

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

**E**leven golfers on the Saudi-backed LIV Golf circuit, including Phil Mickelson and Bryson DeChambeau, filed an antitrust lawsuit against the PGA Tour challenging their suspensions. **A1**

◆ **Walmart is cutting** hundreds of corporate roles in a restructuring effort, according to people familiar with the matter. **B1**

◆ **Major U.S. stock indexes** rose, with the Nasdaq, S&P 500 and Dow industrials posting gains of 2.6%, 1.6% and 1.3%, respectively. **B1**

◆ **OPEC and its allies** agreed to a small increase in oil output following calls by the U.S. and other major consumers for more supply. **A7**

◆ **U.S. gasoline prices** have declined for seven straight weeks and are approaching an average price of \$4 a gallon. **A3**

◆ **Warner Bros. Discovery** has scrapped "Batgirl," a superhero movie that was to be sent directly to its HBO-Max streaming service. **B1**

◆ **Airbus has canceled** a deal valued at billions of dollars to supply Qatar Airways with 19 of its largest aircraft, according to people familiar with the matter. **B3**

◆ **Ford's July sales** in the U.S. climbed 37%, rebounding sharply from year-ago production shortages and propelled by growing EV sales. **B3**

◆ **An attacker targeting** the solana cryptocurrency ecosystem drained funds from thousands of wallets in an incident that could draw increased regulatory scrutiny to digital assets. **B11**

### World-Wide

◆ **Pelosi departed Taiwan** after a whirlwind trip that angered Beijing and further strained U.S.-China relations. China's navy maneuvered into position for live-fire drills that were to encircle the island beginning on Thursday. **A1, A8**

◆ **Politicians across** the nation were assessing the potential impact of abortion in this fall's elections after Kansas voters rejected a proposed state constitutional amendment that would have eliminated abortion rights in the state. **A1**

◆ **Many Republicans** who support Trump's false claims of 2020 election fraud are winning GOP primaries, with some advancing to positions where they could influence election administration if they win their general elections. **A4**

◆ **Two top lawyers** who worked in the White House under Trump have been subpoenaed to appear before a federal grand jury investigating the events leading up to the attack on the Capitol. **A4**

◆ **Russia claimed** to have captured a major strategic position held by Ukraine's forces since 2015, marking what would be a notable advance by Moscow in Ukraine's east. **A7**

◆ **The U.S. Senate** overwhelmingly ratified the addition of Finland and Sweden as members of NATO. **A7**

◆ **Scientists restored** function to the organs of dead pigs, raising hopes that a similar approach might one day make more human organs available for transplantation. **A3**

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## Ukraine Grain Shipment Cleared to Sail Beyond Black Sea



**KEY TEST:** The first shipment of grain to leave Ukraine's Black Sea ports under a U.N.-brokered deal with Russia sailed through the Bosphorus after passing inspection in Istanbul Wednesday. Meanwhile, fighting continued in southern Ukraine. **A7**

# After Kansas Abortion Vote, Parties Weigh Lessons for Fall

Politicians around the nation were assessing the potential impact of abortion in this fall's elections after Kansas voters across the political

By *Laura Kusisto, Aaron Zitner and Jennifer Calfas*

spectrum contributed to Tuesday's strong rejection of a proposed state constitutional amendment that would have eliminated abortion rights in the state.

Some 60% of Kansas voters

rejected an amendment that would have explicitly stated there is no right to abortion in the state's constitution. The ballot measure lost by 18 percentage points in a state that former President Donald Trump, a Republican, carried by nearly 15 points two years ago.

Some Republican analysts saw a flashing yellow warning sign for their party, which generally backs abortion restrictions, from the first statewide test of abortion sentiment since the Supreme Court over-

turned *Roe v. Wade* in June. With voters agitated by inflation and unsatisfied with President Biden's job performance, most analysts say the election environment favors GOP candidates. But the high turnout for the referendum—which drew about twice the number of votes as in the state's 2018 primaries—suggested to some that the abortion fight could energize Democrats and sway independent voters who tend to favor fewer restrictions on the procedure.

"I think this will alter tradi-

tional turnout models, mostly likely in the Democrats' favor," said John Truscott, who served as communications chief for former GOP Gov. John Engler in Michigan, where an abortion referendum is also likely to be on the ballot this fall. In some close races, he said, renewed attention to abortion could tip the balance toward Democrats.

The Supreme Court's ruling said the U.S. Constitution

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◆ **Several 2020 election-result deniers advance in races.... A4**

## Tensions Escalate As Pelosi Departs Taiwan

Chinese navy prepares live-fire drills after speaker reaffirms the U.S.'s support for Taipei

House Speaker Nancy Pelosi departed Taiwan after a whirlwind trip that raised military tensions over the island to their highest level in more than two decades, an escalation likely to persist long after she returns home.

By *Brian Spegele in Beijing, Chun Han Wong in Hong Kong and Joyu Wang in Taipei*

By the time Mrs. Pelosi wrapped up a day of meetings with Taiwan's president, senior lawmakers, executives and human-rights activists and left Taiwan on Wednesday, China's navy had maneuvered into position for live-fire drills that were to encircle the island beginning on Thursday.

Mrs. Pelosi's visit sought to reinforce what the California Democrat said was America's commitment to preserving Taiwan's democracy. The trip also will prompt Chinese military activity in what Taipei claims as its territorial waters, Taipei's Defense Ministry said, raising the prospect of greater pressure on an island that is the most sensitive flashpoint in U.S.-China relations.

Combined with new measures limiting imports of Taiwan's goods to China, the

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◆ **House speaker vows 'ironclad' defense of Taiwan..... A8**

◆ **Chinese battery firm halts opening of U.S. plant..... A8**

## Golfers Backed by Saudis Sue PGA Tour

By *LOUISE RADNOFSKY AND ANDREW BEATON*

Eleven golfers on the Saudi-backed LIV Golf circuit—including Phil Mickelson and Bryson DeChambeau—filed an antitrust lawsuit against the PGA Tour Wednesday challenging their suspensions, the opening salvo in a legal fight that could reverberate across professional sports.

The group includes three players—Talor Gooch, Hudson Swafford and Matt Jones—who are seeking a temporary restraining order that would allow them to play in the Tour's FedEx Cup Playoffs, which begin next week. Each had qualified for the playoffs before signing on to play for LIV; the PGA Tour then told them they were being excluded from the event because of their participation in the LIV series.

The PGA Tour has suspended players lured to its rival by extraordinary appearance fees and record prize funds, pointing to Tour bylaws that bar members from appearing in other events without the permission of the commissioner. Many of the LIV golfers, such as Dustin Johnson, resigned their PGA Tour memberships.

The PGA Tour has said it believes those rules are appropriate and legal. People familiar with the Tour's thinking expect that it will say that its arrangement with players is akin to labor agreements that are ubiquitous across the economy, such as in law firms.

In a memo Wednesday to players, PGA Tour Commissioner Jay Monahan defended the suspensions. He wrote that

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### INSIDE



#### JASON GAY

An appreciation of announcer Vin Scully and his perfect baseball melody. **A14**

#### PERSONAL JOURNAL

Southwest Airlines removes expiration dates on travel credits. **A12**

## You're Back at the Office. Your Annoying Colleagues Are, Too.

Employees rediscover the pet peeves that come with working inches apart

By *SARAH E. NEEDLEMAN*

It didn't take long for Gary Bush to become reacquainted with the harsh realities of office life after two years of working out of his home in Fort Wayne, Ind.

Within a matter of days, the sales manager for an auto dealership found himself having to break up a spat between two employees over a large container of apple juice. One said she brought it in and left it in the office refrigerator to drink later that day. The other conceded to consuming most of it, but argued that he wasn't at fault because it wasn't labeled as



hers.

"Any little thing that happens they come to me," said Mr. Bush, 36 years old. "It's like I'm a babysitter."

In recent months, many more professionals who were sent home at the start of the health crisis have been returning to the workplace, where they're being reminded of the pet peeves that come with sitting inches apart from one another. Some say having to deal with office politics, loud chatter and other workplace grievances is already making them nostalgic for when they were only able to engage with

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## Netflix Scrambles to Learn Ad Business It Disdained

Rising competition forced a rethink of subscription-only model

For years, Netflix Inc. boss Reed Hastings was emphatic that the streaming giant wouldn't show ads in its programming. Late last year, the company did a 180. Netflix didn't just want to enter the ad business—it wanted to do so in a hurry.

By *Sarah Krouse, Suzanne Vranica and Jessica Toonkel*

The company assembled engineers to sound them out on the technical challenges. Executives quickly decided they would initially need an external partner to supply technology and sales power.

By spring, after announcing its plans publicly, Netflix had fostered a bidding war that included Alphabet Inc.'s Google, Comcast

Corp.'s NBCUniversal and a dark horse, Microsoft Corp. One of Netflix's goals was to secure a big "minimum guarantee"—a promise that it would get a large influx of ad revenue to limit its financial risk, say people familiar with the discussions.

Netflix also hunted for a senior leader with advertising expertise, mindful that it knew little about the business of selling ads. The company approached at least two top Comcast executives while the partnership negotiations were continuing with their employer, angering the top brass at the cable giant, some of the people said.

Netflix's urgent move into the ad market,

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◆ **Warner Bros. scraps 'Batgirl' amid cost cuts.... B1**

## CEOs Ditch Soft Touch Amid Downturn Fears

By *CHIP CUTTER*

Corporate chiefs who spent much of the pandemic patiently answering questions in town halls, sending reassuring notes to staff and projecting a softer image are shifting their tone as signs emerge that the economy is worsening.

Sundar Pichai, chief executive of Google's parent Alphabet Inc., told staff last month to work with "greater urgency, sharper focus, and more hunger than we've shown on sunnier days." Meta Platforms Inc. CEO Mark Zuckerberg said in late July that the Facebook owner must operate with greater intensity, "and I expect us to get more done with fewer resources." An engineering leader at the company recently told managers to identify and push out low performers.

Beyond the technology sec-

tor, CEOs are warning of tougher times, while others are telling employees to reconsider spending on trips, business meals or corporate swag such as coffee mugs.

The shift in messaging reflects increasing anxiety in the C-suite about where the economy is headed. A survey released in June by the Conference Board, a business research firm, found the majority of CEOs think a recession is coming or already here. When leaders fear a downturn, their talk and actions change, say executives, board members and corporate advisers.

"In the good times, we want to focus people on the growth aspects," said Ellen Kullman, chairwoman of 3-D printing company Carbon Inc. and former CEO of DuPont. "But when the economy appears to have

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U.S. NEWS

Gasoline Prices Fall 50 Days Straight

BY JOSEPH DE AVILA AND LAURYN AZU

U.S. gasoline prices have fallen for seven straight weeks and are approaching an average price of \$4 a gallon, easing the pain of record-high fuel costs amid shrinking global demand for oil.

The average cost of a gallon of regular gasoline sank to \$4.16 Wednesday, the 50th straight day that prices have declined, according to OPIS, an energy-data and analytics provider. That is a 17% decline from a high of \$5.02 on June 14, according to OPIS.

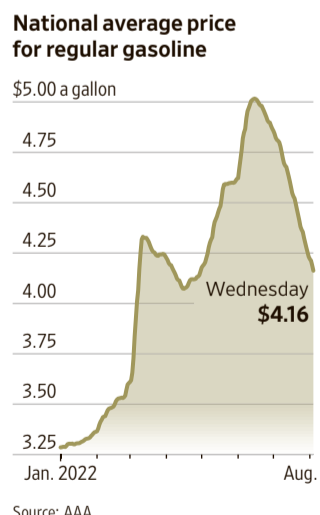
Global demand for oil has fallen in recent weeks as economic growth has slowed around the world, including in China, analysts said. Demand data and consumer surveys also suggest Americans are driving less. That global drop-off in oil demand has led to an improvement in oil supplies, resulting in lower oil and wholesale fuel prices, analysts said.

Whether gas prices keep moving lower depends on several factors. Potential hurricanes around the Gulf of Mexico that could force refineries offline, and unanticipated disruptions from the Russia-Ukraine war could both drive gas prices up again, analysts said.

Patrick De Haan, head of petroleum analysis at GasBuddy, said he thinks the U.S. hit peak gas prices in June. The average price of gas could fall below \$4 a gallon over the next week or two if there are no major disruptions to supplies, Mr. De Haan said.

Current gas prices already take into account slowing economic growth in the U.S., Mr. Kloza said. But the cost of fuel could drop further if the U.S. experiences a recession on par with the 2007-09 economic downturn, he said.

Gail Roddy, who commutes every day from the Bronx to Queens for her job with the New York City Police Department, said she still isn't feeling much relief. The average price of gas in New York state is \$4.50, a 11% decline from a June 14 high. But she still plans to take a six-hour road trip to Virginia with her family in two weeks.



Workers Still Wanted as Economy Slows

BY SARAH CHANEY CAMBON AND GWYNN GUILFORD

After a banner year, Bird-in-Hand Family Inn in Lancaster County, Pa., is feeling the effects of a slowing economy.

Higher gas prices, elevated inflation and economic uncertainty have likely deterred some people from traveling to the Pennsylvania Dutch Country hotel, said the general manager, Tammy Portner-Smith. Bookings were down about 13% in July from a year earlier. The company has put some expansion plans on hold, such as building a bigger musical stage for inn guests and others to attend performances and converting some rooms into larger suites with farm-theme décor.

One cost-cutting measure is off the table. "We're not looking at any layoffs at this time," Ms. Portner-Smith said.

The Bird-in-Hand inn could use roughly a dozen more workers. Its staffing needs include more housekeepers and front-desk workers to ease the burden on managers, who are often taking on tasks such as room cleanings and reservations, said Ms. Portner-Smith. The hotel is operating with about 50 employees, down from 70 before Covid-19 hit in early 2020.

"Even though business has slowed down and it's not where we expected it to be, our staffing isn't where it should be yet," Ms. Portner-Smith said. "It's really hard when you have to tell a guest, 'I'm sorry, we just don't have the staff to do it.'"

Businesses across the U.S. have seen demand for goods and services cool as inflation has risen and the Federal Reserve has increased interest rates. The U.S. economy shrank at an annual rate of 0.9% from April through June, marking the second consecutive quarterly contraction and raising concern among economists that a recession is near, if not already here.

Growth in the labor market is also slowing, with companies such as Robinhood Markets Inc. laying off workers, more people filing for unemployment insurance and some labor data pointing to cracks forming in demand for workers.

Yet employers so far have continued to hire. The U.S. added 372,000 jobs in June, and economists surveyed by The Wall Street Journal think Friday's jobs report will show that they added more than 250,000 in July.

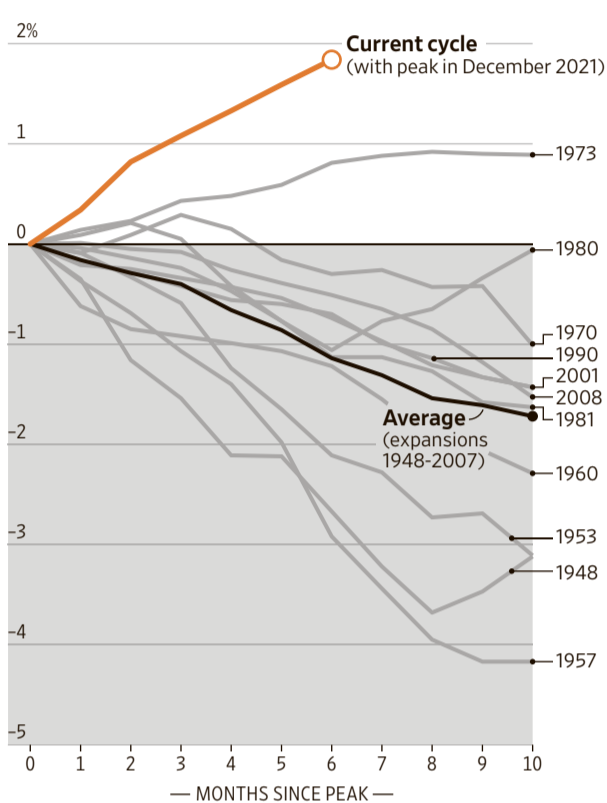
Payrolls have grown faster



At Bird-in-Hand Family Inn in Lancaster, Pa., more staff are needed even though bookings are down.

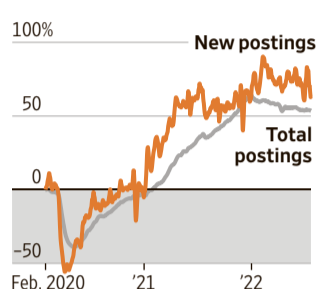
Though the U.S. economy contracted in the first two quarters of this year, employers continued to hire. Some sectors, like restaurants and hotels, are still recovering jobs lost in early 2020.

Change in payrolls since the peak month of each economic expansion

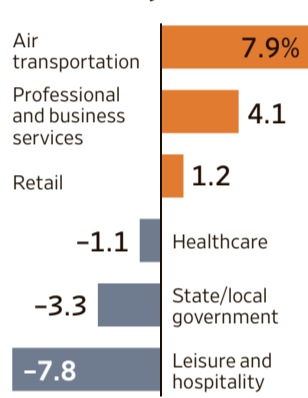


Peak month precedes declining GDP; chart data exclude 2020 because of that recession's extreme scale and timing. Seasonally adjusted, seven-day trailing average; new job postings are defined as those that have been on Indeed.com for seven days or less. Sources: Federal Reserve Bank of Dallas (payrolls since peak); Indeed.com (postings); Labor Department (payrolls since February 2020).

