

THE WALL STREET JOURNAL.

What's News

Business & Finance

The Fed lifted interest rates by another 0.75 percentage point to combat inflation and signaled plans to keep raising them, possibly in smaller increments but to higher levels than previously anticipated. **A1**
◆ **U.S. stocks ended** sharply lower in the wake of the central bank's meeting, with the S&P 500, Nasdaq and Dow losing 2.5%, 3.4% and 1.5%, respectively. **B1**

◆ **CVS and Walgreens** agreed to pay over \$10 billion in a settlement to resolve opioid-crisis lawsuits brought by states, cities and other governments. **A1**

◆ **Musk said** Twitter won't let anyone who was removed from the service for violating its rules back on the platform until the company has a clear process in place. **B1**

◆ **The SEC said** it obtained record monetary sanctions in the latest fiscal year, and the agency advanced two more regulatory initiatives. **A5**

◆ **Boeing executives laid out** plans to restore the plane maker's financial strength over the next three years, following a string of losses. **B1**

◆ **Penguin Random House** wants to appeal a decision blocking its acquisition of Simon & Schuster, but the first step is to ensure its would-be partner stays in the fight. **B1**

◆ **Dan Snyder**, the embattled owner of the Washington Commanders, hired bankers to explore "potential transactions," the NFL team said. **B1**

World-Wide

◆ **Netanyahu was poised** for another comeback that could usher in one of Israel's most conservative and religious governments ever, after voters delivered him and his political allies a clear edge in this week's election. **A1**

◆ **Russian officials** in occupied Kherson said they would begin mandatory transfers of tens of thousands of residents from parts of the region, as Ukraine continues its offensive to recapture the south. **A6**

◆ **Russia said** it would rejoin a deal allowing for the safe passage of Ukrainian grain, ending days of uncertainty over future shipments. **A6**

◆ **White suburban women** have significantly shifted their support from Democrats to Republicans in the closing days of midterm campaigning, according to a Wall Street Journal poll. **A4**

◆ **Trump associate Kash Patel** is set to soon testify before a grand jury probing the handling of classified documents at Mar-a-Lago after receiving immunity. **A5**

◆ **U.S. Capitol Police** said they weren't actively monitoring cameras at Pelosi's San Francisco home when her husband was assaulted. **A5**

◆ **The gunman who killed** 17 people in the 2018 Parkland, Fla., high school massacre was sentenced to life in prison without parole. **A3**

◆ **Ethiopia's government** and Tigrayan rebels agreed to a cessation of hostilities, following two years of war. **A16**

JOURNAL REPORT

ESG: What investors need to know about varying ratings. **R1-10**

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Fed Lifts Rates, Signals 'Ways to Go'

Stocks fall as Powell says tightening will continue after latest 0.75-point increase

By NICK TIMIRAO

WASHINGTON—The Federal Reserve lifted interest rates by another 0.75 percentage point to combat inflation and signaled plans to keep raising them, possibly in smaller increments but to higher levels than previously anticipated. The increase approved Wednesday, the Fed's fourth

consecutive 0.75-point rate rise, lifts the central bank's benchmark federal-funds to a range between 3.75% and 4%. After the decision, Chairman Jerome Powell said officials would contemplate a smaller hike at their next meeting in December. But he cautioned that they might raise borrowing costs next year more than they have projected.

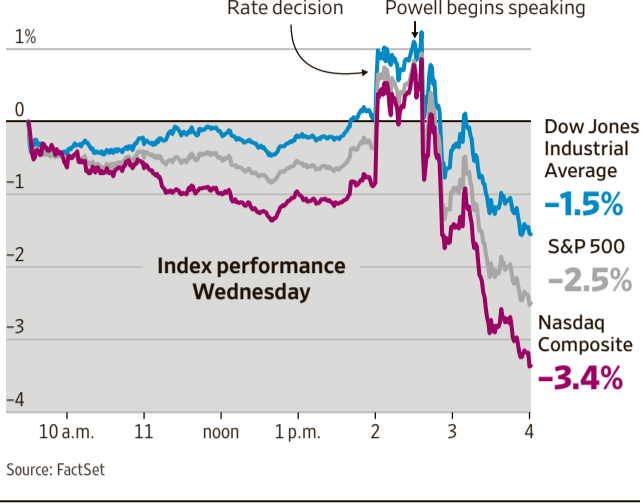
"The question of when to moderate the pace of increases is now much less important than the question of how high to raise rates and how long to keep monetary policy restrictive," he said at a news conference.

Mr. Powell also warned that reducing the size of rate increases didn't mean the Fed thought it was close to pivoting away from raising rates.

"It is very premature to be thinking about pausing," Mr. Powell said. "We think we have a ways to go."

Stocks fell, with the S&P 500 down 2.5%. The Dow Jones

- ◆ **Greg Ip: Revisiting the link** between deficits, inflation... **A2**
- ◆ **Blue-chip stocks lose over** 500 points..... **B1**
- ◆ **Heard on the Street: The Fed** draws blood..... **B12**



Poland Builds a Fence on the Russian Border as Tensions Rise



SEALED: Polish soldiers Wednesday install razor wire along Poland's border with the Russian exclave of Kaliningrad, in what it says is a bid to deter Moscow from encouraging illegal crossings by asylum seekers into the European Union. **A6**

Walgreens, CVS Reach \$10 Billion Deal Over Opioids

By SHARON TERLEP

CVS Health Corp. and Walgreens Boots Alliance Inc. agreed to pay more than \$10 billion in a landmark settlement to resolve opioid-crisis lawsuits brought by states, cities and other governments.

The two largest U.S. drug-store chains said they reached a framework to settle the collection of lawsuits brought by governments and Native American tribes blaming pharmacies for helping fuel the nation's opioid epidemic.

Each state, local government and tribe still must decide whether to participate in the settlement. In a statement, the plaintiffs' attorneys appointed to lead the negotiations said they encouraged governments and tribes to join the settlement, which they said holds the pharmacies accountable.

Under the proposed deal, *Please turn to page A4*

China's New No. 2 Mixes Business With Party Loyalty

Li Qiang could serve as a moderating influence in Beijing

By KEITH ZHAI AND CHUN HAN WONG

Xi Jinping's new right-hand man, Li Qiang, has shown two sides to his personality over his career.

Mr. Li, whom Mr. Xi appointed last month as China's new No. 2, is known inside the country as a pro-business pragmatist unafraid to push the boundaries of Communist Party rule. Party insiders say he's also a loyalist who will implement Beijing's policies effectively and aggressively when needed.

The question as Mr. Li steps into his new role is, which side will predominate?

Mr. Li previously served as a close aide to Mr. Xi, who begins his third term as party

chief after a push to suppress any potential opposition and consolidate his power.

Some Chinese entrepreneurs, investors and scholars say Mr. Li's record suggests he could serve as a moderating influence on Mr. Xi, nudging the Chinese leader to ease hard-line policies like his zero-tolerance approach to Covid-19 and his tech-company crackdown that have pushed China toward more state control.

In Shanghai, where he was the city's top leader, Mr. Li maintained close relations with technology tycoons including Alibaba Group

Please turn to page A8

◆ **Germany's chancellor** is heading to Beijing.... **A16**

Israeli Voters Put Netanyahu on Brink Of a Big Comeback

TEL AVIV—Former Prime Minister Benjamin Netanyahu of Israel was poised for another comeback that could usher in one of the country's

By Shayndi Raice, Dov Lieber and Aaron Boxerman

most conservative and religious governments ever, after Israelis delivered him and his political allies a clear edge in this week's election.

With 86% of the votes

counted on Wednesday, Mr. Netanyahu and his political allies were on course to secure a small majority in Israel's parliament, the Knesset, returning to power a familiar international figure whose political future has been written off many times over the course of more than 30 years in public life.

The projected victory would burnish his reputation as "the magician," as Mr. Netanyahu is known in Israel, for his ability to stage repeated comebacks.

Please turn to page A7

Candidates Choke on Food Issues

Beer with ice, crudites draw voter backlash

By KRISTINA PETERSON

For decades, Joe O'Dea poured his beer over ice in peace. Then he ran for the U.S. Senate.

Controversy bubbled over when word spread that the Colorado Republican sipped Michelob Ultra in a glass of ice during an interview. The partisan outrage spilled in a state awash in craft breweries, 428 at last count.

Sen. John Hickenlooper (D, Colo.), who founded a well-known Denver brewpub, tweeted about the beer-drinking apostasy. Within hours, the campaign of Mr. O'Dea's *Please turn to page A8*

Prestigious M.B.A. Programs Go Online

By LINDSAY ELLIS

Executive M.B.A. students at the Wharton School of the University of Pennsylvania will be able to earn the \$223,500 degree from their living rooms starting next year.

After years of resistance, some of the country's top business schools are starting virtual M.B.A. programs that require only a few days of in-person instruction. Wharton and Georgetown University's McDonough School of Business said they would include options for executive and part-time M.B.A. students to take most coursework online in 2023.

This fall, part-time M.B.A. students at New York University's Stern School of Business and the Haas School of Business at the University of California, Berkeley were given an online option for most of their classes.

All of the programs will charge online students the same tuition as those who attend in person, and those online students will get the same degree and credential as on-campus counterparts.

The move to give students flexible location options comes as demand for two-year, full-time traditional M.B.A. programs has been dropping amid a competitive job market and growing concern about the cost of college.

"The pandemic definitely accelerated this in every industry," said Brian Bushee, who leads teaching and learning at Wharton and also teaches accounting. "I would be surprised in 10 or 20 years if there were schools that only did in-person and did nothing online."

Between 2009 and 2020, the number of online M.B.A.s at accredited business schools *Please turn to page A9*

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

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

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

U.S. NEWS

Parkland High School Gunman Is Sentenced to Life in Prison

By ARIAN CAMPO-FLORES

Nikolas Cruz was sentenced to life in prison without parole Wednesday for the murders of 17 people at a Parkland, Fla., high school in 2018, concluding a case that was emotionally grueling for victims' families and whose outcome left them fuming.

A jury in October spared him the death penalty and instead recommended that he spend the rest of his life in prison. At the request of prosecutors, Broward County Circuit Judge Elizabeth Scherer scheduled a two-day hearing that began Tuesday to allow victims' family members to express themselves before the court and the defendant.

When they concluded, Judge Scherer imposed life sentences for each of 34 counts—17 involving people Cruz murdered and 17 involving those he attempted to murder but who survived—as some family members wept. She ordered that Cruz serve the sentences consecutively and granted a motion by prosecutors to prevent him from benefiting from any proceeds deriving from literary or cinematic accounts of his crimes.

Judge Scherer also addressed victims' family members, praising their strength, grace and restraint throughout the proceedings. "I want to thank the family members for the privilege of learning about each and every one of your



Meghan Petty, whose sister Alaina Petty was killed, gave a statement during the two-day hearing.

loved ones," she said. "I can tell you that they will not be forgotten."

During the two-day hearing, family members came forward one by one to deliver remarks, with the defendant seated before them. Some assailed what they considered a miscarriage of justice in the decision not to impose the death penalty, while others spoke of the searing pain they continue to grapple with.

Max Schachter, whose son Alex Schachter was killed in the shooting, criticized assertions made by Cruz's lawyer during the death-penalty phase

that Cruz's mental-health needs had gone unaddressed, detailing a lengthy list of therapy and other services he had received over the years. Mr. Schachter also challenged the contention that Cruz suffered brain damage as a child, saying the defendant carefully planned the massacre.

"Society tried for almost two decades to try to rehabilitate him," Mr. Schachter said. "He is a sociopath that does not deserve to live amongst us."

Meghan Petty, whose sister Alaina Petty was killed in the shooting, said she felt be-

trayed by the justice system. She called Cruz a "remorseless monster" who escaped the punishment he deserved. And she recounted that the last time she saw her sister was when she lay "lifeless and cold" in a coffin.

Cruz, 24 years old, pleaded guilty last year to the murders of 17 people and the attempted murders of 17 others at Marjory Stoneman Douglas High School. The three-month penalty trial focused solely on whether Cruz should be put to death or imprisoned for the rest of his life.

School Lunch Prices Rise With Costs

By BEN CHAPMAN

Families across the country are facing higher costs and fewer options for school meals as districts contend with rising food and labor prices and the loss of universal free pandemic meals, according to food-service managers.

Many districts across the country have raised prices for school food by as much as 50 cents a meal this year as they face ingredient prices that have risen by 50% or more.

Some have reduced the number of choices for meals available to students in a cost-cutting measure as they also grapple with the expiration in June of a federal relief program that provided funding for free lunches for all students amid the pandemic.

School-food-service managers in Kansas, Virginia and Missouri, among other states,

said they have had no choice but to cut back on menu items such as fresh oranges and red meat while passing rising costs on to families.

Sarah Kemmerling, a day-care provider in Lafayette,

Some have cut back on menu items such as fresh oranges and red meat.

Colo., and mother of two, said the end of free school meals this year and a price increase of 50 cents, to \$4 a lunch, put additional pressure on her household finances, which were already tight.

Ms. Kemmerling's family paid about \$140 for school meals for her two children in

fourth and seventh grades last month, a figure that was higher than her utility bills, she said. Her household's annual income is about \$55,000, she said, including wages earned by her husband, a mechanic. "We were right on the cusp" of qualifying for free lunches, she said.

The impact of the end of universal free lunch and rising consumer prices was reflected in a Labor Department report last month that showed the consumer-price index, which measures what consumers pay for goods and services, rose by 8.2% in September from a year earlier, in unadjusted terms.

California and Maine passed laws to continue free school meals after the federal universal program ended over the summer. Other states, including Colorado, are considering similar legislation. Big districts with high poverty rates, such

as New York City, continue to receive federal funding for universal free lunches under a special program.

Mary Rochelle, who is program, grants and communications lead for the Boulder Valley School District where Ms. Kemmerling's children attend school, said the district was hesitant to increase prices for meals this year, for the first time since 2016, because of financial hardships faced by families in the pandemic. But, she said, rising food and labor costs compelled the district to do so.

To lessen the blow of higher prices for ingredients and the loss of universal free school lunch funding in June, the federal government in July increased reimbursement by up to 68 cents per free/reduced-price lunch and 32 cents per free/reduced price breakfast.

Crows Can Learn Complex Skill, Study Says

By DOMINIQUE MOSBERGEN

A facet of complex thought long believed to be unique to humans may be for the birds, too.

Crows can learn a skill previously believed to distinguish the minds and communication of humans from other animals, according to a study published Wednesday in the journal *Science Advances*. The research could help bolster evidence that recursion, defined in the study as the cognitive ability to embed a structure within similar structures, is a skill that some animals, like some monkeys and birds, can learn.

Two crows appeared to grasp the cognitive concept at a toddler's skill level, the study said. The crows required just a few days of training before they learned the skill.

"Crows are really smart," said Diana Liao, a study co-author and postdoctoral researcher at Germany's University of Tübingen. "But the speed they were able to do this was surprising to us."

Linguists including Noam Chomsky hypothesized in the early 2000s that recursion is a unique cornerstone of language that makes it distinct from animal communication. Dr. Chomsky, professor emeritus at the Massachusetts Institute of Technology, said recursion could explain humans' capacity for complex thought.

In human language, as linguists have demonstrated, phrases can be embedded into other phrases like infinite Russian nesting dolls. The phrase,



Crows appeared to grasp a cognitive concept at a toddler's skill level.

"the humans feared" can be embedded within another, "the crows cawed," to form the statement, "the crows the humans feared cawed."

Some other species may be capable of creating similarly embedded structures, research has shown. A 2020 study in *Science Advances* tested humans and rhesus macaque monkeys on their ability to arrange colored brackets into specific nested sequences.

Three- to five-year-old children and people from other groups were able to create such sequences with little training, the study showed. The monkeys required more training but demonstrated they could grasp the concept

as well as the children, the study said.

"People thought that the ability to represent these sequences was uniquely human, and thought that this ability was related to the amazing things humans could do," said cognitive scientist Stephen Ferrigno, an assistant professor at the University of Wisconsin-Madison who co-wrote the 2020 paper. "Our research suggests that recursion isn't the sole difference between human and animal cognitive ability."

In the new study, two crows were trained to create embedded sequences by pecking at brackets of colors and shapes on a screen. When the crows pecked a correct sequence, a

chime sounded and the birds were rewarded with birdseed pellets or mealworms. If they pecked an incorrect sequence, a buzzer blared and the screen went dark for two seconds before the training resumed.

After a few days, the crows learned to peck correct sequences using bracket combinations they hadn't encountered before at rates significantly higher than chance, Dr. Liao said. They pecked correct patterns at around the same rate as U.S. children and outperformed monkeys from the 2020 study, she said.

Dr. Chomsky said he wasn't convinced the crow study or earlier work including Dr. Ferrigno's monkey study demonstrated recursion. He said he believes the ability is innate, not learned.

Rules people use to understand grammar and math go far beyond a crow's recall of a few sequential patterns, Dr. Chomsky said. "It's easy to show that humans have the rule in their heads," he said. "There's no evidence that crows have the rule."

Crows belong to the corvid family, a group that includes jays and ravens.

Some cognitive scientists have said the methods used to test the crows might not demonstrate real recursive thinking as brackets are arbitrary symbols unlike phrases in language that can be meaningfully related to each other. Dr. Liao said the method is useful for testing animals that don't use language.

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U.S. NEWS

SEC's Enforcement Actions Bring In Record \$6.4 Billion

By PAUL KIERNAN
AND DAVE MICHAELS

WASHINGTON—The Securities and Exchange Commission obtained record monetary sanctions in the latest fiscal year and advanced two more regulatory initiatives Wednesday as part of Chairman Gary Gensler's campaign to overhaul the rules of Wall Street.

Mr. Gensler said the SEC took in \$6.4 billion for the 12 months ended Sept. 30, his first complete fiscal year on the job. That beat the previous record, set in fiscal 2020, by nearly 40%, underscoring Mr. Gensler's enforcement focus on high-profile cases and steep penalties for misconduct.

Separately at a meeting Wednesday, the commissioners finished a proposal requiring money managers to disclose more information about how they use their voting power in public companies, including on executive compensation. It also proposed a rule aimed at making mutual funds more resilient to market stress.

Mr. Gensler is moving forward with an agenda that he says will hold companies more accountable to their shareholders, save investors money by wringing excess profits from intermediaries and shore up financial stability. Mr. Gen-

sler, a Democrat nominated by President Biden, has said he also wants to deter Wall Street firms from viewing regulatory settlements as a cost of doing business.

While the number of enforcement actions filed by the SEC remained steady around 700 in fiscal 2022, the agency obtained orders for some of its highest fines ever and claimed a record \$4 billion in civil penalties.

The Wall Street Journal reported last week that the SEC had levied fines of \$2.2 billion against exchange-listed companies during the latest fiscal year.

"Hopefully, market participants take notice of these high-impact cases and change behavior," Mr. Gensler said during a speech Wednesday before the Practising Law Institute.

Some industry groups have said Mr. Gensler's plans are overly aggressive and could lead to unforeseen costs.

"The commission must realize that rushing ahead with consequential proposals, fundamentally altering the shareholder experience, is a hallmark of the 'regulation-by-hypothesis' approach that the agency's leadership is now known for," said Eric Pan, president of the Investment Company Institute.

Police Didn't Actively Monitor Cameras at Speaker's Home

By NATALIE ANDREWS

WASHINGTON—U.S. Capitol Police said they weren't actively monitoring cameras installed at House Speaker Nancy Pelosi's San Francisco home at the time her husband was assaulted and that the agency had begun an internal security review into the matter.

The police department tasked with guarding the speaker and other members of Congress said it had access to 1,800 cameras, including some at the Pelosi residence in San Francisco, but the cameras at the Pelosi home weren't monitored at the time a man broke in last Friday and attacked her husband, Paul Pelosi, because Mrs. Pelosi was in Washington.

When Capitol Police officers noticed police activity after the break-in, they then used their feeds to monitor the response and assist in the investigation, the agency said Wednesday. The Washington Post first reported that Capitol Police had observed police activity from cameras in Washington.

The attack has raised questions as to how the nation's top lawmakers, as well as their families, are defended, especially as threats to members of Congress have increased in recent years. Mrs. Pelosi is second in line to the presidency and a regular target of threats. Mrs. Pelosi travels with a se-



An officer was posted outside the San Francisco residence of Speaker Nancy Pelosi and her husband, Paul Pelosi, on Friday after the attack.

curity detail, but when she isn't home, her house is unguarded by law enforcement. A San Francisco Police Department vehicle used to be regularly stationed at the home, but stopped staying at the house sometime last year, according to two people familiar with the arrangement, who didn't know why the vehicle was no longer a mainstay at the residence.

U.S. Capitol Police Chief Tom Manger said the department has been conducting a review of security operations since Friday. In a statement Wednesday, the department said it would "fast-track the work we have already been doing to enhance the protection of Members outside of

Washington, D.C., while also providing new protective options that will address concerns following Friday's targeted attack."

The alleged assailant, David DePape, pleaded not guilty to charges including attempted murder, assault with a deadly weapon and elder abuse in San Francisco Superior Court on Tuesday afternoon. He was ordered held without bail pending another court date Friday to schedule his preliminary hearing. The charges carry a penalty of 13 years to life imprisonment.

In addition to the state charges to which he pleaded not guilty, Mr. DePape faces federal charges in connection with the

break-in. Authorities said he brought a roll of tape, white rope, zip ties, two hammers and a journal.

After Mr. DePape broke into the home and roused Mr. Pelosi from his sleep around 2 a.m., asking, "Where's Nancy?" Mr. Pelosi asked why he wanted to talk with her, according to the motion to detain Mr. DePape filed Tuesday by the San Francisco District Attorney's office.

"Well, she's No. 2 in line for the presidency, right?" Mr. DePape allegedly said, according to the court motion, adding, "We've got to take them all out."

Mr. Pelosi called 911 from the bathroom, and two San Francisco police officers arrived. Officers saw the attacker holding the bottom handle of a hammer with one hand, while Mr. Pelosi's hand was on the top, the court motion said.

One officer ordered Mr. DePape to drop the hammer, and he refused and then struck Mr. Pelosi in the head, knocking him unconscious, the motion said.

The officers rushed into the house, tackled the attacker, and disarmed him, according to the motion. Mr. Pelosi remained unresponsive for several minutes.

The attack left Mr. Pelosi with skull fractures and other serious injuries. Mrs. Pelosi said Monday that her husband was looking at a long recovery process.

Trump Aide to Testify Under Immunity on Mar-a-Lago Files

By SADIE GURMAN
AND ALEX LEARY

WASHINGTON—Kash Patel, a close associate of former President Donald Trump, is set to soon testify before a federal grand jury probing the handling of classified documents at Mar-a-Lago after receiving immunity for his information,

people familiar with the matter said.

A federal judge recently decided the Justice Department couldn't force Mr. Patel to testify without such protection against his statements being used against him in some future prosecution. That ruling, the people said, opens the door for Mr. Patel, who says Mr. Trump

broadly declassified White House documents while still president, to answer questions.

