the strategy was to use the more expensive nickel-and-cobalt-based chemistries to offer the longer range needed to cover populations that are more spread out.

The calculus has since shifted. Auto executives have said interest in LFP batteries has grown after prices soared this past spring following the invasion of Ukraine by Russia, a large supplier of high-grade nickel used in batteries. While they have retreated from their highs, prices remain elevated, making iron-based cells a relative bargain.

Cobalt prices also have soared in recent years. Auto makers have sought to limit use of the mineral in response to environmental and human-rights violations in cobalt mining in Congo, where the majority of the metal is produced.

Changes in how iron-based battery cells are packaged inside the vehicle have helped extend driving ranges. These batteries also have a lower risk of fire, analysts say.

Advances in the battery-cell technology should eventually allow midsize SUVs using iron-based batteries to achieve more than 300 miles of driving range on a single charge, said Tim Bush, an equity analyst who leads global EV battery research at UBS

Group. He now expects EVs equipped with LFP batteries to account for 40% of the global market by 2030, up from a previous forecast of 15%.

"We underestimated the LFP use case," Mr. Bush wrote in an August research note. "Iron batteries will go global." Adding iron batteries also helps car companies diversify their battery supply chains in the face of potential shortages, he said.

The cost of LFP battery cells over the past year has run about 30% lower than cells that combine nickel, cobalt and manganese, according to research firm Benchmark Mineral Intelligence. Ford, which this past summer disclosed plans to use the iron cells from China's Contemporary Amperex Technology Co. to power some Mustang Mach-E SUVs and Lightning pickup trucks, has said use of the iron cells can cut the overall material cost of an EV by up to 15%.

The recently passed Inflation Reduction Act further complicates the switch to iron batteries, because it extends federal consumer subsidies only to EVs with batteries that have no minerals or parts processed or made in China, according to industry officials' interpretation of the law.

Watch a Video

Scan this code to watch a video on what it takes to make EV batteries.

Who's Who of Professional Women: 2022 Honorees

Since 1898, Marquis Who's Who has remained the standard for reliable and comprehensive biographical reference material. We are proud to highlight hand-selected listees who have been recognized as leading Professional Women in their fields of endeavor.

Of 1.5 million listees, only a small percentage is recognized with the Professional Women honor. We laud these individuals for their ambition, professional fortitude, industry contributions, and career accomplishments.



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Medical & Surgical Nurse (Ret.)



Olivia Ann Ferrante
Teacher of the Blind (Ret.)



Asha M. George, DrPH
Executive Director
Bipartisan Commission on Biodefense



Dr. Urania Ernest Glassman
LCSW, Interim Dean
Wurzweiler SSW, Yeshiva University



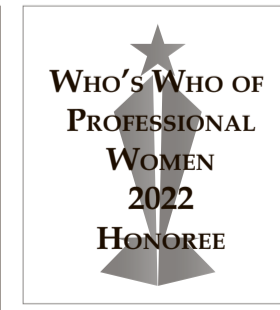
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Environ. Consulting Firm Executive
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BUSINESS NEWS

Musk to Take Stand In Tesla Pay Trial

BY REBECCA ELLIOTT
AND MEGHAN BOBROWSKY

WILMINGTON, Del.—Elon Musk is slated to take the stand Wednesday in a shareholder lawsuit over his multi-billion-dollar compensation package at Tesla Inc.

The trial that kicked off Monday in Delaware's business-law court has focused on whether Mr. Musk, Tesla's chief executive, had undue influence over a 2018 pay package that is valued at around \$52 billion at recent share prices.

Richard Tornetta, a Tesla shareholder, is seeking to nullify Mr. Musk's grant, alleging the CEO controlled the board's consideration of his pay package and that the board failed to disclose crucial information to shareholders, who signed off on it.

Mr. Musk's expected appearance in the Court of Chancery comes amid a turbulent time for the entrepreneur, who also runs rocket company SpaceX and last month closed a \$44 billion takeover of Twitter Inc.

He has since laid off around 50% of the social-media platform's staff and tried to implement various product changes.

Speaking earlier this week at a conference, Mr. Musk said, "I have too much work on my plate, that is for sure."

Tesla Chair Robyn Denholm, board member Ira Ehrenpreis, former Chief Financial Officer Deepak Ahuja and former General Counsel Todd Maron testified ahead of Mr. Musk. Several of them testified that Mr. Musk didn't dictate the terms of the grant, which vests based on Tesla's valuation and achievement of various milestones.

Ms. Denholm, who testified remotely on Tuesday, called the goals tied to Mr. Musk's grant "audacious," while an attorney for the plaintiff displayed Tesla records showing that internal projections leading up to shareholder approval of the pay package contemplated that the company would soon achieve some of the targets.

Mr. Musk, who doesn't accept a salary from Tesla, has secured all but one of the 12 tranches of options available under the grant.

Tesla's market capitalization has increased more than 10-fold since shareholders signed off on the CEO's pay package in March 2018.



The retail chain said demand has only strengthened as consumers build on their home values.

Home Depot Gets Lift From Higher Prices

BY DEAN SEAL

Home Depot Inc.'s sales rose 5.6% in the third quarter as higher prices again offset a slowdown in transactions.

The home-improvement chain said Tuesday that customers spent an average of 8.8% more per transaction during the quarter while the number of transactions fell 4.3%.

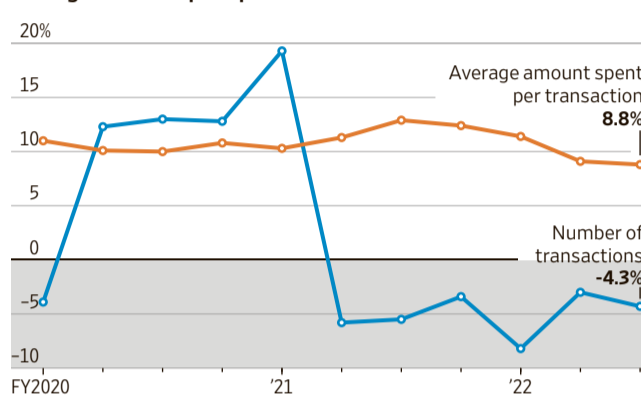
This is the sixth consecutive quarter in which fewer, higher-dollar transactions have pushed Home Depot's top line higher, following a surge in demand for home-improvement activity during the first year of the Covid-19 pandemic.

Chief Executive Ted Decker said on an earnings call that transactions have been stronger than the company initially expected in light of rising inflation, noting that "price sensitivity wasn't as strong as we thought it would be."

Revenue came in at \$38.87 billion, topping analyst estimates of \$37.95 billion, with comparable sales, which strip out store closures and openings, rising 4.3% from last year.

That trend continued in the

Change from a year earlier in number of transactions and average amount spent per transaction



Note: For the fiscal quarter ended Oct. 30

Source: the company

third quarter, with Home Depot's project business remaining strong across most departments even as demand in certain products and categories decelerated, Mr. Decker said. Big-ticket transactions, or ones worth more than \$1,000, were up 10.1% from a year earlier.

While rising mortgage rates have slowed the previously hot housing market, Home Depot executives said demand for renovation projects has only

strengthened as more people opt out of moving and instead build on their home values.

Home Depot customers have been more resilient than most to the strain of inflation on consumer spending, Mr. Decker said.

For its quarter ended Oct. 30, Home Depot posted net earnings of \$4.3 billion, or \$4.24 a share.

Shares closed down 1.6% Tuesday. The stock is down 25% in the year to date.

Estée Lauder To Acquire Tom Ford

BY LAUREN THOMAS

Estée Lauder Cos. will acquire Tom Ford in a deal valued at roughly \$2.8 billion, building on a longstanding licensing agreement and marking the cosmetics giant's largest-ever acquisition, executives said Tuesday.

Estée Lauder prevailed in an auction for the high-end fashion label that drew competition from big names in luxury including Kering SA. Kering was poised to win the auction earlier this month, The Wall Street Journal reported.

Estée Lauder is expected to pay roughly \$2.3 billion, net of a \$250 million payment from eyewear manufacturer Marcolin SpA, which has its own licensing deal with Tom Ford. It plans to fund the transaction through a combination of cash, debt and \$300 million in deferred payments to sellers that become due starting in 2025.

The acquisition, still subject to regulatory approvals, is expected to close in the first half of 2023.

In August, the Journal reported that Estée Lauder, which sells brands including Clinique and M.A.C., was talking to Tom Ford about a deal that could have been worth at least \$3 billion.

Tom Ford is best known for its menswear, but also sells womenswear, accessories and a high-end line of cosmetics and fragrances. Tom Ford's beauty business is on pace to reach \$1 billion annually.

Estée Lauder has been especially interested in that business, with which it has maintained a licensing deal since 2006. It is less-versed in apparel, but the takeover will allow the company to venture into new categories and compete more closely with fashion houses such as LVMH Moët Hennessy Louis Vuitton SE.

Twitter Delays Start Of Subscription Service

BY TALAL ANSARI

Elon Musk has pushed the rollout date for Twitter Inc.'s upgraded subscription service to the end of the month after a fumbled deployment in the early days of the billionaire's takeover of the social-media platform.

"Punting relaunch of Blue Verified to November 29th to make sure that it is rock solid," Mr. Musk said in a post on Twitter Tuesday in reference to Twitter's subscription service. Mr. Musk, who closed the

\$44 billion deal for Twitter last month, has said boosting subscriptions was critical to making Twitter less dependent on digital advertising, which has accounted for about 90% of the company's sales.

Earlier this month, the company rolled out Twitter Blue, allowing any user to pay \$7.99 a month for a verified account and other privileges.

Not long after, it halted the paid subscription program as accounts impersonating companies, celebrities and brands began populating the platform.

Rough markets are an opportunity for newly listed FSCO on NYSE

Troy Gayeski and Andrew Beckman discuss why investors need alternative access to public and private markets.



FS INVESTMENTS

FS Investments strives to solve investor needs by creating access to alternative strategies and institutional-quality managers.

FS Credit Opportunities Corp. is a dynamic credit strategy that recently listed on the New York Stock Exchange.



Troy Gayeski
Chief Market Strategist,
FS Investments



Andrew Beckman
Head of Liquid Credit
and Special Situations,
Portfolio Manager, FSCO

Troy Gayeski: It's clearly been a rough ride in 2022, with a 60/40 portfolio off to its worst start in over 50 years. Andrew, you've invested in multiple cycles in your career. Why is now the time to list FSCO?

Andrew Beckman: The macro environment has largely trumped fundamentals in terms of what's driving volatility and investor sentiment this year. It's a market where flexibility and investment discipline are critical to protecting capital and driving return. We believe FSCO's strategy and FS Investments' \$35 billion asset management platform are built to thrive across changing market environments—and capitalize on opportunities created by the volatility we're seeing.¹

Troy: FSCO is coming to market as a \$2.1 billion portfolio and will be one of the largest credit-focused closed end funds in the market.¹ In addition, it's permanent capital. What should investors expect from FSCO as it lists?

Andrew: It has an attractive dividend. It has a low duration, and a high allocation to floating rate assets. Especially in today's market, we are defensively positioned with a high allocation to senior secured debt. Our flexible approach and ability to invest across private and public markets has been a big driver of our outperformance over the loan and high yield indices since we took over the fund.

Troy: You've outperformed the indices and you have delivered greater risk-adjusted returns.⁵ How?

Andrew: Our bread and butter is investing in companies with unconventional credit profiles where return premiums exist due to complexity, illiquidity or as a result of corporate events. We can toggle across asset classes, between public and private markets, in fixed or floating rate assets as market conditions and cycles change.