Change in U.S. job postings tracked by Indeed.com since Feb. 1, 2020



Payrolls, percentage change since February 2020



during the first half of this year than during any other post-World War II period when the economy began contracting. Regardless of whether a recession is eventually declared, the latest economic figures show that output is weakening much faster than the job market.

The disconnect between the growing job market and otherwise faltering economy boils down to one key point: Despite slowing consumer demand, the supply of workers to make goods and provide services

has been considerably below companies' needs.

Employers in many cases haven't been able to find nearly enough employees to fill job cuts during the short, deep recession of early 2020. Others that have returned to prepandemic employment levels are hesitant to lay off workers, given the difficulty they had rehiring after pandemic shutdowns. The unusual labor-market dynamic puts the U.S. economy in a stronger position to weather a

downturn than in the past, according to some economists.

"Labor demand is strong enough that workers who are losing their jobs are likely to find new ones much faster than in a typical downturn," said Bill Adams, chief economist at Comerica Bank. "That will largely interrupt the vicious cycle of a recession where job losses trigger cutbacks in consumer spending and less revenue for businesses, which forces additional layoffs."

In recessions, companies

Jones Says Loss in Court Could Sink Infowars

BY ROB COPELAND

AUSTIN, Texas—Alex Jones told a jury Wednesday that a significant defamation judgment could foretell the end of his Infowars media empire, in testimony during a trial to determine damages for repeatedly saying publicly that the 2012 Sandy Hook school shooting was a hoax.

Mr. Jones was testifying in his Austin hometown before a jury tasked with determining the amount he must pay to the parents of a 6-year old boy killed in the shooting. He was found liable by default last year in a string of defamation lawsuits filed by victims' families, after he declined to mount a defense. Damages have yet to be determined in the other suits.

The plaintiffs in the Austin case, Neil Heslin and Scarlett Lewis, have asked for at least

\$150 million in compensatory damages. They said the \$150 million amounted to \$1 for each of the 75 million Americans whom surveys indicate believe that the Sandy Hook shooting was a hoax—and \$75 million for damage inflicted on their family.

A decision is expected by the end of the week.

"Any compensation above \$2 million will sink us and shut us down," Mr. Jones testified Wednesday.

In testimony this week, Mr. Jones acknowledged under oath that the 2012 shooting, which killed 20 first-graders and six adults, was real. For years following the incident, he and others at Infowars fanned speculation that it was staged by actors as part of a wide plot to promote gun control, among other left-leaning aims.

During the week-and-a-half long trial, Mr. Jones has regu-



Alex Jones testified Wednesday.

larly clashed with opposing counsel and the judge in the case, earning repeated reminders that he may not state falsehoods on the stand.

He testified Wednesday that Infowars brought in approximately \$70 million in revenue last year.

"We've made big mistakes, and it's been terrible for everyone involved, including myself," Mr. Jones said.

It isn't known how much the talk-show host would be able to pay to the plaintiffs in damages. Infowars' parent, Free Speech Systems LLC, filed for bankruptcy protection last week—the organization's second attempt in recent months to enter chapter 11. A lawyer for the Sandy Hook families has called the bankruptcy an attempt to divert assets from any judgment, an accusation Mr. Jones's lawyer denies.

Mr. Jones and his business have spent more than \$15 million on his defense in the Sandy Hook lawsuits, according to filings last week. Documents submitted to the bankruptcy court show that Infowars' owners have drawn more than \$62 million out of

the business since the start of 2021.

Mr. Heslin and Ms. Lewis testified earlier this week, with the latter addressing Mr. Jones directly from the stand. "I know there are hoaxes out there, but this was an incredibly real event, and I lived it," Ms. Lewis told him.

"I'd like you to watch it, Alex," she said before her lawyer played a video of her murdered son, Jesse.

New drama was injected into proceedings Wednesday when plaintiffs' counsel said that Mr. Jones's lawyers had inadvertently shared Mr. Jones's cellphone records with them, including text messages that Mr. Jones earlier claimed didn't exist.

Mr. Jones appeared shocked at the revelation. "Nice trick," he testified, adding that it was a "Perry Mason moment."

Research on Pigs Raises Hopes for Human Organ Transplantation

BY AMY DOCKSER MARCUS

Scientists restored function to the organs of dead pigs, raising hopes that a similar approach might one day make more human organs available for transplantation but also sparking ethics concerns.

The research, described in a paper published Wednesday in the journal Nature, involved the use of an experimental system that included circulation-monitoring sensors, a filter and a pump that delivered a fluid containing multiple medications to the pigs' organs. When the bodies of pigs that had been dead for an hour were hooked up to the

system, their hearts resumed beating and limited function was restored to the animals' brains, lungs, livers, kidneys and pancreases.

"These cells are functioning after they should not be," said Nenad Sestan, a professor of neuroscience at Yale School of Medicine and one of the authors of the paper describing the system, which they dubbed OrganEx.

At a news conference Tuesday, Dr. Sestan and his collaborators said they hoped the system eventually might help expand the supply of human organs available for transplantation by making it possible to preserve and even repair or-

gans. But they acknowledged that such a scenario remains a distant goal. It might take years just to develop the system to the point that it could be tested in humans, they said.

Scientists have been searching for decades for better ways to preserve organs. When a person's heart stops, the resulting lack of oxygen quickly damages cells throughout the body. Unless organs are harvested quickly and preserved, transplant experts say, they are likely to be unsuitable for transplantation.

More than 100,000 people in the U.S. are on the national waiting list for kidneys, livers, hearts and other organs, ac-

ording to the United Network for Organ Sharing, a Richmond, Va.-based nonprofit that under contract with the federal government helps allocate organs. Despite efforts to increase the number of organ donors, more than 6,000 people die each year while waiting for a new organ.

The OrganEx system builds on the Yale team's previous research on a brain-perfusion system called BrainEx, which they used to restore some function in the brains of pigs that had been slaughtered hours before. Like that research, described in a paper published in 2019 in Nature, experts said the new work

raises ethical dilemmas—including weighing the system's development for procuring more organs against its use by doctors to resuscitate near-death patients.

"We have an ethical duty to prioritize its development for saving lives before we consider the way it can benefit organ transplant," Brendan Parent, director of transplant ethics and policy research at NYU Grossman School of Medicine, said of OrganEx. An editorial on the new research written by Mr. Parent was published in Nature along with the paper.

It is far too soon to think about how doctors might use the OrganEx system to resus-

citate people, said Stephen Latham, director of the Interdisciplinary Center for Bioethics at Yale School of Medicine and a co-author of the new Nature paper. While the pigs' hearts started beating, he said, the animals' circulation relied on the OrganEx machine throughout the experiment.

"Perfecting this as a whole-body rescue mechanism for people who have drowned or had heart attacks will involve a really fraught set of experiments," Dr. Latham said. "Will you come back with a fully functioning brain? Will your heart be weak? Improving organ transplantation could save lives and you can do it faster."



U.S. NEWS

# This Fall, Back to Campus Also Means Back to Normal

Many colleges decide to end most protocols for Covid-19, such as masks, steady testing

By ISABELLE SARRAF AND MELISSA KORN

Colleges this fall are no longer treating Covid-19 as an emergency upending their operations, shifting to eliminate mask requirements and mandatory coronavirus testing and letting students who contract the virus isolate in their dorms with their roommates.

With easy access to vaccinations and low hospitalization rates among college-aged adults—even during the latest surge in BA.5 subvariant cases—administrators said it is time to lift or at least rethink restrictions and redefine the virus as endemic, not a pandemic. That means scaling back mass testing, removing bans on large indoor gatherings and preparing for a fall term that more closely resembles life before Covid.

Another issue driving the decisions is exhaustion, according to public-health experts and academics on several campuses. Students and staff have been subjected to two years of daily health checks, weekly trots to a testing center and a roller coaster of mask protocols.

“It really comes down to a change in mind-set,” said Ken Henderson, who was co-chair of Northeastern University’s Covid-management operations until the group disbanded in January. Citing clinical therapies and the reduced severity of current variants, he said, “We’ve pivoted significantly to more living with the virus.”

The Centers for Disease Control and Prevention varies its masking guidance depending on the level of community



College of Charleston this year won't require a negative Covid-19 test on arrival, as it did last year.

spread, with those in high-spread areas encouraged to wear masks indoors regardless of their vaccine status.

Northeastern is mandating vaccines and boosters for the fall, but already eliminated indoor mask mandates and surveillance testing and no longer offers dedicated isolation

**‘We’ve pivoted significantly to more living with the virus.’**

space for infected students.

By the time one roommate tests positive for Covid, chances are anyone else they lived with was already exposed, said Leslie Bienen, a public-health researcher at Oregon Health and Science University-Portland State University-School of Public Health.

Moving students into separate

housing, she said, “is kind of closing the barn door after the horse is gone.”

“Campuses are moving in the direction of pretending Covid is no longer an issue,” said Chris Marsicano, an assistant professor of educational studies at Davidson College who has been tracking colleges’ responses to Covid since early 2020. “When there’s a flare-up, treat the flare-up. Don’t have restrictions all the time.”

That should be fine for most students and staff who are vaccinated and not immunocompromised, said A. David Paltiel, a professor at the Yale School of Public Health. But “indifference to off-campus transmission and transmission to more vulnerable members of the community is a little bit heartbreaking.”

Schools said they could still reverse course if variants lead to more-severe illness or local officials recommend changes.

One of the biggest changes schools are making is dropping

surveillance testing of asymptomatic students and staff, and, with that shift, abandoning online dashboards that tracked cases and positivity rates the past two years.

The College of Charleston in South Carolina isn’t requiring students to show negative Covid-19 tests upon arrival this fall, said Alicia Caudill, executive vice president for student affairs. The school did require entry testing last year.

Georgia Institute of Technology did away with asymptomatic surveillance testing in July and instead will study wastewater to try to detect large outbreaks.

Dr. Paltiel said that approach makes sense, given how quickly the latest Omicron subvariants seem to be spreading, and how virulent future strains might be.

“You’re sounding like the generals who are always getting ready to fight the previous war,” he said of schools sticking with old approaches, like mandatory weekly testing.

# Covid Drug Set for Commercial Sales

By STEPHANIE ARMOUR AND PETER LOFTUS

Eli Lilly & Co. said it plans to begin commercial sales of its Covid-19 monoclonal antibody treatment to states, hospitals and other healthcare providers this month, as the federal government’s supply of the drug is nearly depleted.

The move marks a shift away from the way Lilly’s drug and most other Covid-19 treatments and vaccines have been distributed in the U.S.

Previously, Lilly sold all of its Covid-19 antibody doses for use in the U.S. via contracts with the federal government. The government has made doses available free to patients and has overseen allocation.

But the government will exhaust its supply of Lilly’s Covid-19 antibody treatment, bebtelovimab, as early as the week of Aug. 22, a spokeswoman for the company said. Without new appropriations from Congress, the government lacks funds to purchase more doses from Lilly, she

said. To ensure broad access to bebtelovimab, which has held up against the more transmissible Omicron variant and its BA.5 subvariant, Lilly will make it commercially available for purchase by states, territories and hospitals through a sole distributor beginning the week of Aug. 15, the spokeswoman said.

The shift in distribution could raise financial barriers that keep uninsured patients from getting the drug. Lilly’s list price for bebtelovimab is \$2,100 per dose.

Lilly and HHS are discussing ways to ensure uninsured, low-income people can get the drug, according to the company and a spokesman for the agency. Bebtelovimab is authorized to treat mild to moderate Covid-19 in nonhospitalized people age 12 and older who are at high risk for severe disease. It’s intended for use only when the antiviral treatments Paxlovid and Veklury are unavailable or aren’t clinically appropriate for a patient.

# Civica Unit to Sell Generic Prostate-Cancer Medicine

By JOSEPH WALKER

A unit of the hospital-owned pharmaceutical venture Civica Inc. has started selling a generic form of the prostate-cancer drug Zytiga in the latest attempt to shake up the U.S. prescription-drug market.

Civica said one of its operating units will offer a month’s supply of the drug, known generically as abiraterone acetate, to pharmacies for \$160, and recommends that pharmacies sell it to patients for no more than \$171, a 6.9% markup.

Zytiga, first marketed by Johnson & Johnson, went generic in 2018. Pharmacies sell other Zytiga generics at list prices of nearly \$3,000 a

month, though with coupons the price can be around \$200 for patients without insurance who pay with their own money, according to GoodRx, a website that tracks pharmacy prices and connects consumers to drug-discount coupons.

Civica will sell the abiraterone acetate drug through CivicaScript, a unit founded in 2020 to bring lower-priced versions of expensive generics on the market.

CivicaScript was created by a partnership of Civica, the Blue Cross Blue Shield Association and other health insurers as a public-benefit corporation, a designation that requires companies to pursue both social good and shareholder value.

# Covid-19 Pandemic Changed Americans’ Health for the Worse

Heart disease and drug overdoses are among afflictions exacting a higher toll than before

By Brianna Abbott

The ripple effects of the Covid-19 pandemic’s influence on nearly every aspect of health in America are becoming clear. Covid-19 has killed more than one million people in the U.S., a toll mounting by some 350 people a day. A range of other chronic diseases and acute threats to health also worsened during the pandemic, data show, as people missed screenings, abandoned routines and

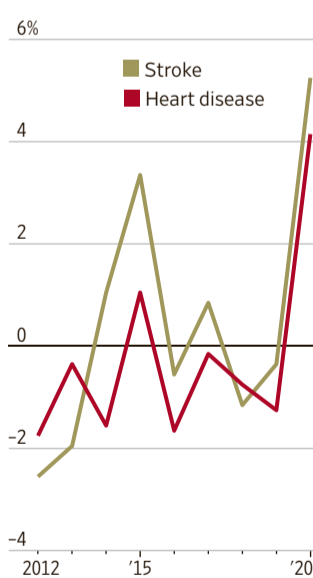
experienced loss and isolation. Some setbacks could be reversed relatively quickly, health experts said, while it might take years to recognize the full effects of others. Here are some of the public-health challenges that grew in the pandemic’s shadow:

## Heart Disease and Stroke

Overall deaths and the death rates from heart disease and stroke rose sharply during the pandemic, setting back progress against two of the nation’s leading killers, according to a report published in JAMA Network Open in March. Many people missed visits to doctors or avoided hospitals early in the pandemic. Some later died at home, or reached the hospital too late. Covid-19 infection also increases the risk for stroke and heart attack, studies suggest.

People also have been under more stress in the past few years or haven’t been as active as before. Some gained weight or struggled to manage chronic conditions, said Donald Lloyd-Jones, a former president of the American Heart Association.

Change in U.S. deaths from previous year, accounting for age change

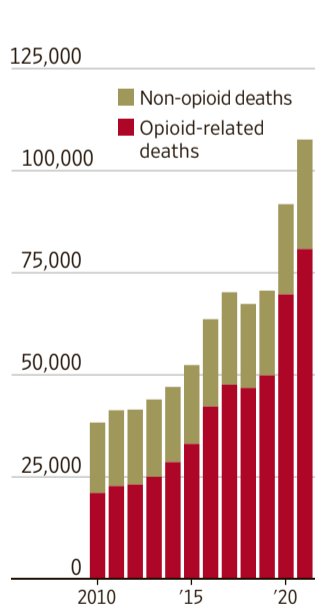


## Drug and Alcohol Use

Drug-overdose deaths, rising before the pandemic, jumped to a record of more than 107,000 in 2021, according to preliminary data from the Centers for Disease Control and Prevention. The potent synthetic opioid fentanyl is driving the crisis, officials have said.

The age-adjusted rate of overdoses in the U.S. also increased from about 22 deaths per 100,000 people in 2019 to 28 per 100,000 in 2020, the agency said. Disparities in access to treatment are driving up overdose rates among Black and Native American people, data show, as the pandemic has exacerbated inequities in healthcare outcomes.

Drug-overdose deaths in the U.S.



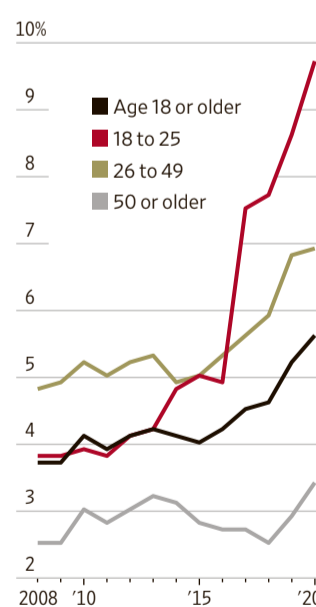
Note: 2021 data is provisional.

## Mental Health

More people globally experienced symptoms of anxiety and depression in the first year of the pandemic, according to the World Health Organization. In the U.S., clinicians and public-health experts have raised alarms about the state of mental health, particularly among children and adolescents. More than one-third of some 7,000 U.S. high-school students who responded to a recent CDC questionnaire in the first six months of 2021 reported poor mental health during the pandemic.

In 2020, about 5.6% of adults had a serious mental illness within the past year, or a mental, behavior or emotional disorder that interfered with or limited a major life activity, according to estimates from the Substance Abuse and Mental Health Services Administration.

Serious mental illness in the past year among U.S. adults

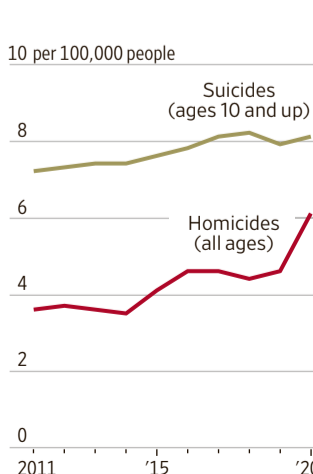


Note: Because of methodological changes in 2020, caution should be used when comparing that estimate to prior years.