Mr. Patel appeared before the grand jury last month and refused to provide information by repeatedly invoking his Fifth Amendment right against self-incrimination, The Wall Street Journal reported.

In response, the Justice De-

partment asked a federal judge to compel him to testify. Prosecutors argued Mr. Patel had no reasonable expectation that he would be prosecuted based on the kinds of questions they were asking, one of the people said, an argument the judge didn't accept.

The immunity grant leaves the government only able to

charge Mr. Patel, if at all, using information obtained independently of his immunized testimony.

Mr. Patel didn't respond to a request for comment and a lawyer for Mr. Patel declined to comment. A Justice Department spokesman declined to comment.

FBI agents in August re-

moved more than 11,000 documents, including roughly 100 marked as classified, from the Florida resort and home of Mr. Trump. The Justice Department's investigation into potential mishandling of classified information touched off a number of legal disputes, including about who should answer investigators' questions.

U.S. WATCH

NEW YORK

Trial of Trump Ally Barrack Goes to Jury

A Brooklyn federal jury Wednesday began deliberating in the trial of Thomas Barrack, a Donald Trump associate who is charged with working illegally on behalf of the United Arab Emirates to influence the former president and his inner circle.

Mr. Barrack, the former chairman of investment firm Colony Capital Inc., is accused of pushing policies favored by the U.A.E. on Mr. Trump's presidential campaign and administration without registering with the Justice Department as a foreign agent. He is also charged with obstruction of justice and making false statements during a 2019 interview with federal investigators.

The 75-year-old defendant served as an informal adviser to Mr. Trump and led his inaugural committee. Mr. Barrack's former assistant Matthew Grimes is a co-defendant, facing charges that he acted as an unregistered agent of the U.A.E.

Lawyers for Mr. Barrack argued that his job, like that of any other globe-trotting executive, involved meeting with world leaders. Mr. Barrack didn't conceal his meetings and relationships with foreign officials, the lawyers said.

—James Fanelli

NEW YORK

NBA's Irving Disavows Film's Anti-Semitism

Kyrie Irving, the Brooklyn Nets and the Anti-Defamation League said on Wednesday that the team and its star would contribute \$500,000 each toward "causes and organizations that work to eradicate hate and intolerance," amid a controversy that has consumed the NBA after Irving tweeted a link to a movie with anti-Semitic themes and appeared to endorse its contents.

The latest Irving drama began last week, when he shared a link to the Amazon Prime video page of the 2018 movie, "Hebrews to Negroes: Wake Up Black America." After the movie's themes came to light, Nets owner Joe Tsai criticized Mr. Irving and condemned the film. Mr. Irving denied being anti-Semitic and protested that he had done nothing wrong before deleting the tweet.

Mr. Irving said in the joint statement with the Nets and the ADL that he disavowed parts of the documentary and took responsibility for "the negative impact of my post towards the Jewish community." He did not apologize.

The statement came one day after the Nets fired coach Steve Nash after a rocky start to the season.

—Louise Radnofsky
and Ben Cohen

NEW JERSEY

Suspect in Shooting Of 2 Officers Detained

A man accused of shooting two Newark police officers was taken into custody Wednesday, after hiding out overnight in the apartment building he fled to a day earlier.

Police arrested Kendall Howard shortly after 11 a.m. Wednesday. He was charged with two counts of attempted murder and weapons offenses.

Police had arrived at the apartment building early Tuesday afternoon after someone called and said he recognized a man shown on a flier who had been involved in an Oct. 28 shooting, Newark Mayor Ras Baraka said Tuesday.

When the officers arrived, they encountered the 30-year-old Mr. Howard in the parking lot as they were exiting the building, police said.

After an altercation, Mr. Howard allegedly pulled out a gun and fired at both officers, injuring one in the leg and the other in the shoulder.

Both officers are expected to make full recoveries, Essex County Prosecutor Theodore Stephens II said at a news conference on Wednesday. Both have been on the job for 18 months.

—Associated Press

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Thomas Barrack outside court Wednesday. He is charged with working illegally on behalf of the U.A.E.

WORLD NEWS

Russia to Move 70,000 From Region

Kyiv accuses Moscow of using civilians as human shields as forces flee Ukrainian troops

By MATTHEW LUXMOORE

ODESSA, Ukraine—Russian officials in occupied Kherson said they would begin mandatory transfers of tens of thousands of residents from parts of the region, as Ukraine continues its offensive to recapture the south.

The officials said that starting Sunday they would begin relocating residents from the Kakhovka district on the east bank of the Dnipro River because of what they claim is the possibility of a Ukrainian attack on a strategic dam nearby.

The Russian-appointed governor of the Kherson region, Volodymyr Saldo, said Wednesday that up to 70,000 people would be moved to southern parts of the region and Russia. A decree published a day earlier said the residents would be transferred “in a compulsory manner.”

An evacuation effort from Kherson has been under way for weeks, with Russia withdrawing some troops and collaborationist officials from the regional capital as Kyiv seeks to accelerate its offensive to retake the area before winter.



Civilians evacuated from the Russian-controlled Kherson region of Ukraine arrive at a local train station.

Analysts say there could be several motives behind the campaign, from minimizing the risk of espionage among locals to clearing cities before fierce fighting ensues.

Some Ukrainian officials have accused Russia of using the local population as a human shield as it moves troops and equipment out of Kherson across the Dnipro to positions farther from advancing Ukrainian troops,

saying that military vehicles are mixing in with civilian convoys.

“Surrounded by civilians they understand that they have a degree of safety,” said a spokeswoman for the southern command of Ukraine’s military.

But the new announcement of what amounts to a forcible transfer of residents is an escalation that comes amid signs that a Russian withdrawal from the city might come soon.

Ukraine has denied the allegation voiced by Mr. Saldo and Russian officials that it plans to blow up the Kakhovka dam. Ukrainian officials have said that the accusations are part of an operation in which Moscow would sabotage the dam to make the territory impassable for Ukrainian troops but blame it on Ukraine.

The General Staff of Ukraine’s Armed Forces said

the headquarters of Russia’s occupation authorities in the Kherson region has moved to Skadovsk, a city 40 miles south of the regional capital on the Black Sea coast that could be less affected by flooding if the dam were destroyed. Russia didn’t comment on the claim.

Meanwhile, the Biden administration said Wednesday that North Korea is covertly supplying Russia with a significant number of artillery shells through indirect routes that include shipments through third countries in the Middle East and North Africa.

The alleged deliveries aren’t expected to change the course of Ukraine’s effort to defend its territory, said White House National Security Council spokesman John Kirby. “It’s a significant number of artillery shells,” he said.

The White House’s allegations are the latest in its effort to expose how rogue nations continue to support Russia’s military. Mr. Kirby said that while the administration suspects where in the Middle East and North Africa the North Korea shipments were being sent, he declined to offer specifics.

The intelligence finding was earlier reported by the New York Times.

—Vivian Salama contributed to this article.

Poland Builds Border Barrier

By KAROLINA JEZNACH AND DREW HINSHAW

WARSAW—Polish army engineers began building a razor-wire fence across the country’s 130-mile border with Russia, the latest country in Europe’s east to construct such a barrier, in what Poland’s government described as a bid to prevent Moscow from encouraging asylum seekers to cross overland into the European Union.

The fence will span the entire length of Poland’s border with the Russian exclave of Kaliningrad, Defense Minister Mariusz Blaszczak told reporters Wednesday. The construction began, he said, in response to concerns that Moscow would seek to encourage asylum seekers to fly into the exclave and enter the EU via the Polish border.

The exclave’s international airport will soon be accepting regular commercial flights from the Middle East, Mr. Blaszczak said. In October, the chief executive of the exclave’s Khrabrovo Airport, Alexander Korytnyi, told Russia’s Interfax news agency that it aims to negotiate direct flights to the United Arab Emirates and Qatar.

Kremlin spokesman Dmitry Peskov declined to comment on Poland’s decision to erect the barrier and its warnings that Moscow plans to facilitate illegal border crossings at the Kaliningrad border.

“This is the Poles’ business. You need to ask the Poles to comment,” Mr. Peskov said.

Russia’s European borders are increasingly closed and fenced off, with governments like Finland, Estonia, Latvia and Lithuania worried that Russian operatives could enter the EU overland and carry out attacks on the continent’s energy and defense infrastructure.

Moscow Says It Will Rejoin Grain-Export Accord

By JARED MALINS AND ANN M. SIMMONS

Russia said it would rejoin a deal allowing for the safe passage of Ukrainian grain, ending days of uncertainty over future shipments and feeding some criticism at home that Moscow capitulated in the standoff.

Over the weekend, Russia suspended its involvement in an agreement with the United Nations and Turkey that was struck in July and allowed for the safe passage of grain exports from Ukrainian ports through the

Black Sea to world markets. The Kremlin said a maritime corridor used to facilitate the shipments was used in an attack on Russia-occupied Crimea. Moscow threatened to board ships that left without its permission, but its navy didn’t stop any vessels.

Russia’s Defense Ministry said Wednesday it received written guarantees from Kyiv that Ukraine wouldn’t use the corridor to attack Russian forces, and that those were sufficient to rejoin the deal. President Vladimir Putin later Wednesday said Russia reserved

the right to pull out of the deal, but that it wouldn’t interfere in future grain shipments from Ukraine directly to Turkey.

The justification provided by the Defense Ministry triggered derision in Moscow, where commentators have openly criticized Russia’s execution of the war in Ukraine. Senior military officials have at times drawn fire from pro-Kremlin military bloggers for losing ground to Ukraine’s army, and for other moves these critics have called tactical or strategic mistakes. Rus-

sian officials also have had to defend themselves against criticism they have bungled a recent mobilization of reinforcements across the country.

“We trust Kyiv that the grain deal will not be used for military purposes. Brilliant,” wrote political commentator Pavel Danilin, director of the Center for Political Analysis, a pro-Kremlin Moscow-based think tank, questioning the logic of trusting Ukraine.

After Russia said it was suspending its participation in the deal, ships continued to pull in and out of Ukraine, navigating

through a maritime corridor established to safeguard the trade. The relatively smooth operation, despite Russia’s suspension, was taken by some critics as a sign Moscow is powerless to upset the trade.

Among shipping and insurance executives, though, Russia’s suspension was threatening to dry up underwriting for voyages. Insurers were pulling policies and refusing to write new ones without Russia’s participation in the deal.

—Costas Paris contributed to this article.

THE WALL STREET JOURNAL

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TRUST YOUR DECISIONS

WORLD NEWS

After Brazil Vote, Protests Are Winding Down

BY LUCIANA MAGALHAES
AND VINOD SREEHARSHA

SÃO PAULO—Truckers who were protesting Sunday's election loss of Brazilian President Jair Bolsonaro slowly disbanded Wednesday, a day after the conservative leader's government said the transition toward a new administration was set to begin.

As of Wednesday morning, there were 156 road blockades installed nationwide by the truckers, with hundreds more cleared since Sunday's election, said federal police. A day before, authorities reported 267 blockades, but truckers dismantled dozens more by Wednesday after it became clear a new government led by former President Luiz Inácio Lula da Silva

would take office on Jan. 1.

The blockades spread fast after Mr. da Silva defeated Mr. Bolsonaro in the election, the closest in the country's history, taking 50.9% of the vote to 49.1% for the president. For months, Mr. Bolsonaro had attacked the voting system, saying the election could be stolen from him, without providing evidence.

With the president opting not to concede, trucker blockades were set up in at least 20 of 26 states, as well as the capital of Brasília, with many of Mr. Bolsonaro's supporters believing social-media posts that the election wasn't fair, said political analyst Thiago de Aragão. In the last three days, with no proof of fraud presented and



Supporters of outgoing President Jair Bolsonaro protest against the election results outside the Eastern Military Command in Rio de Janeiro.

authorities leveling 2,000 fines against those setting up blockades, the demonstrations began to fade, he said.

"For now this movement will tend to die, but they will be

a constant ghost in Lula's government," he said, explaining that Mr. Bolsonaro's die-hard supporters could challenge the incoming government.

Tuesday afternoon, Mr. Bol-

sonaro addressed the nation to say he would respect the constitution, without acknowledging the election outcome. He called on those protesting in his favor not to adopt what

he said were the tactics of the left, such as "the restriction on the right to come and go," in what appeared to be a reference to the blockades without mentioning the truckers.

Netanyahu Nears Comeback

Continued from Page One

Late Wednesday, about 14% of the vote remained uncounted, with two left-wing parties hovering just under the electoral threshold. If both those parties pass the milestone, the political map could change, threatening Mr. Netanyahu's majority.

Mr. Netanyahu, 73 years old, rallied his right-wing voter base to victory over a coalition dependent on Arab-led parties, a little more than a year after he was ousted by a coalition that was Israel's first to include an independent Arab party, as well as a diverse group of left-wing, centrist and conservative parties united largely in their opposition to Mr. Netanyahu. The longtime leader teamed up with a surging far-right alli-

ance that, if put into power in a new government, could complicate relations with Israel's top ally, the U.S., and its burgeoning ties in the Arab world.

A new government led by Mr. Netanyahu would face several challenges. The West Bank has seen a rise of Palestinian militancy, bringing a new bloody period to the conflict. Israeli society is divided by the rise of the far right. Meanwhile, many Israelis remain deeply concerned about bread-and-butter issues like the cost of living.

Early Wednesday, Mr. Netanyahu took the stage in front of a crowd of cheering supporters in Jerusalem to tell them they were "on the cusp of a very great victory."

"I will establish a national government that will take care of all the citizens of Israel," he said, pledging to "calm the fires" of Israel's increasingly volatile political discourse.

Tuesday's election was the fifth time Israelis have gone to the polls since 2019. Mr. Netanyahu's Likud party is projected to win 32 seats, Israeli

public broadcaster Kan reported, while Prime Minister Yair Lapid's centrist Yesh Atid party is projected to win 24 seats. A government led by Mr. Netanyahu is projected to win between 62 and 65 seats in the 120-seat Knesset, according to calculations by Kan. The majority of ballots that

A far-right alliance could complicate relations with the U.S., Israel's top ally.

remain to be counted are votes cast outside regular polling booths, such as soldiers on military bases. These votes in recent elections have gone disproportionately to right-wing parties, according to an analysis by the Jerusalem-based think tank the Israel Democracy Institute.

Mr. Netanyahu's success was propelled by a sharp surge in popularity for the ul-

tranationalist religious lawmaker Itamar Ben-Gvir, who ran on a law-and-order campaign promising to impose tough measures to quell Palestinian unrest in the West Bank. Mr. Ben-Gvir's national religious alliance was set to win 14 seats, making it the third-largest party in the Knesset, Kan reported.

The rise of Mr. Ben-Gvir, who was convicted in 2007 of incitement to racism and supporting a terrorist group, underscores how Israelis have continued to shift toward more-right-wing candidates in recent years.

But Mr. Ben-Gvir's presence in a governing coalition could raise tensions with the U.S. and other allies, especially Arab countries like the United Arab Emirates that have only recently normalized relations with Israel.

U.S. Ambassador to Israel Thomas Nides said it was too early to speculate on the makeup of Israel's next coalition, but added he was "looking forward to continuing to work with the Israeli government on shared values and interests."

In a sign of the stakes involved, all sides urged their support bases to come out and vote in large numbers. About 71.3% of eligible voters headed to the ballot box, the highest tally since 2015, according to Israel's Central Elections Committee.

Mr. Netanyahu was able to unite a group of fractious right-wing parties that allowed them to consolidate their votes, said Asher Cohen, a professor of political science at Bar-Ilan University in central Israel. Mr. Lapid, in contrast, wasn't able to unite a group of left-wing parties, leading several to fall below the electoral threshold needed to enter parliament. "[Netanyahu] proved his political skill is truly great," Mr. Cohen said.

He is beloved by a large number of Israelis. But his many years in public life have also earned him enemies on both the right and left of the political spectrum.

Mr. Netanyahu's rivals won 49.25% of the popular vote, according to the current breakdown of votes by Israel's Elec-

tion Committee, underscoring how sharply divided the country remains over his leadership.

His projected victory comes as he faces trial on corruption charges. His coalition allies said they would pass legislation that will make him immune from prosecution. Mr. Netanyahu insists that any changes to the law wouldn't be retroactively applied to his trial. Even if convicted, Mr. Netanyahu could remain as prime minister until the appeals process is finished. Legal analysts said that could take three to five years.

The Palestinian Authority expressed dismay over Mr. Netanyahu's possible return to power and the rise of the religious nationalist alliance, which opposes a Palestinian state in the West Bank.

"These election results show how Israeli society is sliding toward a new kind of religious extremism and fascism, which will not produce a partner for peace with the Palestinians," said Ahmad Majdalani, a senior Palestinian Authority official.



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The right networking skills can help snag a six-figure position that wasn't listed

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ON THE CLOCK
CALLUM BORCHERS

Almost every day, someone who is quietly hunting for a key hire calls Diane Hessian to ask the same question: Whom do you recommend?

Ms. Hessian, a former consulting group CEO who sits on the boards of Panera Bread, Eastern Bank and Tufts University, is one of the best-connected business figures in Boston—and something like a password keeper at a speak-easy for six-figure job seekers.

All cities have such people, and being on their radars can open hidden doors.

"There's a whole back channel of conversations going on about jobs that are available," says Ms. Hessian, adding that many of the calls she fields come from private-equity firms seeking leaders for portfolio companies.

Far from the public job boards of Indeed, LinkedIn and Monster lies another set of career opportunities—often lucrative ones—that are never posted. The volume of such openings is hard to measure; those who hire and who've been hired out of sight say the quality of the positions is more notable than the quantity.

Some are management roles that are currently occupied by people whom senior leaders want to push out, but not before discreetly finding replacements.

Other unlisted positions may be at venture-backed startups or relate to new corporate initiatives that, for competitive reasons, companies don't want to advertise in view of rivals.

Executives have long relied on their professional networks and headhunters to fill these stealth roles, though the hiring game is trending toward openness. New York City this week began requiring employers to include salary ranges in job postings, and some states are poised to do the same

or already have done so. Yet businesses that don't want to tip their hands (or show employees what's offered to newcomers) can simply do more recruiting in private channels.

'There's a whole back channel of conversations going on about jobs that are available.'

A common loophole in pay-transparency laws is that companies don't have to post every job and don't have to reveal the projected compensation for those unposted positions, says Stephanie Merabet, a labor attorney at Holland & Knight.

It is too early to know how many businesses will skirt disclosure by keeping more openings off job boards, but some likely will, says Tae-Youn Park, who researches pay

transparency as an associate professor of human resource studies at Cornell University.

That means you might not learn of an exciting role until someone else gets it, unless you're the one who comes to mind when a company wants to hire on the sly.

"You want to be on the call list of somebody who's working to fill a job that would fit you," says Matt Massucci, chief executive of the recruiting firm Hirewell. "The only way you do that is to stay top of mind."

Mr. Massucci suggests devoting at least 30 minutes a week to networking, and advises a targeted approach. Make a point to introduce yourself to people who work at companies that interest you. Connect with recruiters in your field, even when you're not actively looking for a new job. Go to conferences. Speak on panels (yes, the ones that feel like unpaid, extra work). Freshen up that headshot.

Be visible to get a job that is not.

Brian Pestana, a food industry executive, says he wasn't interested at first when a Seattle-based recruiter asked to connect on LinkedIn this fall. He lives in Miami and wouldn't consider relocating, so he didn't think that networking with someone on the other side of the country would be worthwhile. But you never know, he figured.

He chatted and hit things off with the recruiter, who introduced him to Maria Elena Ibañez, chief executive of El Latino Foods in Doral, Fla., about a 15-mile drive from Miami.

Mr. Pestana joined El Latino in October as vice president of business development, a position that was never listed on any job board.

"Don't dismiss a small opportunity because the one that seems far-fetched might be the one that works out," he says.

Mark Goldberger started this week as head of enterprise sales at Ramp, a financial software startup in New York, after he and a recruiter initially discussed a different position with another company. He says the headhunter quickly identified him as a fit for the Ramp job, based on their previous conversations, which put him on the fast track for the job that was never posted.

His early tasks include hiring more sales representatives for his team. One position has been posted publicly, an enterprise account executive with an estimated salary of \$221,000 to \$260,000, but Mr. Goldberger says it's possible that he'll hire multiple people from a single candidate pool, and he isn't waiting for applications to roll in.

"I'm reaching out within my network—the people that I know would be great because I've seen them do something similar—and I'm also going to be scouring LinkedIn," he says.

Mr. Goldberger and other hiring managers and recruiters note that companies sometimes list positions as open when their minds are already made up, often to comply with internal policies or collective bargaining agreements that require public postings. The real hiring action, they say, often happens away from the job boards.

Shawn Cole, president of executive search firm Cowen Partners, says all of the roles his company fills are unlisted. His clients like to appear to have talent pipelines, and posting an open call for executive applicants can make a business look desperate or disorganized, he says.

Mr. Cole says that to get in the running, it helps to build a rapport with a headhunter like him. Be direct—no vague requests to "pick your brain," please—and don't bother with an invitation to coffee or lunch.

"Send an updated résumé and say what you're interested in," he says. "Talk about compensation, location and specific career goals. Lunch and things like that? Sad to say, but no one has time for that stuff."

More M.B.A.s Can Be Had Virtually

Continued from Page One

in the U.S. more than doubled, and schools added more fully online M.B.A. degrees over the past two years during the pandemic, the Association to Advance Collegiate Schools of Business said.

Recent announcements by Wharton and others mark a turning point for adoption of the degrees even at highly ranked campuses, school leaders said.

For decades, part of the M.B.A.'s allure has been face-to-face networking.

But over the past two years, fully online M.B.A. programs in the U.S. enrolled more students than fully in-person programs, according to the association's survey of more than 150 business schools.

A McDonough official said part-time M.B.A. students tend to be less interested in the networking aspect of school.

Wharton's online program requires students to log in to live classes every other weekend during the 22-month program, which will include about six weeks of in-person classes.

Wharton plans to enroll between 50 and 70 students in its first year, and might expand the class to as many as 96 students in future years.

"To protect the value of the brand, we did not want to have a discount version of the Wharton

M.B.A.," Prof. Bushee said.

When asked, some traditional M.B.A. students at Georgetown's McDonough and Berkeley's Haas schools said they were against offering new online options, school officials said, because they feared that virtual versions would devalue their M.B.A.s.

But prospective online students have said they want a Georgetown M.B.A. but can't uproot their lives for in-person classes, said Prashant



Malaviya, McDonough's senior associate dean of M.B.A. programs.

"They were against it—they are still against it," he said. "They have very little interest. To me, that's actually terrific news. I am looking to grow the program by attracting those people who are unable to go to Georgetown."

Next year, McDonough aims to en-



Online M.B.A. students at Boston University's Questrom School of Business watch live broadcasts of professors.

roll between 40 and 50 part-time online students for the degree, which should take about three years to complete.

Students will come to the school's Washington, D.C., campus for two weeks and study abroad for one week, but other classes will be virtual.

About half of the lectures are streamed live, and the rest can be completed at any time, Prof. Malaviya said.