Never settle[®]
fsinvestments.com/fsco-listing

FSCO scorecard

9%
target dividend²

1.18 years
average duration³

+60%
floating rate assets⁴

Since January 2018, outperformed:

High yield bonds by

237
bps/year⁵

Loans by

129
bps/year⁵

1 AUM as of 6/30/2022.

2 Target dividend is based on the Fund's net asset value as of October 31, 2022. The actual dividend yield at and post-listing may be higher or lower based on the then current NAV. The payment of future distributions on FSCO's common shares is subject to the discretion of FSCO's board of directors and applicable legal restrictions and, therefore, there can be no assurance as to the amount or timing of any such future distributions.

3 As of June 30, 2022, includes all debt instruments in FSCO's portfolio. Duration measures the sensitivity of a fixed income investment's price to changes in interest rates and is measured in years. A duration of 1.18 years suggests that a 1% change in interest rates would equate to a 1.18% change in FSCO's net asset value.

4 As of June 30, 2022, includes floating rate assets on a look-through basis within the FSCO's Asset Based Finance investments.

5 As of October 31, 2022. High yield bonds are represented by the ICE Bank of America Merrill Lynch U.S. High Yield Bond Index. Loans are represented by the Credit Suisse Leveraged Loan Index.

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TECHNOLOGY

WSJ.com/Tech

Buffett Bets Big on Taiwan Chip Maker

Berkshire Hathaway's \$4.1 billion investment vaults TSMC into its top 10 stockholdings

By Akane Otani

Warren Buffett's Berkshire Hathaway Inc. is making a multibillion-dollar bet on a Taiwanese chip maker.

Berkshire's investment in Taiwan Semiconductor Manufacturing Co., disclosed late Monday, marks its latest step into an industry that Mr. Buffett had shied away from for much of his career.

For years, Berkshire mostly avoided technology stocks. In fact, in Berkshire's 2008 annual report, Mr. Buffett went so far as to say he preferred simple businesses. "If there's lots of technology, we won't understand it," he said.

But over the following years, Mr. Buffett's view of technology shifted significantly. In 2011, Berkshire invested \$10.7 billion in the shares of International Business Machines Corp., an ill-fated bet from which it exited entirely in 2018.

Berkshire made another large foray into the sector in 2016, when it disclosed it had a nearly \$1 billion stake in Apple Inc. The iPhone maker is now Berkshire's biggest single stockholding. Berkshire also had a roughly \$1 billion stake in Amazon.com Inc. as of the end of the third quarter. Earlier this year, the Omaha, Neb., conglomerate revealed it had built a roughly \$4 billion stake in computer-and-printer maker HP Inc.

The purchase of 60 million shares of TSMC, which Berkshire paid roughly \$4.1 billion for, has vaulted the chip maker into its top 10 stockholdings.



Berkshire's TSMC investment furthers its shift into tech stocks.

"TSMC welcomes all investors with the propensity to buy and hold TSMC's stock," TSMC spokeswoman Nina Kao said in emailed comments. American depositary receipts of TSMC soared 11% Tuesday, scoring their biggest one-day gain

since 2020. The timing of Berkshire's investment is notable. The semiconductor industry has faced a reckoning this year. After enjoying a surge in profits during the pandemic, chip companies have cut costs, reduced output

and reined in near-term capital spending plans because of slumping demand.

TSMC hasn't been immune to those pressures. Its ADRs are down 43% from their January peak.

Still, many chip executives remain optimistic about long-term demand for their products. Global sales are expected to roughly double to more than \$1 trillion annually in the next decade, thanks to improvements in manufacturing capacity and subsidies for factory building by governments in the U.S. and Europe.

TSMC also is a key provider of chips to Apple. Mr. Buffett has described the iPhone maker as Berkshire's second-most-important business, following its insurance units.

"There's a school of thought that believes we're close to a bottom for chip stocks," said Cathy Seifert, a CFRA Research

analyst. Given "Taiwan Semi is considered by many to be a premier chip maker," the bet makes sense for Berkshire, she added.

Berkshire's investment also stands to benefit from any potential cooling of tensions between the U.S. and China.

TSMC's headquarters are in Taiwan, the self-ruled island that is home to more than 23 million residents. Although TSMC has been making plans to expand existing factories in Japan and build multiple plants in the U.S., as well as potentially in Singapore, its production capacity remains concentrated in Taiwan.

Beijing has claimed Taiwan is part of its territory and threatened to take it by force if necessary. In response, the U.S. has vowed to defend Taiwan from a Chinese attack.

—Yoko Kubota contributed to this article.

Microsoft Toughens Policies

Continued from page B1

co-founder Bill Gates. The resulting 50-page review, which was conducted by law firm ArentFox Schiff LLP, was made public on Tuesday. It said that while Microsoft strives to follow the best practices, it still needs to "consider implementing certain enhancements to their existing policies, procedures, and practices."

Among its recommendations: continue efforts to increase the percentage of women in leadership positions and build a better system for managers above certain levels and board members to disclose consensual relationships with other employees.

Microsoft said it would increase training and transparency about the issues and improve how it manages data about investigations, pledging a list of more than 10 changes that would be implemented by different dates through next June.

Microsoft listed improvements in 13 areas that it plans to enact through June. It said, for example, it will revise its policy on conflicts of interest to be clearer about the definition of familial and romantic relationships and will add

training for new senior leaders and executives. It also said it will be more transparent with data about its investigations into harassment and discrimination claims, including annual public reporting on the number of reported harassment concerns at the company and how they are handled.

An activist shareholders group behind the original request for more disclosure and better policies on harassment had said that it was motivated by concerns about what an investigation into Mr. Gates indicated about the state of policies at Microsoft.

The Wall Street Journal, citing people familiar with the matter, reported last year that Microsoft board members pursued an investigation in 2019 into Mr. Gates's prior romantic relationship with a female employee. During the probe, some board members decided it was no longer suitable for Mr. Gates to sit as a director at the software company he started and led for decades.

Mr. Gates stepped down from the board in 2020. In the Journal article, a spokeswoman for Mr. Gates said the affair had ended amicably close to 20 years earlier and that his decision to leave the board wasn't related to any investigation.

In the new report, the law firm ArentFox said it reviewed Microsoft's prior investigation but it was beyond the scope of the report to discuss the details or attempt to investigate further.

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The self-driving-car unit is part of the costly Other Bets segment.

Activist Presses Alphabet

Continued from page B1

world. But steep layoffs have been rippling across Silicon Valley in recent weeks, with Twitter Inc. under new owner Elon Musk and Facebook parent Meta Platforms Inc. each cutting thousands of jobs. Amazon.com Inc. joined the trend Monday, with reports it is planning layoffs affecting as many as 10,000 employees.

Investors have dumped shares of big technology companies this year following a streak of strong returns, potentially making them more vulnerable to activist interventions. Shares of Alphabet have fallen by roughly one-third this year, more than the tech-heavy Nasdaq Composite Index.

Meta came under pressure last month from the investment firm Altimeter Capital, which said CEO Mark Zuckerberg needed to take drastic steps to streamline the company.

Mr. Hohn said Alphabet should make the suggested changes as soon as possible,

pointing to recent decisions by other technology companies.

"If you look at Meta and Amazon, it hasn't taken them long to get to grips with it and make their analysis and announcements," Mr. Hohn said. "We don't think it should take long at all."

TCI held conversations with former Google executives who suggested the company could be operated more effectively with significantly fewer employees, it said in the letter. Alphabet's head count has more than doubled since 2017, it wrote.

TCI's Mr. Hohn is a prominent investor who has made a name taking on some of the world's biggest companies, usually in service of higher returns for shareholders but also for social causes. Last year he launched a campaign to force dozens of the world's largest companies, including Alphabet, to publish carbon-emission reduction plans and put them up for shareholder vote.

Mr. Hohn said Alphabet was the largest position in TCI's \$38 billion flagship fund, and it hadn't made any material sales or purchases recently.

Alphabet's Other Bets segment, which includes Waymo and a host of other moonshot ventures, should reduce operating losses by at least 50%, TCI wrote in the letter.

BUSINESS NEWS

Cyber Insurance Market Loses Steam

Sector starts to cool off after an explosion in ransomware led to a big rise in premiums

By RICHARD VANDERFORD

The market for cyber insurance has begun to stabilize after a surge in ransomware attacks in recent years propelled a steep rise in premiums, observers say.

Cyber insurance can pay ransoms to hackers who lock company technology systems, or it can help offset the cost of responding to data breaches. Now, the premium increases of

recent years seem to be slowing, if not halting entirely, as insurers get better at evaluating risks, new market entrants begin offering coverage, and supply and demand assert themselves.

"Things are looking better," said Jason Krauss, head of North America cyber-product coverage for insurance brokerage WTW. "It's amazing, right, that I would tell you that a 20% increase [in premiums] isn't bad. But it's seen as a good thing."

The cyber insurance market has been going through a "hard" period, according to industry insiders, with rising premiums and less flexibility from insurers in terms of offerings.

Premium prices on average rose more than 34% in the fourth quarter of 2021, according to data from the Council of Insurance Agents & Brokers, and some businesses have reported far steeper rate increases.

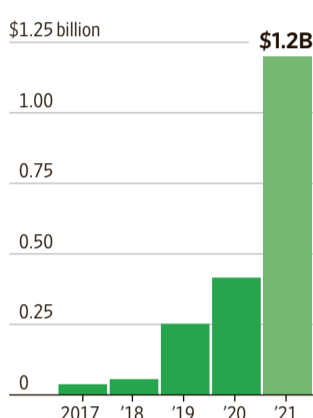
"It was painful," said Kristen Peed, director of corporate risk management at professional services company CBIZ Inc. and a board member of the risk-management society RIMS. Some colleagues in risk-management saw increases as high as 200%, Ms. Peed said.

"We've had two painful renewal years with increasing



The 2021 attack against Colonial Pipeline Co. led to a \$4.4 million ransom payment.

The value of transactions that U.S. banks flagged as related to ransomware



Source: Financial Crimes Enforcement Network

deductibles, restrictions and...increases in prices," she said.

The insurance itself remains relatively niche—insurer Munich Re Group estimated the global value of cyber insurance premiums at \$9.2 billion at the outset of 2022, compared with hundreds of billions of dollars spent in the U.S. alone for commercial insurance, according to the Insurance Informa-

tion Institute—but events spurring premium increases have become familiar.

The 2021 attack against Colonial Pipeline Co. led to a \$4.4 million ransom payment, one of several recent multimillion-dollar ransomware attacks. U.S. financial institutions flagged ransomware-related transactions totaling more than \$1 billion last year, a stark increase from previous years, according to Treasury Department data. But that is a figure barely scratching the surface of the crime's economic scale, experts say.

With higher payouts by insurers came premiums rising at steeper rates. "It was kind of nasty there for a little bit," said Robert Parisi, North American head of cyber solutions for Munich Re.

He described a hockey-stick-like rise in premium pricing over the past two years. The increases mark a correction for premiums, which for years were arguably too cheap, he added.

"The underwriting is aggressively moving toward, 'How can we get a deeper, more insightful look,'" Mr. Pa-

risi said.

Meanwhile, prices, while not dropping, are rising less quickly than in recent years, he noted.

Insurance companies have toughened underwriting standards that come with issuing new policies and have begun reviewing the defenses companies are putting up to thwart cyberattacks. Companies are asked about their cybersecurity systems and may have their arrangements with popular cloud hosting companies examined, Mr. Parisi said.

Businesses have tightened security, with phony phishing emails to test for inattentive workers and multifactor authentication becoming commonplace. And more organizations are prepared to respond to insurers' questioning, said Brent Rieth, U.S. practice leader for cyber solutions at broker Aon PLC. "They have more appropriate controls in place," he said.

New underwriting demands haven't been welcomed by businesses trying to get insurance, however. "Across the board, our clients have been lamenting on the new require-

ments that need to be met to be insured or even reinsured," said Richard Peters, a cybersecurity expert and a managing director at consulting firm Berkeley Research Group.