## Firearms Deaths

The U.S. gun-homicide rate increased nearly 35% from 2019 to 2020 to the highest level since 1994, according to a May CDC report. Agency officials cited economic stress, disruption of services and social isolation during the pandemic as potential factors. The firearm-suicide rate increased slightly as well. In a separate CDC report, researchers found that the suicide rate overall declined by 3% in 2020 from the year prior.

Age-adjusted rates of firearms deaths

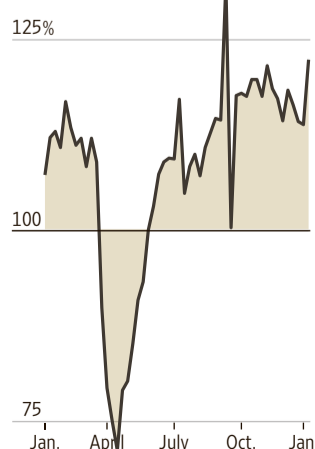


## Sexually Transmitted Infections

After dropping early in the pandemic, reported U.S. cases of gonorrhea and syphilis increased by the end of 2020 and were greater than 2019 levels, according to a CDC report.

Some people likely limited their sexual activity at the onset of the pandemic, according to the agency. But reduced screening efforts and less access to care could have led to longer, untreated sexually transmitted infections and more disease spread, the CDC said.

Reported gonorrhea cases in 2020 as a percentage of 2019 cases, by week

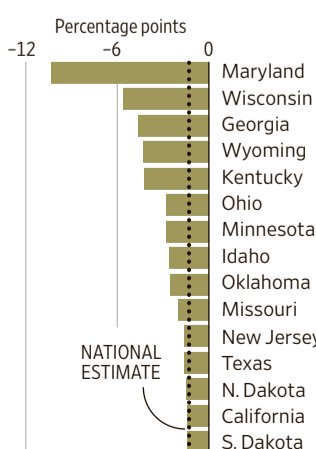


## Childhood Vaccination Rates

Routine vaccination rates for three childhood shots among kindergartners was about 1 percentage point lower during the 2020-2021 school year compared with a year earlier, according to the CDC, to about 94% coverage. Some states saw bigger drops.

That 94% rate for the MMR, or measles, mumps and rubella, is now also below the target of 95% coverage, after being roughly at the target the year before. Health authorities use kindergarten inoculation as a benchmark, since vaccination against a series of diseases is often required for school.

Largest declines in kindergarten vaccination rates for measles, mumps and rubella, 2020-21



Sources: Stephen Sidney, Kaiser Permanente Northern California Division of Research (heart disease); Centers for Disease Control and Prevention (drugs, firearms, gonorrhea, vaccination rates); Substance Abuse and Mental Health Services Administration (mental health)

Jon Kamp contributed to this article

## WORLD NEWS

## Russia Claims Key Victory in East OPEC+ Agrees To Small Increase In Output

Fighting continues in Ukraine's Donbas, as both sides prepare for battle in the south

By MATTHEW LUXMOORE

KYIV, Ukraine—Russia claimed to have captured a major strategic position held by Ukraine's forces since 2015, marking what would be Moscow's first notable advance in the country's east since it began relocating forces ahead of an expected Ukrainian counteroffensive in the south.

Ukraine's armed forces denied the Russians had advanced around Avdiivka near the Russian-held city of Donetsk, saying that Russia shelled the area overnight and unsuccessfully tried to improve its tactical position there, retreating with losses. They didn't provide further details.

The so-called Donetsk People's Republic, a Russian proxy state that claims the entirety of Ukraine's Donetsk region as its territory, published video Tuesday showing intense artillery barrages on the Butivka coal mine outside Avdiivka, a town held by Ukrainian forces that has been on the front line since Russia covertly invaded eastern Ukraine in 2014. The clip shows Russian-backed troops entering what they say is the territory of the plant, and regrouping in a warehouse.

"Our unit has completely captured the mine. We're building up strength for an onward advance," an unnamed DPR fighter said in the clip, adding that the capture of Avdiivka, a town less than a mile from the mine with a prewar population of 30,000, was the next goal.

In an article published two months before Russia's invasion, in December 2021, Ukrainian government newspaper Uryadovy Kurier described the Ukrainian position at Butivka as the closest point to the separatist capital of Donetsk, where "even the enemy's breathing can be heard."

"That's why it has major strategic importance for our forces. And soldiers of every unit defending the coal mine



A woman stands among the debris after Russians shelled Mykolaiv, a city that has been under daily bombardment in recent weeks.

understand this well," it said.

A piecemeal Russian military advance in Ukraine's Donbas, which includes the Luhansk and Donetsk regions, had slowed to a crawl following the announcement of what Western analysts described as an operational pause last month. Russia had captured the eastern Luhansk region after a brutal attrition campaign that sapped its forces and depleted ammunition stocks.

Ukraine seized the opportunity to make preparations for what it has billed as a major counteroffensive in the south, a bid to seize territory taken by Russia in the Kherson region and ultimately the regional capital itself.

Even as it masses troops and armor there, the Southern Command of Ukraine's armed forces says Russia is probing its lines of defense and seeking to break through and advance northwest toward Mykolaiv, a city which has been under daily bombardment in recent weeks and which Russia tried

## Grain Shipment Passes Inspection

The first shipment of grain to leave Ukraine's Black Sea ports under a U.N.-brokered deal with Russia passed inspection in Istanbul on Wednesday in a key test of the arrangement.

The ship, carrying more than 26,000 metric tons of corn, will now sail to its destination in Lebanon, said the Turkish Defense Ministry. The ship left Odessa on Monday and was checked by a

team of inspectors from Turkey, Ukraine, Russia and the United Nations, in keeping with the grain deal signed last month.

"Our goal now is to have regularity," said Ukrainian President Volodymyr Zelensky.

The resumption of food shipments offers a lifeline for Ukraine's economy. A study by the Kyiv School of Economics found that the cost of infrastructure damage caused by the war reached \$108 billion. Most of the costs, the study noted, were caused by Russian rocket strikes on residential areas.

to take early in the war. Russia overnight again fired rockets and missiles at Mykolaiv. City officials said a supermarket, a warehouse, some private residences and an equestrian school were damaged. There were no injuries to residents or horses, the municipality said.

In his nightly video address late Tuesday, Ukrainian President Volodymyr Zelensky

sought to refocus attention on the relentless fighting in the east, describing the situation in Avdiivka and the nearby town of Pisky as "absolute hell" that "can't even be put into words."

"It's true that we can't fully break the Russian army's advantage in artillery and manpower, and that is felt clearly in battles, especially in the Donbas," Mr. Zelensky said. He

praised the delivery of Western weapons including HIMARS rocket systems from the U.S.

On Saturday, Mr. Zelensky urged people living in Donbas to heed a government order to evacuate immediately. About 6.3 million refugees from Ukraine have been recorded throughout Europe, according to recent United Nations figures, and more than 6.3 million have been displaced internally.

As it pushes to dislodge Russian forces, Ukraine is also battling a network of spies and informants that Kyiv has said is active in the east.

Ukraine's SBU intelligence agency said Wednesday that it has arrested a suspected agent of Russia's Federal Security Service who fed information on Ukrainian army positions and provided coordinates that helped Russian forces target airstrips and railway stations in the Dnipropetrovsk region of east Ukraine.

—Nancy A. Youssef and Yaroslav Trofimov contributed to this article.

OPEC and its allies agreed to a small increase in oil production following calls by the U.S. and other major consumers for more supply, but the symbolic move is expected to have a minimal impact on crude prices.

The Saudi-led Organization of the Petroleum Exporting Countries was under some pressure after President Biden said he expected Riyadh to help boost global supplies following a trip to the kingdom in July.

But OPEC needs to coordinate its production plan with a coalition of Russia-led producers with which it has an enduring alliance.

In their sixth meeting since Russia invaded Ukraine in late February, sending oil prices above \$100 a barrel for the first time in eight years, members of the broader alliance, called OPEC+, agreed to raise their collective production by 100,000 barrels a day in September, delegates said.

# 100

Thousand more barrels a day OPEC+ pledged to pump

The alliance in June had agreed to boost output by 648,000 barrels a day in July and in August.

Before that, OPEC+ rolled out monthly increases of 432,000 barrels a day as part of a plan agreed on last year to raise output to pre-pandemic levels.

That deal ends in August, although many members are producing below their allotted quotas. Members will continue to coordinate on oil production at least until the end of the year, delegates said after Wednesday's meeting.

Oil prices, which soared as Covid-19 lockdowns eased and economic activity picked back up, have slipped in recent weeks on worries about global growth.

The drop has erased most of the gains after Russia's invasion.

The U.S. and other major oil-consuming Western nations have called on the alliance, which accounts for about half the world's oil production, to pump more crude to help bring prices down. Russia prefers higher prices to make up for lost exports due to Ukraine-related sanctions.

While noting that energy prices have come down in recent weeks, a senior Biden administration official said the president will continue to push at home and abroad to ensure that energy supply meets demand and to keep gasoline prices low.

Mr. Biden was under pressure at home after gasoline prices hit a record, posing a threat to Democrats in the coming midterm elections.

Gasoline prices have now fallen for seven straight weeks and are approaching an average price of \$4 a gallon in the U.S. amid shrinking global demand for oil.

## Germany Rethinks Plan to Close Nuclear Reactors

By BOJAN PANCEVSKI AND GEORGI KANTCHEV

BERLIN—German Chancellor Olaf Scholz said for the first time that his government could postpone the planned closure of its remaining nuclear reactors, as he criticized a decision by Russia to constrain gas flows to Germany—a move that could deal a severe blow to Europe's largest economy.

Last month, Russia shut for maintenance its giant Nord Stream pipeline, which connects Russia and Germany under the Baltic Sea, and is operated by Russian state-owned energy producer Gazprom PJSC.

After the maintenance ended, Gazprom restored the flow, but only to 40% of the pipeline's capacity. It has since cut that to 20%, saying it couldn't maintain normal flow without a turbine that was undergoing maintenance in Canada. On Wednesday, Mr. Scholz rejected that explanation, saying Russia refused to take delivery of the turbine.

The looming gas shortage has forced the government to trigger emergency measures, raising the specter of gas rationing during the winter that could force factories to close and push Europe's powerhouse



Chancellor Olaf Scholz stands in front of a gas turbine that he says Russia is refusing to accept.

economy into a recession.

On Tuesday, the chancellor broke with a longstanding policy and said for the first time that it "could make sense" to keep Germany's last three nuclear reactors online. They are set to be shut in December as part of the country's transition to renewable energy.

Germany decided to phase out nuclear power more than

two decades ago, a plan that was greatly accelerated by former Chancellor Angela Merkel following the Fukushima nuclear plant disaster in 2011.

The three remaining reactors generate 6% of Germany's electricity. Plans to replace them with gas were upset by the economic war with Russia, Germany's main energy supplier.

Some argue that nuclear

power will be needed as a bridge as the world transitions to renewable energy.

In Germany, longstanding opposition to nuclear power generation is starting to shift. The initial decision to phase out nuclear power was made 20 years ago by a coalition of Mr. Scholz's Social Democrats and the Greens. The energy crisis triggered by the Ukraine

conflict has promoted a shift among German parties as well as the population.

About 70% of Germans favor extending the life of nuclear reactors, according to an Insa poll from last week. A proposal to put off the shutdown has been gaining traction within Mr. Scholz's government.

Germany has come under pressure from its European Union allies to prolong the life of its nuclear plants to provide more electricity for the European grid. Germany's environment and economy ministries in March recommended against extending the plants' lifetime because of legal and safety issues, and a lack of fuel rods to keep the plants running.

Mr. Scholz's government has commissioned a stress test for the nuclear plants to determine whether their operations can be extended safely and whether it would help Germany's energy supply.

On Wednesday, Mr. Scholz held a news conference in front of the gas turbine, which is now at manufacturer Siemens Energy's German plant. He said the turbine is ready to be taken to Russia but Gazprom was refusing to accept it.

The Kremlin didn't respond to a request for comment.

## U.S. Senate Approves Adding Finland and Sweden to NATO

By LINDSAY WISE AND DANIEL MICHAELS

The U.S. Senate overwhelmingly ratified the addition of Finland and Sweden as members of the North Atlantic Treaty Organization, a move leaders of both parties portrayed as key to American security around the world following Russia's invasion of Ukraine.

The resolution passed 95-1. "If any senator is looking for a defensible excuse to vote no, I wish him good luck," said Senate Minority Leader Mitch McConnell (R., Ky.) in a speech ahead of the vote. "This is a slam dunk for

national security that deserves unanimous bipartisan support."

"With a vote, the Senate will come together in a bipartisan manner and bolster the Western alliance in the face of growing authoritarianism," said Senate Majority Leader Chuck Schumer (D., N.Y.), in his own speech on Wednesday.

President Biden was an early champion of the move and in May hosted the leaders of the two countries at the White House. "I look forward to signing the accession protocols and welcoming Sweden and Finland, two strong democracies with highly capable

militaries, into the greatest defensive alliance in history," he said in a statement Wednesday.

The decisions of Sweden and Finland to seek NATO membership, triggered by Russia's invasion of Ukraine, broke with a decadeslong defense doctrine under which they sought political and security partnerships with other Western nations, while staying out of formal military alliances.

Finland and Sweden are already NATO's closest allies, cooperating on missions and exercises. But their official accession would fill the largest remaining

gap in NATO's map of Europe, and do so in an increasingly volatile part of the continent. With Arctic ice melting and shipping increasing near the North Pole, air and naval activity in the region has increased over recent years. The Baltic Sea—Russian vessels' shortest route to the Atlantic Ocean—would become controlled by NATO allies.

Russia has threatened to station ballistic missiles and nuclear weapons on its border if Sweden and Finland are allowed to join NATO. Russian President Vladimir Putin used the perceived threat of NATO to Russia as a pretext for in-

vading Ukraine in February.

Sen. Josh Hawley (R., Mo.), who was the only senator to vote against the resolution, argued in a speech before the vote that the U.S. should be less focused on European security and more focused on China, which he said is a greater threat than Russia. "Finland and Sweden want to expand NATO because it is in their national security interests to do so," Mr. Hawley said. "The question that should properly be before us, however, is it in the United States' interests to do so?"

Now that the Senate has

ratified NATO membership for Finland and Sweden, only seven of the alliance's 30 current members still need to ratify their accession, according to the NATO Parliamentary Assembly, a political grouping linked to the military alliance.

To become a member, a candidate country's accession must be approved unanimously.

Turkey, which has criticized how Finland and Sweden have handled issues of Kurdish terrorism raised by Ankara, is the country whose approval remains most in doubt.

Turkey's parliament is on break until Oct. 1.

## WORLD NEWS

## Pelosi Vows 'Ironclad' Defense of Taiwan

China complains to U.S. envoy; announces fresh import bans on Taiwanese food

BY BRIAN SPEGELE  
AND JOYU WANG

House Speaker Nancy Pelosi told Taiwanese President Tsai Ing-wen the U.S. wouldn't abandon its commitment to Taipei, as she framed her visit as part of a broader struggle over democracy's future.

"Today the world faces a choice between democracy and autocracy," Mrs. Pelosi said on Wednesday before heading from Taiwan to South Korea and Japan. "America's determination to preserve democracy here in Taiwan and around the world remains ironclad."

The visit by Mrs. Pelosi angered China and cast a pall over U.S.-China relations. Shortly after she landed in Taiwan late Tuesday, China's Foreign Ministry summoned U.S. Ambassador Nicholas Burns to a meeting in Beijing to lodge its objections to what it views as a severe provocation by the U.S.

China also announced fresh import bans Wednesday on Taiwanese citrus and other food, saying it detected pests, excessive pesticide residue and Covid-19 in recent shipments.

China's forceful response is partly due to the timing of the visit, coming shortly before a particularly sensitive Communist Party meeting at which leader Xi Jinping will attempt to break with tradition to secure a third term in power.

Beijing also is concerned



House Speaker Nancy Pelosi spoke with Taiwan President Tsai Ing-wen during a visit Wednesday to the leader's Taipei office.

that its decades-old consensus with the U.S. about Taiwan is breaking down amid growing tensions between the two powers. While the U.S. says there has been no change in policy, U.S. lawmakers have made high-profile visits, and President Biden repeatedly has suggested the U.S. would intervene if China were to attack Taiwan. Some Western analysts warn such moves could empower advocates of inde-

pendence for Taiwan and push

the region closer to conflict. Under Mr. Xi's rule, U.S. officials say China has become more aggressive toward Taiwan, flexing its growing military power with greater frequency, including sending repeated, provocative warplane sorties toward the island. Ms. Tsai likened the situation to Russia's invasion of Ukraine.

The invasion "has made security over the Taiwan Strait another focus of worldwide attention," she said. "We will do

whatever it takes to strengthen Taiwan's self-defense capability."

Mrs. Pelosi received a hearty welcome after arriving in Taiwan. Her arrival also drew demonstrations of a few dozen unification supporters.

Mrs. Pelosi met Wednesday with Tsai Chi-Chang, vice president of Taiwan's legislature, where she emphasized the trip's peaceful motives and highlighted opportunities for cooperation on areas including security, economics and governance.

In that meeting, Mrs. Pelosi appeared to refer to Taiwan as a country, a reference that could further agitate Beijing. She said the U.S. could learn from Taiwan—"how you address the Covid crisis, how we advance respect for all of the people in our countries as we go forward."