Haas's online program has 69 part-time students this year. The program also mixes prerecorded and live content, said Jamie Breen, assistant dean of M.B.A. programs. Core courses are online, and students can choose whether to take their electives online or in person.

At Stern, even the students who choose online courses are required to take nine in-person credits, which

can be completed on nights or weekends, or by doing an intensive week-long session.

Boston University's Questrom School of Business, which announced its online M.B.A. in 2019, graduated its first online M.B.A. students in August.

The degree, which costs \$24,000, follows a completely separate curriculum and costs far less than the traditional M.B.A. program.

Online M.B.A. students watch live broadcasts of professors and talk in small groups or on a virtual online forum.

A 2021 survey of students found that 35% received a promotion since enrolling.

Many schools are still reluctant to offer a reduced-price online degree because they fear such a product might eat up demand for their tradi-

tional M.B.A. programs, said Paul Carlile, who leads online learning at Questrom.

Halley Kamerkar, 36 years old, finished her online Questrom coursework in August and said hearing from fellow M.B.A. candidates in South Africa, Ireland and Miami was valuable.

Ms. Kamerkar, of Salem, Mass., said she thought about graduate school for a long time, but a study guide she bought for the Graduate Management Admission Test gathered dust until she learned about Questrom's program with its \$24,000 price tag. Ms. Kamerkar works in the nonprofit sector and only recently paid back her undergraduate loans.

"I did not want to give up my full-time career to take a step back and pursue education," she said.

CARLIN STEHL FOR THE WALL STREET JOURNAL (2)

PERSONAL JOURNAL.

Hotels Pitch Peloton Bikes, Private Gyms



CARRY ON
DAWN
GILBERTSON

Your next hotel workout might remind you of those at-home gyms we all hastily set up during Covid lockdowns—minus the cramped quarters, mismatched weight sets and clients clamoring for attention.

With business and vacation travel bouncing back, Hyatt Hotels Corp., Hilton Worldwide Holdings Inc. and other chains are betting that travelers want hotels that help them take their pandemic-inspired fitness routines on the road. More hotels are bragging about their Peloton bikes and private exercise suites to lure travelers with the hope that they might actually work out on their next trip.

Consider Room 3317 at the luxe Hyatt Regency Scottsdale Resort & Spa at Gainey Ranch. It looks like a regular guest room from the carpeted hallway. Inside, trendy gym equipment takes the space where a bed would normally be. There's a Peloton bike, Precor treadmill, weight bench, kettlebells, medicine balls, resistance bands and foam rollers. Lemon Lysol wipes sit on the entry table.

Hyatt has been testing these bookable personal gyms, which it calls StayFit Private Fitness studios, at five U.S. hotels since spring. There is one at each property available by the hour, most of them in a converted guest room. They are separate from the hotels' StayFit fitness centers.

I paid \$25 to work out in the new private studio in Scottsdale on Saturday morning and wasn't even a guest of the hotel, where rates topped \$600 a night. (The resort fitness center, which also has a Peloton and has no entrance

fee, was empty.)

A Hyatt spokeswoman says these suites are popular with business travelers and that there has been a "significant increase" in demand the past few weeks as conventions and business meetings have picked up. Hyatt says most of the hotels in the test allow only registered guests to book a spot, but I reserved a hypothetical private fitness spot for next week at the Hyatt Grand Central in New York without booking a room.

Hilton Hotels & Resorts has offered workout equipment in some guest rooms since 2017. In October the chain announced plans to add one Peloton bike to the fitness centers in each of its 5,400 hotels, from Waldorf Astorias to Hampton Inns, by year's end. (Some locations already have Peloton bikes purchased by their owners.)

In an internal company survey this summer, 98% of Hilton guests cited wellness, a broad category that includes mental health, healthful eating and physical fitness, as a top priority when traveling, says Matt Schuyler, Hilton's chief brand officer. That is up sharply from pre-pandemic times, he says.

"If you want to bring your [wellness] routines with you, chances are you're going to want to bring your Peloton routine with you," Mr. Schuyler says.

There's even a hotel built around fitness. The Equinox Hotel, from the upscale gym chain that owns Peloton competitor SoulCycle, opened in New York's Hudson Yards in 2019.

The TWA Hotel at John F. Kennedy International Airport in New York has a roomful of Peloton



A personal gym at Hyatt Regency Scottsdale Resort & Spa at Gainey Ranch in Arizona. Below left, a guest works out at the fitness center at the TWA Hotel at John F. Kennedy International Airport in New York.



ton bikes at its 10,000-square-foot gym. Peloton has a hotel finder on its website. Another site, Pelobuddy, even includes vacation rentals with Peloton equipment. The goal is to attract the company's thousands of die-hards, even if some consumers have shown signs of Peloton fatigue.

"People love it because it's plug and play," says Tyler Morse, chief executive of MCR Hotels, which owns the TWA Hotel and 150 others, nearly half of them Hiltons.

A Peloton spokeswoman says 1.6 million Peloton rides have been logged at hotels in the past year.

Mr. Morse says fitness facilities are a key attribute travelers consider when selecting a hotel. They may rank behind location and price but are up there with the

46%

Of hotel guests in a survey said they expected to work out. Only 22% did.

quality of the room, he says.

"This could sway the purchase decision," Mr. Morse says.

Casey Seideman, 39 years old, works out nearly every day and bought a Peloton bike in February 2020. When the Portland, Ore., resident travels to medical conferences, she researches hotel fitness facilities when deciding where to stay. The pediatric urologist says the gym ranks second only to hotel location.

"There's really nothing worse than showing up to a hotel and the gym is not as nice as you thought it would be," Dr. Seideman says.

She booked the Westin Charlotte in North Carolina last week and hit the fitness center a few hours after her red-eye flight landed. She ran on the treadmill and did some yoga. The next morning, she hopped on a Peloton bike for a 30-minute class and did a 30-minute glutes and leg workout.

This week, Dr. Seideman is in

Kauai, Hawaii, for a conference and has already used the Peloton in the Hyatt fitness center. It all helps offset the toll of conference wining and dining.

Not all travelers are as committed to fitness even if they consider a good hotel gym a must-have. Who among us hasn't packed running shoes and workout clothes that never made it out of the suitcase?

Mr. Morse of MCR says there is a divergence between interest in the hotel gym and usage.

About 46% of hotel guests said they expected to work out in the fitness center during a stay, according to a study published by Cornell University's Center for Hospitality Research in 2017. Only 22% actually did. The study was based on data from 33 upscale and luxury hotels under one unnamed chain.

Nicole Gonzalez, 38, a personal trainer in Westchester, N.Y., created a popular calendar of daily Peloton workouts in 2018. It blew up during the pandemic, growing to 174,000 followers on Instagram and nearly 400,000 members in a private Facebook group.

On a family trip to Walt Disney World in July, Mrs. Gonzalez didn't even think about visiting the hotel gym.

"We're walking 20,000 steps a day. We're good," she says.

How Fed Rate Rises Affect You

By JULIA CARPENTER

As the Federal Reserve keeps raising rates, many Americans are razing their financial plans.

The dream of owning a home was pushed further out of reach when mortgage rates doubled this year. Carrying a credit-card balance or borrowing money for a car are significantly more expensive. Returns on saving accounts, on the other hand, are slowly improving.

On Wednesday, the Federal Reserve increased the benchmark federal-funds rate by 0.75 percentage point. As a result, financial advisers say some money decisions, like paying off credit cards, should be treated with greater urgency. Others, such as buying a home, might be better to put off, they say.

"It's time to make a new strategy, because the old strategies are out the window," said Jaime Peters, assistant dean and assistant professor of finance at Maryville University.

Here are three strategies financial advisers suggest.

First, pay down high-interest debt.

Americans are taking on more credit-card debt just as the cost of carrying a balance reaches three-decade highs.

"Treat that as an emergency," said Blair duQuesnay, lead adviser at Ritholtz Wealth Management. "The fire needs to be put out because it's hard to get out from under high-interest consumer debt."

Higher interest rates are driving higher annual percentage rates, or APRs, making it even more costly to carry debt. As of September, total card balances in the U.S. hit \$916 billion, according to Equifax, the credit-reporting company. That means balances are closer to their December 2019, pre-pandemic numbers.

The average APR on credit cards reached 18.73% in October, up from 17.35% at the start of 2020, according to Bankrate. The av-

erage credit-card balance is \$5,221, according to Experian. At the current rate, someone making the minimum monthly payments on the average credit balance would need an additional three months to pay off that debt, Bankrate said.

Then, rethink your house hunt.

When interest rates rise, the increase ripples through the economy, leading to changes in mortgage rates that ultimately affect homeowners' monthly payments.

nearly \$750 more than if they had locked in a 3.14% rate at this same time last year.

Delaying the homeownership process for now may hurt at first, but taking the time to save for a bigger down payment could ultimately be advantageous, said Jason Noble, financial adviser with Prime Capital Investment Advisors in Charleston, S.C.

"That is an important conversation to have, because if you are putting down 5%, you could get underwater on your home



In October, mortgage rates topped 7%.

Higher mortgage rates add hundreds of dollars to monthly payments, making homeownership unaffordable to many buyers and prompting some to put off their search for now. It doesn't help that starter homes are harder to find across the country.

In October, mortgage rates topped 7% for the first time in two decades. That is more than double the 3% rate Americans could get on a 30-year fixed rate mortgage a year ago, according to Freddie Mac.

The median home sold for \$384,800 in September, according to the National Association of Realtors. A buyer who puts 20% down—minus property tax, homeowners association fees and insurance—would have a \$2,065 monthly mortgage payment,

rather quickly, and we saw that in 2008," he said. "You want to get as close to 20% or over as possible."

And save more money.

Rising rates do have one silver lining: Better returns on your savings. Fed rate increases should lead to higher returns on savings, though banks have been slow to raise rates on standard savings accounts as they aren't competing for deposits, advisers say. There are high-yield options available, for those willing to shop around.

"I think it's important for everyone to go check the rate you're earning on your savings accounts, because some banks are slower than others," Ms. duQuesnay said. "Make sure you're not letting your cash sit idle."

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ARTS IN REVIEW



The 1903 Wright Flyer, left; Robert T. McCall's 'The Space Mural: A Cosmic View,' below center; the Apollo 11 Command Module, bottom; all on view at the revamped museum

EXHIBITION REVIEW

Refueled, the National Air And Space Museum Takes Off

The Smithsonian museum's newly renovated west wing features eight exhibition spaces

By EDWARD ROTHSTEIN

Washington

The Smithsonian National Air and Space Museum—one of the most popular museums in the nation—reopened its west wing last month, four years into a seven-year renovation that is costing roughly \$1 billion. Just eight of the 23 exhibition spaces are complete; the rest will be unveiled a few years hence. But even this portion requires a day to carefully absorb and offers more than most museums could hope for. Here is the 1903 Wright Brothers Flyer that lifted off at Kitty Hawk, N.C., mounted at eye level so you can see just how daring the pilot had to be, lying between wooden-framed strips of cloth. Here, too, is the Columbia, the command module of Apollo 11, mounted in a vitrine you can walk around to get a sense of the astronauts' confinement. There are 50 interactive exhibits (with 50 more to come) that let you piece together various flying cars on a touchscreen or sample early popular songs inspired by the "aeroplane." The exhibitions combine a hobbyist's passion with a professional's acumen, providing enough of an aerial tour so we can glimpse the scale of the sky-

scape and space-scape the museum is offering up for the next generation.

The museum stripped its building down to the steel girders and reconstructed it with new ventilation, heating systems and lighting. A cafeteria has been added. And there will be a new learning center for schools. But the museum also makes clear that its mission is fundamentally unchanged: Two immense murals commissioned for its opening in 1976 are remounted in the entrance hall. One offers a vista of cumulonimbus clouds billowing into the sky in the aftermath of a storm in the American Southwest—Eric Sloane's "Earth Flight Environment." The other, "The Space Mural: A Cosmic



View" by Robert T. McCall, centers the history of the cosmos on an astronaut planting the American flag on the moon. At the museum's founding, the murals declared a confident belief in an America at home in air and space.

We are living in very different times now. Actually, we were living in very different times even then, since the museum's debut was one of the bright spots in a desultory era just before the bicentennial. But the moon landings were still in recent memory, and the museum fulfilled the murals' promise. It clocked some 350 million visits before the renovations began. The same inspirational ap-

peal is aimed for in the new spaces.

The museum also makes it clear that this is an American story. What is different now are efforts to explore more diverse as-

A stirring, diverse American story of ingenuity and the enduring thrill of flight.

pects of the history. Mounted as if flying out of the "Environment" mural, for example, is a home-made airplane, the Loving WR-3 (1968), built by Neal V. Loving, a black aviation pioneer who was kept out of segregated civil air patrols during World War II and started his own patrol, training black pilots. In 1944, he lost his

legs in a glider crash but continued to fly, designing a plane with folding wings so it could be towed by car to the airport.

A similar approach to inclusion is taken throughout, accompanied by a strong populist thread that runs through the history of flight. In the gallery "Thomas W. Haas We All Fly," we not only see flying boats and delivery drones, but a lawn chair that lifted Larry Walters 16,000 feet into Los Angeles International Airport's controlled airspace in 1982 with the aid of 42 helium balloons; he shot them out with a BB gun to control his descent. The intention is to celebrate a universal human impulse, which is why so many sci-fi artifacts are also shown here, including an 11-foot-long studio model of the original USS Enterprise from "Star Trek," given pride of place in the entrance hall. Such imagined craft give way in one gallery to machines that don't fly at all but go very fast: the "Nation of Speed" gallery, which showcases Mario Andretti's Brawner-Ford "Hawk" racing car, Evel Knievel's Harley-Davidson XR-750 and a clever Evel Knievel pinball challenge to get the ball to leap from one ramp to another.

There is some pandering in this, but it is amusing. The "One World Connected" gallery, which combines the effects of worldwide communications with global ecological issues, seems least coherent.

But such valleys are more than compensated for by the peaks attained, particularly in the central historical explorations of American flight. The venture to the moon is given context and elaboration in "Destination Moon." And one of the most compelling galleries remains the one devoted to the Wright Brothers. There were no great technological achievements involved or advanced materials developed. No great fortune or elaborate experimental apparatus was required. Using the simplest of materials, the two bicycle makers, whose lives are described, set up a wind-tunnel for tests and created features we are led to understand: the ability to twist the box shaped by the wings, the addition of a kite-sized frame to control pitch, and a movable rudder. And after many failures and alterations, it worked.

This museum is a more complicated contraption, but it works too.

Mr. Rothstein is the Journal's Critic at Large.

MUSIC REVIEW

Where Jazz And Metal Meet

By MARTIN JOHNSON

Jazz and heavy metal may seem unlikely partners, but there is a growing fusion of the two styles by musicians and a substantial history of mutual interest and influence among performers in each category.

One of the leaders in this blend is bassist Trevor Dunn, who has played in both jazz and metal bands, and he has a new recording, "Séances" (Pyrolastic), with an expanded version of his longstanding group Trio-Convulsant, which adds elements of chamber music to his original recipe. He was a member of the experimental rock band Mr. Bungle, the heavy-metal supergroup Fantômas and has recorded with the Melvins and Tomahawk. His jazz credits include extensive work with cellist Erik Friedlander, saxophonist John Zorn and guitarist Nels Cline. He also plays in Starebaby, a heavy-metal jazz band led by drummer Dan Weiss, which has released two superb recordings in the past four years. Trio-Convulsant recorded two excellent albums, "Debutantes and Centipedes" (Buzz, 1998) and "Sister Phantom Owl Fish" (Ipecac, 2004). The latter featured new bandmates—guitarist Mary Halvorson and drummer Ches Smith—and each has created admirable music involving both rock and jazz. In 2011, Mr. Dunn told Hank Shteamer on the podcast Heavy Metal Bebop that his inspiration came from "listening to

jazz and being frustrated that it wasn't heavy, or abrasive enough, and then listening to rock music and being dissatisfied it wasn't harmonically adventurous enough."

In the press materials for "Séances," Mr. Dunn, who is 54 years old, says he had been writing new music for Trio-Convulsant plus a string quartet, a reflection of his growing interest in chamber music, but he was dissatisfied with the results. Then he composed music that involved two string instruments and two woodwinds, which he liked. The new recording features violinist and violist Carla Kihlstedt, bass clarinetist Oscar Noriega, cellist Mariel Roberts and flutist Anna Webber—and they provide effective counterpoint to the often harsh, menacing tone of the trio.

Mr. Dunn makes effective use of his broader sonic palette on "Séances," especially on the first track, "Secours Muertriers." It begins with the woodwinds creating delicate figures; then power chords and furious drumming enter, and Ms. Webber and Mr. Noriega up their intensity and the strings join for a delightful smorgasbord of sound. This is highlighted by Mr. Smith's relentless percussion and by intertwining strings before giving way to a solo by Mr. Dunn toward the end of the piece.

The leader's big, elastic sound on double bass provides an effective intro for "Restore All Things," which features a dense and fluid solo by



Trevor Dunn, bassist and leader of Trio-Convulsant

Ms. Halvorson and a puckish one from Ms. Webber. Mr. Dunn's sprawling writing is well showcased on "1733," which begins cantankerously, led by Mr. Smith, but settles into a smoother middle featuring the new members of the band before Ms. Halvorson takes the group back to a more forceful sound. "The Asylum's Guilt" features exceptional interplay between Messrs. Noriega and Smith, who are both members of Tim Berne's remarkable band Snakeoil.

Mr. Dunn cites two contrasting inspirations for the music on "Séances." He was affected by "Desmond Blue" (RCA Victor), a 1962

recording by the great saxophonist Paul Desmond, which featured guitarist Jim Hall and a string orchestra, and by the Convulsionnaires of Saint-Médard, an 18th-century French Christian sect whose fevered worship took the form of ecstatic convulsions.

In many ways, the music of Trio-Convulsant in particular and heavy-metal jazz in general reflects the increasingly diverse tastes of musicians in all genres, and while it's easy to point at the internet and the panoply of music at everyone's fingertips, this combination's origins go back much further. Many of the jazz

artists who pioneered jazz-rock and jazz-funk fusions in the late '60s and early '70s were inspired by the heft in Jimi Hendrix's music, and Mr. Shteamer cites Bill Ward, the drummer and co-founder of cornerstone metal band Black Sabbath, who says his work on their early albums was deeply influenced by swing drumming great Gene Krupa. The search for greater weight and sonic intensity continued in the '80s, and Mr. Zorn's groups Spy vs. Spy—which performed Ornette Coleman's repertoire in a thrash-metal manner—and Naked City were crucial influences on Mr. Dunn.

Mr. Shteamer, who has written about both jazz and heavy metal for years, says that Trio-Convulsant's 2004 recording was a pivotal moment in the development of heavy-metal jazz, noting in a recent email that many musicians in both styles are partisans of essential bands in the other. "Twenty years ago, you'd often hear leading jazz musicians shouting out Björk, Radiohead or Elliott Smith," he said. "These days, you're almost more likely to hear them repping for Meshuggah, Gorguts or Defeated Sanity, and by the same token, it's not unusual at all to hear metal musicians proclaiming their love for, say, Sun Ra or John Coltrane's 'Interstellar Space.'"

Trio-Convulsant is in many ways emblematic of music today. Many if not most musicians have a varied range of interests. Mr. Smith, for instance, has a band rooted Haitian Vodou music. Ms. Webber uses the music of 20th-century composers as the basis for her unique compositions. In this context Mr. Dunn's band seems less like an outlier than the shape of jazz to come.

Mr. Johnson writes about jazz for the Journal.

SPORTS

Astros No-Hit Phillies

By TIM BROWN

Philadelphia

Right-hander Cristian Javier and three Houston Astros relievers on Wednesday night combined to throw the second no-hitter in World Series history, 66 years after Don Larsen's perfect game for the New York Yankees.

In Game 4 against the Philadelphia Phillies at Citizens Bank Park, Javier, a 25-year-old native of the Dominican Republic making his first World Series start, allowed two baserunners across six innings, both on walks. At 97 pitches and with still three innings to navigate, Javier gave way to the Astros' bullpen, a decision made by Astros manager Dusty Baker.

In his perfect game against the Brooklyn Dodgers, Larsen also threw 97 pitches—in nine innings.

Bryan Abreu, Rafael Montero and Ryan Pressly followed Javier, and one night after they hit five home runs in a 7-0 rout of the Astros, the Phillies mustered almost no offense at all. The Astros beat the Phillies, 5-0, and the series is tied at two games apiece.

The combined no-hitter was the first in postseason history. Along with Larsen's perfect game, the only other no-hitter in postseason history was by Phillies right-hander Roy Halladay in Game 1 of the 2010 NLDS against the Cincinnati Reds.

Riding a mid-90s fastball he moved around the zone with authority, Javier had nine strikeouts. He walked Bryce Harper to lead off the second inning and Brandon Marsh in the third.

Pressly, the Astros' closer, walked Kyle Schwarber with one out in the ninth inning. J.T. Realmuto grounded to third base for the game's final out.

The Astros had not scored a run in the Series since the fifth inning of Game 2, when, 18 innings later, they scored five runs in the fifth inning of Game 4 to give Javier and the Astros' bullpen breathing room.



Javier tossed six no-hit innings.



The U.S. team won gold at the world championships on Tuesday after finding itself in the novel role of underdog.

U.S. Women Win Gymnastics Title, Defying Ideas of Fading Dominance

The American gymnastics powerhouse is rebuilding after high-profile losses and the collapse of its entire organizational infrastructure after an abuse scandal

By LOUISE RADNOFSKY

Liverpool, England

The U.S. women's gymnastics team found itself in the novel role of underdog at the world gymnastics championships here Tuesday, coming off a down year in which it won silver instead of gold at the Tokyo Olympics in 2021, among other disappointments.

But against expectations that its dominance was fading, the U.S. won a sixth consecutive world team title. Olympic veterans Jade Carey and Jordan Chiles and Olympic alternate Leanne Wong propelled the team, along with Shilese Jones and Skye Blakely, ahead of surging home favorites Great Britain and a reinvigorated Canada.

It was a resounding win reminiscent of past American victories, but for one thing: it had been far from guaranteed. "This is just the beginning of everyone's comeback," promised Jones, a 20-year-old who had been overlooked in previous years before finishing all-around second in U.S. championships this summer and winning the U.S. world selection event.

In its last major competitive outing, the once dominant U.S. women's gymnastics team had lost

the Olympic title to Russians in Tokyo. At the time, the shock paled in comparison to the drama of the mid-event withdrawal of the American star Simone Biles, who shattered yet another competitive barrier when she declared that she was not in the right frame of mind to perform safely or effectively.

But even with Biles, the U.S. had struggled in qualifications ahead of the final, finishing behind the Russian Olympic Committee. Then this summer at the Pan American Championships, the U.S. was defeated again. It was by Brazil this time, but clearly no fluke either, coming in both the qualifying round and the final. It was starting to look normal.

If that had been hard to imagine, it was also not exactly incredible that the U.S. slide from global gymnastics supremacy came as the entire organizational infrastructure around the powerhouse program collapsed. The process had laid bare the price of the old success. The big question now is whether the U.S. can rebuild in the aftermath and prove it can win with a different approach.