For small and midsize clients, enhanced demands are costly and time-consuming. Insurers have expected some to conduct expensive security risk assessments, Mr. Peters said.

Roberta Sutton, a partner with Potomac Law Group who advises businesses dealing with insurance companies, said all her clients have been asked to complete more detailed applications for ransomware insurance.

Some businesses have opted against the insurance, said Ed McNicholas, co-leader of the cybersecurity practice at the law firm Ropes & Gray LLP. But not all companies can, as some must have cyber insurance to work with partners, Mr. McNicholas said. Proposed government regulations around breaches could also drive businesses to turn to insurance companies to unload some risk, he said.

Stricter underwriting, somewhat lessened demand, and more carefully crafted insurance policies are all likely contributing to lower prices, which observers generally are hopeful will fall further.

But insuring evolving cyber risks remains challenging, because cyber insurance providers don't have much actuarial data for such risks, and even if they did, it probably wouldn't be "terribly insightful," Munich Re's Mr. Parisi said.

"We're all worried about ransomware now and rightly so," he said. "The cyber insurance community has to be fairly nimble and flexible in how it looks at risk."

WSJ
RISK & COMPLIANCE
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risk-compliance-journal

Imports to Southern California Ports Dive

By PAUL BERGER

Imports into the nation's busiest container port complex in Southern California are plummeting as U.S. trade sputters and retailers and manufacturers shift their supply chains amid increasingly contentious West Coast port labor negotiations.

The neighboring ports of Los Angeles and Long Beach handled 630,231 loaded inbound containers in October, down 26% from the same month a year ago and the lowest volume of goods coming into the ports since May 2020.

Gene Seroka, the executive director of the Port of Los Angeles, said Tuesday that the biggest factor in the cargo declines, which began in August, is that importers are moving more goods to East Coast and Gulf Coast ports "due to protracted labor negotiations."

Some shipping industry officials had hoped that the labor talks, which began in May, would have concluded by now. But the talks have stalled for several months and officials now believe they aren't likely to conclude until early 2023 at the soonest.

The talks cover more than 22,000 workers at 29 ports from Washington state to California and involve about 70 employers that run cargo-handling operations.

The talks have been held up in recent months because of a dispute between the International Longshore and Warehouse Union, which represents dockworkers, and another union over which workers perform certain jobs at a single terminal at the Port of Seattle.

The ILWU and the Pacific Maritime Association, which represents employers in the talks, didn't respond to requests to comment.

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THE PROPERTY REPORT

Voters Nix Major Miami Beach Projects

Referendums would have allowed Related, Starwood and Peebles to build developments

By DEBORAH ACOSTA

Miami Beach voters in a series of referendums last week derailed three major real-estate projects from top U.S. developers, reflecting a budding backlash against certain new development plans for the city.

Property developer Stephen Ross, **Related Cos.** chairman and owner of the Miami Dolphins, had been planning to replace the historic Deauville Beach Resort on Collins Avenue with a new hotel and development. **Starwood Capital Management**, led by Chief Executive Barry Sternlicht, and Miami developer Don Peebles Jr. have been preparing to build new office towers near the ocean.

But a little more than half of Miami Beach residents voted thumbs down on three separate referendums that would have allowed the developments to proceed.

Mr. Ross now would have to vastly restructure his development so that it meets current zoning rules and other laws. The two office projects, which would have been built on city-owned land leased to private developers, can't go forward without voter approval.

Representatives for Mr. Ross declined to comment. A representative for the political committee that backed the

measure said in an email: "While we are disappointed with the outcome, we know North Beach deserves an economic engine, not an eyesore. We appreciate the tremendous support we received from thousands who backed a real vision for a better North Beach and still believe there's a brighter future ahead."

Don Peebles III, Mr. Peebles Jr.'s son and partner, said they remain bullish on Miami Beach, where they have been based since the pandemic began.

"We're continuing to assess opportunities as they become available," said Mr. Peebles III. A representative for Mr. Sternlicht said he declined to comment.

Daniel Ciraldo, executive director of Miami Design Preservation League, said the voters signaled they aren't ready to approve projects that could significantly change the character of Miami Beach, which is famous for its art deco architecture and lower-rise buildings.

Mr. Ross's plan to construct two high-rise towers on the sand almost twice as tall as the zoning allowed, for example, would affect the experience at the beach, he said.

"We feel it's important to maintain that low-scale beauty that Miami Beach is famous for," said Mr. Ciraldo.

Development has increased quite a bit in Miami Beach over the past few years, including Starwood's new global headquarters and 57 Ocean, a luxury condo tower on the sand developed by Brazilian



Related Cos. planned to build two high-rise towers on the site of the closed Deauville Beach Resort.

entrepreneur Jose Isaac Peres.

Entities tied to Mr. Ross spent more than \$1 million in support of his new project, according to people familiar with the matter. His plan was to build two Frank Gehry-designed towers in place of the Deauville, which was closed in 2017 after an electrical fire. The structure was built in 1957 and hosted a Beatles performance on "The Ed Sullivan Show."

The project was slated to reach a height of 375 feet, well above the current zoning allowance of 200 feet, and feature an Equinox hotel and about 125 condo units. When

voters rejected the measure to expand the floor-area ratio for the project, it effectively killed Mr. Ross's plan.

Even though the project is on hold, the hotel, which had been run into disrepair by the family who bought it in 2004 for \$4 million, was imploded on Sunday. The nearly 4-acre site will now sit empty until new plans for the site are approved.

Miami-Dade County Mayor Daniella Levine Cava and Miami Beach Mayor Dan Gelber were among those who supported the measure for the Related project. The area where

the site is located has been designated a special community redevelopment area, which means a larger portion of tax proceeds would stay with the city of Miami Beach rather than going to the larger Miami-Dade County.

"It's a lost opportunity," said Mr. Gelber, who hoped to use the proceeds to build workforce housing and reinvest in the community. "I think it would be terrible if in 20 or 30 years this were still a desolate lot, draining the economic vitality of the area."

He predicts a third option will emerge for the site that

will strike the right compromise. "I don't think people have given up. We have to come up with a better version and explain it better," he said.

Some opponents of the development said the plan didn't adequately preserve or replicate the original structure. Kristen Rosen Gonzalez, the sole commissioner who opposed the measure, said she was pitched on a "Deauville Bar" inside the hotel portion of the project that would have paid homage to the original building by running Beatles videos.

"His bar sounded tacky," said Ms. Rosen Gonzalez. "It was a terrible idea, and he was immovable, and he lost. Tuesday was a resounding win for historic preservation on Miami Beach."

Not all new Miami Beach projects have been rebuffed, and those not going before voters often face an easier path.

New York developer Michael Shvo, for example, secured approval last week from the Miami Beach Historic Preservation Board for one of his office developments. He has a total of three office projects in the works, two of them from the ground up. He is also redeveloping the historic Raleigh Hotel and two neighboring ones into one larger complex of almost 3 acres.

"If you work with the local groups, both the community and the officials, you end up with support for something that everybody wants to see built," said Mr. Shvo.



A rendering of 64 University Place's amenities lounge. Nearly all the Greenwich Village building's 28 condos sold within 10 days.

Quick Sales Signal Resilience in Manhattan Luxury Condo Market

By KATE KING

A new boutique condominium in Manhattan's exclusive Greenwich Village neighborhood sold nearly all its units in 10 days, the project's developers said, a sign that New York City luxury is still showing some demand even as the broader residential market slumps.

Twenty-four of the building's 28 condos sold within the past few weeks through a so-called whisper campaign, meaning they were advertised by word-of-mouth rather than a full-fledged marketing effort, said Mark Moskowitz, chief executive of Argo Real Estate. The average unit sold at \$3.5 million, or \$3,000 a square foot, which by that measure was a slight premium to other high-end buildings. In the past four months, the average luxury condo in Manhattan sold for about \$2,800 a square foot, according to Donna Olshan, president of Olshan Realty, who tracks luxury sales of \$4 million or higher.

Overall, the building is nearing \$100 million in total sales, Mr. Moskowitz said. The building's brokers, Fredrik Eklund and John Gomes of Douglas Elliman, each bought two-bedroom units in the building. "Our experience shows that the combination of a prime location and extraordinary product sells well," said Mr. Moskowitz, whose late father, Henry Moskowitz, founded Argo 70 years ago. "There's healthy demand for it."

After a blockbuster 2021, luxury residential sales in the city have slowed due to rising



The average unit at the development, rendered here, sold at \$3,000 a square foot, a slight premium to other high-end buildings.

interest rates and a stumbling stock market. International buyers also haven't returned in a substantial way, in part because the strong dollar makes investment in American real estate less attractive, Ms. Olshan said.

Buyers are looking for discounts, she said. Some developers are cutting their prices and offering to pay for closing costs. Struggles on Wall Street and in the tech sector and the prospect of a recession suggest the first quarter of next year will be a bumpy ride for luxury sales. Still, 2022 is on pace to be

the third-best year in luxury sales of the past decade in Manhattan, Ms. Olshan said. Pent-up demand and binge buying following the initial slowdown caused by the Covid-19 pandemic propelled last year to a record, while 2015 marked the decade's second-strongest sales.

"This is stacking up to be a very good year," Ms. Olshan said. "There's a fairly deep pool of rich people running around that made a lot of money in the last 10 years." The Greenwich Village resi-

dential building, known as 64 University Place and located a few blocks north of Washington Square Park, broke ground a year ago after delays due to the pandemic and permit snafus.

Mr. Moskowitz expects construction to wrap up in early 2024. The 13-story building was designed by architectural firm KPF, which designed the One Vanderbilt office tower in Midtown. Interiors were designed by the Danish firm Space Copenhagen. Fortress Investment Group provided an \$82 million construction loan.

The project represents developer Ameesh Agarwal's first U.S. offering. Mr. Agarwal is president of Bsafal Inc., a subsidiary of Safal Constructions Pvt. Ltd., which was founded by his uncle in 1995 and has developed 30 million square feet of residential, commercial, retail and golf real estate in India.

Mr. Agarwal, a civil engineer who graduated from the University of Michigan in 2011, brought design and ground-up development experience to the partnership. Mr. Moskowitz, whose family business typically buys and renovates multifamily apartments and hotels in New York and New Jersey, provided local-market knowledge.

The partners, who have already bought a New Hampshire hotel together, plan to team up on future projects. There aren't currently new developments in the pipeline, however.

"At today's interest rates we're just not buyers, so we're looking at a lot of lending opportunities in Miami and New York," Mr. Agarwal said.

Airbnb Co-Founder Turns to Building Tiny Homes in Backyards

By KONRAD PUTZIER

Joe Gebbia co-founded Airbnb Inc. as a company that helped people rent out their homes to guests. His new venture is about adding small homes to people's backyards.

The new startup, known as Samara, plans to sell factory-produced studio and one-bedroom units to homeowners. The company is looking to capitalize on laxer laws and rising demand for affordable housing spurred by surging home prices and ballooning rents.

Samara is initially launching in California, which is one of the states trying to boost its housing supply by easing restrictions on accessory dwelling units. The modest residences are located on the same lot as a single-family home and in California can be as small as 150 square feet. The state now allows homeowners to build ADUs in their backyard even if the homeowners association prohibits it.

The company, which takes its name from the samara fruit, hopes to expand beyond California. It is betting worsening housing shortages and the popularity of remote work will increase the need for ADUs.

Unable to afford houses of their own, more Americans are moving into converted garages or guesthouses and multigenerational households are on the rise. Meanwhile, people working from home are more likely to need additional space away from noisy children and other distractions.

"Work from home at least once per week has fundamentally changed people's relationship to their home," Mr. Gebbia said.