The U.S. adheres to a "One China" policy that acknowledges—but doesn't endorse—the claims by Beijing over Taiwan. Mrs. Pelosi's office said Tuesday that her trip didn't

contradict longstanding U.S. policy regarding Taiwan.

The arrival of Mrs. Pelosi in Taiwan dominated social media in China. As she arrived Tuesday, the volume of discussion on Weibo, one of China's most popular social-media platforms, was so large at one point that many users reported trouble loading the website and opening the mobile app. There was little indication that the government was censoring discussions of her trip.

In Beijing on Wednesday, a robust police presence was stationed outside the U.S. Embassy. Dozens of police lined the fortified street in the capital's embassy district.

The heavier-than-normal security appeared determined to ensure that online discontent over the visit wouldn't spill into the sort of violent protests that have targeted other embassies.

Beijing was otherwise calm on Wednesday, where many people have been more concerned about often draconian Covid-19 restrictions that have left the economy sputtering. Despite the tensions over Taiwan, U.S. brands and pop culture remain widely popular.

Just up the road from the U.S. Embassy, Li Yuelong, a 38-year-old engineer, said the U.S. had been a great help to China in its development in recent decades, from both an economic as well as technological perspective.

The U.S. should be more tolerant of China, Mr. Li said. He feared fighting over Taiwan would hurt ordinary people the most. "I don't want a war between the two sides."

## Beijing Rattles Sabers

Continued from Page One moves appeared intended to display Beijing's ability to cordon off the island with its military while disrupting its trade. A Chinese quarantine of Taiwan, if ever implemented, would have ramifications for the global economy, given the island's role in exports of such products as semiconductors.

"The proximity of the exercises to Taiwan could become the new norm," said J. Michael Cole, a Taipei-based senior adviser with the International Republican Institute, a nonprofit whose board includes Republican Party heavyweights.

Mrs. Pelosi, the most senior U.S. official to visit Taiwan in a quarter-century, framed her visit as part of a broader struggle over the future of democracy.

"Today the world faces a choice between democracy and autocracy," Mrs. Pelosi said in a meeting with Taiwan President Tsai Ing-wen. "America's determination to preserve democracy here in Taiwan and around the world remains ironclad."

Beijing worries the U.S. is backing away from longstanding agreements over the status of Taiwan, which could make military conflict more likely. China's Foreign Ministry warned of countermeasures to come against the U.S. and Taiwan in response to the visit.

"The relevant measures will be firm, powerful and effective," Foreign Ministry spokeswoman Hua Chunying said on Wednesday. "The United States and Taiwan's independence forces will continue to feel it."

On Wednesday, China announced new bans on imports of Taiwanese citrus and other food, saying it detected pests, excessive pesticide residue and Covid-19 in recent shipments.

The most serious risks could stem from maneuvers being carried out by China's People's Liberation Army. The PLA said naval, aerial, strategic-missile and other forces conducted joint training on Wednesday to the north, southwest and southeast of Taiwan before the live-fire drills that were slated to begin on Thursday.

Some analysts said the coordinates of the areas affected by the drills show they could intrude into Taiwan's claimed territorial waters in the north near the capital, Taipei, and the port of Keelung, as well as in the south near the key port city of Kaohsiung.

One of the areas is to the



News coverage of large-scale Chinese military exercises near Taiwan was broadcast in Beijing.

## Trade War

China is launching live-fire drills off two of Taiwan's busiest ports



east of the island, where the PLA said the drills would involve the use of conventional missiles. Depending on the launch sites and missile types, experts say, the PLA projectiles could fly over Taiwan—a gesture that would be seen as a major escalation.

Western defense analysts said China's show of force appears far more extensive than what it deployed in the 1995-1996 Taiwan Strait crisis, the tensest standoff between Chinese and American forces in recent decades.

"These announced exercises are not only unprecedented in scope but also likely in scale," said M. Taylor Fravel, a professor and director of the MIT Security Studies Program at the Massachusetts Institute of Technology.

Whereas the 1995-1996 drills focused on amphibious assaults, this week's exercises seem aimed at showcasing the PLA's ability to blockade Taiwan and conduct joint operations with air, sea and land-

based forces.

On Wednesday, Taiwan's Defense Ministry said China sent 27 warplanes near its airspace, the highest daily tally since June 21. It said 22 of the planes crossed the median line in the Taiwan Strait—a notional boundary widely seen as dividing mainland and Taiwanese areas of control—a provocative gesture Beijing rarely makes.

China's forceful response is partly because of the timing of Mrs. Pelosi's visit, coming just before the Communist Party's twice-a-decade congress this fall, where leader Xi Jinping is expected to break with recent precedent to secure a third term in power. Meanwhile, the country's economy has bucked under the pressure of widespread Covid-19 lockdowns and a sharp downturn in sentiment in the housing sector.

"Whether it's certain insecurities on the part of the president of China as to his own political situation, that he's rattling his saber, I don't know," Mrs. Pelosi said. "But it

doesn't really matter. What matters to us is that we salute the successes of Taiwan."

Ms. Hua, the Chinese Foreign Ministry spokeswoman, said Mrs. Pelosi's visit was a provocative violation of China's sovereignty and an attempt by the House speaker to score political points.

While the U.S. says there has been no change in its Taiwan policy, U.S. lawmakers have made high-profile visits in recent months, and President Biden has repeatedly suggested the U.S. would intervene if China were to attack Taiwan, comments the White House subsequently walked back. Some Western analysts warn that such moves could embolden advocates of Taiwan independence and push the region closer to conflict.

China claims Taiwan as part of its sovereign territory. While the U.S. and most other countries don't recognize Taiwan as a sovereign state, the U.S. is required by law to provide Taiwan with the means to defend itself and opposes any attempt by Beijing to take it over by force.

Under Mr. Xi's rule, U.S. officials say China has become more aggressive toward Taiwan.

Even so, some Chinese scholars cautioned against overblowing the risk of war over Taiwan, saying there is still ample room for diplomacy.

"It's not like a military conflict is imminent," said Dingding Chen, a professor of international relations at China's Jinan University. "It's far from that."

—Qianwei Zhang and Yoko Kubota in Beijing contributed to this article.

## Watch a Video



Scan this code for a video on what's next for Taiwan as tensions rise.

## Chinese Battery Firm Halts Opening of First Plant in the U.S.

BY NEIL WESTERN  
AND RAFFAELE HUANG

China's leading electric-vehicle battery maker put on hold plans to announce its first North American plant as political fallout from U.S. House Speaker Nancy Pelosi's visit to Taiwan further complicates business tied to the world's two biggest economies.

Tesla-supplier **Contemporary Amperex Technology Co.** was aiming to announce a plan as early as this month for a plant in North America after considering sites in the U.S. and Mexico, people familiar with the matter said. But it decided to hold off over concerns that making such an announcement as the U.S.-China tensions rise would draw public criticism, they said.

CATL didn't respond to a request for comment.

Mrs. Pelosi's trip to the self-ruled island that China claims as its own, and China's anger over her visit, are likely to exacerbate U.S.-China tensions as bilateral business ties are at a low. The U.S. in recent years has imposed bruising sanctions against Chinese technology companies, while in China, nationalism has been growing among its consumers.

CATL for years has held ambitions to manufacture electric-car batteries in the U.S., the people said. It has been weighing plans to invest up to several billion dollars in a new electric-car battery plant in North America, they said.

The battery maker has been considering locations including Kentucky and South Carolina, where car makers such as Ford Motor Co. and Bayerische Motoren Werke AG operate factories, the people said. But because of the rising tensions between the U.S. and China in the past few years, as well as shortages of experienced and relatively cheap labor, it hadn't chosen those sites, they said.

Earlier this year, CATL started weighing options in Mexico. Currently, the most likely candidates are Ciudad Juárez, a Mexican town bordering Texas—Tesla has a plant in Texas—and Saltillo, an automotive hub in northern Mexico, the people said. Another possibility for CATL is to build some smaller assembly and storage facilities in the U.S. alongside a battery manufacturing plant in Mexico, the people said.

The company is unlikely to announce the plant before late September, though the schedule could change, said one of

the people. Ford said last month that CATL would provide batteries for its plug-in hybrid vehicles in North America.

Bloomberg earlier reported CATL's decision to hold off on the plant announcement.

During Mrs. Pelosi's 19-hour stay in Taipei, her business-related exchanges focused on chips and a Taiwanese semiconductor maker that is constructing a plant in Arizona, in reflection of the U.S.'s recent efforts to secure its own high-end technology and cut off China from developing similarly advanced chips.

On Wednesday, Mrs. Pelosi met with executives from Taiwan Semiconductor Manufacturing Co., the world's largest contract chip maker. They discussed implementation of the recent \$280 billion bill passed by U.S. lawmakers that aims to boost U.S. semiconductor manufacturing and competitiveness with China, according to people familiar with the matter.

Mrs. Pelosi had lunch with executives of TSMC and another local manufacturer Pegatron Corp., a major supplier to

## The speaker's visit stokes tensions and complicates bilateral business relations.

Apple Inc., and discussed economic issues and supply chain cooperation, according to a social media post by Taiwan President Tsai Ing-wen.

A TSMC representative declined to comment on the meeting. A Pegatron spokeswoman said its vice chairman spoke about technology's role amid the pandemic.

The U.S. bill offers incentives for chip makers to build facilities in America, while requiring them not to invest in more production of advanced chips in China.

Mrs. Pelosi's meeting with TSMC executives highlights the precarious dependence the world has on the island's cutting-edge semiconductor industry.

President Tsai reinforced Taiwan's business ties with the U.S. at a meeting with Mrs. Pelosi on Wednesday, saying: "We will make Taiwan a key stabilizing force for regional security, ensuring a free and open Indo-Pacific as well as the stable development of global trade and supply chain."

## WORLD NEWS

# Australian Government To Review Military Focus

By MIKE CHERNEY

SYDNEY—Australia's new government launched a wide-ranging review of its military, reflecting concerns among some U.S. allies that the growing U.S.-China rivalry is increasing the risk of armed conflict in Asia and the Pacific.

The review will be the most significant reassessment of Australia's military in decades, said Australian Defense Minister Richard Marles, who has been in the job less than three months. The review will determine what capabilities should be a priority for investment and where those assets should be deployed given the rapidly changing geopolitical situation in the Indo-Pacific, officials said.

"It's a fast-changing environment," said Angus Houston, who was formerly the highest-ranking officer in the Aus-

tralian military and was appointed to help lead the reassessment. "It's absolutely imperative that we review the current strategic circumstances, which I rate the worst I have ever seen in my career and lifetime."

The announcement came the same day House Speaker Nancy Pelosi was in Taiwan. Her visit angered Beijing and sparked renewed worries across the region of military conflict—though Australian officials had previously flagged that the review was in the works. Other U.S. allies, including Germany and Japan, have also previously said they would increase military spending in response to new threats from China and Russia.

Australian troops have joined U.S. forces in conflicts such as Iraq and Afghanistan, but overall, Australia's military is relatively small, has largely

been focused on defense and has relied on the U.S. for support, defense analysts and former military officials said. But given that a large conflict with China could tie down U.S. resources, there is growing recognition that Australia's military might need to do more on its own, the people said.

A 2020 strategic update from Australia's defense department found that the prospect of high-intensity military conflict in the Indo-Pacific, though still remote, was less remote than in the past. It recommended that Australia develop more potent capabilities, including longer-range strike weapons, to hold adversaries further from Australian shores. And it said the previous assumption that Australia would have 10 years to prepare for a conflict was no longer accurate—something Mr.



Australian soldiers at a joint drill in Indonesia that also included the U.S., Japan and Singapore.

Marles highlighted Wednesday.

Analysts said the review will likely look at how to quickly enhance Australia's long-range strike capabilities and beef up its navy without ballooning the military budget, given that the federal government took on a lot of debt during the coronavirus pandemic. One important question

facing Australian military planners is what to do until the new nuclear-powered submarines arrive, which could help provide long-range strike capabilities but won't be ready until about the 2040s, when Australia's current fleet of diesel-electric submarines will be old and obsolete.

"The federal government is

in a pretty difficult financial position at the moment," said Marcus Hellyer, a senior analyst at the government-backed Australian Strategic Policy Institute and a former senior public servant in the defense department. "They are going to have to find a way to do more, to do it quickly, but with basically the same amount of resources."

## Breakaway Golfers Sue PGA Tour

Continued from Page One

the Tour has been preparing for this attempt to "disrupt" its events.

"Fundamentally, these suspended players—who are now Saudi Golf League employees—have walked away from the TOUR and now want back in," Mr. Monahan's memo said. "With the Saudi Golf League on hiatus, they're trying to use lawyers to force their way into competition alongside our members in good standing."

LIV Golf had been readying an antitrust challenge against the PGA Tour even before it launched, arguing that the Tour has monopoly power in golf and is using that power to try to exclude a challenger, by try-

ing to restrict or drive up the price of LIV's access to players.

The complaint and application for a temporary restraining order were filed in the U.S. District Court for the Northern District of California. Ian Poulter, Abraham Ancer, Carlos Ortiz, Pat Perez, Jason Kokrak and Peter Uihlein round out the golfers putting their names to the suit, arguing that the PGA Tour is trying to hurt their careers.

"The Tour's conduct serves no purpose other than to cause harm to players and foreclose the entry of the first meaningful competitive threat the Tour has faced in decades," they say.

LIV Golf and the extraordinary money behind it has plunged the sport into tumult and financial upheaval. LIV is offering \$25 million in prize money at its tournaments—far more than is currently offered on the PGA Tour—and top pros appear to have been offered hundreds of millions of dollars as sign-up inducements alone. The PGA Tour has responded

by increasing its purses at select tournaments and creating alternate routes, including new proposed international events, but has said it can't compete with Saudi Arabia's sovereign-wealth fund.

The result has been a schism inside the sport that is upending the business unlike

### The Tour is accused of using monopoly power to exclude an upstart challenger.

ever before. LIV is a richly funded startup. The PGA Tour has historical cachet and billions of dollars in television deals—and now has to fend off an unprecedented challenge, on and off the golf course.

In their motion for a temporary restraining order, Messrs. Gooch, Swafford and Jones say they appealed to the PGA Tour

to be allowed to play in the playoffs, and that under Tour rules they should be allowed to take part while their appeals are heard. The plaintiffs add that the Tour violated its own disciplinary process when it told the players this week that they wouldn't be permitted to play while the appeals are pending.

The LIV players' lawyers also cite the Tour's alliance with the European tour and the PGA Tour's alleged efforts to coordinate with the major championships as evidence that the body is acting unlawfully to cut off the players' access to the golf ecosystem.

The lawsuit also provides new details about Mr. Mickelson's status on Tour, which had been the subject of intrigue after he ceased playing in the wake of comments regarding Saudi Arabia's record on human rights that were published earlier this year. Mr. Mickelson called the Saudis "scary" while noting some of the kingdom's alleged human-rights viola-

tions, such as the killing of journalist Jamal Khashoggi, but said he would consider doing business with LIV anyway because of his discontent with the PGA Tour.

The lawsuit says Mr. Mickelson was suspended by the PGA Tour in March for allegedly recruiting players to play for LIV, among other reasons, and that his appeal was denied. When he applied for reinstatement in June, the suit says, the Tour denied it, based on his participation in the first LIV event that month outside London. It said he was forbidden from applying for reinstatement until March 2023, which was extended until March 2024 after he played the second LIV event.

Mr. Mickelson, a six-time major champion, has been one of the sport's biggest and most marketable stars for decades, though his comments about LIV and Saudi Arabia led numerous sponsors to break ties with him. Mr. DeChambeau emerged as one of the game's brightest young players in

2020 when he won the U.S. Open, though he has struggled with injury since.

The PGA Tour is now facing legal battles over its practices on multiple fronts. In addition to this suit, the Justice Department has launched an antitrust investigation into whether the Tour has engaged in anticompetitive behavior, The Wall Street Journal has reported.

The Tour has already begun fighting back, commanding support on Capitol Hill from lawmakers in both parties suspicious of LIV's Saudi backers. It has previously said that it expects to prevail in the Justice Department inquiry, noting that it faced a similar inquiry in the mid-1990s from the Federal Trade Commission and quashed that.

The PGA Tour is expected to respond to the LIV golfers' suit by arguing that the players have known about the situation for some time, and letting them in would mean other players lose out, according to people familiar with the Tour's thinking.

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ELIZABETH REINSTRON FOR THE WALL STREET JOURNAL (2)



### ON THE CLOCK CALLUM BORCHERS

**IN THE PENTHOUSE** of society, there is a crisis: no one to charter the jet, too few aides with the versatility to navigate earnings reports along with the wine lists and, for heaven's sake, who is going to scoop the Papillon poop?

The labor shortage afflicting many businesses is also disrupting the affairs of ultra-high-net-worth individuals for whom the old lament—"good help is hard to find"—has seldom been so true. In search of executive assistants equally adept at preparing for board meetings and managing housekeepers and chauffeurs, many are asking staffing services to recruit for a loftier title: chief of staff.

It's a job that demands a rare combination of competence and humility. One agency told me about placing someone who holds a Ph.D. in a role that involves high-level administrative work—and fetching coffee. The going rate for such overqualified aides is about \$200,000 a year in major cities such as New York and Los Angeles, staffing specialists say; those with records of making the busiest lives simpler can command as much as \$300,000 or even \$400,000 to meet their bosses' every need.

"They're willing to pay those salaries, but it's really all about them," says Teresa Leigh, whose firm scouts top-tier assistants for the über-wealthy.