In the six years since the Rio Olympics, when the U.S. women took nine out of 11 possible medals open to them, USA Gymnastics has had four chief executives, four iterations of leadership for the women's

team and shuttered its national training center, instead holding team training at temporary locations around the country.

The revelations about team physician Larry Nassar that started to emerge within a month of the 2016 Games culminated in at least six investigations of USA Gymnastics and a \$380 million settlement with a group of victims that included many of the sport's biggest names, Biles's among them.

During that time, American gymnastics has seen a litany of allegations of abuse against some of its most celebrated coaches as well, including criminal charges against 2012 Olympic head coach John Geddert swiftly followed by his death by suicide, that have driven an attempt to execute a culture shift in the way athletes are trained.

At one point, there was seemingly no single candidate who was simultaneously qualified, unimpeachable, and willing to take on the job of finding a way for the U.S. women to win again. USA Gymnastics hired three people instead.

That tactic appears to be working now. The new technical lead for the team, 2005 world champion Chellsie Memmel, says she has looked to specific opportunities in the latest iteration of the gymnastics scoring system to boost U.S.

scores, including improvements on artistry in beam and floor to cushion against some errors, so "you could maybe take a little fudge on a landing here and there."

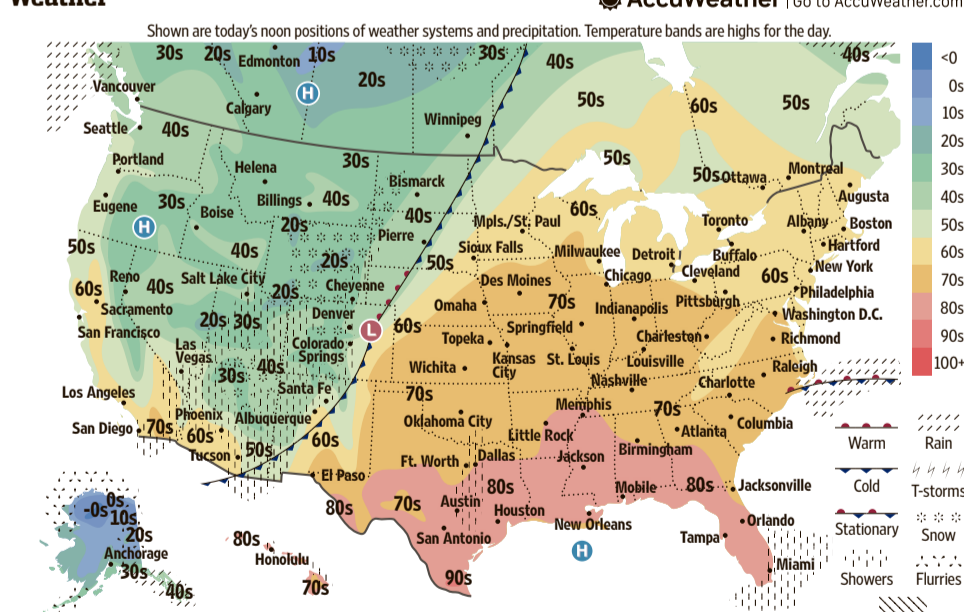
New strategic lead Alicia Sacramone Quinn, a 2008 Olympic silver medalist alongside Memmel, has also signaled a desire to support athletes' development for their own sake, with a national interest in mind.

Quinn set a goal of finding competitive opportunities for every national team member, giving her a chance to see newer faces under bright lights—such as the 17-year-old Blakely.

Just as important, though, the U.S. got a major boost from NCAA rule changes that have allowed gymnasts, for the first time, to reap the rewards of competing for the national team without forgoing their college eligibility.

It meant the U.S. team hasn't had to start from scratch in the post-Olympic year. Instead, it can draw on the Olympic floor exercise champion Carey, Chiles's experience on the Olympic silver-medal winning team, and Wong, a 2021 world individual all-around silver medalist who contributed on uneven bars in Liverpool.

Weather



U.S. Forecasts

Table with columns for City, Today Hi/Lo/W, and Tomorrow Hi/Lo/W. Includes cities like Anchorage, Atlanta, Austin, Baltimore, Boise, Boston, Burlington, Charlotte, Chicago, Cleveland, Dallas, Denver, Detroit, Honolulu, Houston, Indianapolis, Kansas City, Las Vegas, Little Rock, Los Angeles, Miami, Milwaukee, Minneapolis, Nashville, New Orleans, New York City, and Oklahoma City.

International

Table with columns for City, Today Hi/Lo/W, and Tomorrow Hi/Lo/W. Includes cities like Amsterdam, Athens, Baghdad, Bangkok, Beijing, Berlin, Brussels, Buenos Aires, Dubai, New York City, and Edinburgh.

The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with 60 numbered squares.

CHARACTER DEFICIENCIES | By Lewis Rothlein

- Across: 1 Naval initials, 4 Clermont cleric, 8 Bilingual Muppet on "Sesame Street", 14 *Funny moves, 16 Name-dropper's phrase?, 17 Makes untraceable, in a way, 18 "Really?!", 19 *Phones on a wall, 21 FAQ offering, 22 Jed Clampett's daughter, 26 Whitesmiths work with it, 28 "Whiteboards are remarkable," e.g., 30 Gem appraiser's tool, 31 Royal forest denizen, 32 *Many of Manhattan's top stores, 34 Skating legend Midori, 35 Ping-pong paddle wood, often, 36 River through Devonshire, 37 *Chefs' location, 40 They can be saturated, 41 Releases, 42 Ear. Prefix, 43 Ashram sounds found in shells, 44 It's sometimes, 46 Austrian's exclamation, 48 *Starting points for many patents, 54 Skateboarding thrill, 57 Gist of the Hippocratic oath, 58 Madeleine Albright in 1948, e.g., 59 General spelling rule, and what must be imagined in the starred clues to make them accurate

- 60 "Thanks, but it's covered", 61 Flag raiser, 62 SFO-to-LAX heading, 25 Some RSVPs covered, 26 Straw mat, 27 Like the Bible being the most shoplifted book, 28 Sailor's wear, 29 Dark, 31 Trail traveler, 32 "Frontline" network, 33 Horse course, 38 Hold capacity, 39 Garland's "Easter Parade" co-star, 40 Iconic Christmas sound, 45 Beat, 46 Choreographer de Mille, 47 Small tenant farm, 49 "Got it, daddy-o", 50 Upscale Asian fusion chain, 51 Alternative to sails, 52 Field sustenance, for short, 53 Hook helper, 54 Jerry's partner, 55 Online qualifier, 56 Negroni component

Previous Puzzle's Solution

Grid of letters for the previous puzzle's solution, including words like DACHA, GROOM, OHNS, OSCAR, OUTRIN, ONIS, FITTWR, TIGHTEN, TIVO, FAIVA, RIOR, ESCHIEW, DOTHERR, RITTING, LIST, ONICILE, WRITE, OOFF, THEBAT, SIA, ORRIN, ARGO, ALCOA, TLO, TNAIR, JICET, GETT, INN, DOTHER, RITTING, RERUN, LEG, SCARAB, AMA, NAPS, TLC, SOUNDS, RITHT, AOK, EUROS, ATRIA, GIPS, STINE, MEALY.

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](https://www.wsj.com/puzzles).

OPINION

Trump Casts a Shadow Over Arizona's GOP

By Robert Robb

Phoenix Arizona has felt like ground zero this election season. Republicans believe they have a realistic shot at capturing a U.S. Senate seat and two House districts currently held by Democrats.

Democrats believe they have a realistic chance of winning the governorship, currently in Republican hands, and the majority in the Arizona Senate, or at least an even split.

He's not as popular as the Republican Party, and nowhere else is the election so much about him.

Republicans ought to be winning easily. The GOP still has a 4-point advantage over Democrats in registration. In a midterm year, the advantage in actual turnout should be even higher.

Yet most of these contested races are regarded as tossups. The reason Republicans aren't winning in a romp is another national trend: the Trump effect.

In probably no other state has Mr. Trump succeeded more in making the election about him than in Arizona. The Arizona Republican Party has been entirely remade into the party of Trump.

Mr. Trump's reach extended down to legislative primaries. The Republican caucuses in next year's Legislature, whether in the majority or the minority, will be much more MAGA than before.

The only Republican in a pivotal race who isn't a full-fledged Trumpian is Juan Ciscomani, the nominee for an open congressional seat in southern Arizona, where Democrat Ann Kirkpatrick is retiring.

Mr. Trump likes Arizona and often



Trump and GOP gubernatorial nominee Kari Lake in Mesa, Ariz., Oct. 9.

acquired a national reputation as a conservative reformer, principally due to two measures: a 2.5% flat individual income tax and universal Empowerment Scholarship Accounts, which parents can use for a variety of educational purposes.

Those legacy measures probably aren't at risk. Ms. Lake isn't the supply-sider Mr. Ducey has been. Her big tax cut idea is to prohibit cities from charging sales tax on food.

The Democratic gubernatorial candidate, Secretary of State Katie Hobbs, says she wouldn't attempt to repeal the flat tax. And the attempt would be futile anyway.

Ms. Hobbs isn't hot on school choice and would lean toward the traditional public-school monopoly. But by inauguration day, there will be tens of thousands of Arizona families benefiting from the universal vouchers.

Ms. Lake is all MAGA—sticking it to woke progressives is the point. She has promised curriculum wars and is a Covid vaccine skeptic.

Ms. Lake is all MAGA—sticking it to woke progressives is the point. She has promised curriculum wars and is a Covid vaccine skeptic. She plans to "declare an invasion" at the southern border and says she'll take over border enforcement.

Mr. Robb writes about politics and policy at robertrobb.substack.com. He was a columnist at the Arizona Republic for 23 years.

Iran's Hard-Liners Are Starting to Crack

By Reuel Marc Gerecht and Ray Takeyh

This time is different. The Iranian people have been protesting in the streets for more than a month since the morality police beat a young woman to death for reportedly failing to wear a headscarf.

For four decades, regime loyalists have united in times of crisis. When reformers threatened the system in the late 1990s, moderates and hard-liners worked together to crush the threat.

Even regime stalwarts are criticizing Khamenei, which hasn't happened during previous revolts.

Take Ali Larijani, who was the longest serving speaker of Parliament and is still one Mr. Khamenei's advisers. He's never been known to care about women's rights.

Jumhuriya Islami, a conservative newspaper whose first managing director was Mr. Khamenei, has also criticized the regime. A stern editorial rejected the government's official explanation for the protests—that they are a product of foreign interference.

Chief Justice Gholam-Hossein Mohseni-Ejazi has long cultivated an image of a ruthless enforcer. And

yet he is now imploring that "we must increase dialogue in the country and ensure that diverse opinions are presented in the public culture."

Former President Hassan Rouhani, who has often kept quiet about repression if not loudly backed it, has strongly dissented from the supreme leader's methods: "National security isn't achieved only by recourse to military and law-enforcement means."

Autocracies rely on terror, and it's clear that fewer Iranians fear Tehran today. This is particularly true of young women, but Iranians from all walks of life have joined the protests. The unrest has produced strikes in critical industries, and the security services have been hesitant to use lethal force.

Those inside the regime who are critical of Mr. Khamenei find themselves in a difficult position. The demonstrators aren't interested in compromise. Dialogue was the objective of protesters in 1997, when Mohammad Khatami, a clerical reformer, became president; even as late as 2009, when the pro-democracy Green Movement brought millions into Tehran's streets.

The scenes in Iran today are reminiscent of 1979. The monarchy's prospects dimmed when those who benefited most from its largess hedged and then fled. Today an important segment of the Islamist elite is displaying a similar hesitancy to back the regime.

The Islamic revolutionaries running Iran are made of stern stuff. They believe they're defending God from political, if not spiritual, de-

fenestration. But the Islamic Republic's rulers, like the shahs before them, know that their regime ultimately rests on haybat—the awe of unchallengeable power.

Mr. Gerecht, a former Iranian-targets officer in the Central Intelligence Agency, is a senior fellow at the Foundation for Defense of Democracies. Mr. Takeyh is a senior fellow at the Council on Foreign Relations.

PAID ADVERTISEMENT

A MESSAGE FROM AMERICA'S HOSPITALS & HEALTH SYSTEMS

Hospitals Keep Communities Healthy

The driving mission of all hospitals and health systems, regardless of size and location, is to provide quality and compassionate care to patients and advance health in their communities.



Rick Pollack President and CEO American Hospital Association

During the last three years of the greatest public health crisis of our lifetime, our nation has seen firsthand how America's hospitals, health systems and health care workers stepped up by caring for patients, providing countless essential services to their communities and saving lives.

The fact is America's hospitals and health systems:

- Provide care to all who need it, 24 hours a day, 7 days a week, 365 days a year.
Provide other services and programs to advance health and wellness and drive research, education and innovation.
Serve as a source of millions of good jobs and as economic anchors in communities across the country.

Beyond administering life-saving and emergency medical care to patients around the clock, all hospitals provide incomparable value to their communities. They also go beyond those essential services by leading initiatives and working in partnership with others to improve and sustain the health of all of those in their communities.

These efforts are as diverse as the communities hospitals serve. Some examples include neighborhood health clinics, food banks and programs to address food insecurity, medical research, affordable housing, behavioral health services, transportation to appointments and education to improve health and well-being.

Research underscores the tremendous value hospitals provide to their communities.

Tax-exempt hospitals and health systems alone, which make up about 60% of the field, provided over \$110 billion in community benefits in 2019, the most recent year data is available.

Benefits to the community are almost nine times the value of their federal tax exemption.

In total, hospitals of all types have provided \$745 billion in uncompensated care to patients since 2000.

Hospitals support programs to meet unmet community needs, while absorbing many costs of caring for the needy and uninsured; provide care through government programs that cover less than the actual cost of care; provide services, such as burn units and neonatal services that typically operate at a financial loss but are essential for patients and communities; and take on administrative costs necessary to comply with overreaching government and commercial insurance company regulation.

Going beyond the statistics, every day there are thousands of examples of hospitals, health systems and caregivers saving lives, providing care for countless injuries and illnesses, and going beyond those critical services to support the health of their communities. These efforts distinguish hospitals and health systems from all other sectors in health care, most of which have no commitment to serving everyone in their community and much too frequently deny or limit care.

When people see the blue "H," they know that there is a hospital always there, ready to care, as we work to advance health in America.



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WORLD NEWS

Ethiopia, Rebels Reach a Truce

The deal would end the two-year civil war that has left hundreds of thousands dead

By NICHOLAS BARIYO

Ethiopia's government and rebels who have been fighting a two-year civil war in Africa's second-most-populous nation said Wednesday they agreed to put down their arms, the first step toward ending a conflict that has killed hundreds of thousands of people.

"The two parties have formally agreed to the cessation of hostilities, as well as systematic and orderly disarmament and unhindered access to humanitarian supplies," said Olusegun Obasanjo, the former Nigerian president who led African Union-mediated peace talks in South Africa.

The agreement, signed by representatives of the government of Ethiopian Prime Minister Abiy Ahmed and the Tigray People's Liberation Front, raised hopes that intense fighting that has ravaged Ethiopia's northern Tigray region and spilled into neighboring provinces would come to an end.

Under the terms of the truce, the Ethiopian government agreed to restore electricity and banking services, which were severed in the early days of the war, to the Tigray.

The government in Addis Ababa also agreed to allow unhindered humanitarian supplies to the region. Aid groups have warned of an escalating hunger and medical crisis for Tigray's six million people.

In November 2020, the gov-



Redwan Hussien Rameto, left, representing the Ethiopian government, and Getachew Reda, right, representing the Tigray People's Liberation Front attended a news conference in South Africa on Wednesday announcing an African Union-mediated Ethiopian peace accord.

ernment of Mr. Ahmed accused fighters linked to the TPLF of attacking an Ethiopian military base, and launched what he called a law-enforcement operation against the group that had dominated Ethiopian politics for nearly three decades.

In a statement issued by his office, Mr. Ahmed, who didn't attend the talks in the South African capital Pretoria, hailed the truce and appealed for international support for the reconstruction of Tigray and other conflict-ravaged areas.

"Our commitment to peace remains steadfast," Mr. Ahmed

said. "And our commitment to collaborating for the implementation of the agreement is equally strong."

Getachew Reda, who led the Tigrayan delegation, said the TPLF made painful concessions to end the suffering caused by the war. "It's not because we were weary of fighting," Mr. Reda said.

Details of the terms of the deal were scant. An earlier five-month humanitarian truce was shattered in August, and government forces, supported by troops from neighboring Eritrea, continued to mount artillery barrages and air-

strikes on positions of Tigrayan fighters as the Pretoria talks dragged on during the past week.

Both sides in the conflict have been accused of atrocities against civilians and other human-rights abuses.

Questions also were raised concerning the position of Eritrea, which wasn't part of the Pretoria talks but has been fighting alongside the government's troops since the start of the conflict.

"As much as a resolution was urgent to relieve the humanitarian suffering of the Tigrayans, the conflict was not

considered particularly ripe for resolution," said Cameron Hudson, a former State Department official, now with the Washington-based Center for Strategic and International Studies. "This would suggest that they have bypassed confidence building measures that come with a more incremental approach."

The actual death toll is unknown. Researchers at Ghent University in Belgium have estimated that the fighting, disease or starvation have claimed as many as 500,000 lives since the outbreak of the conflict.

German Chancellor Is Heading To Beijing

By BOJAN PANCEVSKI

German Chancellor Olaf Scholz heads to Beijing this week, days after Chinese leader Xi Jinping embarked on a third term and reaffirmed his support for Russia despite Moscow's invasion of Ukraine.

The visit—it is also the first by a Group of Seven leader since the start of the Covid-19 pandemic—comes amid a standoff between China and the U.S. over the future of Taiwan, which Beijing sees as a renegade province. Beijing also angered Washington and its allies in recent days, when it said it would deepen relations with Russia and repeated its position that the North Atlantic Treaty Organization was to blame for the war in Ukraine.

The trip is also happening as Germany's economy teeters on the brink of a recession because of skyrocketing energy costs and falling exports, raising China's significance as an economic lifeline for German manufacturers. China accounts for 12.4% of German imports and 74% of its exports, according to the German Economic Institute, a think tank, making it Germany's largest trade partner.

This dependence has pushed Mr. Scholz to walk a tightrope, seeking to maintain a vital economic relationship while navigating rising East-West geopolitical tensions. His critics are growing concerned that Berlin has failed to learn the lessons from its economic dependence on Russia as Beijing hardens its own relations with the West.

Last week, Mr. Scholz allowed China's state-control shipping company Cosco Shipping Holdings Co. to acquire a 24.9% concession of a container terminal in Hamburg, Germany's largest port, despite opposition from within his government. After the decision, Germany's Foreign Ministry said the deal would increase China's hold on critical infrastructure in Germany.

Canada Blocks Chinese Mine Deals

By PAUL VIEIRA
AND VIPAL MONGA

Canada, citing national security concerns, on Wednesday ordered three Chinese companies to divest themselves of their shares in domestic companies involved in extracting critical minerals.

The move marks the latest step by Canada and other developed-world economies to protect their critical mineral assets. Demand for minerals such as cobalt, lithium and nickel is surging as the automotive industry shifts to electric power. Canada, along with allies including the U.S. and Australia, are concerned about China's dominance over the market and have begun to funnel money to ore refiners and battery makers because they want to counterbalance their Asian rival.

Canada said its decision emerged after a national security review of foreign-led deals involving companies engaged in the mining of critical minerals, including lithium.

"We will act decisively when investments threaten our national security and our critical minerals supply chains, both at home and abroad," François-Philippe Champagne, Canada's minister for innovation, who is responsible for foreign-investment policy, said in announcing the divestitures.

Last week Canada modified its foreign-investment rules governing critical minerals and said investments or takeovers by foreign state-owned companies in the sector would be essentially banned unless there were exceptional circumstances. Canada has said any transaction that involved the transfer of control of critical minerals—essential for the production of electric vehicles, cell phones and wind turbines—to foreign entities could be subject to a national security review.

Iranian Leader Eases Tone on Protesters

By DAVID S. CLOUD
AND ARESU EQBALI

Iran's supreme leader took a conciliatory stance toward protesters on Wednesday, saying the government has no dispute with young people on the streets, as he sharpened his assertion that the U.S. and other foreign powers were orchestrating the monthslong unrest.

Ayatollah Ali Khamenei provided no evidence for his claim of foreign involvement, but he accused the U.S. and others of conducting a form of unconventional warfare against Iran, an escalation in Tehran's rhetoric as sit-ins and other protests continued in several cities.

"These are our own kids and we don't have any dispute with them," Mr. Khamenei said of the protesters in a speech to a group of students in Tehran. "The recent incidents were hybrid warfare and not merely street riots," he said, pointing to the U.S., Israel and Europe.

His accusation that Iran is a target of belligerent action by outside powers came a day after The Wall Street Journal reported U.S. and Saudi officials are concerned about a possible

attack by Iran in the region, driven by a desire to deflect attention from its internal unrest. He claimed his regime has intervened to stop the alleged foreign interference. "The Iranian nation really punched them in the mouth and will from now on, too," Mr. Khamenei said, referring to foreign adversaries.

Iranian officials have complained about coverage of the protests by Farsi-language satellite TV channels based outside the country.

Mr. Khamenei didn't mention Saudi Arabia in his remarks. He referred to a memo made public by Iran's Islamic Revolutionary Guard Corps and the Intelligence Ministry that asserted that Western intelligence services were responsible for the protests. The State Department didn't respond to a request for comment.

His portrayal of the protesters as well-meaning but misguided young people motivated by emotion is part of the government's strategy to suppress the unrest where it is strongest—among students.

Students "came to the streets due to excitement and feelings and some awareness



Ayatollah Ali Khamenei blames the West for inciting 'hybrid warfare and not merely street riots' against the regime.

of the issues," he said.

In recent weeks, officials have targeted students more directly, with suspensions from universities for those accused of taking part in the protests, as well as confrontations between students and security forces at campuses that have become the epicenter of much of the unrest.

The protest movement was ignited in September by the death on Sept. 16 of 22-year-old Mahsa Amini in custody of the morality police, after being detained for allegedly violating

Iran's strict Islamic dress code.

Though the unrest has been widespread and sometimes drawn thousands of people chanting antigovernment slogans, it largely has been nonviolent and led by young people, more often in groups of several dozen or less, making it difficult for security forces to stamp out using anti-riot measures.

On Wednesday, Iran denied it was planning an attack on Saudi Arabia or Iraq, insisting it is trying to build constructive relations with its Middle East neighbors.

WORLD WATCH

SOUTH KOREA

Opposition Urges Firings After Tragedy

The main opposition Democratic Party called for the country's national police chief and interior minister to be fired as pressure mounts over who shoulders responsibility for the deaths and injuries involving hundreds of people in a crowded Seoul alleyway.

The recriminations hit a new octave after police released transcripts from a series of emergency calls placed Saturday, which warned of dangerous overcrowding on a sloping side street in Itaewon, a popular nightclub district. The crowd eventually collapsed on top of itself, leading to the deaths of at least 156 people and injuries to 172 others.