Starting prices for Samara's ADU line, dubbed Backyard, will range from \$299,000 for 430-

square-foot studios to \$339,000 for 550-square-foot one-bedroom units in the San Francisco Bay Area, with slightly lower prices for homes in Southern California, the company said.

Mr. Gebbia, who co-founded the company with Mike McNamara, the former chief executive of electronics manufacturer Flex Ltd., said the units will be built in factories by a modular construction company. Samara will design and market them. It will also handle applications for building permits and the installation. The customizable homes come with solar panels on the roof designed to meet all the unit's electricity needs.

Samara isn't the first company to roll out these small homes, and faces competition especially in California. The state issued nearly 20,000 building permits for ADUs in 2021, up from 12,520 in 2019 and just 1,160 in 2016, according to the California Department of Housing and Community Development.

Samara faces a challenging economic environment. Construction costs are high by historical standards while inflation, rising interest rates and a weakening housing market are eating into homeowners' spending power.

Mr. Gebbia became interested in ADUs when he wanted to build one on his land but found the options underwhelming.

Samara started off in 2016 as a research and design unit of Airbnb. Mr. Gebbia said he began working on the ADU concept with Mr. McNamara while still at the short-term rental company. In July, Mr. Gebbia said he would leave his full-time role at Airbnb. Samara is now an independent startup, although Airbnb owns a minority stake, according to Mr. Gebbia.



A rendering of a factory-produced home by Samara.

BUSINESS & FINANCE

Banks Cut Mortgage Bond Buys

Continued from page B1
Maciunas, a research analyst at JPMorgan Chase & Co.

Last year, an abundance of buyers for mortgage bonds helped hold mortgage rates at near record lows.

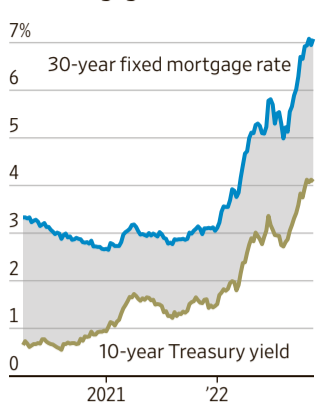
The biggest buyer was the Fed itself, which purchased swaths of the bond markets to stimulate the economy during the pandemic.

Its holdings of mortgage-backed securities roughly doubled from before the pandemic to \$2.7 trillion.

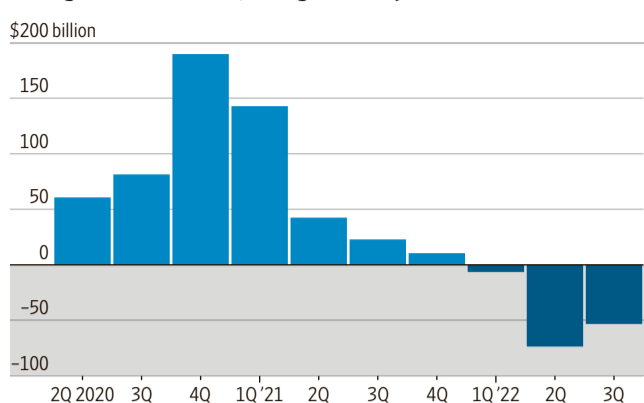
But the Fed moved away from its easy-money policies this year.

It wound down mortgage-bond purchases and began to

Gap between Treasury yields and mortgage rates



Quarterly holdings of mortgage bonds among 10 largest bank owners, change from a year earlier



shrink its holdings. The central bank hasn't bought in the past couple months.

For banks, mortgage bonds were a low-risk place to store cash as Covid-19 spread, when they collected trillions of dollars in deposits that needed a home.

Americans socked away

stimulus checks and cut back spending, and companies put hoards of cash in bank accounts. At the same time, people and businesses cut back on borrowing.

Bank of America CEO Brian Moynihan laid out the math in a July 2021 call with analysts. Deposits, he said, ex-

ceeded \$1.9 trillion, while loans were at about \$900 billion. "That difference has got to be put to work," he said.

The 10 banks that own the most mortgage-backed securities increased their holdings by almost \$219 billion last year, according to JPMorgan data.

For a while, Bank of America was by far the largest bank buyer. Around the end of 2020 and beginning of 2021, the bank was adding to its mortgage-bond portfolio at almost as fast a clip as the Fed.

By the end of 2021, it had amassed a \$979 billion bond portfolio, up from \$470 billion at the end of 2019.

That included some \$622 billion of mortgage-backed securities, \$554 billion of which it said it would hold to maturity and \$68 billion that it classified as available for sale.

Higher rates arrived this year and scrambled the economics of buying.

Banks' deposits have leveled off and in some cases declined. Loans are growing again. Some banks are also opting to hold mortgages, instead of mortgage bonds, on their books.

The 10 largest bank owners of mortgage bonds trimmed

their holdings by \$133 billion during the first nine months of 2022, including about \$53 billion during the third quarter, according to JPMorgan. Much of that decline is from maturing bonds that aren't reinvested in new ones.

The mortgage bonds have also fallen sharply in price as rates have risen.

Bank of America expects to hold most of its existing mortgage bonds to maturity, which would mean it wouldn't take losses on these investments due to falling prices. But if it did sell now, it would have losses of nearly \$100 billion.

Mr. Moynihan has said the bank didn't make a bet on interest rates when it bought mortgage bonds. It was simply investing deposits as they came in.

"We're not timing the market or betting," he said in July 2021. "We just sort of deploy it when we're sure it's really going to be there."

Biggest 1,000 Stocks

Table listing the top 1,000 stocks by market cap, including columns for Stock, Sym, Close, Net Chg, and % Chg.

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Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

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BONDS

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

Table with columns for Total return close, YTD total return (%), Index, Yield (%), Latest, Low, High. Subsections include Broad Market, Mortgage-Backed, U.S. Corporate Indexes, High Yield Bonds, U.S. Agency, and Global Government.

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. ** EMBI Global Index

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

Table showing Country, Maturity, Yield, Spread Under/Over U.S. Treasuries, in basis points. Includes countries like U.S., Australia, France, Germany, Italy, Japan, Spain, U.K.

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, Current, One-day change, Last week.

...And spreads that widened the most

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, Current, One-day change, Last week.

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

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price, Current, One-day change, Last week.

...And with the biggest price decreases

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price, Current, One-day change, Last week.

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for 2-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

Source: MarketAxess

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BIGGEST 1,000 STOCKS

Continued From Page B7

Table of stock market data with columns for Stock, Sym, Close, Net Chg, and various financial metrics. Includes sub-sections for R, S, and T.

Table of stock market data with columns for Stock, Sym, Close, Net Chg, and various financial metrics. Includes sub-sections for M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

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 of stock market data with columns for Stock, Sym, Hi/Low, Chg, 52-Wk % Chg, and various financial metrics.

Dividend Changes

Table of dividend changes with columns for Company, Symbol, Yld %, Amount New/Old, Frq, and Payable/Record.

Advertisement for COMO AUDIO featuring 'Black Friday Starts now!' and 'Save up to 50% on selected Music Systems and turntables.' Includes product images and contact information.

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Advertisement for ALLIANCE MORTGAGE FUND featuring '7%-8% RETURN' and 'REAL ESTATE SECURED FIXED INCOME FUND'. Includes company logo and contact information.

Advertisement for OWNER RETIRING Commercial Roofing Firm featuring 'Established in 1948 this highly profitable, family owned business is the premier commercial roofing company in an exploding coastal market in the Southeast.'

Advertisement for CAREERS featuring 'To apply, send resume to: 3423@google.com. Must reference job code # below.' Includes contact information and details about the recruitment process.

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Table of asset sales with columns for Bid Deadline, CUSIP, Security, Original Principal Amount (\$), and Type of Asset. Includes sub-sections for PORTFOLIO NO. 1 - RMBS, PORTFOLIO NO. 2 - ABS Student Loan, PORTFOLIO NO. 3 - Mixed, and PORTFOLIO NO. 4 - Zero Factor.

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COMMODITIES

Futures Contracts

Table with columns: Metal & Petroleum Futures, Open, High, Low, Settle, Chg, Open interest. Includes Copper-High, Gold, Palladium, Platinum, Silver, Crude Oil, Gasoline, Natural Gas, and Agriculture Futures.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Oats, Soybeans, Soybean Meal, Soybean Oil, Rough Rice, Wheat, Wheat (KC), Cattle-Feeder, Cattle-Live, Hogs-Lean, Lumber, Milk, Cocoa, Coffee, Sugar-World, and Sugar-Domestic.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes May Cotton, Treasury Bonds, Treasury Notes, 5 Yr. Treasury Notes, 10 Yr. Treasury Notes, 30 Day Federal Funds, 10 Yr. Del. Int. Rate Swaps, Three-Month SOFR, Eurodollar, and Currency Futures.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Canadian Dollar, British Pound, Swiss Franc, Mexican Peso, Euro, Index Futures (Mini DJ Industrial Average, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000), and U.S. Dollar Index.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table with columns: Inflation, U.S. consumer price index, International rates, Prime rates, U.S., Policy Rates, Overnight repurchase, U.S. government rates, Discount, Federal funds, Treasury bill auction, Secondary market, Fannie Mae, Other short-term rates, Call money, Commercial paper (AA financial), Libor, DTCC GCF Repo Index, Notes on data, U.S. prime rate, Discount rate, Secured Overnight Financing Rate, DTCC GCF Repo Index, Other metals.

Cash Prices | wsj.com/market-data/commodities

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table with columns: Tuesday, Tuesday, Tuesday. Includes Energy, Metals, Gold, per troy oz, Fibers and Textiles, Grains and Feeds, Fats and Oils, and Food.

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=Sasland Publishing; R=S&M Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. Data as of 11/14

Source: Dow Jones Market Data

BANKRATE.COM® MMA, Savings and CDs

Average Yields of Major Banks Tuesday, November 15, 2022

Table with columns: Type, MMA, 1-MO, 2-MO, 3-MO, 6-MO, 1-YR, 2-YR, 25YR, 5YR. Includes National average, Savings, Jumbos, Weekly change.

Consumer Savings Rates

Below are the top federally insured offers available nationwide according to Bankrate.com's weekly survey of highest yields. For latest offers and reviews of these financial institutions, please visit bankrate.com/banking/reviews. Information is believed to be reliable, but not guaranteed.

High yield savings

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes Money market and savings account, One-month CD, Two-month CD, Three-month CD, One-year CD, Two-year CD, Six-month CD.

High yield jumbos - Minimum is \$100,000

Table with columns: Money market and savings account, One-month CD, Two-month CD, Three-month CD, One-year CD, Two-year CD, Five-year CD, Six-month CD.

Notes: Accounts are federally insured up to \$250,000 per person. Yields are based on method of compounding and rate stated for the lowest required opening deposit to earn interest. CD figures are for fixed rates only. MMA: Allows six (6) third-party transfers per month, three (3) of which may be checks. Rates are subject to change.