With great pay comes great sacrifice. Some hires quit within 72 hours, Ms. Leigh says, owing to the unpredictable schedule, endless to-do list, rigorous travel and sense of loneliness that can set in when someone is close to, but dis-

# \$400,000 For an Executive Assistant?

Wealthy executives are paying six figures for sophisticated aides smart enough to handle complicated tasks yet humble enough to take on tedious ones.

tinctly separate from, an elite class of people.

Ms. Leigh says she tries to get employers to agree to limits on what the people she places can be asked to do. Serving martinis like a butler or cleaning dog doo off a roof deck—real requests from cli-

**Many executives are asking headhunters to recruit for a loftier title: chief of staff.**

ents, she says—fall outside a chief of staff's duties, in her view. Just about anything else is fair game.

Several factors combine to create a frantic market in which do-it-all assistants are extra pricey, and ripe for poaching, according to those who do these jobs or earn commissions (sometimes 30% or 40% of an aide's salary) by filling them.

Certain secretarial tasks once

performed by executive assistants, like answering phones, can be automated or digitized. That's led to a steep drop in the numbers of these positions, but those that remain are increasingly advanced, says Michelle Reisdorf, a Chicago-based district president at the professional staffing firm Robert Half.

Multimillion-dollar earners, always highly mobile, are even less tethered to offices in the Covid age. They want right-hand helpers who can dart from professional to personal matters with ease, and with the utmost discretion. (Nondisclosure agreements are standard.)

Shortly before the pandemic, Alyssa Ahkuoi left an executive-assistant job that included ordering stationery and stocking the office fridge with Diet Dr Pepper, the boss's favorite. She now works remotely as a senior executive assistant at Upwork, a freelance network, and is free from such menial tasks. She says she feels more like a business partner to her executive, offering input on certain projects, and she outsources shopping to Amazon and Instacart.

Could she ever go back to the occasional tedium of aiding someone in person?

"I don't think so," says Ms. Ahkuoi, 29.

Finding millennials and Gen Zers to replace aging assistants is proving a challenge.

"I've heard younger people say to me, 'I would never do what you do,'" says Tiffany Maughn, a 51-year-old executive assistant to the CEO of a consulting group. "It's almost like they don't understand working in a service capacity for another human being. As long as it's legal, as long as it's safe, there's really never a 'no.'"

Ms. Maughn has aided executives and wealthy families for more than two decades and says she takes pride in making bosses she admires happier and more efficient. She describes a career path that is both exhilarating and humbling.

There are yachts and parties and times when she feels like a confidante and senior adviser. There also have been scoldings for spelling errors, 3 a.m. phone calls and repairs to leaky faucets.

She recalls one episode in which a former employer chastised her and two other assistants, each of whom made more than \$150,000 a year, she says, for putting bananas in the refrigerator, instead of on the kitchen counter.

Ms. Maughn says she hopes to retire with her current boss, though she's often invited to interview for positions that would pay \$200,000, plus a bonus. Becoming a chief of staff—what she describes as "the holy grail title of executive assistants"—could take her earnings to another level.

Yet it's a title without a clear definition or, sometimes, any meaningful difference from the role of an executive assistant.

Well, there's *one* big difference. Stephen Candland, managing partner of the Private Staff Group, says clients are paying premiums of 45% to 65% over the salaries of executive assistants, which can push a chief of staff's compensation well above \$300,000.

The label conveys importance, he adds, and is an increasingly popular way to woo candidates with advanced degrees or professional experience in a particular industry.

Marta Baranowska says she was elevated to chief of staff after several years in a recent job but left in search of a new challenge. She would like to try serving European royalty. Living in London for now, she possesses a diplomat's cosmopolitanism (five languages) and ability to be firm yet friendly. ("You should never ask a lady about her age," she replied when I made a standard reporter's inquiry.)

In truth, she's accustomed to answering personal questions while interviewing, such as whether she has family obligations that might divide her attention.

Ms. Baranowska says it's a good time to be in her line of work. "I get head hunted a lot, especially this year," she says. "The salary is great, you get to travel the world, and you learn a lot."



## PERSONAL TECHNOLOGY

# How to Get Through To Customer Service

By DALVIN BROWN

No one likes calling customer service.

It's a familiar scenario: You keep pressing "0" or yelling "Representative!" to reach a live human, only to wind up waiting, possibly for hours, entertained by a dreadful loop of elevator music.

"During Covid, companies laid off a lot of people, and when things started ramping back up again, call centers were left short-handed," says Adam Goldkamp, director of operations at GetHuman, a website offering customer-service contact numbers and other tools. "Waiting for hours to speak to someone has become the norm."

While technology is behind many of the customer-service headaches, there are also ways technology can reduce the pains.

No, rage-tweeting won't help you, but other, more-civil social-media strategies will. Your smartphone's messaging app can come in handy with a new form of less annoying customer-service chat. And if you do have to wait, there are a few tricks that will make that less irritating, too.

### Social media

Many people facing service issues with mobile carriers, internet providers, airlines and more relay their experiences and vent their frustrations with social-media posts, tagging the companies involved. Those company accounts are monitored by real humans, often connected to staff who can resolve common issues quickly, according to industry consultants.

When a small team is handling thousands of requests, however, what you say—and how you say it—matters. "Publicly slamming companies with complaints or trying to seek revenge likely won't help you fix the problem you're having," says Shep Hyken, a customer-service industry consultant based in St. Louis. "If you want to get things done, you have to be nice about it," he adds.

Using a social network's more private direct messages to share your account information and the details of your issue can save time, he says.

Twitter is the go-to app for reaching companies in a range of industries, but you should check to see if the company you're trying to contact more commonly replies publicly to comments on Instagram and Facebook. But reach out first via DM.

### Smartphone tools

There are other ways to streamline the customer-service experience using your smartphone.

Apple's Business Chat feature lets you start a text message exchange right inside the Messages app with reps at participating companies. Typically, at the outset, a bot will tell you how long it will take a live agent to respond.

Not all businesses have this en-



abled, and Apple doesn't offer a directory. To find an account, locate the company's contact information on Apple Maps or with Siri, and tap the blue message bubble to launch the conversation in Messages. From there, you might have to answer a few automated questions about your issue.

Some companies, such as T-Mo-

bile, recommend launching the chat only during business hours. If it is outside of the business's operating hours, agents can text you back when they're online.

During our test, a Home Depot specialist responded within five minutes. In another, a Best Buy agent responded roughly an hour after the chat line opened. Fortunately, even if you wait a while, you don't have to stare at some chatbot screen. A chat

To turn it on before making a call, open the Phone app, tap More > Settings > Hold for Me. Then, when you're on hold during a call, tap Hold for me > Start. Once the Google Assistant detects a human voice on the phone, an alert appears on the screen: "Someone is waiting to talk to you."

Google says there aren't plans to roll out the feature more widely to Android smartphones.

GetHuman's website also has a "Skip Waiting on Hold" service that lets you enter your mobile phone number to receive a call from a company's standard customer-service line when the wait time is over. There's no fee, but the service is sometimes glitchy. During our test, after a failed attempt, GetHuman's service waited on hold for 40 minutes, then called when an American Airlines specialist was on the line.

If the site fails to connect you with an agent, it sends you a text with the company's direct customer-care number.

### The last resort

If you must call a company, and are presented with the callback option, take it. Just make sure your phone is near you, with the ringer on. Check that your phone isn't set to screen out unknown callers. And remember to answer, even if you typically let mystery numbers go to voice mail.

"If you don't answer that call," said Heidi Craun, vice president of customer experience at internet-security firm Blumira, "you're going back to square one."

## PERSONAL JOURNAL.



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# Southwest Blazes a Trail With Travel-Credit Policy

The fallout from the Covid-19 pandemic hasn't been all bad for airline passengers.

Early in the pandemic, travelers struggled to get airline refunds. More recently, the industry's flat-footed handling of this summer's travel resurgence has given passengers fits.

But as the pandemic upended travel, some airlines started to offer passengers something missing for years: flexibility. It started with the elimination of those onerous fees to change a nonrefundable ticket. And last week, Southwest Airlines Co. went a step further, removing expiration dates on travel credits.

"Those two items are a paradigm shift that are very, very positive for the traveler," said Steve Glenn, founder and chairman of Executive Travel in Lincoln, Neb.

Airlines aren't giving away the store. Travelers with nonrefundable tickets still aren't eligible for a refund if they cancel the flight, whatever the reason. (Passengers are due a refund if the airline cancels the flight.) And major airlines' basic economy tickets, those no-frills tickets that often pop up first when searching for flights, are still loaded with restrictions that limit flexibility.

Southwest, the nation's largest domestic carrier by passengers and a leader in customer-friendly policies, upped the ante due to lessons learned during the pandemic.

The Dallas-based airline calls its credits travel funds. These have traditionally expired a year from the purchase date of the original ticket. But Southwest and others have repeatedly extended the validity of these funds during the pandemic to give passengers more



At Southwest, there now are no expiration dates on travel credits that passengers receive when they cancel a flight reservation.

time to use the credits.

Southwest's Covid credit waiver was due to expire in early September. Rather than simply extend it again, as other major airlines including Delta Air Lines Inc., American Airlines Group Inc. and United Airlines Holdings Inc. have done this year, Southwest decided to make the policy change permanent. Starting now, there are no expiration dates on travel credits that passengers receive when they cancel a flight. It is the first major airline to do so.

The change applies to pandemic credits due to expire as well as all new ticket purchases. Just make sure you cancel the flight at least 10 minutes before departure or no credits will be issued. (It doesn't apply to already expired credits or those LUV vouchers Southwest

## \$100

What it used to cost to reinstate expired travel credits at Southwest

doles out when things go wrong on a flight. The latter must still be used within a year of issuance.)

Southwest executives say several factors came into play. The overarching one: Travelers are seeking more flexibility than ever given the canceled plans and uncertainty Covid created. The word flexibility came up seven times on the airline's quarterly earnings conference call last Thursday, the day the new policy was disclosed.

"Our customers are telling us that peace of mind around the ability to change is really, really important," Southwest Chief Executive Bob Jordan said on the call.

Then there's the matter of clogged phone lines. Travel credit questions are the "No. 1 call driver" to Southwest's customer-relations department, said Andrew Watterson, Southwest's chief commercial officer, on the call.

No expiration date means no calls asking about soon-to-expire or recently expired credits and related issues. Southwest for years has allowed passengers with expired credits to reinstate them, for a fee of \$100.

Mr. Watterson said the \$100 fee was more of a one-time exemption than a policy and noted that the airline also extended credits to

some customers for free in the past. Southwest also has financial motivations behind the new policy, of course. Look for Southwest to regularly tout its never-expiring tickets, as it does with its no change fees and bags-fly-free policy.

"Not only are we going to retain customers because of this policy change, we are going to win new customers, just like we did with bag fees," Mr. Jordan said.

No airline immediately matched Southwest's no-expiration-date policy. That is in contrast to quick matching by competitors when United announced the elimination of change fees on domestic tickets in August 2020. American, Delta and others quickly ditched change fees that started at \$200 a ticket and often wiped out the value of cheap tickets.

William McGee, a former editor and consumer advocate for Consumer Reports who is now senior fellow for aviation at progressive policy group American Economic Liberties Project, praised Southwest's move but said it would be better for travelers if another major airline had initiated it.

"I don't think the big three look at Southwest and say 'we have to match that' necessarily," he said. "Southwest does a lot of things that are good for consumers that others don't match on. Look at bags."

Then again, Southwest never charged change fees and now no major airlines do—at least for regular economy tickets.

Representatives for American, Delta and United said they had no comment on Southwest's move. Each pointed to their current policies for extended ticket expiration.

In January, Delta extended the expiration date on travel credits through the end of 2023, for travel by the end of 2024.

The headline on the announcement had a familiar F-word: "Unmatched travel flexibility."

## Tighter Rules for Airline Refunds Sought by Transportation Agency

By ALISON SIDER

**U.S. TRANSPORTATION** officials say they want to make sure travelers can get their money back when flight plans change drastically, proposing stricter rules governing when airlines have to reimburse customers for the price of a ticket.

Under proposed rules released Wednesday by the U.S. Department of Transportation, airlines would be required to refund travelers if a flight's departure or arrival time shifts by three hours or more for a domestic flight, and six hours more for an international flight and the traveler no longer wants to fly.

The proposal would also require airlines to issue vouchers that don't expire to customers who don't want to fly because of public-health concerns or face restrictions like stay-home orders or border closures.

The stricter proposed rules come as government officials have grown increasingly frustrated with airlines over delays and cancellations this summer. The Transportation Department said it has been flooded with complaints since early 2020 from consumers whose trips were affected by cancellations or significant delays, or decided not to travel due to Covid-19 health concerns and didn't have a chance to use travel credits that expired during the pandemic.

Airlines are already required to issue refunds when they cancel a flight for any reason or when airlines make a significant change.

In practice, the circumstances in which airlines are required to make refunds have often been subject to interpretation. Passengers struggled to get refunds early in the pandemic, prompting rebukes from the Transportation Department.

The government doesn't define significant change or delay in current rules, leaving it up to airlines to deter-



Air travel has been plagued by delays and cancellations.

mine that.

In addition to the time limits laid out in the proposed rules, a change in the departure or arrival airport, an added connection would also qualify for a refund, as would a change to the type of aircraft flown if it results in a "significant downgrade" in available amenities or a

**The circumstances requiring refunds have been subject to interpretation.**

traveler's experience.

Some major U.S. airlines already offer passengers refunds for delays less than three hours. Travelers who accept a refund still must find a ticket on another flight, which can be prohibitive at the last minute.

The proposed rules will be open for public comment and will be discussed at a public meeting of the Aviation Consumer Protection Advisory Committee later this month.

The Transportation Department said it investigated

several airlines during the pandemic over their refund practices. As a result, Air Canada last year agreed to pay a \$4.5 million settlement to resolve claims customers faced "extreme delays" getting refunds they were owed and United Airlines Holdings Inc. in June 2020 agreed to revert to an earlier, more generous policy about when refunds are owed.

Major U.S. airlines have eliminated change fees on most fares already, but many require customers to use travel credits within one year of the date they were issued. Southwest Airlines Co., however, said last week that its flight credits no longer have an expiration date.

Some lawmakers have said they want refund rules to go further. Sen. Ed Markey (D, Mass.), Sen. Elizabeth Warren (D, Mass.) and Sen. Richard Blumenthal (D, Conn.), along with Democratic lawmakers in the House of Representatives, this week proposed legislation that would require airlines to provide refunds even when customers cancel travel plans.

—Dawn Gilbertson contributed to this article.

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## ARTS IN REVIEW

By LAURA JACOBS

*Winterthur, Del.*

**'IT IS MARVELOUS** that this country can produce someone like the astronaut but I think it is much more awesome to have someone like you." In a rounded, left-leaning cursive, the new First Lady, Jacqueline Kennedy, wrote these words to Henry Francis du Pont on May 9, 1961.

Astronauts were in the air. Jackie's husband, President John F. Kennedy, would go before Congress just 16 days later to ask for \$7 billion for the space program, money meant to land a man on the moon. Assessing her new home with a critical eye, the First Lady decided on her own space program—interior space. The historic rooms of the White House did not inspire, particularly the jewel-toned State Parlors. "I always felt the three rooms were too strong—Hard red—Hard blue—Hard green," she said. The word "hard" is perfect. The rooms were stiff and charmless.

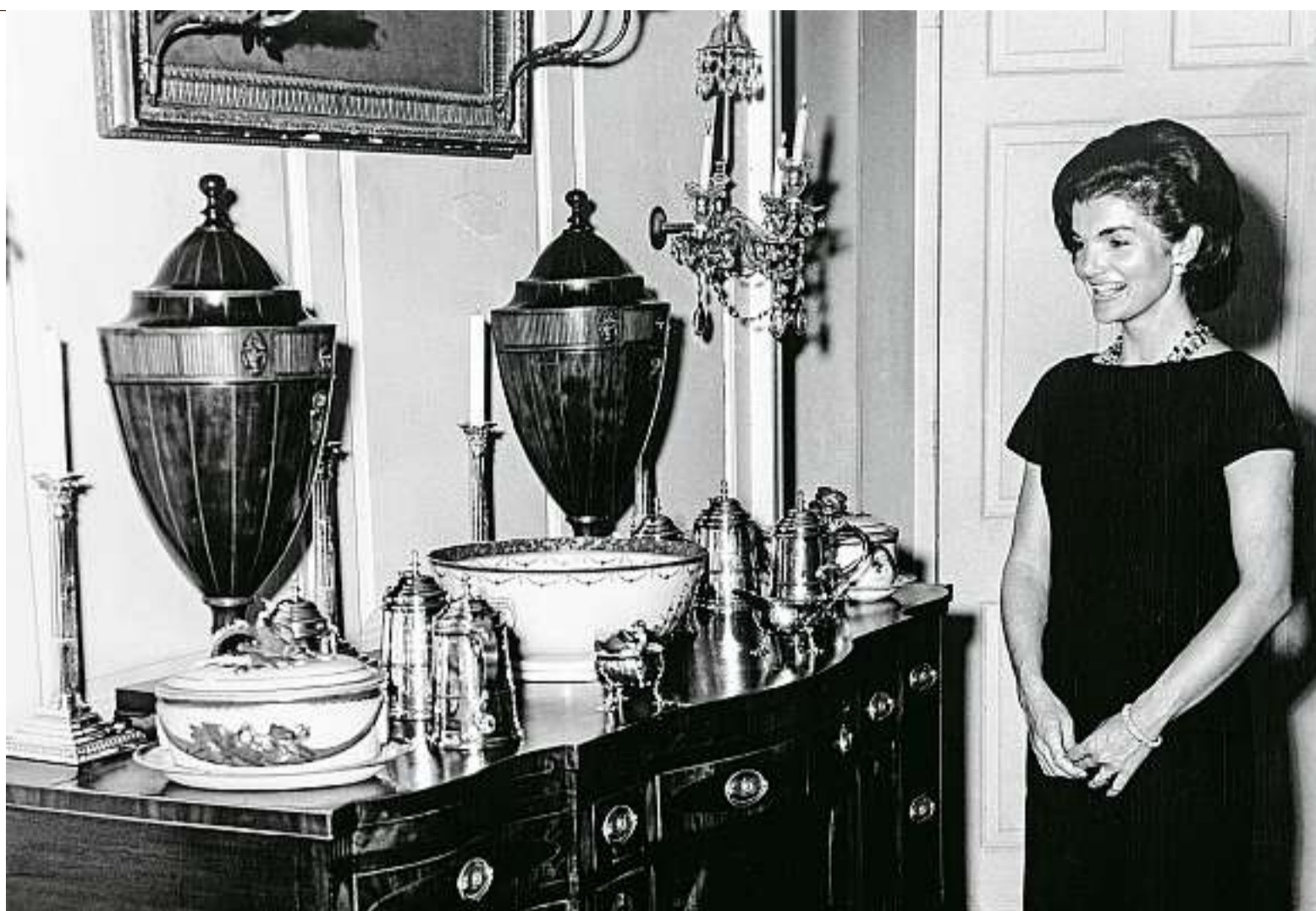
Jackie was a Democrat; Du Pont, a Republican. She was a Francophile; he was the last word on historical American furniture and decorative arts. She was the tender age of 31; he was 80. A half-century stood between them, but the First Lady knew what she needed and took herself to Winterthur, the famed Delaware estate where Du Pont was born and which he'd since turned into a museum with gardens, a library, and a scholarly program in Early American Culture. With archival items, furniture and textiles, 97 objects in all, "Jacqueline Kennedy and H.F. du Pont: From Winterthur to the White House" tells the story of Jackie and Henry's venture. This exhibition at Winterthur is not only poignant, it is a lovely respite from the vicious political division of today.