Witnesses have said a lack of police presence contributed to people getting packed together in an alleyway. Turnout to the district on Saturday exceeded initial estimates of 100,000.

On Wednesday, South Korean Prime Minister Han Duck-soo pointed to the lack of a crowd-management system as a cause of the accident. Mr. Han vowed to sternly hold those responsible accountable and ordered the police

to thoroughly probe the inaction. Opposition-party leader Lee Jae-myung said the Itaewon crowd crush resulted from government incompetence and carelessness.

—Timothy W. Martin

AMERICAS

Prospects for Ending Energy Dispute Fade

A shake-up of Mexican trade officials has clouded prospects for a quick resolution of a dispute with the U.S. and Canada over what are seen as Mexico's nationalist energy policies.

The changes at the Economy Ministry are part of an effort by Mexican President Andrés Manuel López Obrador to put people who support his stance in charge of negotiations, people familiar with the situation said.

U.S. Trade Representative Katherine Tai is scheduled to meet with Mexico's new top trade official, Economy Minister Raquel Buenrostro, on Thursday. But there is a tacit agreement to extend dispute-resolution talks until December, when the leaders of the U.S., Mexico and Canada are expected to meet in Mexico to review the implementation of the U.S.-Mexico-Canada Agreement, the people familiar said.

—Juan Montes



TRADITION: A girl dressed as a 'Catrina,' or skeleton, sits on a grave during the Day of the Dead at a cemetery in the Purepecha indigenous community of Cucuchuco, Michoacán state, in Mexico.

NORTH KOREA

Missile Launch Leads To Japan Warnings

North Korea fired one long-range and two short-range ballistic missiles on Thursday, including a missile that triggered emergency warnings for Japanese citizens in northern prefectures to seek shelter, Seoul and Tokyo officials said.

A long-range ballistic missile was fired from the Sunan area on the outskirts of Pyongyang around 7:40 a.m. local time, Seoul's military said. Then at 8:39 a.m., two more short-range ballistic missiles were fired from Kaechon. The distance flown by the missiles wasn't immediately released by Seoul officials.

Tokyo officials initially said one of the missiles may have flown over Japanese territory, prompt-

ing warnings to take shelter. But authorities concluded the missile didn't fly over Japan and they are analyzing where it landed, according to Tokyo's defense ministry. Japan's Prime Minister Fumio Kishida called the recent ballistic missile launches an "outrageous act." The barrage of activity comes a day after the Kim Jong Un regime fired at least 23 missiles off its east and west coasts.

—Dasl Yoon

BUSINESS NEWS

Supermarket Deal Finds Critics

The \$20 billion pact spurs questions about its impact on workers and competition

By JAEWON KANG

Elected officials, independent grocers and union groups are airing concerns and in some cases pushing back on the proposed deal between Kroger Co. and Albertsons Cos. as antitrust officials are set to begin reviewing the supermarket megamerger.

Kroger in October announced it would acquire Albertsons, saying that a deal would help them boost their scale and technology, and better compete with larger rivals.

Antitrust attorneys expect the deal to face a lengthy regulatory review, and the companies plan to submit details of their merger plan to the Federal Trade Commission around Thursday, according to a letter viewed by The Wall Street Journal. It isn't unusual for consumer groups, workers, lawmakers and competitors to voice questions about large mergers.

A combination of the two biggest supermarket operators in the U.S. is prompting elected officials to question how the \$20 billion deal could affect grocery workers' jobs, food prices and the ability of smaller



Kroger said the deal with Albertsons would help them boost their scale and technology.

supermarkets to compete. Some independent grocers and trade group officials said in recent meetings with White House officials and regulators that the combined entity would command greater leverage over suppliers, hurting competition. Company and union officials met in Chicago last week to discuss the proposed merger.

When announcing the deal, Albertsons said it would pay its shareholders a special cash dividend of up to \$4 billion on Nov.

7, a move that isn't conditioned on the merger's closing and is part of its strategy to return capital to shareholders, Ted Hassi, a partner at Debevoise & Plimpton LLP, who represents the company, wrote in the letter.

Several state attorneys general last week asked Albertsons to delay that payout until officials finished reviewing the proposed Kroger deal. They wrote in a letter to the companies that the dividend would erode

Albertsons's ability to compete with Kroger and other retailers if the deal didn't go through.

Albertsons notified the attorneys general Friday that it can't comply with the request, according to the letter viewed by the Journal. Albertsons's financial condition is strong and the company wouldn't change its approach to hiring or store investment after making the dividend payment, Mr. Hassi wrote.

Attorneys general of Washington, D.C., California and Illi-

nois on Wednesday filed a lawsuit in federal court against the companies, seeking a temporary restraining order to stop the payout.

Washington State Attorney General Bob Ferguson filed a separate lawsuit Tuesday in the state to block the dividend payment, and a hearing is expected for Thursday.

Albertsons said the lawsuits are meritless, and provide no legal basis for canceling or postponing the dividend, which the company said will be paid regardless of whether the merger is completed. Kroger said the decision to issue a special dividend was made by Albertsons and is independent of the merger.

In Washington, D.C., Sens. Elizabeth Warren (D, Mass.) and Bernie Sanders (I, Vt.) and Rep. Jan Schakowsky (D, Ill.) in a letter last week urged FTC Chair Lina Khan to oppose the deal. Some consumer-advocacy groups warned the merger could reduce competition across the country.

Kroger said its merger provides benefits to consumers, workers and communities by expanding access to fresh food. The company said it has a record of lowering prices and improving customer experience and it will continue to invest in those areas. It said it is committed to working cooperatively with the FTC and all other interested parties.

Icahn Acquires Stake in Crown

By CARA LOMBARDO AND LAUREN THOMAS

Carl Icahn has a sizable stake in Crown Holdings Inc. and believes the beverage-can maker should shed noncore units and buy back more stock, according to people familiar with the matter.

The billionaire activist investor has a stake valued at about \$700 million, making him the company's second-largest holder, the people said.

Crown has a market value of roughly \$8 billion after its shares have lost nearly 40% this year. The stock plummeted last week after Crown lowered its financial outlook, blaming macroeconomic factors, including inflation, higher interest rates and currency swings.

Crown Chief Executive Timothy Donahue said on a call with analysts and investors that the company also didn't expect "such a sudden and sharp decline" in demand for beverage cans globally.

Crown and its larger rival, Ball Corp., have experienced severe whiplash amid the Covid-19 pandemic. Demand for aluminum cans rose initially in 2020, as restaurants and bars were forced to shut down and consumers stayed home to sip on their favorite alcoholic beverages, including canned cocktails, spiked seltzer and beer.

But more recently, companies including Crown have said consumer demand for these types of drinks has fallen, leaving them with a glut of inventory. Crown said it has indefinitely postponed certain projects in the U.S., while Ball said in August it planned to shut down two of its facilities in the U.S. Ball shares are down nearly 50% for the year.

"You never like to say, we're caught off guard, but I think we were really," Mr. Donahue said on last week's conference call.

Late Bed Bath CFO Is Dropped From Lawsuit

By JENNIFER WILLIAMS-ALVAREZ

Bed Bath & Beyond Inc.'s late finance chief Gustavo Arnal, who died by suicide in September, has been dropped from a shareholder lawsuit that had accused him of colluding with activist investor Ryan Cohen to artificially inflate the struggling home-goods retailer's share price.

Going after Mr. Arnal's estate "would have been complicated, messy and just not economical," said Steven Toll, a managing

partner at law firm Cohen Milstein Sellers & Toll PLLC and counsel for Pengcheng Si, who filed the suit. "There's plenty of grief in his family, and us making it even worse didn't seem worth it," Mr. Toll said.

In an amended complaint filed Tuesday, Mr. Arnal is no longer listed as a defendant. Gone are claims from the original complaint that Messrs. Arnal and Cohen colluded to boost the company's share price. The original filing didn't provide evidence for

such conversations between the two men. Bed Bath & Beyond has said the lawsuit was without merit.

Mr. Arnal, 52, died by suicide in early September amid a mounting financial crisis at the retailer and shortly after he was accused in the original complaint of having sold Bed Bath & Beyond shares while in possession of material insider information. He sold about \$14 million of stock in August under a prearranged trading plan, filings show.

Bed Bath & Beyond and Mr. Cohen, along with JP Morgan Securities LLC, are still named as defendants in the suit, which seeks class-action status. The amended filing alleges that Mr. Cohen "orchestrated a market manipulation" by deceiving individual investors that he would hold on to his investment, boosting Bed Bath & Beyond's stock price and then "secretly" selling his holdings in the company.

Bed Bath & Beyond and Mr. Si declined to comment. Mr. Cohen

didn't respond to a request for comment. Mr. Cohen has previously declined to comment.

Mr. Cohen in March unveiled a stake in Bed Bath & Beyond and called on its management to consider strategic alternatives. The company then added new directors and in June said Chief Executive Mark Tritton would leave. Mr. Cohen unloaded his entire stake in August.

—Suzanne Kapner and Kristin Broughton contributed to this article

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TECHNOLOGY

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J&J Bets on Heart Pumps in Deal

Purchase of Abiomed seen as boost for medical-device lineup before unit is split off

By PETER LOFTUS

Johnson & Johnson is betting on a promising and fast-growing category of heart pumps to jump-start sales in its medical-device business with a new \$16.6 billion deal to acquire **Abiomed Inc.**

The health-products company will face challenges meeting ambitious growth targets for the new business, however, and ongoing clinical trials aren't certain to produce results that will lead to wider use of Abiomed's devices that J&J is counting on, analysts say.

J&J's medical-device business, which sells artificial knees and contact lenses, has had largely sluggish growth for several years, especially relative to its pharmaceutical unit.

Turning around the medical-device unit is taking on more importance because J&J is planning to separate its consumer-health unit, which sells Tylenol and Band-Aids, into an independent company next year. That will leave J&J with pharmaceutical and medical-device units.

"You want to have a higher mix of more above-average, growing companies," said Stifel analyst Rick Wise.

To rev up the medical-device unit's sales, New Brunswick, N.J.-based J&J has in recent years exited or shed some device businesses such as artery-opening stents and diabetes devices, while looking for higher-growth areas it could enter.

J&J executives say Abiomed would add to its lineup an emerging and fast-growing business in heart pumps, named Impella.

The tiny pump is generally used to assist the heart's pumping function as heart-disease patients undergo other



One of Abiomed's Impella heart pumps is demonstrated by senior program manager Dr. Gerd Spanier. J&J is looking to lift device sales.

cardiovascular procedures. Abiomed is the market leader, topping \$1 billion in sales in its most recent fiscal year.

J&J, whose medical-device unit had \$27 billion in sales last year, thinks it can substantially boost Abiomed sales.

J&J's medical-device unit's global footprint, extensive relationships with doctors, commercial capabilities and clinical expertise "will strengthen Abiomed's geographical reach and global therapy adoption to more quickly expand access," said Ashley McEvoy, the unit's chairwoman.

Analysts say J&J could increase Impella sales by introducing the pump, currently sold in the U.S. and a handful of other countries, to more markets. "There's an opportunity to globalize this busi-

ness," said Jayson Bedford, an analyst with Raymond James & Associates.

J&J also plans to boost sales by broadening the patients who could get the Impella pumps to patients under-

Analysts say wider use of the device still hinges on medical trials.

going high-risk heart procedures or who have had heart attacks, in addition to those who already get them for heart failure and other conditions.

Under terms of the deal, J&J has set targets for sales

growth that could be tough to meet, analysts say. Abiomed shareholders will receive additional payments from J&J if Abiomed product sales top \$3.7 billion during a 12-month period later this decade.

The target is ambitious because it would imply about 20% average annual growth, said Mr. Bedford. In comparison, Abiomed's year-over-year revenue rose 11% excluding currency exchange for its latest quarter.

The structure of the deal mitigates the risk of missing that target, however, because Abiomed shareholders will get those additional payments only if the target is met, analysts say.

Another risk, according to analysts, is that ongoing clinical trials of Abiomed's Impella pump, testing it in high-risk

patients, may fail to produce results that support wider use of the pump.

Abiomed hopes the studies, which are expected to yield results in the coming years, lead to recommendations in heart-treatment guidelines for Impella's use. The trials are estimated to be completed between 2023 and 2026, according to a National Institutes of Health database of clinical trials. Yet Wells Fargo analyst Larry Biegelsen said in a research note that the trials could take longer than expected and may not be positive.

Abiomed is "a solid company, but our checks suggest there are significant risks to growth going forward," Mr. Biegelsen said.

J&J expects the deal to begin adding to its earnings in 2024.

Musk Puts Off Ban Ends

Continued from page B1

ees would be evaluated to determine the scope of the firings. On Wednesday, employees and people familiar with the situation were sharing estimates ranging from more than 2,000 to nearly 3,750, the latter equating to about half of the roughly 7,500 employees Twitter had at the start of this year, according to a regulatory filing.

On the issue of lifting the bans, Mr. Musk said, "Twitter's content moderation council will include representatives with widely divergent views, which will certainly include the civil rights community and groups who face hate-fueled violence."

Mr. Musk, a self-described free-speech absolutist, is working to address concerns that the social-media platform under his ownership will be subject to looser content moderation and welcome back personalities who were removed from the platform.

This week, two large advertising companies recommended that their clients temporarily hold off on advertising on Twitter because of concerns about the company's ability to monitor its content, people familiar with the situation have said.

Mr. Musk has said among the people he would welcome back to the social-media platform is former President Donald Trump, whom the platform suspended indefinitely after linking Mr. Trump's comments to the Jan. 6 Capitol riot.

Mr. Musk has said he wants the social-media platform to rely less on digital advertising, saying he sees a path to boosting revenue in selling subscriptions.

Digital ads account for nearly 90% of Twitter's total revenue, and Mr. Musk has recently tweeted that he was leaning toward an \$8-per-month subscription offering.

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Instacart to Pay Cash Bonuses To Staffers After Delaying IPO

By JAEWON KANG

Instacart Inc. will pay out its first companywide cash bonuses starting in December, said people familiar with the matter, as the grocery delivery provider aims to motivate staff after delaying its initial public offering.

The cash bonus is a shift in the company's efforts to reward and retain employees. Instacart has historically given out equity rewards to boost retention.

Instacart told employees last month that going public was unlikely this year due to tumultuous market conditions. Chief Executive Fidi Simo said at the time that the company was offering a special cash bonus to reward staff, and that Instacart is finding additional ways for

employees to get value.

Employees received the terms of their bonuses late last week and are expected to receive 40% of the payment on Dec. 9 with the remainder paid in June 2023, some of the people said. Staff will still receive the bonus if the company goes public before the payout dates, they said.

The San Francisco company told employees that amounts were calculated using role, performance and tenure without manager discretion, and that it wouldn't share the exact calculation with staff, according to internal messaging viewed by The Wall Street Journal. The bonus is planned for corporate employees, and not shoppers who fulfill delivery orders for the company. The payments are expected to range from

thousands of dollars on the lower end to higher for more senior, longer-tenured employees, some of the people said.

Delivery companies such as Instacart got a boost to their business during the pandemic, which prompted consumers to avoid shopping in person and instead order food online. Many shoppers have stuck with delivery, though competition remains fierce with other food-delivery companies such as **Uber Technologies Inc.** and **DoorDash Inc.**

When announcing that the IPO was unlikely this year, Instacart told employees that its revenue grew more than 40% during the latest quarter, compared with the same period a year ago, and that gross profit rose more than 45% year-over-year.

Penguin Seeks Simon Aid

Continued from page B1

for sale, but there is no guarantee it would fetch a price as high as the \$2.18 billion offered by Penguin Random House.

The companies don't have much time to come to an agreement. Under the terms of their 2020 deal, Bertelsmann agreed it would pay Paramount a termination fee of \$200 million if the acquisition was "completely prohibited or if the termination date is reached," according to the Bertelsmann 2021 annual report. The termination date is Nov. 21, said people familiar with the deal.

On Oct. 31, U.S. District Judge Florence Pan blocked Penguin Random House from acquiring Simon & Schuster on the grounds that the deal would lessen competition. The judge accepted the Justice Department's argument that the agreement would lead to lower compensation for writers be-

cause there would be less competition between publishers of anticipated bestsellers.

Penguin Random House said it would request an expedited appeal. In a quarterly filing on Wednesday, Paramount Global said the company is "discussing next steps with Bertelsmann and Penguin Random House, including seeking an expedited appeal."

The companies don't have much time to come to an agreement.

Together, Penguin Random House and Simon & Schuster would have accounted for slightly more than 27% of all print books sold in the U.S. through the 52-week period ended Oct. 24, according to book tracker NPD BookScan. HarperCollins Publishers would be the next largest player, accounting for an 11.1% share.

HarperCollins Chief Executive Brian Murray expressed interest in Simon & Schuster during the trial over the Justice

Department's challenge to the deal. HarperCollins parent **News Corp.**, which also owns The Wall Street Journal, is considering a proposal from Rupert Murdoch that it merge with Fox Corp., the other wing of the media baron's empire.

Michael Pietsch, chief executive of **Lagardere SCA's** Hachette Book Group, also said at trial that Hachette Livre, which includes all of Lagardere's global book-publishing interests, would be a potential buyer. **KKR & Co.** has expressed interest in Simon & Schuster and could emerge as a potential buyer, according to people familiar with the situation.

One issue for Paramount and potential bidders to consider is whether the judge's ruling could make it difficult to pursue any merger between major book publishers. Some people close to the situation said the full details of the judge's ruling could shed light on that question. A redacted, public version of the judge's decision is expected in coming days.

The environment for a deal also isn't as strong as in 2020, with higher interest rates making it more expensive for a buyer to borrow money.

TECHNOLOGY



Airbus said it will need to assign someone to oversee compliance with the new rules. An Airbus production plant in Toulouse, France.

New EU Cybersecurity Rules To Cover More Aviation Firms

By CATHERINE STUPP

New cybersecurity rules in Europe will for the first time require a swath of aviation suppliers to identify and defend against hacking risks to flight safety.

CYBERSECURITY The rules, which take effect in 2025, will apply to a range of air transportation companies, including manufacturers, airlines, airports, flight training schools, caterers and weather data providers. Companies also will be required to create a governance system that assigns an individual to be responsible for making sure problems are documented and addressed.

"It's a huge increase of the workload," said Robert Baltus, chief operations officer at the European Business Aviation Association, a Brussels-based group representing more than 700 companies including Shell Aircraft, which operates air-craft for Shell PLC, and Volkswagen AirService, an airline that runs business jets for Volkswagen AG.

Many companies in the aviation industry already fall under separate EU cybersecurity rules that require them to implement basic security measures and report cyberattacks to national cybersecurity authorities.

The European Union Aviation Safety Agency, known as EASA, the EU body that drafted the rules, said the regulation aims to address potentially dangerous cyberattacks, such as an aviation design company's engineering files falling into the hands of hackers, or blueprints being modified or corrupted.

"The requirements of this regulation are definitely demanding," an Airbus SE spokesman said. The plane maker will need to adjust some of its processes, such as assigning a person to oversee the system, he said.

Regulators in the U.S. also are stepping up cyber rules for the aviation sector. The Transport Security Administration said in October it would introduce new cybersecurity requirements for some parts of

the aviation industry. The agency already requires airline and airport operators to do cybersecurity assessments and appoint a cyber coordinator.

Last month, the Russian-language hacker group known as Killnet took credit for low-level denial-of-service attacks on the websites of several U.S. airports, including New York's LaGuardia and Los Angeles International, which disrupted their websites but didn't affect operations or flights.

One of the challenges for some smaller or medium-size companies will be finding cybersecurity staff who understand the specific technologies and requirements for security aviation systems, said Thomas Hutin, senior managing director in the Paris office of FTI Consulting.

Companies across industries are struggling to find cybersecurity staff to fill the more than three million jobs that are estimated to be open worldwide in the field.

"Whether or not all affected stakeholders have the in-house capabilities and expertise to

manage this transition is a risk," said Nick Rhodes, head of operations, safety and infrastructure at the European Regions Airline Association, whose members include airlines and manufacturers such as Airbus and Boeing Co.

Costs to set up the systems required by the regulation could be high, he said.

Companies will need to appoint or hire staff to oversee the system tracking and reporting cyber threats, train employees to use it, and in some cases buy new cyber tools, Mr. Baltus said.

EASA said the regulation has to cover a web of suppliers because the aviation industry is so interconnected. A cyberattack could target one company but could damage customers and suppliers.

WSJ PRO
CYBERSECURITY
wsj.com/pro/cybersecurity

Qualcomm Sees Smartphone Slump Deepening in 2022

By ASA FITCH

Qualcomm Inc. again slashed its forecast for smartphone shipments and gave a gloomier-than-expected sales outlook, joining other chip makers confronting a sharp turn in consumer demand after a pandemic-fueled boom.

The designer of mobile-phone chips cut its forecast to a low-double-digit percentage decline from an earlier forecast of a mid-single-digit fall, indicating that the downward trend in the handset market is accelerating. Qualcomm, in reporting quarterly results on Wednesday, said it projected up to \$10 billion of sales for the current quarter, well short of Wall Street estimates of around \$12 billion.

The San Diego-based company reduced its projection for 5G handset sales this year to as many as 650 million from an earlier forecast of up to 700 million. Earlier in the year it forecast shipments of more than 750 million units.

Qualcomm Chief Executive Cristiano Amon said the company had implemented a hiring freeze, was planning spending reductions for certain products and could make further cuts to spending as needed.

"We're being very disci-

plined in managing operating expenses," he said on a call with analysts.

The company also said Wednesday that it would supply most of Apple Inc.'s new 5G iPhones next year with so-called modem chips that coordinate communications between phones and cell towers. Qualcomm had earlier assumed it would only supply about 20% of those chips, suggesting Apple's efforts to develop its own modem chips and replace Qualcomm's haven't moved as quickly as expected.

While phones have been a drag on Qualcomm's business, the company's sales are still rising because it is gaining market share in chips for high-end 5G smartphones and because it is diversifying into other markets, including the automotive sector, which have been more resilient.

Qualcomm said sales in the most recent quarter rose by 22% to \$11.4 billion, above what analysts in a FactSet survey expected. Net profit rose 3% to \$2.87 billion, below estimates.

The company's shares fell about 5% in aftermarket trading.

Many chip makers are going through a rough patch after profiting handsomely from soaring demand during the pandemic.



A virtual-reality exhibition by the chip maker at a Beijing fair.