Source: Bankrate.com, a publication of Bankrate, Inc., Palm Beach Gardens, FL 33410. Internet: www.bankrate.com

Exchange-Traded Portfolios

Largest 100 exchange-traded funds, latest session

Table with columns: Symbol, Closing, Chg, YTD (%). Includes ETFs like CnsmrDiscSelSector, CnsStapleSelSector, DimenUSCoreEq2, EnSelSectorSPDR, FinSelSectorSPDR, HealthCareSelSector, InvsqQQQ, InvsqS&P500Ew, ISHCoreDivGrowth, ISHCoreMSCIEAFE, ISHCoreMSCIEM, ISHCoreMSCITotInt, ISHCoreSP500, ISHCoreS&P MC, ISHCoreS&P SC, ISHCoreS&PTotUS, ISHCoreTotalUSDBd, ISHCoreUSAggBd, ISHSelectDividend, ISHESGAwareUSA, ISHESGMiniUSA, ISHEDGEMSCIUSAQual, ISHGoldTr, ISHIBoxx\$HYCPdBd, ISHIBoxx\$InvGrCPdBd, ISHJP MUSDEmgBd, ISHMBSETF, ISHMSCIACWI, ISHMSCI EAFE, ISHMSCIEM, ISHMSCIEAFEValue, ISHNatI MuniBd, ISH1-5YIGCorpBd, ISHPfdslncm, ISHRussell1000Gwth, ISHRussell1000Val, ISHRussell2000, ISHRussellMid-Cap, ISHRussellMCMValue, ISHRussell1000, ISHS&P500Growth, ISHS&P500Value, ISHShortTreaBd, ISHSPDRBdETF, ISH3YTreasuryBd, ISH7-10YTreasuryBd, ISH20+YTreasuryBd, ISHUSTreasuryBd, JPMEquityPrem, JPMUSTShincm, SPDRBiml-3MTB, SPDR Gold, SPDRSP500Value, SPDRPHTS&P500, SPDRS&P500Growth, SchwabIntEquity, SchwabUS BrdMkt, SchwabUS Div, SchwabUS LC, SchwabUS LC Grw, SchwabUS EEM, SchwabUS TIPS, SPDR DJIA Tr, SPDR S&P MidCap Tr, SPDR S&P 500, SPDR S&P Div, TechSelectSector, UtilitiesSelectSector, VangdIntofTech, VangdSCVal, VangdExtMkt, VangdSC Grwth, VangdDivApp, VangdFTSEDevMk, VangdFTSE EM, VangdFTSEEurope, VangdFTSEAMXUS, VangdGrowth, VangdHthCr, VangdHDiv, VangdIntcrCorpBd, VangdLC, VangdMC, VangdMCI Val, VangdMBS, VangdRealEst, VangdS&P500ETF, VangdST Bond, VangdSTCPBd, VangdSHTrmInfltn, VangdShortTrea, VangdUSC, VangdTaxExemptBd, VangdTotalBd, VangdTotalMid, VangdTotalStk, VangdTotalStk, VangdTotWldStk, VangdValue.

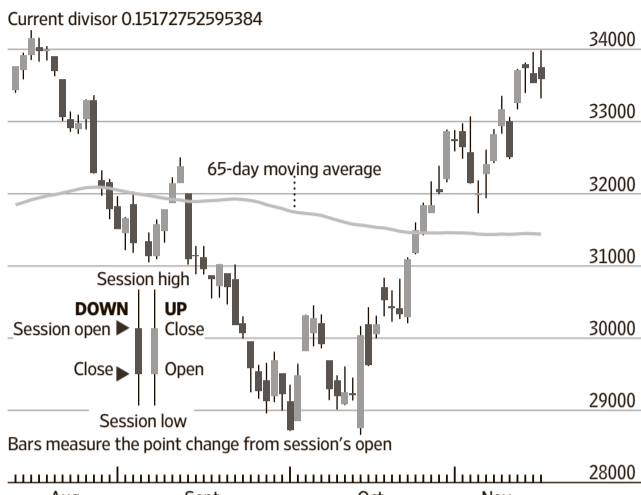
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MARKETS DIGEST

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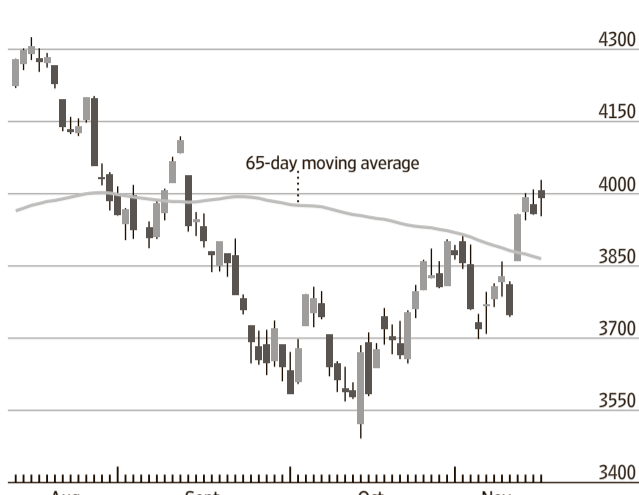
Dow Jones Industrial Average

33592.92 ▲ 56.22, or 0.17%
High, low, open and close for each trading day of the past three months.



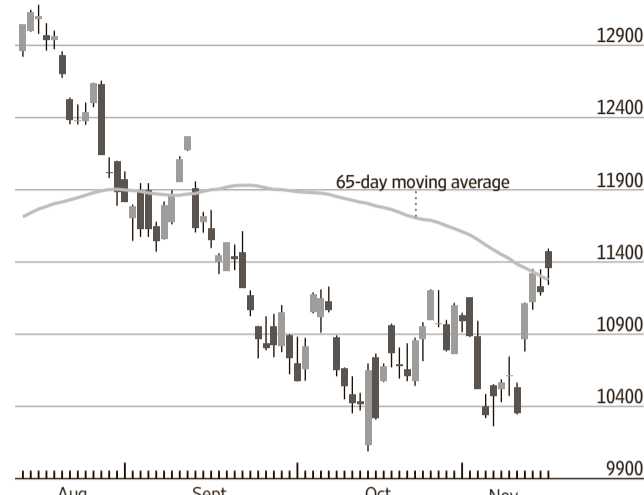
S&P 500 Index

3991.73 ▲ 34.48, or 0.87%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

11358.41 ▲ 162.19, or 1.45%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table listing major U.S. stock market indexes including Dow Jones, Nasdaq Composite, S&P 500, and Russell 2000, with columns for high, low, close, net change, and percentage change.

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

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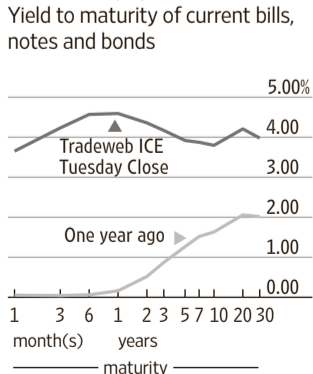
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BANKING & FINANCE

Cost of Heating Homes In Northeast Set to Surge

By DAVID UBERTI

A surge in heating-oil prices is hitting the Northeast as it braces for colder weather, putting the squeeze on household budgets and potentially accelerating the region's shift toward other fuels.

An average household that burns heating oil could spend 45% more for it this winter, according to a base-case forecast by the U.S. Energy Information Administration, translating to hundreds more dollars apiece.

Higher heating-oil bills are the latest knock-on effect of a global oil-and-gas crunch that helped power inflation to 40-year highs. The economic struggle running in parallel with Russia's invasion of Ukraine exacerbated the situation, analysts say, as export cuts by the Kremlin and a growing web of Western sanctions tightened supplies.

With the highest natural-gas prices in years in Europe and elsewhere, many industries switched to diesel and related products such as heating oil.

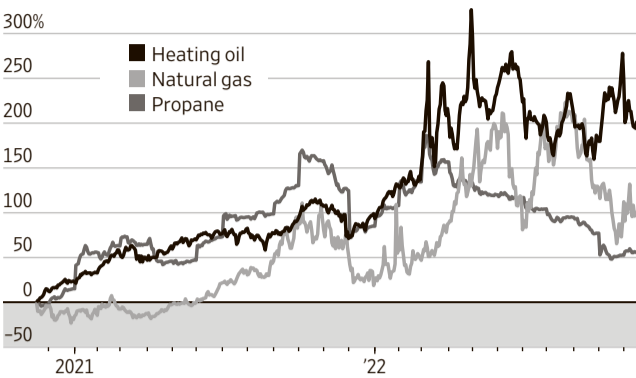
In the Northeast, where the EIA estimates about four million households burn 85% of residential heating oil used in the U.S., suppliers dispatching trucks to refill households' tanks are finding some customers are having difficulty paying on time or are switching energy sources.

Some industry officials warn that an unusually cold winter could strain the region's natural-gas-reliant electrical grid, pushing power companies to consider heating oil and further pressuring that market.

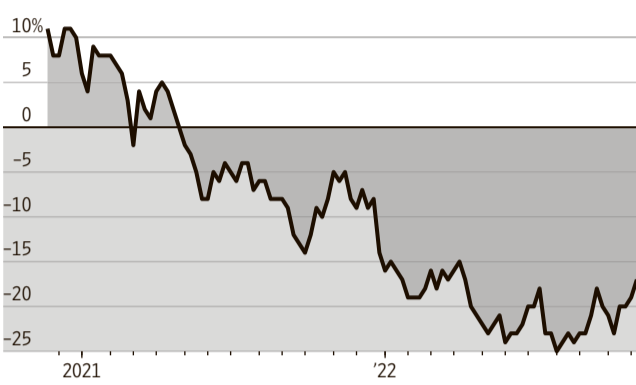
Spot heating-oil prices in New York Harbor were \$4.47 a gallon on Monday, up nearly 97% from this time last year. The average U.S. retail rate for the week ended Nov. 7 was \$5.91 a gallon, a 73% increase from a year ago, the EIA said.

That translates to larger bills for homeowners such as

Futures contracts price performance, past two years



U.S. distillate inventories versus rolling five-year average



*Distillates include products such as heating oil and diesel. Data as of Nov. 4. Sources: FactSet (propane); Dow Jones Market Data (heating oil, natural gas); Energy Department

David Chatel, whose monthly payment to his heating-oil supplier jumped to \$490 this heating season from \$314 last year. "It's not like we've got an excess of \$2,000 lying around," he said of his expected annual price jump.

One factor behind heating oil's climb: a surge in natural-gas prices that has driven industries in countries such as Germany to burn distillate petroleum products instead.

While U.S. refineries produce heating oil, federal rules and logistical hurdles limit how much can be transported by ship from Gulf Coast producers to ports such as Boston and New Haven, Conn., said Anthony Yuen, Citigroup's head of commodities strategies for Pan-Asia.

Despite that internal bottleneck, he said, "The U.S. has been exporting a lot of petroleum products."

Some are on ships destined for countries in the European Union, where import bans of

Russian oil and petroleum products in the coming months could further restrict supplies.

The global rush to stockpile heating oil in preparation for colder weather has lifted current prices far above those for heating oil delivered in the coming months.

Contracts for heating oil to be delivered in December traded at \$3.55 a gallon Monday, a 48% price bump from a year ago.

Inventories for this time of year haven't been so low since 1951, according to federal record-keepers.

"I have never seen anything like this," said Michael Ferrante, president of the Massachusetts Energy Marketers Association, a trade group that represents fuel providers.

The elevated prices have also put more pressure on suppliers, already challenged by environmental regulations in New York City and elsewhere that pushed developers

toward electric heating or cheaper, cleaner fuels such as natural gas.

As of 2020, U.S. consumption of heating oil had plummeted by nearly 80% from its 1973 high, according to the EIA.

In Mechanicville, N.Y., Wever Petroleum Inc. has watched its customer base for heating oil shrink over the past five years to about 2,000 households from roughly 2,500. The decline in demand "certainly accelerated this year," said President Joe Alonzo, whose family has owned the business since 1972.

Wever Petroleum owns five trucks that can carry heating or motor oil, while the company's other three delivery vehicles have steel tanks and the high-pressure capability needed for propane. That ratio could change as more customers in the rural area north of Albany switch to the generally cheaper propane.

"More of our investment dollars are going to other products other than heating oil," Mr. Alonzo said.

The big fear for industry this winter is an extended cold snap that could send natural-gas prices soaring, pressuring utilities to instead buy distillates, said Chris Herb, president of the Connecticut Energy Marketers Association.