Organized by guest curator Elaine Rice Bachmann, an archivist who has written extensively on the restoration, the show opens with a tableau that sees two CBS TK-11 broadcast cameras focused on a red wool suit—a reproduction of the Chez Ninon that Jackie Kennedy wore on Jan. 15, 1962, the day her tour of the refreshed White House was filmed for television (it was aired a month later). "It just seemed to me such a shame when we came here," she explained to viewers, "to find hardly anything of the past in the house. Hardly anything before 1902." When asked about her budget, she said, "It's small, because everything we do is by private donation." No moon-bound billions here.

Du Pont would chair Mrs. Kennedy's Fine Arts Committee for the White House (she was honorary chairman), and he also formed an Advisory Committee filled with eminent museum curators from around the country. A whole wall is given over to their telegrams and letters of acceptance. The beginning



Jackie Kennedy at Winterthur in May 1961, top, and Henry Francis du Pont, above



## EXHIBITION REVIEW

## More Than Just Wallpaper

An exhibit at Winterthur documents Jackie Kennedy's renovation of the White House

of this exhibition is text heavy, as it must be, for it establishes context. Once we get to the rooms, details of design take over.

Du Pont was tasked with rounding up period antiques for the rooms—sideboards, pier tables, sofas, chairs, desks, mirrors, porce-

lain—as donations, loans, or at a nominal price. "With the exception of a pair of Sheraton side chairs," he said after his first visit, "the furniture in the White House is modern and very uninteresting." Two interior decorators were part of the project: for the family rooms Sister

Parish, known for WASP chic, slightly homespun; and for the public rooms Stéphane Boudin, highhanded principal of the Parisian firm Maison Jansen. Each in their own way took liberties. Attempting to keep things as correct as possible, Du Pont was a kind of design conscience.

Take the first room to be redone, the Green Room. On Du Pont's advice it was reconceived as an intimate American Federal parlor. He insisted that the curtains be set within the window molding, and when you see that window treatment here you understand how right he was. The Federal swags and tassels are contained, crisp, and scaled to conversation. The "hard" shade of green, however, was an issue for everyone. The Scalamandré damask of the

Truman presidency leaned teal. Boudin muted the green in 1963, bringing in a mossy silk moiré for the walls and curtains. In the process, he added medieval pelmets to the windows, smothering the moldings in a French fairy tale.

The Red Room, redone as American and French Empire, was softened to cerise—a glowing pinkish red. Jackie pushed back against Henry in this room, bringing in more French furniture ("as long as it has the eagle," she wrote him, "it doesn't matter if it's French"). But otherwise simplicity prevailed.

## The First Lady's changes shone thanks to her collaboration with H.F. du Pont.

The curtains had a flat trim and no tiebacks; anything fancier would be too expensive and too tempting for souvenir hunters with scissors. A vitrine holds samples of the extravagant red-gold tiebacks and bullion fringe added by the Nixon administration.

Ah, the Blue Room, an oval space situated between Green and Red, the centerpiece of the State Rooms. Funded entirely by Charles and Jayne Wrightsman, who gave Boudin carte blanche, it was recast

as pure French Empire with Malmaison ivory stripes on the walls and windows with blue silk curtains. This was Boudin's baby and the shade of blue—the milky hue of French opaline—was deeply . . . not American. He trimmed it in red-and-cream galloon and ran a tasseled valance around the room like good old State Fair bunting. Boudin's "masterpiece," Mrs. Kennedy called it. Du Pont is not on record with a comment, but is said to have muttered under his breath whenever he entered the room.

The work of Du Pont and his committee continued into the President's Dining Room, the Family Dining Room and the Oval Office, and was mostly finished by fall 1963. The president himself chose the color scheme of red, white and blue for his office, but never saw it. The room was completed while he and his wife were in Dallas. Two months earlier, Jackie had written to Henry: "Dear Mr. du Pont, Don't you know that everything that is lovely in The White House—is all your contribution; who could possibly have made a greater one?"

## Jacqueline Kennedy and H.F. du Pont: From Winterthur to the White House

Winterthur Museum, Garden & Library, through Jan. 8, 2023

Ms. Jacobs is the Arts Intel Report editor for the weekly newsletter Air Mail.

## CULTURAL COMMENTARY

## A Russian Romantic

By BARRYMORE LAURENCE SCHERER

**Annandale-on-Hudson, N.Y.** In December 1917, with Revolutionary Russia descending into civil war, pianist, conductor and composer Sergei Rachmaninoff (1873-1943) boarded a train from Petrograd's (now St. Petersburg's) Finland Station. Traveling with his wife and daughters, he was bound for a concert engagement in Stockholm. Leaving behind his beloved country estate, "Ivanovka," and all other worldly possessions, he never saw Russia again. But whether settled into an apartment on Manhattan's West End Avenue or the estate he established on Switzerland's Lake Lucerne or the Beverly Hills house where he died, Rachmaninoff remained deeply attached to the spirit of the Imperial Russia of his youth.

On the weekends of Aug. 5-7 and 12-14, the Bard Music Festival presents "Rachmaninoff and His World," which through its themed concerts, pre-concert talks and panel discussions by leading scholars aims to provide audiences with an intensive re-evaluation of the composer often regarded as the last great exponent of Russian Romanticism.

Given his thorough schooling at the Moscow Conservatory, Rachmaninoff's Russian musical identity was filtered through the fully cosmopolitan academic training he received. That he drank deeply of the late-Romantic wellspring is evident in the emotional, melodic outpouring—enhanced by rich chromatic harmony

and dazzlingly polychrome instrumentation—that characterizes his work.

To a degree, Rachmaninoff's longing for the traditional musical culture he left behind tinged the works he composed in exile. Yet, for all the influence of his idol, Tchaikovsky, his personal idiom is distinctively his own: Except for deliberately adopting Russian Orthodox chant style in his magnificent "All-Night Vigil," featured on this year's program, he didn't employ the potent Eastern scales or Russian local color exploited by Borodin, Rimsky-Korsakov and other nationalist predecessors.

One of the supreme pianists of the 20th century, as well as a major conductor (he twice declined the permanent conductorship of the Boston Symphony Orchestra), Rachmaninoff and his music were audience favorites in Europe and America. His music remains so nearly eight decades since his death.

Yet despite that music's popularity—possibly because of it—he has always been a controversial figure. In pre-Revolutionary Russia some critics derided his compositions as bourgeois work aimed at philistine audiences. In exile, modernist critics dismissed him as an anachronism. More than a decade after Rachmaninoff's death, Eric Blom, editor of Grove's Dictionary of Music and Musicians, Fifth Edition (1954), declared that "as a composer he can hardly be said to have belonged to his time at all. . . . His music is well constructed and effective, but monotonous in texture, [consisting] mainly



The Bard Music Festival highlights Sergei Rachmaninoff

of artificial and gushing tunes accompanied by a variety of figures derived from arpeggios."

Certainly, the bile in this critical denunciation was excessive, especially in a scholarly reference work. And it prompts the question, what are "artificial tunes?" What could possibly be deemed artificial about the series of arresting themes that open the Second Piano Concerto, or the languid clarinet melody of the adagio movement of the Second Symphony, or the sumptuous melody of the 18th variation of the "Rhapsody on a Theme of Paganini"? (The "Rhapsody" is included in this year's concert series.) Admittedly the lyrical beauty of that variation resulted in overexposure of the excerpt, almost like a pop ballad. But it is the fruit of Rachmaninoff's contrapuntal ingenu-

ity: After ringing 17 changes on Paganini's original theme, he inverts it (i.e., writes it upside down), transposes it from Paganini's A-minor—the nominal home key of Rachmaninoff's variations—to plush D-flat major, and slows Paganini's brisk tempo to the melting *andante cantabile* of a bel-canto aria.

Happily, Rachmaninoff's music has outlived the critical carping during and after his lifetime. Yet his life and his legacy still pose questions.

Through discussions and performances of a broad sampling of his oeuvre—from the early songs and rarely staged opera "The Miserly Knight" to his choral-symphonic masterpiece "The Bells"; from his beloved Second Piano Concerto to his seldom programmed Fourth—the festival will re-examine the long-

held perceptions of Rachmaninoff and his legacy, which the composer himself encouraged in interviews, declaring in one instance that "I have made [an] intense effort to feel the musical manner of today, but it will not come to me."

Outwardly Rachmaninoff held fast to the vocabulary of late Romanticism decades after Schoenberg, Bartók and Stravinsky had honed the cutting edge of modern music. Yet this self-styled "Victorian-Edwardian . . . last of the romantic composers" enjoyed driving fast cars and speedboats, built and furnished his Lake Lucerne villa in the Bauhaus style, and—as this year's resident scholar, Philip Ross Bullock of Oxford University, observes in his introduction to the festival program—keenly appreciated the music of George Gershwin as well as American musicians like Paul Whiteman and Art Tatum. The festival will pair some of Rachmaninoff's works with music by contemporaries ranging from Aleksandr Scriabin, Ignacy Jan Paderewski and Ferruccio Busoni to Henry Cowell and Ferde Grofé.

"Rachmaninoff possessed a contemporary inventiveness anchored in tonality," Bard Festival artistic co-director Leon Botstein said in a telephone interview. "Like Richard Strauss, he did not believe in tonality's historical obsolescence; he believed there was an absolute distinction between what was beautiful and what was ugly. . . . Rachmaninoff retained the notion that music serves as a reminder of sheer joy, beauty and happiness in dark times amidst the rubble of loss and the destruction of the world he grew up in."

Mr. Scherer writes about music and the fine arts for the Journal.

SPORTS

NFL Appeals Watson's Six-Game Suspension

By Andrew Beaton

THE NFL APPEALED THE SIX-GAME suspension that a neutral arbitrator issued to Cleveland Browns quarterback Deshaun Watson, the league said, a decision likely to ignite a battle with the players union—and pave the way toward a longer ban for the embattled superstar.

Watson's case stemmed from dozens of women who accused him of sexual assault or misconduct during massage therapy sessions since last year, and it was heard by former U.S. District Court Judge Sue Robinson, who was appointed mutually by the NFL and NFL Players Association.

The league argued that Watson should have been suspended indefinitely, and for no less than a year, based on its assessment of how his behavior violated the league's personal conduct policy.

But the process negotiated in the latest round of collective bargaining included a fail-safe for the NFL to tilt the scales: either side could appeal the length of a suspension determined by the neutral arbitrator. And that appeal heads to commissioner Roger Goodell or someone he chooses.

Now the stage is set for yet another contentious battle over player discipline in the NFL, this time involving one of the game's highest-profile players—with a clear path for the league to lengthen Watson's suspension, even if it generates acrimony from the union.

The union now has the opportunity to respond to the NFL's appeal. An NFLPA spokesman did not respond to an immediate request for comment.

"The NFL notified the NFLPA that it will appeal Judge Robinson's disciplinary decision and filed its brief this afternoon," the league said in a statement. "Commissioner Roger Goodell will determine who will hear the appeal."

The NFL's decision to exercise this right signals the league's clear desire to keep Watson off the field for longer based on its investigation into his alleged misconduct.



Vin Scully during his induction into the Dodgers' Ring of Honor in 2017. The legendary broadcaster called games for the team from 1950 to 2016.

JASON GAY

Vin Scully's Perfect Baseball Melody

An appreciation of the legendary Dodgers voice, now departed at age 94



Let's be honest: Any written appreciation of Vin Scully is going to be inadequate.

You really need to hear him. Hear the sound, the enthusiasm, the melody that made Scully's honey-covered voice the music of endless baseball summers.

There was nothing like Vin Scully, and never will be again. Better than the ballgame itself, Scully, who died Tuesday at age 94, was not just a defining broadcaster, not just the narrator of a franchise's seismic journey from Brooklyn to Los Angeles, not just the melody of a baseball era, but eras.

He called Hank Aaron's 715th ("There's a high drive to deep left center field..."); He called Kirk Gibson ("And look who's coming up..."); He called Bill Buckner ("Little roller up along first..."); He called Don Larsen's perfect game ("Got him! The greatest game ever pitched!"); and Sandy Koufax's as well ("2-2 to Harvey Kuenn, one strike away...")

He also called doubleheaders and snoozers and blowouts and all the spaces in between that make a baseball season such an epic. Scully at the microphone was an

event unto itself, so much so he called many games by himself. He had a novelist's command of language, a gift with metaphor ("The pitches as though he's double parked," he said of Bob Gibson) and, critically, he knew when not to speak, and let a moment breathe. (Note his wordless treatments after Kirk Gibson's and Aaron's iconic home runs.)

His timing was optimal. The Bronx-born, Fordham-educated Scully joined the Dodgers not long after Jackie Robinson broke into the sport, then followed them west to sunny Southern California, where nearly every day was a great day for baseball.

He was a radio baby, schooled by Red Barber, who arrived at the doorstep of the television revolution, when a single World Series game could hold an entire nation in its thrall.

When I met him in 2016, I asked him if he felt lucky to have arrived in baseball when he did. He shook the question off like a veteran fastballer.

"Oh, no, not lucky," he said. "Lucky is too cheap a word. I really feel blessed. I truly believe God has given me these gifts. He gave it to me at a young age, and he's allowed me to keep it all these

years? That's a gift. I say this because I believe it: I should spend a lot more time on my knees than I do."

Scully became one of a handful of announcers whose voices became synonymous with entire regions.

Broadcasting, especially on radio, has an intimacy—how many of

played center field for the baseball team, and sang in a barbershop quartet, because of course he did.

Scully stayed sharp enough to call games into late life, and even after he retired, at age 88, and the Dodgers returned to the World Series, there were pleas to reinstall the legend to his booth. He resisted. He stayed content in his retirement, though he made a darling cameo to throw out the first pitch in 2017.

In person, Scully was as warm as you'd hoped he would be, impeccable in a blazer, his red hair trim and perfect. To be around Scully made a person sit a little straighter in the chair. He was the undisputed mayor of Chavez Ravine, who knew the name of the chef serving press box cupcakes, and nodded knowingly to Fernando Valenzuela, now a broadcaster himself, in the elevator.

Not long after our brief meeting, I got a phone call from an unknown number, and I let it slide over to voice mail. Shortly afterward, I listened to the message and it was Scully, just saying hello, checking in, in that unmistakable honey-covered melody that defined a sport for generations.

It felt like a beautiful gift. As was the life of Vin Scully.

Scully called Don Larsen's perfect game ("Got him! The greatest game ever pitched!").

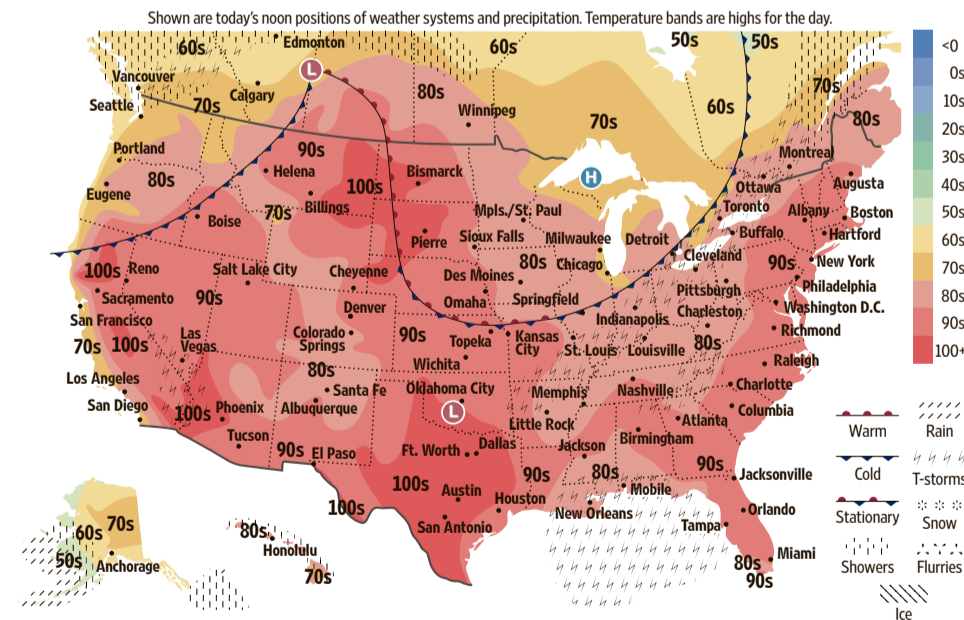
us sat up late in bed, mini transistor on, wanting to see how extra innings shook out—and it creates an unusual bond. There are Brooklynites who still remember Scully live from Ebbets and Los Angelenos who can trace their love of a growing city to him. In leaner seasons, he delivered more joy than any Dodger.