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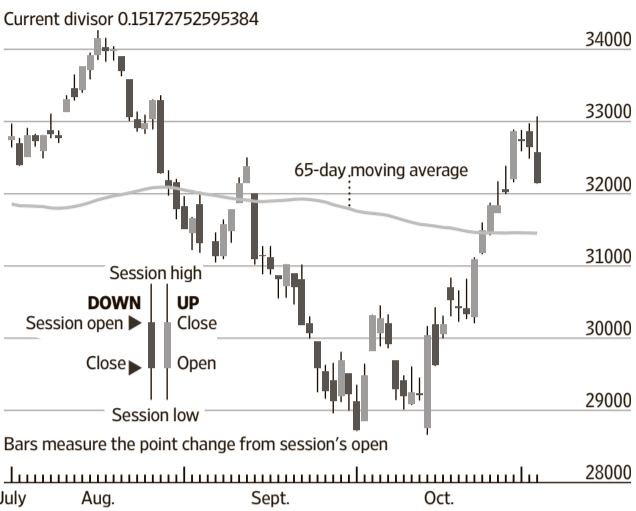
NETSCOUT
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MARKETS DIGEST

EQUITIES

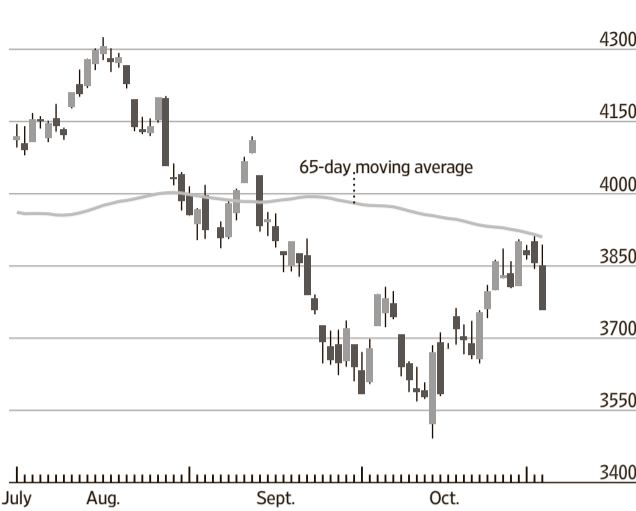
Dow Jones Industrial Average

32147.76 ▼505.44, or 1.55%
High, low, open and close for each trading day of the past three months.



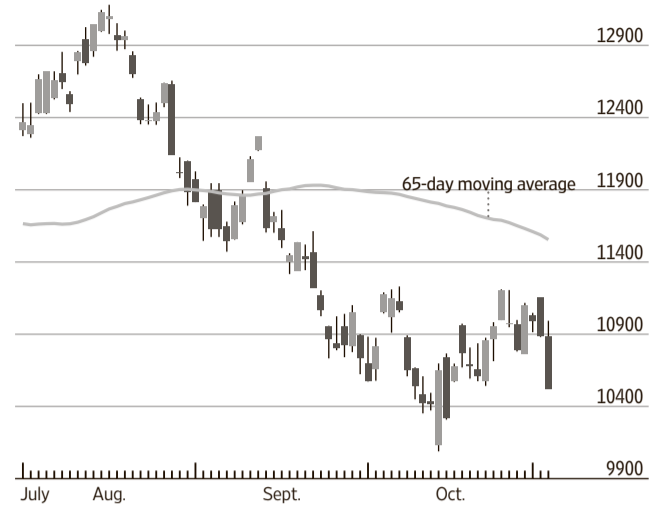
S&P 500 Index

3759.69 ▼96.41, or 2.50%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

10524.80 ▼366.05, or 3.36%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table listing various stock market indexes including Dow Jones, Nasdaq Stock Market, S&P 500, and Russell 2000, with columns for High, Low, Close, Net chg, % chg, 52-Week High/Low, % chg, and YTD % chg.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table of most-active issues in late trading with columns for Company, Symbol, Volume, Last, Net chg, After Hours % chg, High, and Low.

Percentage gainers...

Table of percentage gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High/Low, and % chg.

Trading Diary

Volume, Advancers, Decliners

Table showing trading diary statistics including Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, and Closing Arms.

International Stock Indexes

Table of international stock indexes by region/country, including MSCI ACWI, Euro STOXX, and various regional indices.

Percentage Gainers...

Table of percentage gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High/Low, and % chg.

Most Active Stocks

Table of most active stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High/Low, and % chg.

Percentage Losers

Table of percentage losers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High/Low, and % chg.

Volume Movers

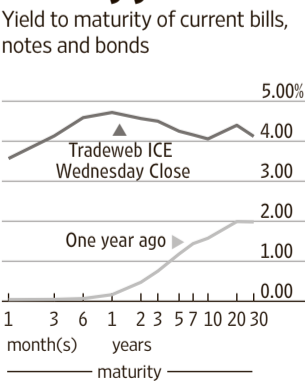
Table of volume movers with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High/Low, and % chg.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Table showing U.S. consumer rates and selected rates for 5-year CDs, including Bankrate.com avg and various bank rates.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields for U.S. Treasury, Aggregate, Fixed-Rate MBS, and other instruments.

CURRENCIES & COMMODITIES

Currencies

Table of U.S.-dollar foreign-exchange rates in late New York trading, listing various countries and their rates.

Commodities

Table of commodity prices including DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, and Gold.

COMMODITIES

Futures Contracts

Metal & Petroleum Futures table with columns for Open, High, Low, Settle, Chg, and Open interest.

Natural Gas (NYM) table with columns for Open, High, Low, Settle, Chg, and Open interest.

Agriculture Futures table with columns for Open, High, Low, Settle, Chg, and Open interest.

NY Harbor ULSD (NYM) table with columns for Open, High, Low, Settle, Chg, and Open interest.

Cattle-Live (CME) table with columns for Open, High, Low, Settle, Chg, and Open interest.

Interest Rate Futures table with columns for Open, High, Low, Settle, Chg, and Open interest.

Eurodollar (CME) table with columns for Open, High, Low, Settle, Chg, and Open interest.

Currency Futures table with columns for Open, High, Low, Settle, Chg, and Open interest.

Index Futures table with columns for Open, High, Low, Settle, Chg, and Open interest.

Cash Prices | wsj.com/market-data/commodities

Wednesday, November 02, 2022

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Cash Prices table with columns for Commodity, Price, and Change.

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=Sealand Publishing; R=SNL 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 11/1

Source: Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

November 2, 2022

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.

Money Rates table with columns for Rate, Week Ago, and 52-Week High/Low.

Notes on data: U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective September 22, 2022. Other prime rates are directly comparable lending practices vary widely by location. Discount rate is effective September 22, 2022. Secured Overnight Financing Rate is as of November 1, 2022. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal funds rates are Tullett Prebon rates as of 5:30 p.m. ET. Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.

Macro & Market Economics

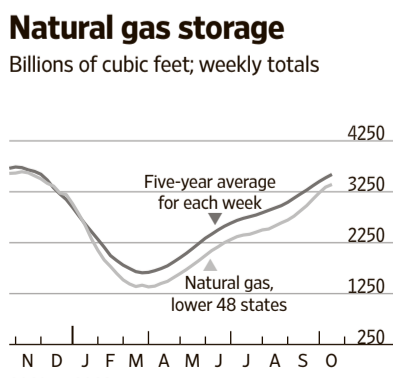
Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended October 28. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Watching the Gauges table with columns for Inventories, Imports, and Demand.

Weekly Demand table with columns for Product, Current, and Change.

Natural gas storage



Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions. Sources: FactSet; Dow Jones Market Data; U.S. Energy Information Administration; Dow Jones Newswires

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Tracking Bond Benchmarks table with columns for Bond Type, Return, and Yield.

Source: FactSet

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Global Government Bonds table with columns for Country, Yield, and Spread.

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. †In local currency. ‡Euro-zone bonds. **EMBI Global Index. Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P. Morgan

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Investment-grade spreads table with columns for Issuer, Spread, and Change.

...And spreads that widened the most

Spreads that widened table with columns for Issuer, Spread, and Change.

...And with the biggest price increases...

Biggest price increases table with columns for Issuer, Price, and Change.

...And with the biggest price decreases

Biggest price decreases table with columns for Issuer, Price, and Change.

BIGGEST STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities.

Table with 4 columns: Stock, Sym, Close, Net Chg. Lists major stocks like Apple, Microsoft, Amazon, Google, Facebook, etc.

Table with 4 columns: Stock, Sym, Close, Net Chg. Lists smaller stocks and sectors like Biotech, Energy, Tech, etc.

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.

Table with 4 columns: Stock, Sym, Close, Net Chg. Lists various stocks under the heading 'Wednesday, November 2, 2022'.

Table with 4 columns: Stock, Sym, Close, Net Chg. Lists various stocks under the heading 'Wednesday, November 2, 2022'.

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Table with 4 columns: Stock, Sym, Close, Net Chg. Lists various stocks under the heading 'Wednesday, November 2, 2022'.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session.

Table with 4 columns: Stock, Sym, Hi/Low, Chg. Lists stocks that reached new 52-week highs or lows.

Table with 4 columns: Stock, Sym, Hi/Low, Chg. Lists stocks that reached new 52-week highs or lows.

Table with 4 columns: Stock, Sym, Hi/Low, Chg. Lists stocks that reached new 52-week highs or lows.

Mutual Funds

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

Table with 4 columns: Fund, NAV, Chg, %Ret. Lists top mutual funds.

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Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

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Table with 4 columns: Fund, NAV, Chg, %Ret. Lists top mutual funds.

MARKETS



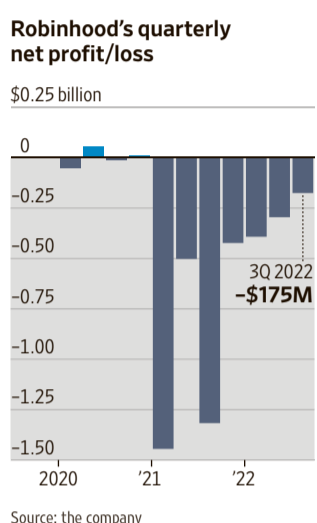
Robinhood spent heavily to expand its business but now is cutting back. It has made two rounds of layoffs this year.

Robinhood Cuts Its Losses

BY VICKY GE HUANG AND ALEXANDER OSIPOVICH

Net losses at **Robinhood Markets Inc.** shrank in the third quarter after a steep drop in expenses helped offset declining revenue and lower user numbers. The online broker reported third-quarter revenue of \$361 million, a year-over-year decrease of 1% and a seventh consecutive quarterly drop. Rising interest rates helped lift quarterly net interest revenue to \$128 million, more than doubling from a year ago. Chief Financial Officer Jason Warnick said the company has about \$17 billion in assets that generate interest revenue. Transaction-based revenue dropped 22% to \$208 million. Robinhood's September monthly active user count fell 35% to 12.2 million from a year ago, the lowest level since the fourth quarter of 2020. Robinhood, which has spent heavily to expand its business, is cutting back. Its operating expenses in the third quarter were \$535

million, a 69% decrease from last year. The company has made two rounds of layoffs this year. Its net loss narrowed to \$175 million from \$1.32 billion last year. Its stock ticked up 4% in aftermarket trading Wednesday. Launched less than a decade ago, Robinhood fueled the pandemic's day-trading boom thanks to its easy-to-use, mobile-first design. The online brokerage signed up millions of investors during the pandemic but is struggling to keep them as markets reel from the Federal Reserve's interest-rate increases and traders' return to offices. Robinhood's revenue is closely tied to trading volume. It sends customer orders to high-speed trading firms in exchange for cash in a practice called payment for order flow. That has become less lucrative for brokerages as their customers became less active over the past year. Order-flow revenue at the dozen largest U.S. retail brokerages was \$767.5 million in the third quarter, a decline of



13% from 2021, according to data compiled by Larry Tabb, head of market-structure research at Bloomberg Intelligence. Robinhood's order-flow revenue from stocks and options trading fell 29% to \$149.9 million, compared with the same quarter last year, Mr. Tabb's data show. Shares of Robinhood have plunged 36% this year and finished Wednesday at \$11.40. The stock is down 70% from

its July 2021 initial public offering price of \$38 a share, according to Dow Jones Market Data. Robinhood has faced stiff competition from larger and more entrenched players in the brokerage industry. Its users tend to be younger and have less money in their brokerage accounts than at many competitors. The online brokerage has tried to capitalize on growing interest in cryptocurrency by broadening the number of currencies traded on its platform to 19. It recently launched the beta version of its "Web3 wallet" to 10,000 users. The wallet—separate from the main Robinhood trading app—allows users to trade and swap cryptocurrencies with no network fees. Vlad Tenev, chief executive of Robinhood, said the company plans to roll out the wallet internationally early next year. "We've been making a ton of investments in the past year despite it being crypto winter," Mr. Tenev said on the company's earnings call.

Stocks Move Lower

Continued from page B1 once expected.

The market had been betting on a "pivot" or change in monetary policy from the central bank, Eaton Vance portfolio manager Aaron Dunn said. But Mr. Powell ultimately determined that by focusing more on how long the central bank will have to keep raising rates. Moreover, it wasn't clear that the Fed knows how high rates will ultimately have to get, he said.

U.S. government bonds fell, with the yield on the benchmark 10-year U.S. Treasury note rising to 4.059% from 4.052% Tuesday. The two-year yield, which is more sensitive to near-term interest-rate expectations, edged up to 4.568% from 4.538%. Yields move inversely to prices. The dollar rose, with the WSJ Dollar Index gaining 0.35%.

Hopes of a Fed pivot have stoked several short-lived rallies throughout the year. U.S. stocks mounted a rebound in October reminiscent of the rally this summer when investors piled back into equities after months of selling pressure. That rally was similarly driven by hopes that the Fed might begin to slow rate rises. But Mr. Powell's reiteration in late August of the central bank's commitment to fighting inflation helped send stocks spiraling again.

The bull case is a bit of contrarian betting and trying to time the Fed's policy moves, said Colin Graham, head of multiasset strategy at asset manager Robeco. At some point the Fed will alter its course and when it does stocks are likely to rise again, he said.

Ultimately, the Fed did suggest its next rate increase may be smaller than the last four, something the market has been anticipating. Data from CME Group show a 57% chance of the Fed raising rates by 0.5 per-

centage point at its December meeting, up from 44% before the meeting. Meanwhile, corporate earnings season so far has proved to be a mixed bag. Some of the U.S.'s biggest banks reported results that were better than feared, but other market heavyweights, most notably big technology companies, have disappointed investors. Overall, third-quarter earnings of companies in the S&P 500 are set to grow by about 3% from the year before, according to FactSet figures blending actual results and estimates for firms yet to report. **Match Group** rose \$1.84, or 4.2%, to \$45.74 after it posted stronger-than-expected revenue and profit. After the market close, mobile-phone chip supplier **Qual-**

All 11 sectors in the broad S&P 500 index declined more than 1%.

comm said it sees the smartphone slump worsening. Shares slumped about 7% in late trading. Online-trading broker **Robinhood Markets** reported a narrower-than-expected loss, pushing shares up 4% after hours. The Stoxx Europe 600 fell 0.3%. Indexes in China extended a rally that came amid speculation that China could ease its zero-Covid policy. The Shanghai Composite added 1.2% and Hong Kong's Hang Seng gained 2.4%. Early Thursday, the Hang Seng was down 2.3% and the Shanghai benchmark was flat. Japanese markets are closed Thursday for a holiday. S&P 500 futures rose 0.2%.

AUCTION RESULTS
Here are the results of Wednesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

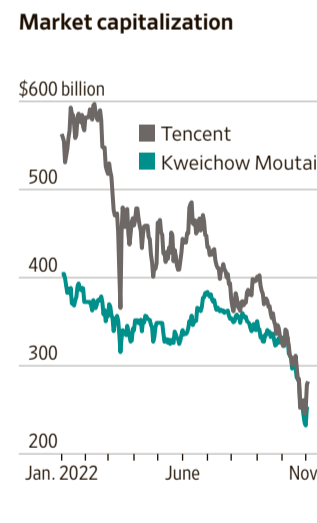
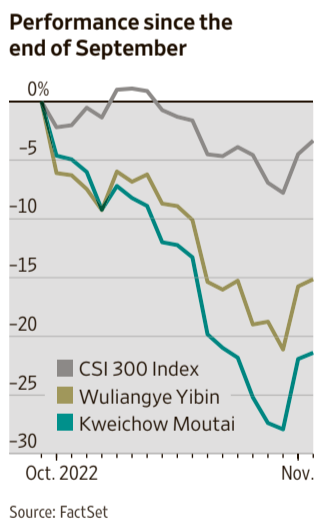
17-WEEK BILLS	
Applications	\$104,447,900,100
Accepted bids	\$33,911,201,600
* noncompetitively	\$205,185,700
* foreign noncompetitively	\$10,000,000
Auction price (rate)	98.585222 (4.280%)
Coupon equivalent	4.402%
Bids at clearing yield accepted	84.35%
Cusip number	912796Y86

The bills, dated Nov. 8, 2022, mature on March 7, 2023.

Chinese Liquor Takes Hit Amid Crackdown Fears

BY WEILUN SOON

Chinese President Xi Jinping has a vision to distribute wealth more equally across the country. Investors are sobering up to what that could mean for the companies that make the nation's beloved fiery booze. Mr. Xi recently doubled down on his plans for "common prosperity" during China's weeklong Communist Party congress in October. Investors are worried this could portend an industry crackdown, or simply be bad for the future sales of luxury baijiu distillers and companies that sell expensive goods. Shares of **Kweichow Moutai Co.**, a state-owned company whose potent liquor can cost \$700 a bottle, fell 28% in October to their lowest level in more than two years. The decline erased roughly \$100 billion in market capitalization in just a month. The stock's fall was much steeper than the 7.8% decline in the broader CSI 300 Index of the largest listed companies in mainland China last month. **Wuliangye Yibin Co.**, which also produces baijiu liquor, declined 21% in October. The distillers recouped some losses in the last two days following a market rally fueled by investors' hopes that China might ease its zero-Covid policy early next year. Shanghai-listed Moutai has been a popular holding of both international and domestic investors. The distiller makes its version of the potent baijiu spirit in the southern province of Guizhou. The liquor is made from sorghum and has been dubbed "firewater," a nod to its 53% alcohol content. Moutai has long been a status symbol in China, often consumed at weddings and lavish business dinners. The company's consistent double-digit sales growth year after year resulted in it being classified as a Chinese consumer staple stock, even though its products are highly costly. In September, when Moutai's market capitalization was at about \$330 billion, the company briefly replaced in-



ternet giant Tencent Holdings Ltd. as China's most valuable publicly listed company. As of this summer, foreign investors held about 74% of Moutai's shares, according to Wind data. But after Mr. Xi started espousing his vision to remake China's economy during the party congress, international investors pulled the equivalent of \$1.8 billion from the stock, taking their ownership down to 6.4% by the end of October. That made up the bulk of the more than \$2 billion in foreign outflows from Moutai last month. "The term 'common prosperity' gave some investors the impression that Xi wants to build an egalitarian society," which made them concerned about the distillers' prospects, said Wong Kok Hoi, founder and chief investment officer of APS Asset Management. The firm is a longtime holder of Moutai shares. Last week, Chinese stocks held by global investors sold off heavily after Beijing unveiled a party leadership packed with Xi loyalists. The Hang Seng Index fell 8.3%, and analysts chalked up much of the losses to pessimism about China's economic outlook and the fact that it didn't signal any easing of its Covid-19 restrictions. Overall, foreign investors pulled the equivalent of \$7.9 billion from mainland China's equity markets in October through

the Stock Connect program. It was the second-largest monthly drawdown in the history of the cross-border trading link, and the biggest since March 2020, during a global selloff in the early months of the pandemic. "Investors have been de-risking after the party congress. People are worried about future demand for baijiu, but there was no evidence of any hostile attitude towards the liquor sector," said Min Chen, Head of China at Somerset Capital Management in Singapore. He said the baijiu makers' steady growth in sales, which have averaged 10% to 15% yearly, is likely to continue. Harsh lockdowns didn't significantly damp Chinese consumers' appetite for Moutai. The distiller reported revenue growth of 11% and 12% in 2020 and 2021, respectively. For the first nine months of this year, Moutai posted the equivalent of \$12 billion in revenue, up 17% from the year-earlier period. Its net profit jumped 19% to the equivalent of about \$6 billion. Goldman Sachs analysts are optimistic about Moutai's prospects. In an Oct. 25 report, the investment bank said the distiller and Wuliangye are two superpremium baijiu brands that can be expected to ride on strong consumer demand. "Affluent consumers are generally under less financial pressure than lower class or middle class," the analysts wrote.

EXPERIENCES OFFERS EVENTS INSIGHTS

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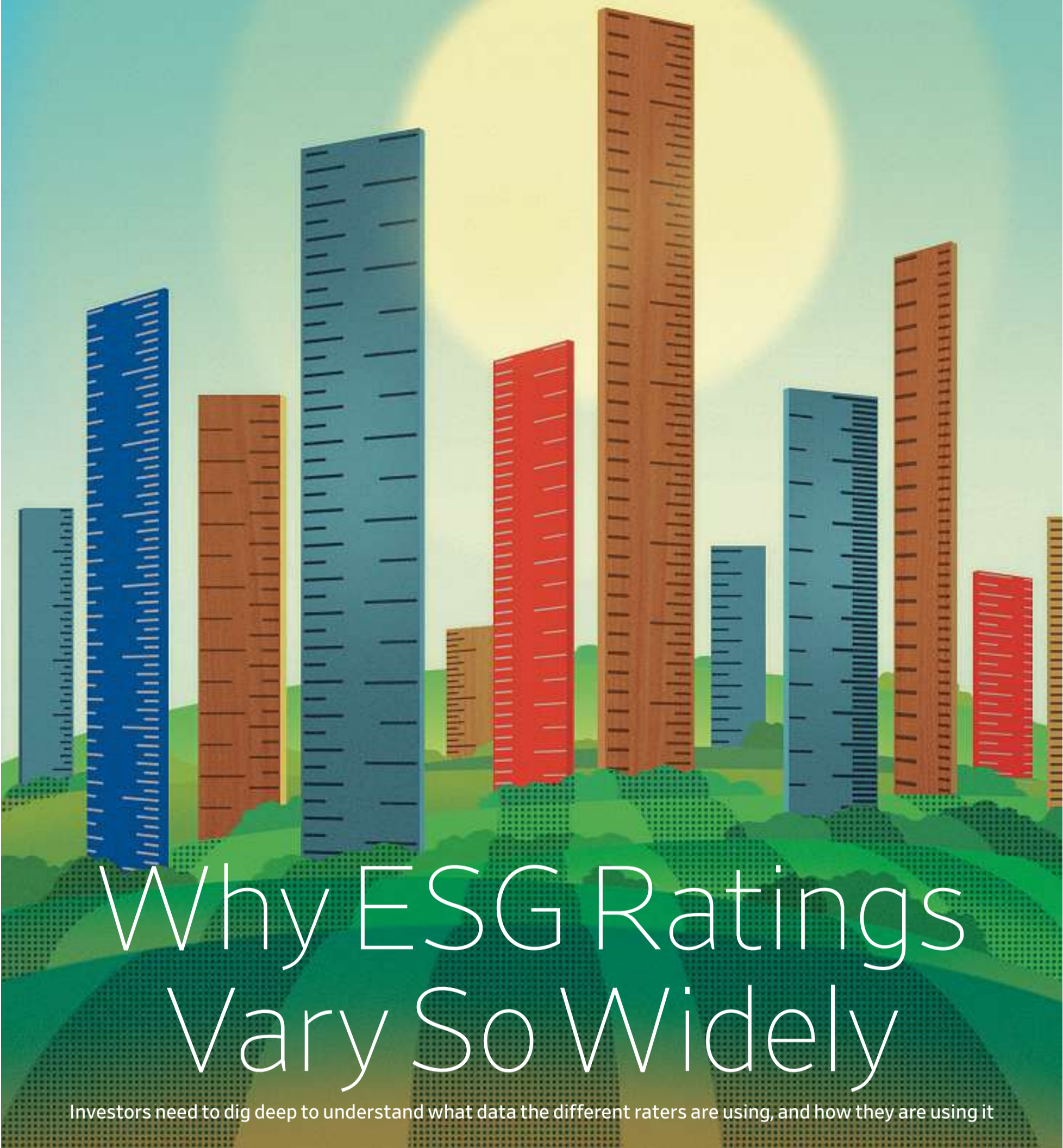
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ESG



Why ESG Ratings Vary So Widely

Investors need to dig deep to understand what data the different raters are using, and how they are using it

DAN PAGE

AS investing based on environmental, social and governance factors continues to grow, investors are faced with a dilemma: Which ESG ratings are they to believe?