U.S. natural-gas prices have retreated in recent months from the highest prices in more than a decade as record production and mild weather have helped boost inventories.

Natural-gas futures for December delivery ended Monday at \$6.07 per million British thermal units, down more than 30% from the highs hit in late August but still about 20% more than a year ago.

If extreme winter weather should send natural-gas prices skyrocketing, Mr. Herb warned that heating-oil suppliers might have to compete with power companies for supplies on the spot market.

"They will run us dry," he said.

Binance Chief Offers Ways to Shore Up Market

By PATRICIA KOWSMANN

Changpeng Zhao, founder of dominant crypto platform Binance, made a series of proposals in recent days, seeking to restore order to the digital-currency universe following the collapse of FTX.

His own success may depend on it. By assuming the role of a de facto central banker for the unruly and unregulated crypto world, Mr. Zhao helps make Binance appear safer from the storms that enveloped its rival.

"By process of elimination, he became one of the last men standing representing big centralized crypto exchanges," said Ilan Solot, co-head of digital assets at London financial firm Marex. "Out of principle or survival instinct, he will need to adjust to the changing world."

A Binance spokesman declined to comment.

Mr. Zhao said Binance, by far the biggest hub for digital-currency trading, will create an industry recovery fund, and vowed to make customers' digital-coin holdings transparent. He has pushed others to do the same.

"Crypto is not going away. We are still here. Let's rebuild," Mr. Zhao tweeted.

Mr. Zhao has over the past few years built Binance into a behemoth, processing more crypto transactions than most of its nearest rivals combined. Traders treat his pronouncements, usually made to his 7.7 million followers on Twitter, with serious heft. Last month, Binance contributed \$500 million to Elon Musk's takeover of the social-media company.

Skeptical tweets by Mr. Zhao earlier this month inspired an exodus of cash from FTX. He briefly engaged in talks to take over his rival before saying it was too far gone.

His calls for reform represent a turn of events for Binance and Mr. Zhao. Binance has been the target of critics who say it has done too little to promote transparency. The exchange transacts dozens of billions of dollars daily, yet has long operated without an official headquarters

and without registration in many countries. Under pressure from regulators, it has started to set up offices and get licenses. Binance's U.S. arm has been subject to probes by the Securities and Exchange Commission.

On Monday, Mr. Zhao tried to reassure users, saying his exchange has taken neither loans nor investments from venture-capital firms, and hasn't moved money out of the platform, all things that FTX did.

The Wall Street Journal reported that FTX lent cryptocurrencies from its customers to an affiliate, Alameda Research, creating a hole at the exchange. When customers tried to get their money out, they couldn't.

Among Mr. Zhao's proposals is for crypto exchanges to do something called a Merkle-tree

'Crypto is not going away.... Let's rebuild,' Changpeng Zhao tweeted.

proof-of-reserves, a way of showing customers that their deposits are inside the exchange. "Binance will start to do proof-of-reserves soon. Full transparency," he said on Twitter.

As of September, Binance had 62% of the market share for derivatives trading, up from 53% at the start of the year, according to data provider CryptoCompare.

The exchange gained market share this year after other trading platforms crashed in May.

While most exchanges are laying off staff and cutting costs, Binance has been hiring. Its workforce is expected to reach 8,000 by the end of the year, up from about 6,000 in the summer, Mr. Zhao told The Wall Street Journal this month.

Mr. Zhao told the Journal that trading volumes and the number of users on Binance took a hit in recent months, but less so than for competitors.

Russian Oil Exports Hold Up as Ban Looms

By WILL HORNER

Russian crude-oil exports, including to the European Union, were largely unchanged last month, despite the prospect of an imminent EU ban on Russian oil imports and a separate plan to cap prices for Russian crude oil sales, according to the Paris-based International Energy Agency.

Over one million barrels of Russian oil exports a day are

set to be obstructed by Western sanctions that are expected to come into force within weeks, the IEA said Tuesday, and Moscow will struggle to redirect shipments elsewhere threatening to further tighten global energy markets.

Russia's total oil exports rose 165,000 barrels a day in October to 7.7 million barrels a day. Russian exports to the EU were 1.5 million barrels a day,

of which 1.1 million barrels a day will be halted when the bloc's ban comes into effect early next month, the IEA said.

It was unclear how much of those supplies Russia could redirect to customers elsewhere in the world, the IEA said. India, China and Turkey have snapped up discounted Russian crude shipments, but buying from those nations has stabilized in recent months while the volume would be too large

for the remaining nations to absorb, the agency said.

On Dec. 5, EU states will ban imports of Russian crude and prohibit their companies from financing or insuring Russian oil shipments. On the same day, a price-cap plan led by the Group of Seven comes into force. The plan will allow Western companies to facilitate Russian oil trading only if the oil is sold below a certain level.

Embattled FTX Seeks New Cash

Continued from page B1

fering in return for any potential cash infusion or if any investors have committed.

FTX filed for bankruptcy protection Friday, and Mr. Bankman-Fried resigned as chief executive of the company. He remains its largest shareholder. The bankruptcy announcement shocked FTX customers who had hoped they could recover assets. Now-deleted tweets from Mr. Bankman-Fried in the days before the filing assured users that the company was "fine."

Companies under bankruptcy protection sometimes receive loans meant to help maintain operations. Debtor-in-possession financing means that if companies survive, the first funds they earn will go toward paying down that lifeline. It is less common for a company to try to raise fresh equity capital early on in the bankruptcy process, since debtholders

hold priority over any remaining assets.

Even if Mr. Bankman-Fried succeeds in raising funds, he would likely have to negotiate with creditors and gain approval from bankruptcy-court officials.

In Mr. Bankman-Fried's case, the funds aren't meant to sustain a bare-bones staff but to repay individual traders and institutional clients who have been unable to get funds out, the people said.

FTX lent billions of dollars worth of customer assets to fund risky bets by its affiliated trading firm, Alameda Research, The Journal has reported, setting the stage for its quick collapse. Mr. Bankman-Fried told investors last week he needed emergency funding to cover a shortfall of as much as \$8 billion due to withdrawal requests.

FTX's bankruptcy could involve more than one million creditors, its lawyers said in court filings. Before the chapter 11 filing, Mr. Bankman-Fried had spoken to companies including rivals Coinbase Global Inc. and Kraken, plus hedge funds and venture-capital investors in the hope of a bailout, according to people familiar with those talks.

Fed Regulator Flags Broad Cryptocurrency Risk

By ANDREW ACKERMAN

WASHINGTON—Tumult in the cryptocurrency market represents a red flag to the broader financial system, the Federal Reserve's top banking regulator told the Senate Banking Committee Tuesday, while pressing for tougher guardrails in the wake of the rapid collapse of crypto exchange FTX.

Michael Barr, the Fed's vice chairman for supervision, said crypto-related activities need to be regulated in a manner

similar to more traditional financial-services providers.

"Recent events in crypto markets have highlighted the risks associated with new asset classes when not accompanied by strong guardrails," Mr. Barr told lawmakers. He didn't identify any crypto companies by name.

Mr. Barr, in written testimony, said crypto-market meltdowns "remind us of the potential for systemic risk if interlinkages develop between the crypto system that exists

today and the traditional financial system."

In addition to Mr. Barr, Tuesday's oversight hearing before the Senate Banking Committee included two other top banking regulators: Michael Hsu, the acting Comptroller of the Currency, and Martin Gruenberg, the acting head of the Federal Deposit Insurance Corp.

Sen. Cynthia Lummis (R., Wyo.) said FTX's collapse was "awful and simultaneously not all that surprising," pointing to highly leveraged products it

had previously offered mom-and-pop customers outside the U.S. She defended draft crypto legislation that she introduced earlier this year that she said would have imposed guardrails on the industry and prevented the collapse of FTX. "It is obvious that Congress needs to regulate digital assets," she said.

All three agencies are working together "to assess the risks and opportunities posed by a range of crypto-asset-related activities," Mr. Barr said in his prepared remarks.

Mutual Funds

Data provided by LIPPER

Table with columns: Fund, NAV, YTD Chg %Ret, Fund, NAV, YTD Chg %Ret. Includes categories like Fidelity, Vanguard, American Century.

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MARKETS

Stocks Jump on Promising Inflation Data

By CAITLIN McCABE
AND KAREN LANGLEY

Stocks rallied after slowing increases in supplier prices offered more evidence that inflationary pressures could be easing.

The gains were broad-based, with nine of the S&P 500's 11 sectors advancing. Stocks from technology to energy to consumer staples ended the day higher.

The S&P 500 rose 34.48 points, or 0.9%, to 3991.73. The Dow Jones Industrial Average added 56.22 points, or 0.2%, to 33592.92. The Nasdaq Composite jumped 162.19 points, or 1.4%, to 11358.41 as tech stocks extended their recent run.

Investors have fixated on signals about the path of inflation as they try to gauge when the Federal Reserve will moderate its aggressive campaign of interest-rate increases. The

central bank's swift lifting of rates as it seeks to tame price increases has helped drive the S&P 500 down 16% in 2022.

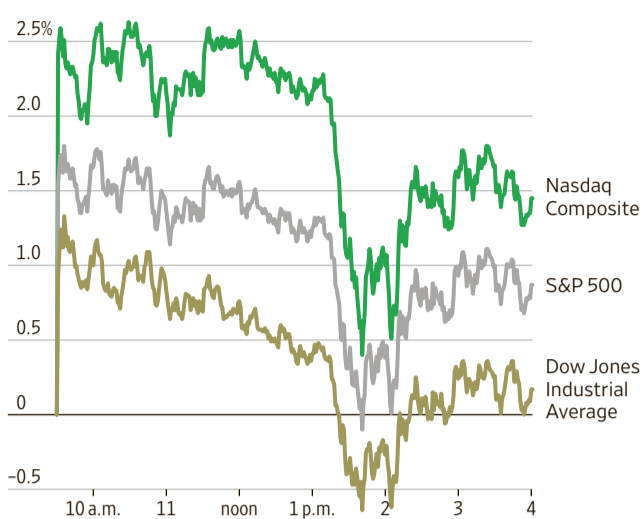
Data Tuesday showed that increases in U.S. supplier prices slowed in October. The producer-price index rose 8% on a 12-month basis, down from a revised increase of 8.4% in September and much lower than the 11.7% increase in March.

Stocks gained as investors latched onto the additional sign that inflation may have turned the corner.

Last week, the S&P 500 notched its largest two-day percentage gain since 2020 after consumer-price data showed that inflation eased in October to its slowest pace since January.

"We've obviously been through a very tough period for inflation, but there really is now good evidence that the worst is behind us," said Charlie Bobrinsky, portfolio manager and head of the investment group at Ariel Investments.

Index performance Tuesday



Source: FactSet

Comments this week from a senior official at the Fed bolstered expectations that the

central bank will moderate its raising of interest rates. Fed Vice Chair Lael Brainard said Monday that it likely will be appropriate soon to shift to a slower pace of rate increases.

Asian stocks rallied, pushed higher by China's new plan to ease pressure on its property market and its relaxing of Covid-19 pandemic controls. Hong Kong's Hang Seng jumped 4.1%. The index is now back in a bull market, measured as a rise of 20% or more from a recent low. In mainland China, the Shanghai Composite gained 1.6%.

Early Wednesday, the Hang Seng was down 0.6% and the Shanghai benchmark was down 0.2%.

In Europe, the pan-continental Stoxx Europe 600 added 0.4%.

In bond markets, the yield on the 10-year Treasury note declined to 3.798% from 3.865% Monday. The benchmark government bond's yield has climbed from 1.496% at the end of 2021.

The jump in yields has threatened the long-popular view that investors should load up on stocks because they

had no alternative. An increase in the appeal of lower-risk assets could weigh on the outlook for major equity indexes.