He called other sports, too. Early on, Scully called college basketball. He called NFL football. He did golf as amusingly as anyone's ever done golf. At Fordham, he



Watson was issued a six-game ban.

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U.S. Forecasts

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

Table with 4 columns: City, Today Hi Lo W, Tomorrow Hi Lo W. Lists major cities and their forecasted weather conditions.

International

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

Today Tomorrow

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

The WSJ Daily Crossword | Edited by Mike Shenk

A crossword puzzle grid with numbered squares and blacked-out areas. The grid is 15 squares wide and 13 squares high.

- 63 Campaign fundraisers, sometimes
27 High-minded
30 Turnt, as a party
64 Beyond blue
31 I may stand for it
65 Displays derision
33 Luxury liner?
Down
1 Lisbon lady
34 Reason to get vaxxed
2 Like an Indianapolis race
37 Dozen for Hercules
3 Organic acid variety
38 Blown away by
39 The tallest ever was over 1,700 feet
4 Fair feature
39 The tallest ever was over 1,700 feet
5 Mao follower?
41 Novel part
6 Ready for a fight
42 Hit makers
7 It might have a game on the back
43 Chances a ticket
8 A in French class
47 Proof of purchase, often
9 HPV and HIV, e.g.
48 Hairstyle popularized by Janet Jackson
10 Heads overseas?
51 Work on a wall
11 Crane-construction technique
53 Novel part
12 High way to the hospital
55 Bombard, as with snowballs
13 It's used for tracking shots
57 "Persuasion" heroine
15 Strike out
59 Dr. Fauci's agcy.
20 Refrigerator, old-style
61 Slng component

THINK INSIDE THE BOX | By Joah Macosko

- Across
1 Intelligence
7 Made to order
13 Radiantly happy
14 Put in a log
16 "You have a guess?"
17 Colorful yet harmful bloom
18 Lyon's Pont Pasteur spans it
19 Move determiner, at times
21 Jason of "How I Met Your Mother"
22 Mower maker
23 Andean root vegetable
24 Apart from
25 First name in Notre Dame football coaching
26 Balloon
28 Prayer surface
29 You shouldn't stuff it
32 Film take, so to speak
35 Possible locale for eating green eggs and ham
36 Amount of chocolate given to a Valentine, often
37 Burmese relief spot?
40 Their backs often open like garage doors
44 T or F, sometimes
45 Fail to act
49 Tuned in
50 Oz creator
52 "I never spoke with God, I visited in heaven": Emily Dickinson
53 Pitching goal
54 Confess
56 Transcript fig.
57 Jobs creation
58 Engender a fender bender
60 Touched off
62 Birthplace of Representative Ilhan Omar

Previous Puzzle's Solution

A grid showing the solution to a previous crossword puzzle, with words filled in and blacked-out squares.

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



## OPINION

## REVIEW &amp; OUTLOOK

## Schumer-Manchin's Winners and Losers

West Virginia Sen. Joe Manchin last fall sharply and rightly criticized a bonus tax credit for union-made electric vehicles in the Build Back Better bill. “We shouldn’t use everyone’s tax dollars to pick winners and losers,” he said. Yet that’s exactly what his tax and climate deal with Senate Majority Leader Chuck Schumer does.

The 725-page bill is riddled with green goodies that favor unions and projects located in specific regions. Most tax credits for renewable energy projects are five times more generous if contractors pay “prevailing wages”—that is, union-scale wages—and employ workers participating in apprenticeship programs. These are usually run by unions.

The new base tax credit for solar and wind production would be \$5.2 per megawatt hour (MWh), which is less than the existing \$26 MWh subsidy. However, investors in projects that meet the bill’s labor specification would be able to claim \$26 MWh and \$28.6 MWh if 100% of their steel is made in the U.S. Didn’t President Biden antagonize steel-exporting Canada enough by canceling the Keystone XL pipeline?

Another example of union favoritism is the tax credit for carbon sequestration from manufacturing or fossil-fuel combustion. This credit is currently \$35 per ton of CO2 captured and stored, which is about half the break-even cost for most projects. The Manchin-Schumer deal cuts the base credit to \$17 per ton but increases it to \$85 per ton for projects that meet its labor standards.

Manufacturers and fossil-fuel companies that hope to take advantage of the subsidy would effectively have to use union labor. Same for nuclear plants. The base \$3 per MWh nuclear tax credit isn’t enough to keep plants afloat amid an onslaught of heavily subsidized renewable energy sources. But those that meet

### The 725-page bill is marbled with political and union favoritism.

labor benchmarks can claim \$15 per MWh and may stand a fighting chance.

One effect of all these bonus credits will be to raise project costs, which will be borne by utility rate-payers and taxpayers. They could also push up wages in local labor markets and raise costs for manufacturers and contractors that don’t benefit from government handouts, so public works, housing and goods could become more expensive. How does this reduce inflation?

The bill also increases renewable tax credits by an additional 10% to 20% for projects located in “environmental justice” communities—i.e., Democratic cities—and 10% for those in areas that have or had significant fossil-fuel employment. This is intended to compensate for the economic harm from the government’s force-fed green-energy transition.

But it will also distort capital allocation. Boone County, West Virginia, probably isn’t an ideal place to locate a solar farm, but investors may decide to locate one there in order to pocket more government handouts. Mr. Manchin no doubt expects his state to benefit from the corporate welfare and political direction of capital, but he shouldn’t be so sure it won’t end up as one of the losers.

\* \* \*

Above all, the bill punishes companies and contractors whose workers aren’t unionized. It will also reduce the economic advantage of states like Arizona that have less unionized workforces and lower labor costs. They have worked hard to create a business-friendly climate that attracts private investment, including in green technologies.

The bill could also lead to short-term jobs in renewable construction replacing steady ones in fossil fuels. Has Mr. Manchin considered all of the bill’s potential economic consequences? He was right last fall when he said government shouldn’t pick winners and losers.

## The Kansas Abortion Message

The press corps is making a big deal of the defeat of the Kansas abortion referendum on Tuesday, and for once they’re right. The 20-or-so point rout of the effort to strip abortion protections from the state constitution is a message to Republicans and the anti-abortion movement that a total ban isn’t popular even in a right-leaning state.

The defeated amendment wouldn’t have imposed abortion restrictions. It would have overruled a 2019 ruling by the state Supreme Court that found a right to abortion in the Kansas constitution—a case of judicial law-writing in our view. But voters were clearly wary of how far the Kansas Legislature would go if allowed to impose abortion restrictions. Nearby Oklahoma and Missouri now have near-total bans, and Kansans have been paying attention.

Anti-abortion forces can’t find much of a silver-lining in the vote. Their timing in the wake of the U.S. Supreme Court’s decision overturning *Roe v. Wade* was obviously poor as abortion-rights activists were motivated. Voter turnout was unusually heavy for a primary election date. The referendum did far worse than supporters expected even in conservative counties in the state.

One message is that voters are wary of extremes on either side of the abortion issue. A majority of the public supports a right to abortion at least up to several weeks of pregnancy.

### Democracy is working its will on the issue, as the Supreme Court said.

This is disappointing to those who believe life begins at conception, but it means the pro-life side has persuading to do if it wants to win the abortion debate.

That’s the burden of democracy, which is what the Supreme Court allowed to return on abortion in overturning *Roe*. Urging Congress to pass a national abortion ban,

as some on the right want, looks like a certain loser—in addition to likely being unconstitutional. Abortion is an issue for the states to decide.

Democrats and the press are touting the Kansas vote as a sign that progressive voters are motivated to turn out this year and might save their control of Congress despite inflation, rising crime and other national ills. That’s far from certain, but Republicans would be wise to take the warning seriously.

The Kansas result will inspire Democrats across the country to make the midterms a referendum on abortion. They may overreach with their own attempts to reinstate *Roe* nationally. But Republicans will need a response on the issue that reassures voters like those in Kansas who have a more nuanced view of abortion than either side has been offering since *Roe* took the issue out of the hands of voters in 1973.

The Supreme Court didn’t settle the abortion question. It rightly returned it to the voters, and the Kansas referendum is merely the start of a long national debate.

## SchumerCare and Cancer Patients

Much of the damage from the Schumer-Manchin drug pricing deal won’t become visible for years. But people who understand the industry can already foresee it, and one example is fewer treatment options for desperately ill cancer patients.

The mooted bill would empower the secretary of Health and Human Services to “negotiate” Medicare drug prices. “They have full latitude to basically decide whatever price they want the drug to be,” AbbVie CEO Richard Gonzalez said Friday on an earnings call. “It’s not a negotiation. We should just call it what it is. It’s price controls.”

Here’s how it would work: The HHS secretary would select 10 to 20 of the top Medicare spending drugs each year. Drug makers that don’t accept the government’s price would get hit with a 95% penalty on their sales. Small-molecule drugs would get a nine-year reprieve starting when the Food and Drug Administration grants approval.

This latter stipulation is intended to soften the blow to innovation, but it could result in patients waiting longer for potentially life-saving treatments. Take experimental cancer treatments, which regulators typically require that drug makers test first on patients who haven’t benefited from existing treatments.

If they benefit, “we seek approval for that drug in that patient population, so that those patients will get the benefit of that drug,” Mr. Gonzalez explained. But these “refractory patients are typically very small populations.” Drug makers usually can’t earn a return on

their investment in research and development by treating only those patients.

So after the FDA grants approval, drug makers test therapies on more patients as a third-, second- and ultimately first-line treatment. These trials can take seven to nine years to complete, by which time the drugs could be subject to price controls. “It’s impossible to figure out what the return is going to be, so how do you invest?” Mr. Gonzalez mused.

He also warned that drug makers will face a perverse dilemma: “Do I choose not to seek approval in those late-stage patients so I don’t start the clock?” By waiting longer before seeking approval, drug makers could boost the return on their investment.

Mr. Gonzalez said the deal also creates a disincentive to test treatments for new indications. Treatments that work against one form of cancer often will work against others, especially drugs that target common gene or protein mutations—e.g., the KRAS mutation that can cause colon, lung and pancreatic cancer.

But why would drug makers seek to expand the pool of patients that could benefit from a drug if doing so would make it more likely to be selected for “negotiation”? Perversely, helping more patients could reduce how much a drug maker makes on a drug.

Democrats say their price controls will save the federal government \$288 billion, but this doesn’t take into account the less visible cost of altering incentives to invest in pharmaceutical innovation. One way or another, patients will pay a steep price.

## LETTERS TO THE EDITOR

## George Soros Gets Criminal Justice All Wrong

Few men have done more harm to public safety and justice in America than George Soros. Even now, as he surveys the carnage wreaked by the prosecutors he bankrolled, he has no regrets (“Why I Support Reform Prosecutors,” op-ed, Aug. 1).

Mr. Soros’s prosecutors practice nullification. From New York to Chicago and Los Angeles, they have refused to enforce laws against entire categories of crime, from shoplifting to disturbing the peace and prostitution. They even coddle violent, career criminals, agreeing to sweetheart plea deals, demanding low or no bail and circumventing three-strikes laws.

The results speak for themselves. Between 2019 and 2021, the number of murders in San Francisco surged 37%, in New York 53%, in Philadelphia 58% and in Chicago 60%, far outpacing the national average. Other violent crimes, robbery in particular, and quality-of-life offenses have also skyrocketed.

Mr. Soros doesn’t live in the neighborhoods that he has made so unsafe, but many Americans do. They understand, as I do, that the only good Soros prosecutor is a defeated Soros prosecutor. We must recall, remove and replace every last one of them.

SEN. TOM COTTON (R, ARK.)  
Washington

Mr. Soros hasn’t been financially supporting moderate prosecutors who are engaged in carefully adjusting and reforming the subtle mechanisms of the criminal-justice system. He has been providing outside funding to inexperienced politicians who have engaged in wholesale de-prosecution of both felonies and misdemeanors. This isn’t reform. It is a speculative deconstruction of criminal justice.

Mr. Soros argues for replacing police responders with mental-health profes-

sionals, ignoring that police are almost always first on the scene to a mental-health emergency, which are often dangerous. He claims that research shows his prosecutors aren’t linked to increases in crime. (The authors of that study concede that it is “imprecisely estimated” and lacks statistical significance.) More recent research links the de-prosecution policies to large increases in homicides.

After decades of declining crime based on hard work by prosecutors and police, Mr. Soros and his supporters convinced the voting public that crime had been defeated and even violent criminals could be ignored. The result has been violence and disorder. Urban voters are now reacting by removing radical prosecutors like Marilyn Mosby in Baltimore and Chesa Boudin in San Francisco, demanding that prosecutors balance treatment and diversion programs with holding violent criminals accountable.

The utopian myth of “No Crime and No Punishment” funded by Mr. Soros is a pleasant daydream, but it doesn’t reflect the hard reality of violent crime in America.

THOMAS HOGAN  
Malvern, Pa.

Mr. Hogan, a former federal prosecutor and district attorney, is an adjunct fellow at the Manhattan Institute.

Mr. Soros writes, “We need to acknowledge that black people in the U.S. are five times as likely to be sent to jail as white people. That is an injustice that undermines our democracy.” But reducing the black incarceration rate to the white rate would require releasing vast numbers of dangerous criminals, most of whom preyed on other black people. Innocent black people would be harmed the most.

HANS BADER  
Arlington, Va.

## Monetary Policy, Growth and the Supply Side

We should dispense with the notion that the Federal Reserve’s job is to “stimulate growth” (“The Outlook: Inflation Fight Riskier if Only Fed Acts,” U.S. News, July 25). That framing obscures the fact that growth can be too high, as it probably has been over much of the past year. It also exaggerates the effect of monetary policy on growth, which ultimately depends on the capital available and our ability to combine those resources to produce goods and services—what

economists call the supply side. Although monetary policy can bolster the supply side by reducing the risk and cost of inflation, it is most useful for stabilizing the demand side—ensuring that the economy produces no more or no less than its sustainable potential. Rather than stimulate growth, the Fed should discourage overproduction and underproduction.

ASSOC. PROF. WILLIAM J. LUTHER  
Florida Atlantic University  
Boca Raton, Fla.

## When Regulators Try to ‘Improve’ the Market

In “The 20-Year Experiment Holding the U.S. Back” (op-ed, July 29), John Berlau and Josh Rutzick make a good point about the Sarbanes-Oxley Act’s responsibility for the demise of smaller initial public offerings and many public companies. But the lynching of these firms at the hands of Congress and various government agencies was a tragedy in multiple acts, not only one.

In the 1980s and ‘90s, smaller investment banks offered smaller IPOs and made a market in the stocks after the deal closed. They did this not only to support their clients, but also because it was profitable. Under the old over-the-counter trading system, spreads were large, but that made it attractive to trade these

smaller-cap stocks and ensured that there would be a market.

Under progressively tighter best-execution regulations, together with the decimalization that eliminated the cushion in a one-eighth or even a one-sixteenth spread, it became unprofitable to trade small-cap stocks, and the number of market makers willing to try shrank dramatically. Without aftermarket liquidity, smaller IPOs became impossible to sell. Once again, in regulators’ zeal to improve the market, they killed it.

By forcing private companies to stay private for longer, regulators reduced the public’s access to information about those companies, locked retail investors out of opportunities, restricted promising young companies’ access to capital and empowered venture-capital and private-equity funds, which have virtually no reporting requirements.

MICHAEL C. DORAN  
Menlo Park, Calif.

## Is Beauty Really Subjective?

I enjoyed Mike Kerrigan’s “My First Lesson in Beauty” (op-ed, July 30). Mine came when I encountered Shakespeare in ninth grade. Never had I imagined language could be so powerful and, yes, beautiful. I share Mr. Kerrigan’s skepticism that beauty is in the eye of the beholder. A well-cultivated mind comes to recognize the good, the true and the beautiful, whether in art, nature, science or noble acts.

JIM REARDON  
Belmont, Mass.

## Pepper ... And Salt

THE WALL STREET JOURNAL



“Polly want this, Polly want that. How about what Polly needs?”

## I Knew It Was You, Senator

Regarding your editorial “The Drug Price ‘Slippery Slope’” (July 28): The Manchin-Schumer definition of “negotiation” with drug companies is sending Luca Brasi to make them an offer they can’t refuse. Take the cannoli.

TIMOTHY HERBST  
Tempe, Ariz.

Letters intended for publication should be emailed to wsj.letters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.