After all, investors themselves have no idea which companies live up to ESG standards. They need to rely on outside ratings to determine which companies are worth their investment dollars. Yet ESG ratings vary substantially depending

BY FLORIAN BERG

on which provider is doing the ratings—to a point where a company could be highly rated with one rating company and have a very low score with another. The correlation between ESG ratings from the six raters my colleagues and I looked at ranged from 0.38 to 0.71, on a scale from minus 1 (meaning total disagreement) to 1 (meaning full agreement). In other words, the six never all

agreed on a company's ESG rating and in most cases there was little agreement among them.

That means investors need to dive deep into the details of the different methodologies of ESG raters when the same company has dramatically different ratings.

To get at the reasons for the divergence in *Please turn to page R8*

Dr. Berg is a research associate at the MIT Sloan School of Management. He can be reached at reports@wsj.com.

Investors' Views on ESG

A survey finds they vary by age and wealth

BY LISA WARD

BIG asset-management companies have increasingly used their voting power as shareholders to encourage companies to adopt environmental, social and governance initiatives.

But is that what their clients want?

A recent research survey by Stanford University sought to better understand individual investors' views

about ESG investing. It found that investors' support for ESG measures and their willingness to potentially lose money in that cause varied by their age and wealth, as well as the particular ESG issue.

Investors 58 years old and over were the least likely to support ESG objectives in general, and those between 18 and 41 were the most likely—a difference that showed in their willingness to put their savings at risk to support various initiatives.

For instance, more than one-third of the younger investors said they would be willing to lose 11% to 15% of their retirement savings to encourage companies to have gender and racial diversity mirroring the general population, but only 3% of the older investors said they would forfeit that amount for that goal. About two-thirds of the older investors said they were unwilling to lose any money to support diversity.

Please turn to page R2

Inside

GROWING INTEREST

Companies face pressure to improve supply-chain sustainability. **R4**



Scan this code to see how inflation has boosted credit-card debt with concerning implications for the U.S. economy.



Screening

Should investors think positive or negative when it comes to building their portfolios? **R5**

GREENER TOGETHER

When your partner doesn't do their part to be sustainable. **R10**



JOURNAL REPORT | ESG

Investors' Views On Sustainable Investing

Continued from page R1

Timing counts

"Older investors want fund managers to generate financial returns to support their spending needs during retirement and don't have a lot of time to recoup big losses," says David Larcker, a professor at Stanford's Graduate School of Business, a fellow at the Hoover Institution, a public-policy think tank, and one of the researchers.

The authors surveyed 2,470 investors in the summer of this year, with savings ranging from \$10,000 to more than \$500,000.

The survey also found that wealthier young investors tended to be the biggest ESG champions. For example, young investors with at least \$250,000 under management said on average that they would be willing to lose about 14% of their retirement savings to have companies reduce carbon emissions to net zero by 2050. But young investors with savings of



less than \$50,000 said on average they would be willing to lose 6% to accomplish that goal.

The type of ESG initiative also mattered to the investors surveyed. They cared more about environmental issues, like water quality, than social issues, like equal opportunity, and they cared about

governance the least. Prof. Larcker believes that's because investors could be personally affected by a big storm, forest fire or gender bias in pay, but may have a harder time evaluating CEOs' paychecks.

How to vote?

The survey respondents also said

they wanted investment managers' voting to reflect their personal views when it comes to ESG initiatives. To that end, 79% of the survey's respondents with assets managed by BlackRock Inc. said they approved of the firm's using its voting power to promote diversity on corporate boards.

But fully reflecting their clients' views on ESG initiatives remains a challenge for investment managers, given the range of investors' positions on the issues. Investment managers could split their votes to reflect individual investors' different perspectives, Prof. Larcker says. For instance, that could mean voting 70% of their shares in a company in favor of a specific ESG proposal and 30% of their shares against the proposal.

Investment managers also could try to give their clients a better understanding of what they have to be willing to risk to support an ESG agenda, Prof. Larcker suggests. That could entail making it clear how voting choices panned out financially and from an ESG perspective, he says: "Did a vote improve or hurt the company's financial performance in the short or long term? Was there a tangible effect on the environment or on employee diversity?"

"Fund managers need to acknowledge that there is likely to be some trade-off between ESG and financial returns," he says, "and that trade-off may matter to individual investors."

Ms. Ward is a writer in Vermont. Email her at reports@wsj.com.

ROB DODI

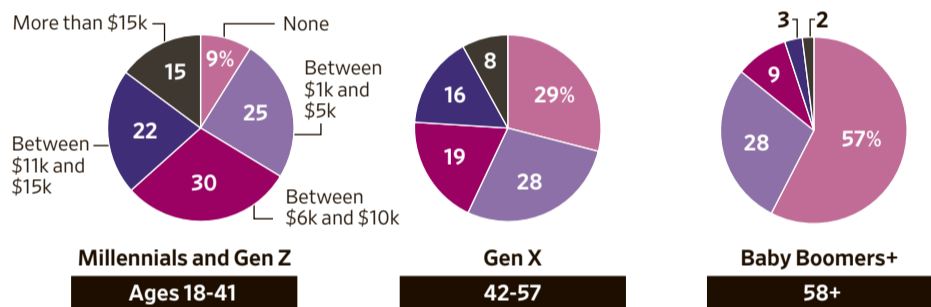
Attitudes About ESG

How investors are willing to risk their investment dollars to achieve goals when it comes to environmental, social and governance issues

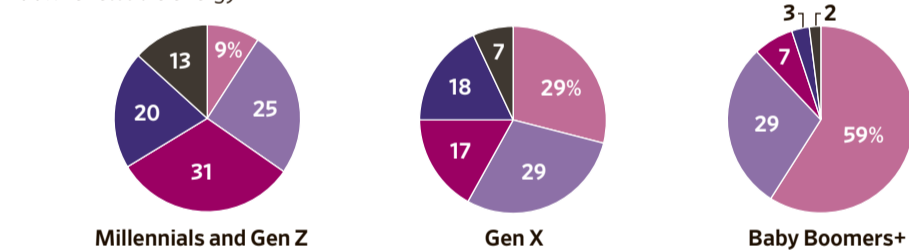
ENVIRONMENTAL

How much investors with \$100,000 in retirement savings would be willing to lose to have the companies they are invested in...

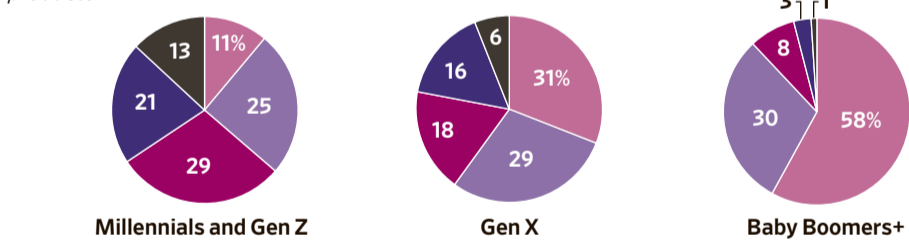
...change from industry-standard carbon emission levels to a 'net zero' by 2050



...change from industry-standard levels of renewable energy usage by suppliers to requiring 100% renewable energy



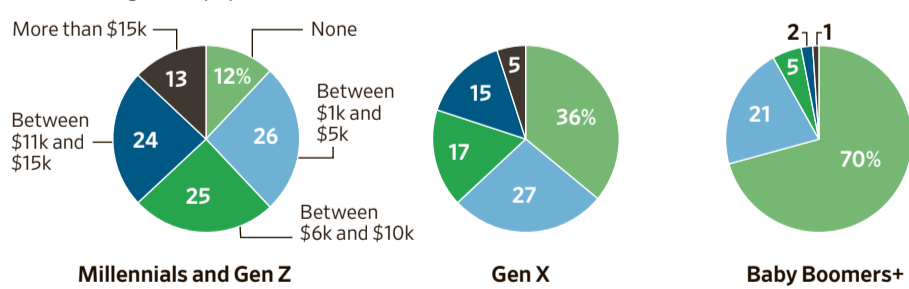
...change from industry-standard levels of product sustainability to requiring 100% sustainable products



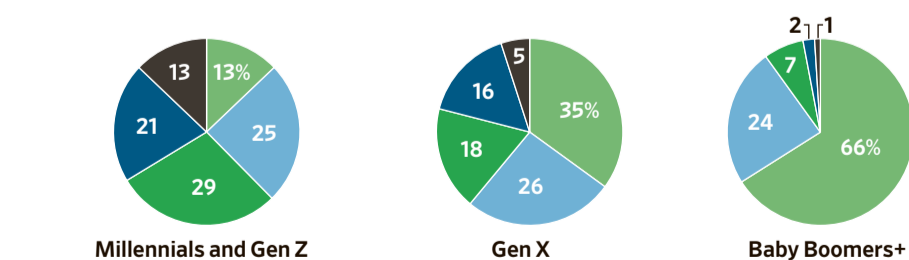
SOCIAL

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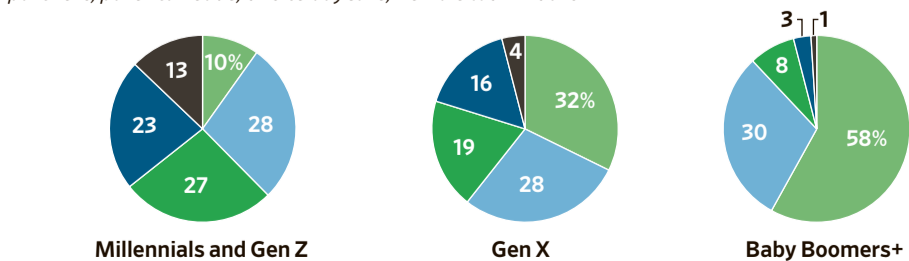
...change from industry-average levels of gender and racial diversity to mirror the diversity levels of the general population



...change from industry-average gender wage inequality to no gender wage inequality

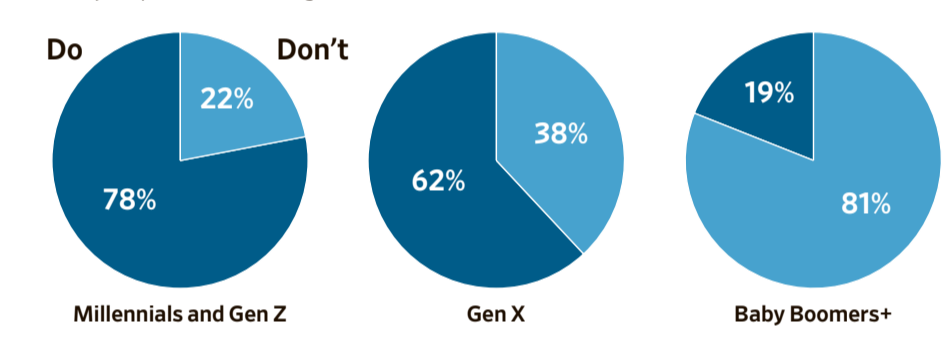


...be required to provide the following to all employees: healthcare coverage for domestic partners, parental leave, onsite daycare, flexible work hours

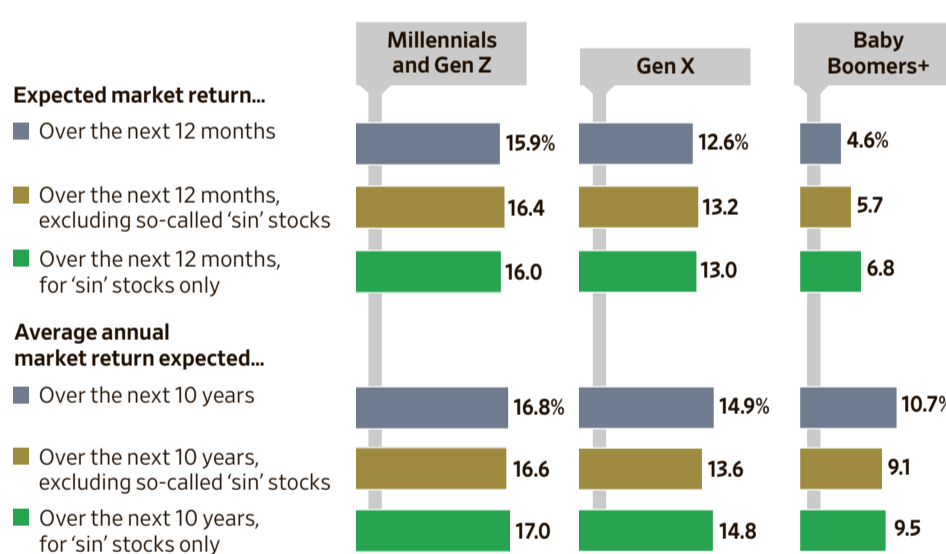


FOCUSED INVESTING

Investors who do/don't own any mutual funds or exchange-traded funds that restrict themselves to socially responsible investing



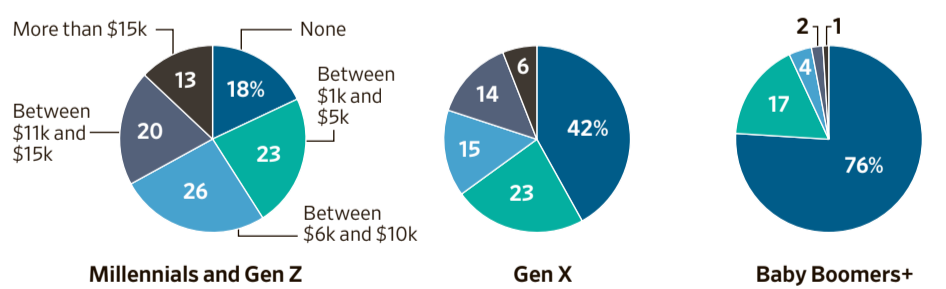
AVERAGE MARKET-RETURN EXPECTATIONS



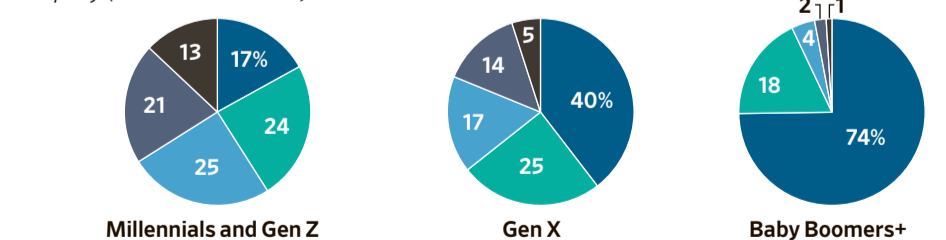
GOVERNANCE

How much investors with \$100,000 in retirement savings would be willing to lose to have the companies they are invested in...

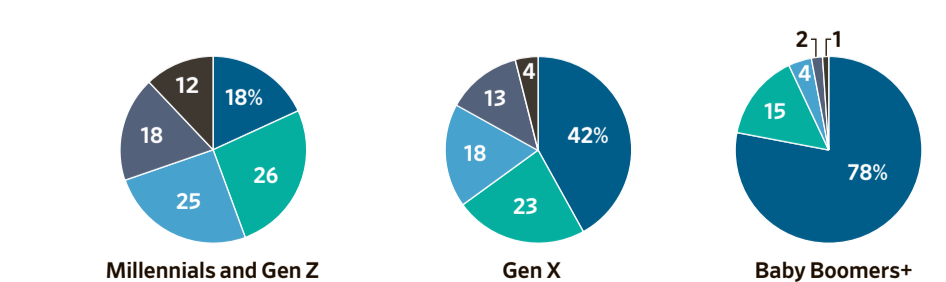
...be required to separate the chairman and CEO roles



...be required to have all board members with no personal or business relations with the company (other than the CEO)



...limit the number of other board positions their directors can hold to two or less



Source: Courtesy of Stanford Graduate School of Business, Rock Center for Corporate Governance at Stanford University and the Hoover Institution

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Sustainable Aviation Fuel

* Calculated with CORSIA.

JOURNAL REPORT | ESG



Companies Face Pressure to Improve Supply-Chain Sustainability

BY CHERYL WINOKUR MUNK

A new survey finds that interest in environmental issues has become more intense over the past year

DESPITE renewed efforts, achieving sustainability broadly across the supply chain often remains elusive.

While an imperative for many companies, global disruptions including the Covid-19 pandemic have made it more difficult to achieve goals across the supply chain that advance human rights, fair labor practices and positive environmental outcomes. Yet sustainability remains top of mind for many companies, according to David Correll, research scientist with the MIT Center for Transportation & Logistics.

He recently spoke to The Wall Street Journal about the challenges companies are facing and how efforts to improve supply-chain sustainability are likely to intensify. What follows are edited excerpts of that conversation.

The priorities

• **WSJ:** This is the third year MIT has done its global study on supply-chain sustainability. What are the top takeaways for companies?

• **DR. CORRELL:** One takeaway is that supply-chain sustainability seems to be here to stay, and it's real. Over three years of observation, every source of sustainability pressure that we monitor—for example, governmental regulators, customers, investors—has increased in perceived pressure. Our survey shows that it has really survived—and even thrived—in times of crisis. That was a result that we didn't necessarily expect when we started. For two years in a row now, roughly 80% of Eng-

lish-language respondents reported that their firm's commitment to supply-chain sustainability stayed the same or increased in the face of the global Covid-19 pandemic.

To put some specifics to that, we break supply-chain sustainability up into 10 dimensions. Five are environmental, including things like managing across your supply chain for climate-change mitigation and water conservation, and five are social. That includes things like human-rights protection and diversity, equity and inclusion. What we find is that when we ask for prioritizations of those dimensions over time, it changes every year. It changes by geography, it changes by industry.

Firms should take away from this that what is enough now to impress your customers, your regulators or your investors is not likely to be sufficient next year, or for a different group of customers or regulators or investors.

• **WSJ:** Where do companies struggle the most when it comes to supply-chain sustainability?

• **DR. CORRELL:** Even a simple item like a diaper can have up to 50 component pieces. Something like an automobile will have tens of thousands. So brands at the ends of supply chains, particularly consumer-facing brands, really have trouble measuring the environmental and social sustainability of the thousands of disparate vendors that serve them. And this is a big struggle for managers, even managers for whom supply-chain sustainability is a big priority. Where I really hear the challenge among the firms I work with is they have a hard time managing upstream where they

have so many vendors that are all over the world.

Making it work

• **WSJ:** What specific steps can companies take to improve supply-chain sustainability?

• **DR. CORRELL:** The most common practice we identified among respondents was the supplier audit. Roughly half (46%) of respondents who reported that their firm has a supply-chain sustainability program reported conducting them. Similarly prevalent were the use of codes of conduct, applied to one's suppliers (35%) and to their own firm (32%). Looking further up what we call the staircase of practices, we see businesses working with partners to help them to measure and monitor sustainability in the supply base.

• **WSJ:** Can you give a few examples to illustrate how the pandemic has helped or hurt these efforts?

• **DR. CORRELL:** For all the horrible things that the pandemic brought to the world, the new attention to supply chain may have actually helped supply-chain sustainability. For example, one subject we interviewed described 2021's Covid-19-induced supply-chain snarls as giving his team air cover to propose new supply-chain ideas, ideas which included sustainability improvements like alternative-fuel delivery vehicles.

• **WSJ:** What might be the practical implications for companies that don't take steps to improve supply-chain sustainability?

• **DR. CORRELL:** Supply-chain sustainability efforts are seeking to eliminate the kinds of human-rights scandals and environmental transgressions that can permanently tarnish a brand or can seriously disrupt continuity of supply. Forgoing the opportunity to avert those crises feels risky to me. The second thing is that it's a missed opportunity to find new ways to create value. Doing better at sustainability involves being closer and sharing information with some of your supply base. There's value to unlock through supplier development and collaboration in terms of innovation and resilience.

• **WSJ:** Can you outline a few actions by third parties that could help companies improve supply-chain sustainability efforts?

• **DR. CORRELL:** Investors are far and away the fastest-growing driver of sustainability pressure that our respondents report. Public commitment to sustainability and commitment to ESG by major investors can move the needle. Our respondents clearly report

that especially in the last year they've felt the pressure most acutely from their investors.

Changing focus

• **WSJ:** Why do you think people are focused on different aspects of sustainability now than they were a few years ago? For instance, there's more interest now in climate-change mitigation and conservation.

• **DR. CORRELL:** The biggest change between year one and year two of the study was really the rise in prevalence in social issues. The biggest change in year two to year three is the resurgence of interest in environmental issues, particularly climate-change mitigation. Why is really open to interpretation. Personally, I think that how people prioritize their sustainability efforts and decisions is influenced by what's on the news that morning, what they hear on their commute and on their way home. It's important to note that our year-two survey

“What is enough now to impress your customers, your regulators or your investors is not likely to be sufficient next year.”

was deployed October to November 2020. I think race and equity were a bigger part of the national conversation then, at least in the U.S., and that may have influenced the results that we collected that year. Last year's survey was open to respondents from October 2021 through December 2021, which was around the time of the COP26 United Nations Climate Change Conference in Glasgow.

• **WSJ:** Do you expect interest in sustainability, in general, will continue to grow, and in particular, do you expect the focus on environmental sustainability to continue?

• **DR. CORRELL:** I don't see any reason it will slow down. At least forecasting out one year, I really think energy and climate are going to be more top of mind to consumers and regulators and, quite importantly, to investors, especially with what's been happening in the world, including the possibility that Europe will go through the winter without Russian hydrocarbons.

Ms. Winokur Munk is a writer in West Orange, N.J. She can be reached at reports@wsj.com.



The Experts

When Investors Can Add ESG To 401(k)s, They Don't

INVESTMENT strategies focused on environmental, social, and governance (ESG) issues have been receiving increased interest from retirement-plan sponsors, consultants and regulators. But what about retirement-plan participants themselves? Are they also interested?