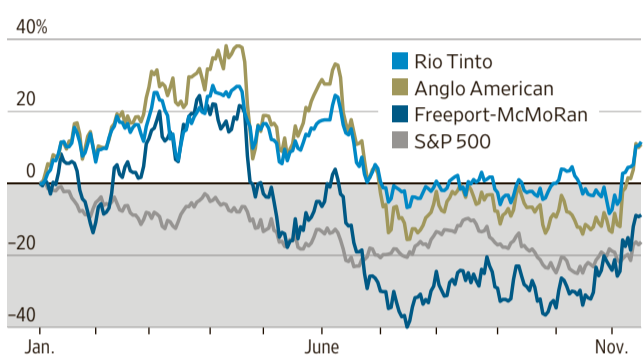
Among individual stocks, Walmart shares jumped \$9.05, or 6.5%, to \$147.44 after the retailer reported revenue that topped analyst expectations and raised its fiscal-year guidance.

U.S.-listed shares of Taiwan Semiconductor Manufacturing rose \$7.66, or 11%, to \$80.46 after Warren Buffett's Berkshire Hathaway reported a stake in the chip maker.

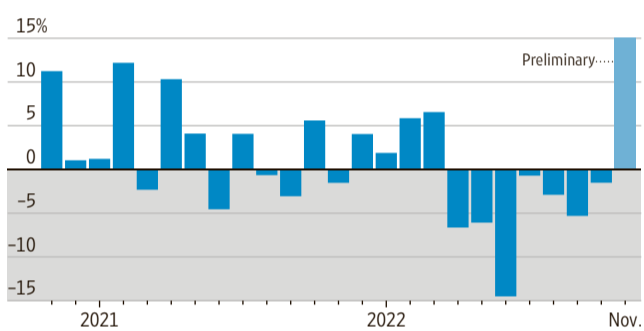
Investors are continuing to watch for contagion from cryptocurrency markets, which have been hammered in the past week as the fallout continues from the collapse of crypto exchange FTX. On Tuesday, cryptocurrency prices were relatively stable.

Oil prices rose, with Brent crude adding 0.8% to \$93.86 a barrel.

Share-price and index performance this year



Performance of a basket of industrial metals trading in London, monthly



Sources: FactSet (Share-price performance); Refinitiv (industrial metals)

Metals Rise on Hopes of China Reopening

By HARDIKA SINGH

Signs of an end to China's pandemic lockdowns have sparked a resurgence in prices for industrial metals.

Traders are betting that the possible end of three years of China's stringent pandemic restrictions

could spark greater demand from the world's leading user of commodities. U.S. copper futures recently recorded their largest one-day percentage gain since 2009. Zinc and tin trading in London had their best week since summer, while aluminum jumped over 6%.

The rebound extends a wild year for metals. Prices for copper, aluminum and tin in London hit records earlier this year, boosted by supply constraints from the war in Ukraine, climbing energy prices and pandemic reopenings.

Then recession fears and lockdowns in China dragged a basket of industrial metals that trade in London to their worst seven-month stretch in more than a decade.

Now, metals prices are surging again, on pace for their best month since 2006, a climb that could complicate the outlook for inflation. Stocks posted their biggest gains since 2020 on Nov. 10 after economic data showed the consumer-price index rose less than expected in October, fueling bets that the Federal Reserve's most-aggressive rate hikes may be over. The Fed's inflation-fighting efforts have jarred markets from stocks to bonds to oil this year, sending the S&P 500 down 16%.

The prospect of milder inflation and easing pandemic restrictions in China have also dragged the dollar back from its 2022 highs. That has sup-

ported prices for metals, which are denominated in dollars and become cheaper for foreign investors when the U.S. currency weakens.

"I do believe over a longer run the metal price jump is warranted because China will reopen," said Liqian Ren, director of Modern Alpha at WisdomTree Asset Management.

The metals rally has lifted shares of producers, helping make the materials sector the S&P 500's best-performing group this month. So far in November, mining company Freeport-McMoRan Inc. has added 20%, Rio Tinto PLC has gained 20% in London and Anglo American PLC has climbed 28%.

Hakan Kaya, senior portfolio manager at Neuberger Berman, said he is still looking to add to his physical copper, aluminum and zinc holdings.

Mr. Kaya said a global transition away from fossil fuels could intensify shortages of critical battery metals needed for green energy.

The Neuberger Berman Commodity Strategy exchange-traded fund has added nearly 6% so far this month, compared with a 3.1% gain in the S&P 500.

"Supply is very tight, and people don't realize it," Mr. Kaya said.

Many still describe the rally as jittery. China's growth has slowed, and the Fed's attempts to fight inflation risk tipping the U.S. into recession. Chinese officials have reaffirmed their commitment to containing the virus, which continues to rage.

Investors, including WisdomTree's Ms. Ren, said any reopening will be slow, and demand may not climb as fast as many expect.

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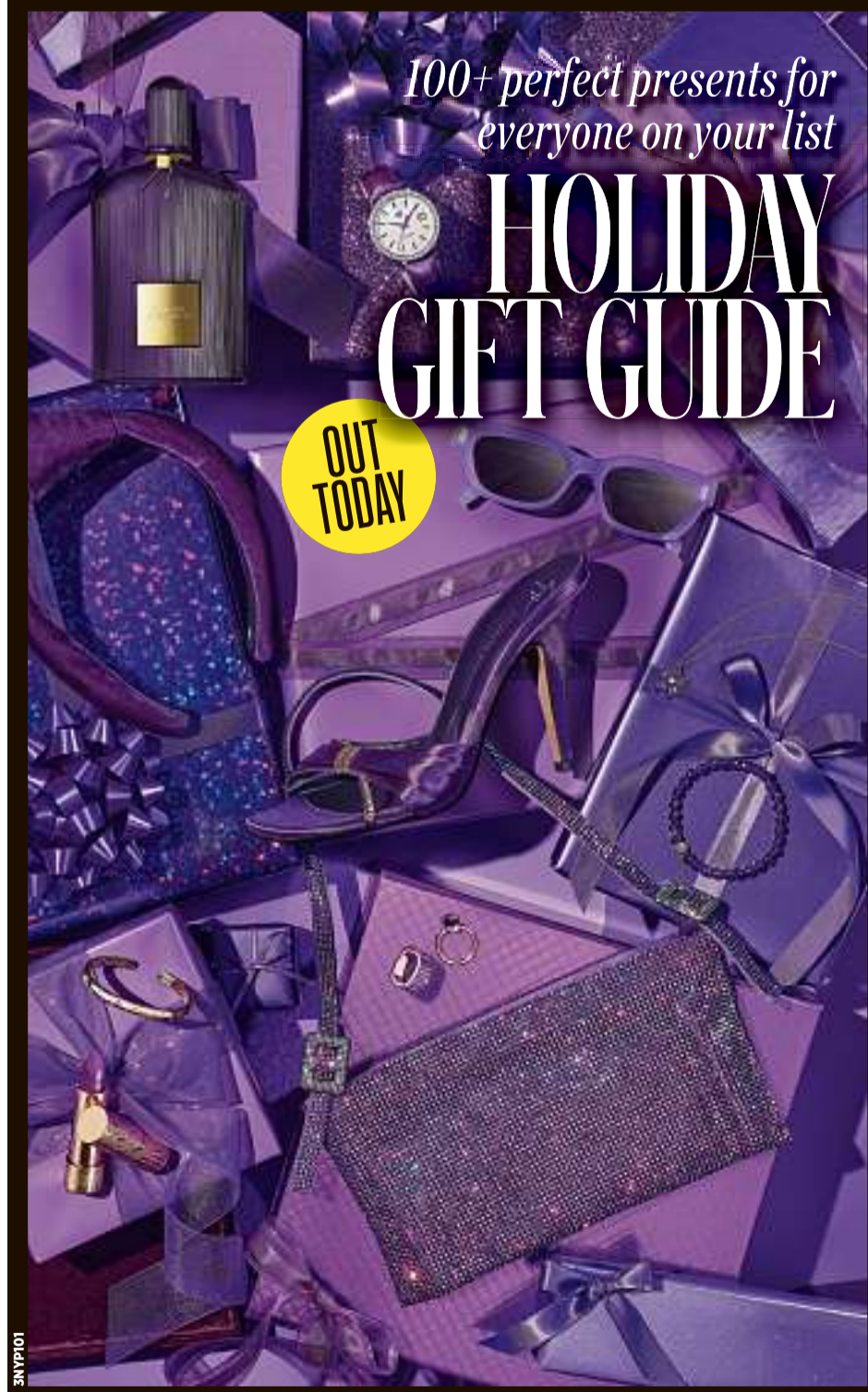
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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

FTX Could Drag ‘Good’ Crypto, Too

Decentralized finance doesn't solve many of the sector's woes, nor will it be left alone by regulators

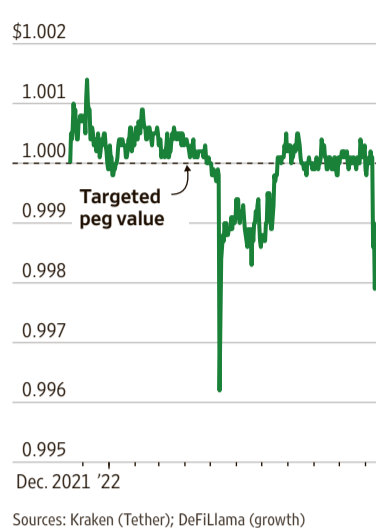
For many proponents of digital currencies, the demise of crypto exchange FTX shows the line between “bad” centralized crypto and its “good” decentralized counterpart. Unfortunately, the two are more intertwined than fans care to admit.

The FTX debacle has spread, prompting investors to dump digital currencies and quit other centralized crypto venues. Trading house Alameda Research, an affiliate of FTX that blew a hole in its balance sheet, used to have a big role in market making, and its absence is worsening price swings, according to analytics firm Kaiko. The latest ructions follow a round of failures among crypto lenders that started in May, triggered by excessive risk and opaque practices.

It looks like a final indictment of crypto's efforts to ape Wall Street with its own answers to Goldman Sachs and JPMorgan. If this is a game of trust, nobody should put their faith in a crypto king rather than a banker with a direct line to myriad liquidity providers—including the central bank—and the protection of deposit insurance.

Yet some in the crypto sphere see a silver lining, believing the crisis will refocus the ecosystem on its original purpose of cutting out the middleman—its motto being “verify, don't trust.” Decentralized finance or DeFi protocols like MakerDAO, Aave and Curve offer services such as lending and trading through liquidity pools, where nobody acts as an intermediary liable to bank runs. “Smart contracts” automatically unlock transactions between parties

How many U.S. dollars one Tether buys



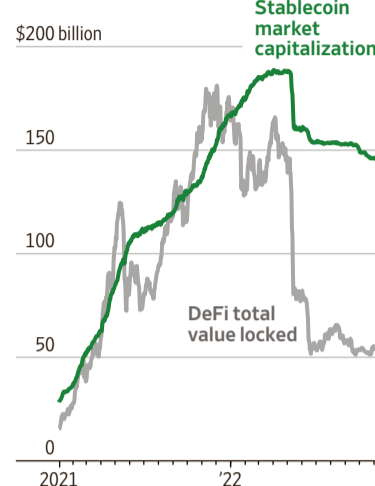
Sources: Kraken (Tether); DeFiLlama (growth)

once conditions are met. Despite this year's crypto implosion, these protocols worked as intended.

“The ‘back to DeFi’ argument will be the dominating narrative,” said Clara Medalie, Kaiko's director of research. “In decentralized finance you can see everything on the chain, so you can never have a situation like FTX's.”

However, as Joshua Peck, founder of TrueCode Capital, points out, “DeFi just moves the risk around: Counterparty risk shifts over to technology risk, and to trust in the management of the DeFi token.” On top of coding bugs, DeFi comes with the danger of hacks, which are worryingly commonplace. Another big problem in the cur-

DeFi growth is tightly linked to stablecoins.



rent environment is that DeFi's growth since 2017 happened in symbiosis with centralized crypto, not as an alternative to it.

Defunct crypto bank Celsius Network showed how centralized crypto is a big borrower in DeFi pools, muddying their transparency benefits. To be sure, these loans are often overcollateralized, which is why Celsius ended up paying back its DeFi debts even before going bust in July. Still, using crypto as a guarantee raises the risk of vicious selling spirals. Also, overcollateralization generally happens when the money is used for speculation, not productive investments.

Furthermore, growth in decentralized lending has been closely

linked to “stablecoins,” which are overwhelmingly pegged to the U.S. dollar to overcome crypto's volatility problem. Any peg to the greenback is dependent on the U.S. government, and is kept alive by some intermediary holding dollar assets or arbitrage and collateral-based mechanisms that can fail. This happened to the TerraUSD stablecoin in May, just as it did in conventional finance to money-market funds in 2008.

While the most popular stablecoin, Tether, hasn't yet broken down, it suffered \$3.5 billion of redemptions this month and persistently trades under \$1. Kaiko data suggests Alameda was borrowing Tether on Aave and selling it on Curve, putting it under heavy pressure in DeFi markets.

Neither regulators nor investors are likely to differentiate much between centralized and decentralized crypto finance. As a result, DeFi protocols will probably struggle to raise venture-capital money and pools could dry up. The total value locked in DeFi tokens is \$43 billion, 74% less than at the end of March. On top of falling crypto token prices, there have likely been withdrawals: Measured in ether, a popular digital currency, the loss is 30%.

The lesson to learn from FTX isn't just that opacity is bad, but that all of crypto is a deeply interconnected ecosystem in which assets are created without relation to real-world wealth and then used as collateral to further inflate what boils down to a single, enormous credit risk—crypto itself.

—Jon Sindreu

ASML Plays the Very Long Chip Game

ASML has one of the best spots in a temperamental industry. A lousy year or even two is no reason for the Dutch maker of chip-manufacturing equipment to shelve some ambitious expansion plans.

Business isn't great for semiconductor-manufacturing gear right now—or at least it isn't going to be. Chip makers are pulling back on their capital-spending plans quickly as their own businesses get hit by slumping demand in key markets such as PCs and smartphones.

This might seem like an odd time for a company like ASML to rev up its production plans. At an analyst meeting on Friday, the company projected its own annual capital expenditures would hit €1.5 billion, equivalent to \$1.55 billion, by 2025—a 50% jump from the target it gave a year ago. The spending is intended to fund a significant increase in production capacity. ASML now plans to produce about 90 units of its high-end EUV lithography tools in 2025, 50% more than it expects to produce next year.

That EUV projection is particularly noteworthy given how difficult the machines are to make. EUV refers to the extreme ultraviolet light used to power the lasers that etch circuitry into chips. The circuitry made by EUV machines allows chip makers to produce smaller processors that consume less energy—a key to allowing semiconductor companies to continue to advance their designs as principles such as Moore's Law hit physical limitations. But ASML has natural limitations of its own: The lenses for its EUV machines come from a single supplier and can take 12 months to produce.

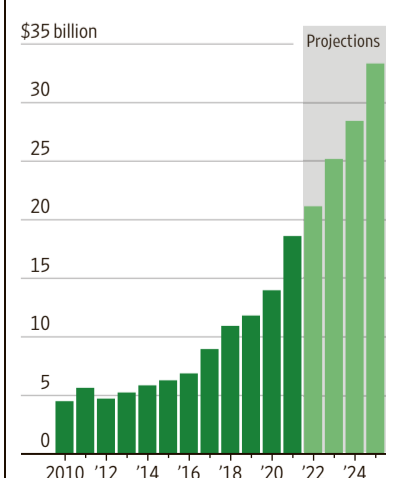
A radical boost in production capacity, therefore, doesn't come easily or without risk in the highly cyclical market for chip-making gear. But ASML has some big advantages: It is the world's only producer of EUV lithography tools, and those tools are vital for chip makers such as **Taiwan Semiconductor Manufacturing, Intel** and **Samsung** to remain competitive at the so-called leading edge of manufacturing. Even chip makers that are reducing capital expenditures elsewhere are unlikely to cancel their ASML orders for fear of being sent to the back of the line. The company's backlog now totals €38 billion, or nearly two years of revenue at its current run rate.

ASML also told analysts on its earnings call last month that new export restrictions that limit the sale of advanced chip-making gear to China will have minimal impact, as the company has “more than sufficient demand for these systems elsewhere globally as demand continues to exceed supply.” In fact, the growing politicization of the chip business could even help the company as the U.S. and Europe invest in building up domestic chip-making capacity.

Wall Street therefore sees ASML's leap of faith as low-risk. In a report Monday, Pierre Ferragu of New Street Research said ASML is one of the few companies “with the visibility and competitive position required to be able to confidently issue such an outlook.” Mehdi Hosseini of Susquehanna upgraded the stock to a positive rating on Monday, saying that ASML's long lead times can “overcome the looming '23 recession.” Through Monday, ASML's Dutch-listed shares had jumped 20% since the company issued its updated long-term outlook Thursday, breaking the stock out of a pattern that up to then had mirrored the 37% decline of the broader PHLX Semiconductor Index.

This is one chip stock worth seeing the light on. —Dan Gallagher

ASML's annual revenue



Note: €1 = \$1.033
Sources: S&P Global Market Intelligence (actual); FactSet (projections)

Alzheimer's Drug's Potential Buoy Biogen

The quest for a treatment for Alzheimer's disease has been a roller-coaster ride for patients as well as investors. No company has embodied the ups and downs of that ride more than **Biogen**.

Just two months ago, Biogen looked like a sinking ship. The stock was trading near a 10-year low in the wake of the failed rollout of its Alzheimer's drug Aduhelm, sales of its other top medications were shrinking due to competition and it faced a leadership void as its chief executive officer was set to depart.

Fast forward to today and the mood couldn't be more different. The stock is up about 50% since positive results were announced in late September for its other Alzheimer's treatment, lecanemab. Last week, the company hired former **Sanofi** CEO Chris Viehbacher as its new leader. And on Monday, a potential competitor, **Roche**, said its Alzheimer's experimental treatment failed to significantly slow cognitive decline.

Yet many investors are still reluctant to embrace the story, partly because of how badly they got burned last time around. Back then,

excitement was followed by stinging disappointment when the Centers for Medicare and Medicaid Services decided not to pay for Aduhelm. The drug had been approved by the Food and Drug Administration, but the decision became controversial after critics said it relied on unconvincing data and went against the recommendation

The stock price reflects tempered optimism, meaning investors still have time to jump in.

of the FDA's own advisory panel.

The stock price reflects the tempered optimism. Even though the preliminary results released by Biogen and its partner **Eisai** showed that lecanemab looked better than Aduhelm, the stock is still trading around \$300, far below last year's high of \$415.

That means there is still time for investors to jump in. Full data from

the trial will be presented for the first time at an Alzheimer's conference scheduled for Nov. 29. If the data confirm the positive results the company announced earlier this year, Biogen could be looking at a drug with \$14 billion in peak sales, with profits split with Eisai, according to Salveen Richter, an analyst at Goldman Sachs. “If the data looks good, the clinical risk is removed,” she said.

That still leaves the regulatory risk, of course. The FDA is almost certain to approve the drug following its greenlighting of Aduhelm. But strong data don't fully guarantee that Medicare will agree to pay for the drug, given its decision to impose restrictive reimbursement conditions for all anti-amyloid drugs—which target an unusual buildup of the protein in patients' brains—when it decided not to cover Aduhelm earlier this year.

Ms. Richter says that if the full data confirm the functional improvement for patients as well as the relatively strong safety results announced in the release by the companies in September, Medicare is likely to provide full coverage.

Another thing going for Biogen is that its competition is looking weaker. Biogen shares rose on Monday after Roche reported negative results from a pair of clinical trials investigating its own anti-amyloid treatments. Roche's failure “takes out the biggest competitive risk to lecanemab,” wrote Brian Skorney, an analyst at Baird. Biogen's only competition now could come from **Eli Lilly**, whose results will read out next year.

Even if all goes well and Medicare covers the drug, investors are still having a hard time figuring out the real potential for the drug. Analyst estimates for the drug's peak sales range from a few hundred million dollars to billions. Mr. Skorney says that is largely because it is unclear whether a cumbersome, regularly infused intravenous treatment can really gain a massive market.

But with little alternative for early Alzheimer's patients, it seems hard to imagine that a drug with solid data and coverage from Medicare doesn't become a blockbuster treatment. For Biogen, the second time could be the charm.

—David Wainer

Walmart Keeps the Registers Ringing

Everybody likes **Walmart Inc.**'s everyday low prices. But can Walmart keep everybody on board?

The big-box retailer said on Tuesday that comparable-store sales at Walmart U.S. grew 8.2% in the quarter ended Oct. 28, well ahead of the 3.4% increase Wall Street analysts polled by Visible Alpha were penciling in. While Walmart turned to a net loss last quarter, that was due to a \$3.3 billion charge related to opioid legal settlements. Excluding one-off charges and the effect of currency fluctuations, Walmart's operating income grew by an impressive 4.6% last quarter.

Inventory was up 12.6% last quarter compared with a year earlier, a marked improvement from the 25% growth Walmart logged a quarter earlier.

Much of that growth in inventory—roughly 70%—was due to inflation, and Walmart estimates that just under \$1 billion worth of inventory is true excess merchandise. Walmart shares jumped 6.5% on Tuesday.

Consumers are continuing to shift spending away from discretionary goods toward essentials, a shift that benefits grocery-heavy

retailers such as Walmart, though it does come with lower margins. At Walmart U.S., comparable-store sales of grocery products grew by a midteens percentage, while sales of higher-margin general merchandise declined. Demand was particularly weak in electronics, home and apparel, though lawn and garden, automotive and back-to-school products did better. Walmart said it saw trade-downs in proteins, baking goods, baby products and dog food.

The more eye-catching development for Walmart, though, is traffic from higher-earning consumers. Walmart said that three-quarters of the grocery market share it recorded last quarter came from households with more than \$100,000 in annual income. While part of that can be chalked up to inflation's effect on customer wallets, Walmart deserves some credit for improving the kind of services that the higher-income cohort wants.

The company said Tuesday that its last-mile delivery capabilities increased fourfold since January; that has helped increase sign-ups for Walmart+ memberships. Also notable: Its online marketplace



Walmart says that three-quarters of the grocery market share it recorded last quarter came from households with more than \$100,000 in annual income.

added 50% stock-keeping units last quarter alone compared with the prior quarter.

Keeping this cohort of new customers will be key to Walmart's so-called flywheel strategy, which involves growing high-margin revenue streams such as sales of advertising and fulfillment services to vendors and third-party marketplace sellers. Walmart said its global advertising business grew more than 30% last quarter, and analytics firm eMarketer estimates that Walmart will log a 40% increase in ad spending this year.

That is double **Amazon.com Inc.**'s expected growth rate, albeit

from a lower base. For four consecutive quarters, Walmart U.S. has called out growth in membership and “other income,” which includes that advertising bucket, as offsets to gross margin pressure.

After the rally on Tuesday, Walmart's shares trade at 23.3 times forward-12-month earnings, 6% above its five-year average. Its shares are up 2% in the year to date, outperforming Amazon by roughly 44 percentage points. If Walmart can convince investors that its fancy, new customers will stick around, it could hang on to its fancy, new valuation too.

—Jinjo Lee