Not so much, according to a recent study I conducted with Zhikun Liu, a senior research associate at the Employee Benefit Research Institute. We looked at the allocation decisions of do-it-yourself participants (that is, investors who build their own portfolios) in retirement plans that offered at least one ESG fund. According to our analysis, less than 10% of DIY investors chose to allocate money to an ESG fund when it was offered in their 401(k) plan. Among those who *did* put money in an ESG fund, the investment made up only about 20% of the total portfolio.

To put that in perspective, consider that a majority of 401(k) investors end up in a plan default investment—typically a target-date fund—so they don't even get the choice unless it's one of the few target-date funds with an ESG focus. So that means, according to our analysis, it's a minority of a minority of all participants who choose to invest in an ESG fund when it's available to them.

We found that one of the most important factors in determining whether somebody would choose an ESG fund was simply the total number of funds in the participant's portfolio. This implies that, for many retirement-plan participants, allocating investments to an ESG fund is driven by the fact they want to build a larger portfolio—and not necessarily because it was specifically an ESG fund.

The only exception was when there was a “plan level effect” that resulted in broader acceptance of ESG by plan participants. That's when there is, say, a strong culture or business alignment with E, S, and/or G factors at the plan participant's employer.

The low adoption rate raises a bigger issue: Should retirement-plan sponsors add more ESG funds to their offerings?

Setting aside the efficacy of an ESG strategy, I am concerned that including ESG funds in a defined-contribution plan could result in worse performance for participants to the extent that it encourages investors to build their own portfolios, rather than choosing a target-date fund. So, investors wanting ESG exposure in their retirement plan would have to forgo the default option and build the portfolio themselves. And the odds of the participant-built portfolio being “better” than the target-date fund is relatively low, since target-date funds are highly diversified and built by investment pros.

Another thing to keep in mind is that incorporating ESG strategies into a defined-contribution plan can be difficult and ambiguous since there are a range of ratings for ESG funds, and investors can have very different preferences across the dimensions—for instance, they care a lot more about G (governance) than they do about E (environment) or vice versa.

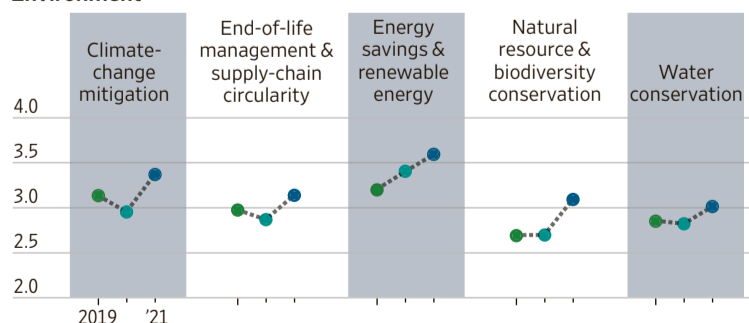
—David Blanchett, head of retirement research at PGIM

The Experts are industry and thought leaders who write about topics of their expertise. You can read this full blog post and others at [WSJ.com/Experts](https://www.wsj.com/experts).

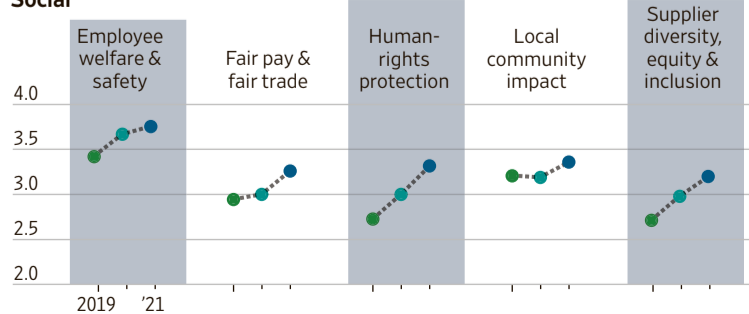
Supply-Chain Priorities

The average importance supply-chain professionals say their company gives to investing in the following areas, on a scale of 1 (low) to 5 (high)

Environment



Social



Source: Kellen Betts and David H.C. Correll annual global surveys

JOURNAL REPORT | ESG

ESG Investors' Dilemma: Think Positive or Negative?

It's a question of shunning all companies in a sector or taking a more nuanced approach

BY SUZANNE MCGEE

FOR many investors, the question isn't *whether* to invest in companies that embrace environmental sustainability, social responsibility and good governance. The question, rather, is *how*.

And more specifically, a fundamental question is this: Do you use a positive or negative screen when building an ESG portfolio?

With negative screens, an investor would shun all companies in a particular sector or doing a certain kind of business. They might, for instance, eliminate exposure to companies in the tobacco or fossil-fuel industry, or those with relatively outside carbon footprints or a lousy record of labor relations.

By contrast, with positive screens, investors tend to be more inclusive when building their portfolios, perhaps using them to find companies that score high on certain ESG criteria compared with peers—say, retailers with labor-friendly practices and whose supply chains exclude sweatshops—or companies actively engaged in some sort of constructive change such as clean-energy businesses.

Both approaches have their strengths and weaknesses—and can result in the creation of portfolios with very different characteristics.

Rudimentary?

The history of negative screening is extensive, with roots dating back to the 18th century when religious groups such as the Methodists and the Quakers codified how their beliefs should be applied to their business and investing decisions. Then—as now—faith-based investors tended to shun so-called sin stocks, or businesses involved in tobacco, liquor or gambling.

One of the oldest mutual funds in the ESG universe, Pax World, was founded in 1971 when two United Methodist ministers designed a prototype negative screen whose primary goal was to exclude businesses profiting from the Vietnam War.

How common are negative screens today? More than half of individual and institutional investors who responded to a BNP Paribas survey in 2021 said they still rely on negative screens like those developed by Pax.

That doesn't surprise Shari Friedman, managing director of climate and sustainability at Eurasia Group, a geopolitical consulting group based in New York. "It's simple and it's transparent," she says.

Jonathan Doolan, a Paris-based managing partner at advisory firm Indefi, is skeptical, calling negative screens a "rudimentary way" to build an ESG portfolio. Mr. Doolan, who advises asset-management companies on strategic issues such as developing ESG products, believes negative screening has a number of downsides, including the limits it imposes on the investible universe.



"You risk creating an ESG bubble of 'acceptable' stocks," he says, adding that, by his calculations, only 15% of the stocks in the Russell 1000 index would qualify for inclusion in portfolios built using negative screens.

There's plenty of research to support Mr. Doolan's critique. Even academics who say negative screens have had only a minor impact on risk and returns over the long haul acknowledge that stocks frequently excluded from ESG portfolios, such as tobacco and alcohol stocks, have substantially outperformed the market.

Middle ground

That data, along with the growing sophistication of screening tools and the array of investors flocking to ESG, help explain the growing popularity of positive screens and hybrid approaches to building an ESG-focused portfolio.

Positive ESG screening can, in practice, lead to investors pursuing an array of strategies. Some investors use positive screens to identify companies involved in addressing a specific ESG issue. Clean-technology funds, for example, seek to back very specific businesses, such as manufacturers of solar panels. Others might use positive screens to identify companies pushing forward with new sustainability measures or governance practices—regardless of the industry in

Both approaches have their strengths and weaknesses—and can result in the creation of portfolios with very different characteristics.

which they operate.

Positive vs. negative screens isn't just a matter of semantics. The different approaches often lead to portfolios that look very different. For instance, a survey of the holdings of the world's largest ESG funds by MSCI ESG Research LLC found that the **Putnam Sustainable Leaders Fund** had only slightly more than 1% of its assets invested in communications-technology companies, while **Parnassus Core Equity** and the **iShares ESG Aware MSCI USA ETF** both had a weighting of more than 10% in this sector. While some big ESG funds shun industrial stocks, others—notably clean-tech funds—are willing to invest nearly 25% of their assets in companies as diverse as Ecolab Inc. and PPG Industries Inc., the survey found.

The single biggest area of overlap between portfolios created with positive

vs. negative screens seem to be technology stocks. The MSCI study found

that names like Alphabet Inc. (the parent of Google), Microsoft Corp.

and Applied Materials Inc. often appear in both. There is no reason to avoid them because of some kind of failing, and each makes a point of emphasizing what it is doing to limit carbon emissions or tackle other social or governance issues.

What ESG investors, consultants and analysts increasingly find most interesting is a hybrid approach, where both negative and positive screening is deployed to build a portfolio that avoids the worst players, allocates capital to emerging businesses that hold particular appeal to the ESG community, and encourages others to be-

come more sustainable.

There will always be complex trade-offs, says Mr. Doolan. For instance, Bangladesh relies almost exclusively on dirty fossil fuels—but moving toward decarbonization would take a toll on other aspects that ESG investors tend to favor, such as food security and social justice, he says.

Adds Ms. Friedman: "It's going to remain nearly impossible to devise a screening approach that reflects what every investor wants to see."

Ms. McGee is a writer in New England. Email her at reports@wsj.com.

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TOGETHER FOR
A Greener Future

Underlining the company's commitment to tackling climate change, Samsung Electronics has unveiled a new environmental strategy, including a series of innovative initiatives that will help it achieve net zero carbon emissions by 2050.

In a report published in April of this year, the United Nations outlined the scale and urgency of the world's climate emergency in the starkest terms. Despite the efforts made following the historic Paris Agreement in 2015, at which 196 countries pledged to keep global warming to no more than 1.5°C by achieving net zero carbon emissions by 2050, scientific data shows we are on a pathway to a temperature rise of almost double that limit (2.7°C). Without rapid change, added the report, the consequences for the planet and its inhabitants will be nothing short of cataclysmic.

But while it is crucial for governments to lead the way in

tackling climate change, companies and consumers also have a huge role to play. To that end, Samsung Electronics has reaffirmed the importance it places on sustainability with the recent announcement of a new, comprehensive environmental strategy to tackle climate change and maximize resource circularity.

The global tech brand has already demonstrated its commitment to promoting sustainability in its products over many years, with recent examples including the Neo QLED 8K and Galaxy Z Fold4 smartphone, which both incorporate recycled materials, and the Bespoke AI Laundry

and the Bespoke Refrigerator, which each reduces energy usage significantly. But its latest environmental strategy aims to raise the bar for sustainability still further, while setting new standards in the electronics industry.

"Samsung is responding to the threats of climate change with a comprehensive plan that includes reducing emissions, new sustainability practices and the development of innovative technologies and products that are better for our planet," said Jong-Hee Han, Vice Chairman, CEO and Head of Device eXperience (DX) Division at Samsung Electronics, in the company's announcement on September 15.



A Power of Good

Making products that are more energy- and resource-efficient is key to Samsung's plans. Creating products that use less electricity and resources involves making the entire lifecycle of a product—from raw material sourcing to disposal and recycling—more sustainable.

One of the main ways the company aims to do this is by leveraging low-power technologies in everyday products, such as by introducing ultra-low-power memory chips to significantly reduce the electricity consumption in data centers and mobile devices by 2025 compared to current products.

The company also plans to implement low-power technologies in seven categories of consumer electronics, namely smartphones, refrigerators, washing machines, air conditioners, TVs, monitors and PCs.

In addition, Samsung has signaled its commitment to maximizing resource circularity by expanding e-waste collection systems from about 50 countries to over 180 by 2030, and establishing a new Circular Economy Lab to drive research around recycling technology and sustainable material sourcing processes.



A Net Zero Roadmap

Samsung's environmental strategy also centers around its goal of achieving net zero direct and indirect carbon emissions for the DX Division by 2030, and across all its global operations by 2050.

To that end, the company has joined RE100, a global initiative that brings together the world's most influential businesses in a collaborative effort to match global electric power needs with renewable energy by 2050. As part of this initiative, Samsung plans to match the electric power needs of its DX Division and all international markets where it operates with renewable energy within five years.

Bright Ideas

Drawing on the company's vast technical resources and knowledge, Samsung is also addressing global climate challenges through initiatives designed to catalyze innovation.

A first of its kind in the semiconductor industry when it was established within the Samsung Advanced Institute of Technology in September 2021, the Carbon Capture Research Institute has been tasked with developing carbon capture and utilization technologies that make it possible to store carbon discharged from semiconductor industrial sites and turn it into a usable resource.

In addition, Samsung is identifying and investing in startups that support innovative green technologies through C-Lab, its in-house venture incubation and external start-up acceleration program.



Everyday Sustainability

Ultimately, tackling climate change effectively requires a concerted effort from consumers, companies and governments, which is why it is crucial for market-leaders such as Samsung to both set new standards in this area and make it easier for their customers to make sustainable choices. At the same time, Samsung plans to continue developing new technologies and implement further sustainable practices to enable a brighter future for all.



Samsung is responding to the threats of climate change with a comprehensive plan that includes reducing emissions, new sustainability practices, and the development of innovative technologies and products that are better for our planet.

Jong-Hee Han, Vice Chairman, CEO and Head of Device eXperience (DX) Division at Samsung Electronics



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JOURNAL REPORT | ESG

Behind the ESG Ratings

Continued from page R1

ESG ratings, Julian Kölbel, Roberto Rigobon, and I analyzed the differences between ESG ratings from six raters. We identified three sources of the divergence: differences in which indicators are included in the ratings, in the weights given to each of those indicators, and in how they are measured. Together, those three factors define each rating company's methodology.

Here is what we found—and potential ways to address the divergence of ESG ratings to make them a better tool for investors.

Different data, weights

To see how much the underlying data can differ from rater to rater, consider this: In our sample of six different raters, the number of indicators that feed into the final ESG rating ranges from 38 for one rating company to 282 for another. This indicates substantial differences in what ESG raters think is important.

Weight divergence happens when rating companies have different views of the relative importance of various issues. For instance, occupational health and safety are commonly measured by looking at injury rates in factories. Some raters might give more weight to how companies perform on this score than, for example, the companies' lobbying practices. But other raters think that lobbying practices are much more important, as companies might try to reduce accidents in their own factories but at the same time lobby against regulation aimed at making all factories safer—which could add

up to more injuries nationwide.

Investors need to know if the weightings align with their own personal concerns. For instance, for many people—and for many raters—diversity and climate change have taken on more importance in recent years. But there remain major differences in the weights raters give them.

Different yardsticks

One of the trickiest reasons for the ratings divergence happens when raters look at the same data (or lack of data) and come

ment of specific indicators. That is, a company receiving a high score for one indicator is more likely to receive high scores for all other indicators from that same rater. Think of a high-school student who has five different classes with the same teacher. In four classes, she excels; but in the last class, she doesn't show any interest. The teacher might give her the benefit of the doubt and, maybe subconsciously, raise her grade in that one class because of her performance in the other four classes.

of ratings divergence, and found that the measurement differences were responsible for 56% of the overall ESG variations. The use of different indicators was responsible for 38% and weightings 6%.

One way to improve measurement would be regulation requiring all companies to disclose certain ESG-related data, as the information reported by companies is the main source of data for ratings. Currently, some companies follow disclosure standards developed by the Global Reporting Initiative or the Sus-

ready happening with financial disclosure. This would give ESG raters reliable data to use in their assessments of each indicator.

However, while there might be less divergence in ESG ratings if companies reported a uniform set of data, there will always be some divergence resulting from different rating methodologies. Enhanced competition among rating companies with different methodologies could encourage innovation that would continually improve ratings so that they provide a fuller picture of companies' ESG efforts, beyond whatever data those companies might be required to disclose.

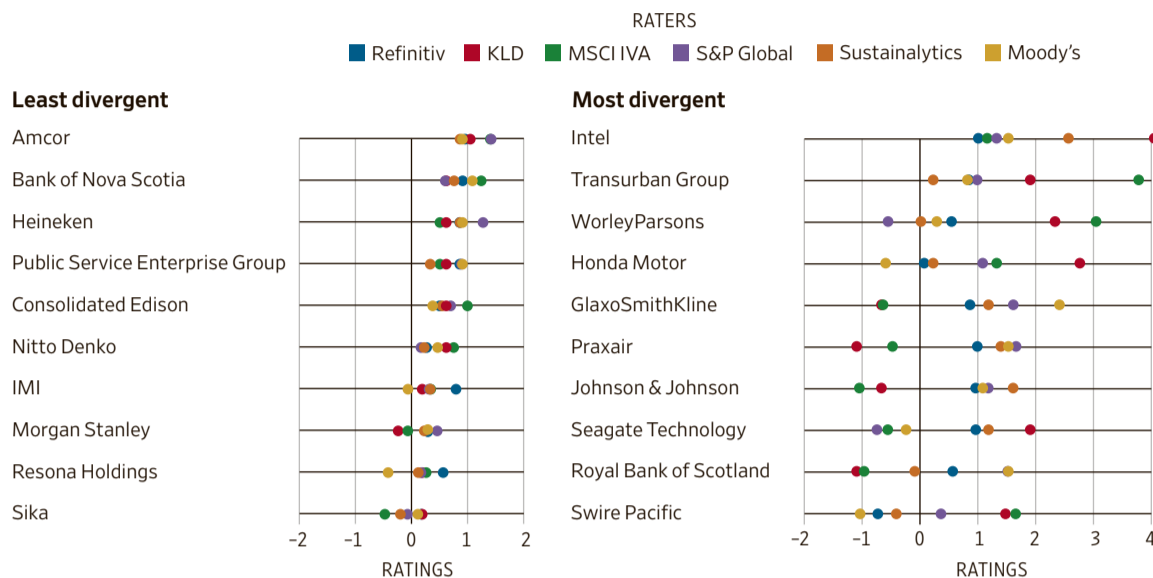
For instance, if accidents on the job were one mandatory measure of labor practices, a company might realize that it could manipulate the data by pressuring doctors to play down the severity of such incidents. In a competitive market, ESG rating companies could find other ways to measure labor practices, in addition to the required data.

Regulation could encourage such innovation. Regulators could, for example, force ESG raters to be more transparent about their methods. That would increase competition because investors would be able to make more informed decisions about which ratings to use. In addition, academics, nongovernmental organizations, the media and the companies being rated would be able to criticize the practices of ESG raters in a constructive way.

For now, ESG ratings divergence doesn't mean that measuring ESG performance is a futile exercise. It's clearly better than nothing. But it highlights the reality that measuring ESG performance is, to say the least, challenging—for the raters and for the investors who rely on them. Until those ratings contain fewer measurement discrepancies, investors who care about ESG performance are going to have to dig deeper to make sure their money is going where their values are.

In Agreement—Or Not

Companies with the most and least divergence in ESG ratings from six raters, based on recent research



Note: The different rating scales of the six raters were normalized by subtracting the mean and dividing it by its standard deviation to make them comparable. Source: Florian Berg, Julian F. Kölbel, Roberto Rigobon; MIT Sloan, University of Zurich

up with different measurements. For example, only a few companies disclose carbon-dioxide data for their supply chain. For companies that don't provide that data, ESG raters often estimate carbon-dioxide emissions from the supply chain. Each rater has its own way of doing that, so each arrives at a different conclusion.

We also found that a rater's overall view of a company appears to influence the measure-

This is what we call the rater effect. It shows that ESG measurement, like any assessment, can be subject to all sorts of human biases. Furthermore, some raters use artificial-intelligence technology in their assessments. These models can be biased, too, and contribute to the measurement divergence.

Seeking out solutions

We looked at each of the causes

of ratings divergence, and found that the measurement differences were responsible for 56% of the overall ESG variations. The use of different indicators was responsible for 38% and weightings 6%.

One way to improve measurement would be regulation requiring all companies to disclose certain ESG-related data, as the information reported by companies is the main source of data for ratings. Currently, some companies follow disclosure standards developed by the Global Reporting Initiative or the Sus-

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do your thing

When Your Partner Won't Recycle...

...It can spur you to action. Sometimes.

BY LISA WARD

If you saw your spouse throwing away a glass bottle instead of recycling it, would it make *you* more likely to recycle?

The answer has a lot to do with who has the decision-making power in the relationship.

That is the finding of a recent study into couples and their responses to environmental concerns. A romantic partner who has more decision-making power in the relationship will often do things to compensate for their partner's behavior. That is, they will act more sustainably than they otherwise would. By contrast, those who *don't* have decision-making power often don't push the issue by changing their behavior.

Why? Dominant partners see it as their responsibility to balance out their spouse and make the couple as a whole more green—and to signal that commitment to others.

"One partner is likely trying to rectify the couple's image," says Hristina Nikolova, one of the paper's co-authors and an assistant professor at Boston College's Carroll School of Management.

The bride wore green

In one part of the study, the authors ran a Facebook advertising campaign targeting people who were recently engaged to be married. The authors deemed that women were more likely to have decision-making power in this instance, which is often the case with wedding planning. So, would these dominant partners be motivated to make up for a

future spouse's environmentally weak behavior?

More than 70,000 people, both men and women, saw an ad with the headline "How to have a sustainable wedding," and they were asked to click through to a website with more information.

But half of the people, both men and women, saw an ad with an additional sentence: "Your partner will likely make many unsustainable wedding choices like plastic water bottles and disposable decorations, which ultimately damage our environment."

The authors found that when women saw the Facebook ad that mentioned their partner's behavior, their clickthrough rate—

Decision-making partners are more motivated to act green when their partners presumably showed bad behavior.

which indicates how often ad exposures lead to clicks—was 0.97%. The clickthrough rate for women seeing the ad *without* the additional sentence was lower, 0.72%.

That means that the decision-making partners were more motivated to act green when their partners presumably showed bad behavior. (Throughout their research, the authors controlled for whether or not the dominant partner was eco-conscious.)

Meanwhile, there was no statistically significant difference in the clickthrough rate for men, the partners who presumably didn't have decision-making



power in the event. In another part of the paper, the authors recruited 360 married participants and gave half of them a hypothetical scenario where their partners failed to recycle their trash after a big cleaning project. The other participants, the control group, were told about the project but didn't hear anything about their partners' actions.

power in the event.

The authors then surveyed the participants, asking about their decision-making role in the relationship and their intention to engage in green activities—like riding a bike or eating less meat—over the next three

months. The authors found that when partners felt they had more decision-making power, and that their partner wasn't being green, they were 8% more likely to say they would make environmentally friendly choices than the control group—partners with high decision-making power not told about their partners' behavior.

Throughout the experiment, meanwhile, there wasn't a statistically significant difference between spouses with less decision-making power who were told their partner didn't recycle and those who weren't.

Show you mean it

The survey also tried to uncover participants' underlying motivation for their behavior, asking questions like: "It is my responsibility to ensure that we are an environmentally conscious couple," "It is my duty to ensure

that we, as a couple, behave in an environmentally conscious way" and "I want to make a positive impression through engaging in sustainable consumption."

Spouses with more decision-making power who were told their partner didn't recycle were more likely to say that they had a responsibility to make the couple more green and signal that commitment.

Dr. Nikolova believes this desire for a positive couple identity holds lessons for businesses that are marketing environmental products or promoting more environmentally sustainable initiatives. For instance, a company selling household goods could incorporate the message that their customers have a responsibility to make their household more sustainable—instead of just appealing to people as individuals.

So, instead of aiming their pitches at people individually, advertisers might bear in mind how couples tend to interact.

"Companies may want to think differently about how they target customers," says Dr. Nikolova.

Ms. Ward is a writer in Vermont. She can be reached at reports@wsj.com.

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