## WORLD NEWS

## Iran Nuclear Negotiators to Meet

U.S., EU and Iranian officials to convene in what some see as last bid to revive 2015 pact

BY LAURENCE NORMAN  
AND DAVID S. CLOUD

Iran, the U.S. and the European Union said they would send negotiators to Vienna for what could be make-or-break talks on reviving the 2015 nuclear agreement with Tehran, but expectations of an agreement weren't high after months of stalled negotiations.

A senior Western official said the latest Vienna talks, which will start Thursday, were a chance to agree on the final points of a deal to revive the nuclear pact. That accord lifted most international sanctions on Iran in exchange for tight but temporary restrictions on its nuclear work.

EU foreign-policy chief Josep Borrell, who chairs the negotiations, last week said he had circulated a final draft text to the parties and that a decision was needed quickly on whether Iran and the U.S. would accept it. There was no more room to craft compro-



Nasser Kanaani, an Iranian spokesman, said Tehran is ready to reach a deal that guarantees its rights.

ises on the text, he said.

The Western official said an agreement would need to be found by this weekend. If negotiators reach a consensus, foreign ministers would then be called upon to come to Vienna to approve it, the person said.

Iran has refused to negotiate directly with the U.S., so European officials are mediating between the sides. Nasser

Kanaani, a spokesman for Iran's Foreign Ministry, said Tehran was ready to reach a deal that guarantees its rights.

After 16 months of talks to revive the nuclear pact, some Western officials are skeptical that Tehran's leadership intends to return to the agreement.

The Trump administration left the agreement in 2018 and reimposed extensive sanctions

on Tehran. Iran responded by massively expanding its nuclear work so almost none of the deal's limitations still apply.

Participants in the talks, including France, Britain, Germany, Russia and China, had largely completed an agreement in March setting out steps for the U.S. and Iran to take to return to compliance with the 2015 pact.

But a final agreement has proved elusive on several key points, including an Iranian demand that Washington lift terror sanctions on Iran's elite military Revolutionary Guards Corp. President Biden has publicly vowed not to do so.

People familiar with the talks said Iran has for now agreed to set aside its demand to remove the U.S. terror listing on the Guards. But it is still calling for stronger guarantees that Washington won't abandon the pact again or reimpose sanctions on Tehran. Crucially, Tehran also is demanding an end to an International Atomic Energy Agency probe into nuclear material found in Iran, the diplomats say, a stipulation to which the U.S. and its European allies have repeatedly refused to agree.

On Wednesday, the IAEA circulated a report to member states, seen by The Wall Street Journal, confirming that Iran is following through on plans to install hundreds of advanced centrifuges, machines for producing nuclear fuel, at its main nuclear facility at Natanz. It has also begun feeding two additional cascades of more basic centrifuges with uranium for enriching, the report said.

## Russia's Lavrov Visits Myanmar

BY FELIZ SOLOMON

SINGAPORE—Russian Foreign Minister Sergei Lavrov visited Myanmar for talks on Wednesday, the latest demonstration of the two countries' close diplomatic ties as they both face Western condemnation.

Russia has emerged as one of the most-visible backers of Myanmar's military junta that seized power last year. While the U.S. and many other Western democracies shun the military regime, Moscow has twice hosted coup leader Gen. Min Aung Hlaing for diplomatic meetings, including discussions on defense relations, and last year dispatched a senior defense official for a military event in Myanmar's capital, Naypyitaw. The junta, in turn, has voiced support for Russia's invasion of Ukraine.

Mr. Lavrov's visit comes as opposition to the junta has intensified since it executed four men, including two well-known democracy activists, in July. The U.S. called the executions reprehensible acts of violence, and repeated its appeal to all countries to ban sales of military equipment to Myanmar and to refrain from lending international credibility to the regime.

Russia is among Myanmar's top arms suppliers, as is China. Both countries have veto power in the United Nations Security Council, which has faced calls from the U.N.'s human-rights rapporteur for Myanmar and opponents of the junta's regime to impose an arms embargo. The Security Council hasn't pursued such action.

The political situation in Myanmar is among a growing list of issues on which the U.S. is at odds with Russia and China. The coup ended Myanmar's decadelong transition to democracy and triggered Western sanctions against military leaders and their businesses. The junta's deadly crackdown on pro-democracy demonstrators led some to form an armed resistance movement, exacerbating conflict throughout the country. The military has been accused by human-rights groups of using Russian weapons and munitions against civilians.

Russia's foreign ministry said Mr. Lavrov met with Myanmar's foreign minister, Wunna Maung Lwin, a junta appointee, before traveling to a regional forum in Cambodia. Russian state-run news agency TASS reported ahead of the visit that Mr. Lavrov would meet Myanmar's foreign minister and Gen. Hlaing to discuss cooperation on trade, economics, defense, security and humanitarian ties.

Myanmar's junta hasn't publicly commented on the visit. High-level visits to Myanmar have been rare since the coup. In early July, the country hosted a regional forum joined by the foreign ministers of China, Cambodia, Laos, Thailand and Vietnam. Chinese Foreign Minister Wang Yi said the friendship between China and Myanmar had "remained rock-solid and unbreakable without being affected by domestic changes in each other's country," the Chinese Foreign Ministry said.

## Allies Turned Foes Vie for Kenya Presidency

BY MICHAEL M. PHILLIPS

NAIROBI, Kenya—Two former allies turned bitter political enemies are vying for Kenya's presidency next week, amid troubling memories of past election violence.

On the surface, the race pits a scion of the country's postcolonial political dynasties against a challenger who claims to represent young Kenyans scratching out a living in an economy beset by rising food and fuel prices.

But Raila Odinga, son of one of Kenya's revered independence leaders, and William Ruto, whose campaign slogan is "every hustler matters," are both from a political elite in which alliances and enmities shift with the political moment. The two men once ran on the same ticket, but now swap accusations of corruption in a country where winning office brings access to government spoils.

Polls suggest the Tuesday vote will be tight, a prospect that diplomats and analysts fear could tempt candidates to try to manipulate the results or mobilize supporters to reject them afterward.

"We just hope that whoever loses accepts the results and tells their voters to accept also," said Leonard Wambugu, a 35-year-old salesman for Paladin Trading Ltd., a Nairobi security-technology company.

At stake are the fortunes of a bastion of relative stability and prosperity just as some of Kenya's neighbors, including Ethiopia and Somalia, are embroiled in conflicts and economic turmoil. Kenya is sub-Saharan Africa's fourth-largest economy and a location of choice for multinational powerhouses such as Alphabet Inc., Microsoft Corp. and Visa Inc.

Still, some 3.5 million Kenyans, out of a population of 55 million, are going hungry as a result of an unprecedented regional drought and food and fuel inflation aggravated by Russia's invasion of Ukraine.

A key U.S. ally in Africa,



A hawker sells second-hand shoes in Nairobi next to campaign posters of candidates ahead of Kenya's general election on Tuesday.

Kenya deploys troops to Somalia to fight al Qaeda's local affiliate, al-Shabaab. American commandos operate from a base close to Kenya's Somali border. Nairobi is a hub for the United Nations and other aid agencies serving various parts of East Africa.

Power in Kenya changes hands through a multiparty political system, even if it does so in elections stained by fraud and, at times, ethnic violence. The 2017 poll had to be repeated after Kenya's supreme court annulled the initial result over irregularities.

"This recent history has raised questions about Kenya's ability to hold free and fair elections—and the 2022 elections will provide a benchmark for how much progress has been made," said a report by the Pentagon-funded Africa Center for Strategic Studies.

Western embassies are nervously watching for signs that

might foreshadow a repeat of the violence that followed the disputed 2007 election, which left 1,100 people dead and forced an additional 600,000 from their homes, according to the International Criminal Court.

A new poll by the TIFA Research company shows Mr.

### Fraud and, at times, ethnic violence have tainted elections in the African nation.

Odinga, 77, with a slight lead over the 55-year-old Mr. Ruto, 46.7% to 44.4% among self-described likely voters. Results are usually announced a few days after the balloting.

A third candidate, George Wajackoyah, 62, has sufficient support among young voters

with his plan to legalize marijuana to potentially force an October runoff between the two leading candidates.

Political analysts say there is little space between the policies of Messrs. Ruto and Odinga, whose appeal to their supporters seems more personality-driven, with the possibility of ethnic rivalries looming over the race.

President Uhuru Kenyatta, son of Kenya's founding father, Jomo Kenyatta, has reached his two-term limit and endorsed Mr. Odinga over his own deputy president, Mr. Ruto.

Mr. Ruto was Mr. Odinga's running mate during the bloody 2007 election, when Mr. Kenyatta supported the incumbent president, Mwai Kibaki. When Mr. Kibaki won what many Kenyans saw as a fraudulent election, members of Messrs. Odinga's and Ruto's ethnic communities—the Luo and Kalenjin, respectively—clashed with the

Kikuyu, the ethnic group of Messrs. Kibaki and Kenyatta.

The International Criminal Court accused Messrs. Kenyatta and Ruto of crimes against humanity, but ultimately dropped the cases. Mr. Kenyatta tapped Mr. Ruto to be his running mate and defeated Mr. Odinga twice for the presidency before striking a deal with Mr. Odinga in 2018 that left his deputy president out in the cold.

Cyprian Nyamwamu, a political analyst backing Mr. Odinga, doesn't foresee nationwide violence, but notes that officials believe localized outbreaks are possible in 29 of 47 counties.

Ordinary Kenyans, meanwhile, are struggling with rising prices. "I appreciate that it's a worldwide problem," said Geoffrey Sendeu, 53, chief executive of Geoffrey's Travels, a tour company near Nairobi. "But when I go around the country most people take it as a failure of government."

## WORLD WATCH

## IRAQ

### Shiite Cleric Calls For Early Elections

Influential Shiite cleric Moqtada al-Sadr told followers Wednesday to continue their sit-in inside Iraq's government zone, and called for the dissolution of Parliament and early elections, signaling a deepening power struggle with his rivals.

Speaking for the first time since thousands of his followers stormed the Parliament building in Baghdad on Saturday, Mr. Sadr said the "revolutionaries" must stay and continue their sit-in. He dismissed the option of engaging in dialogue with his political opponents in the Coordination Framework, an alliance of mostly Iran-backed parties, saying they didn't bear fruit in the past.

"Don't defer to their goings that I don't want a dialogue, because we tried dialogue with them but it didn't result in any-

thing for us or for the country. Dialogue with them has brought nothing but destruction, corruption, and dependency to the country, despite their pledges and signatures," he said.

He directed his followers to vacate the Parliament building on Tuesday but to remain in its vicinity. A mass prayer has been called for Friday inside the Green Zone, a heavily fortified district where the Parliament and other government buildings are located.

—Associated Press

## BRITAIN

### Security Issue Delays Conservative Ballots

Britain's governing Conservative Party said Wednesday that it has delayed sending out ballots for the party's leadership election after a warning from the U.K. intelligence services about the risk of fraud.

Ballots had been due to be



WAREHOUSE BLAZE: A massive fire engulfed a warehouse of online retailer Ozon outside Moscow on Wednesday, killing at least one person, injuring 13 others and leaving two missing, officials said.

mailed out early this week to about 180,000 party members, who are selecting a new leader for the party and the country.

The party said it decided to "enhance security" on the advice

of the National Cyber Security Centre, part of U.K. electronic spy agency GCHQ.

The party had intended to allow members to vote online or by postal ballot, with an option to

change the vote up until voting closes on Sept. 2. It now says each member will get a unique code that allows one, unchangeable vote, either online or by post.

—Associated Press

## SRI LANKA

### New President Outlines Plans

Sri Lanka's new president said Wednesday that his government is preparing a national policy road map for the next 25 years that aims to cut public debt and turn the country into a competitive export economy as it seeks a way out of its worst economic disaster.

President Ranil Wickremesinghe in his speech to Parliament said Sri Lanka needs long-term solutions and a strong foundation to stop a recurrence of economic crises. Sri Lanka's total foreign debt is \$51 billion, of which it must pay \$28 billion by 2027.

Mr. Wickremesinghe said his government had initiated negotiations with the International Monetary Fund on a rescue plan and had commenced the finalization of a debt restructuring plan.

—Associated Press

# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, August 4, 2022 | B1

S&P 4155.17 ▲ 1.56% S&P FIN ▲ 1.49% S&P IT ▲ 2.69% DJ TRANS ▲ 1.00% WSJ \$IDX ▲ 0.04% 2-YR. TREAS. yield 3.108% NIKKEI (Midday) 27892.68 ▲ 0.54% See more at WSJ.com/Markets

## Stocks Rally on Strong Earnings

### Nasdaq leads way with 2.6% gain after report registers expansion in services

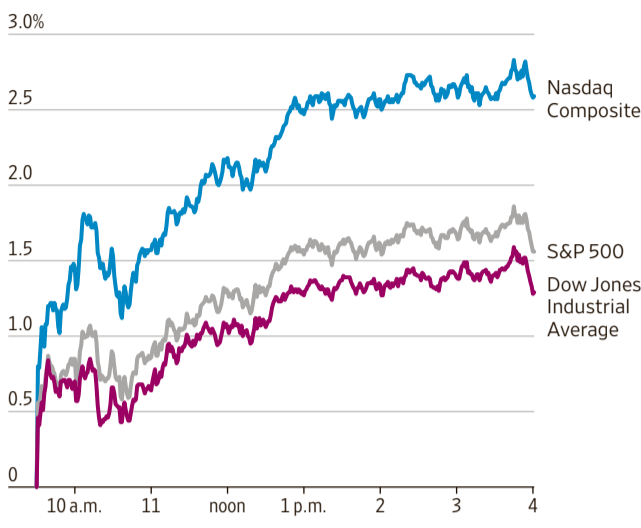
By ANNA HIRTENSTEIN AND PAUL VIGNA

Major stock indexes on Wednesday posted their first winning session in August, on the strength of fresh earnings reports and a key reading on the services sector.

The S&P 500 rose 63.98 points, or 1.6%, to 4155.17, recouping some losses after falling Monday and Tuesday. The Dow Jones Industrial Average added 416.33 points, or 1.3%, to 32812.50. The technology-heavy Nasdaq Composite gained 319.40 points, or 2.6%, to 12668.16.

Stocks had come under renewed pressure in recent days from geopolitical tensions as

Index performance Wednesday



Source: FactSet

House Speaker Nancy Pelosi met with Taiwan's president despite warnings from China. Meanwhile, Federal Reserve officials said the central bank is

likely to continue raising interest rates at coming meetings, damping hopes in markets that slowing economic growth could mean a change in policy.

So far, Mrs. Pelosi's trip hasn't had any tangible ramifications, and some better-than-expected earnings reports amid low liquidity in August are lifting sentiment, investors said.

A key economic report also helped spur the market's gains. The U.S. services sector continued to expand in July, according to a report from the Institute for Supply Management. The ISM's index of conditions for businesses such as restaurants, hotels and retailers hit a three-month high in July.

After opening August with two straight losing sessions, stocks gained on "generally upbeat risk sentiment," said StoneX Financial analyst Matt Weller. The earnings and ISM report have mitigated fears of an imminent recession, he said.

Earnings have been pretty good in terms of beating expectations, said Olivier Marcot, global macro portfolio

manager at Unigestion, but the market has bigger problems as well. "There is still a lot of inflation, central banks are keeping that hawkish rhetoric and we get some geopolitics on top of that," he said.

The yield on the benchmark 10-year Treasury note inched up to 2.747% from 2.740% Tuesday. Weak economic data have weighed on yields in recent days, according to Michael Hewson, markets analyst at CMC Markets. There are "raised concerns that the U.S. economy could well be slowing sharply," he said.

Whether or not the economy is technically in recession, inflation and the pressure it puts on the Fed to raise rates is resulting in an environment for investors that is fundamentally different from anything they have seen over the past several decades, said Eaton Vance portfolio manager Aaron Please turn to page B11

## Walmart Trims White-Collar Personnel

By SARAH NASSAUER

Walmart Inc. is cutting hundreds of corporate roles in a restructuring effort, said people familiar with the matter, a week after the retailer warned of falling profit.

The retailer began notifying employees in its Bentonville, Ark., headquarters and other corporate offices of the restructuring, which affects various departments including merchandising, global technology and real-estate teams, the people said. Around 200 jobs in total are being cut, said one of these people.

A Walmart spokeswoman confirmed that there were roles being eliminated as the company updated its structure but said that the company was also investing in other areas and creating some new roles.

Last week, Walmart warned that its profit would decline in the current quarter and fiscal year because it was having to mark down apparel and other merchandise that has piled up in its stores. The retailer said higher prices for food and fuel were causing U.S. shoppers to pull back on other categories that are more profitable for it. Please turn to page B5

## Volatility Index Is Steady Amid Market Tumult

By ERIC WALLERSTEIN

Wall Street's fear gauge has been relatively subdued for much of the year, even as stocks and bonds have slumped.

Some strategists credit changes in positioning and hedging strategies, rather than investor complacency, for the dissonance.

The Cboe Volatility Index, or VIX, a widely watched volatility measure based on options prices tied to the S&P 500, is hovering at slightly elevated levels. It hasn't closed above 30, a key level that signifies increased fear, since June and settled Tuesday just below 24. The VVIX, an index measuring the volatility of the VIX itself, has fallen relatively steadily since January and recently hit a three-year low of 80.

The last time the VVIX was this low, the VIX was at 12, a level of extreme calm. That hardly matches the mood now. Worries about inflation, higher interest rates and slowing corporate-profit growth have pulled the S&P 500 down 14% this year, while the Bloomberg U.S. Aggregate Bond Index has fallen 8.5%.

That suggests some investors might be fleeing the market altogether, rather than using a tool such as the VIX or derivatives to protect against

losses, some strategists said. One of the primary reasons that volatility has been subdued of late is that investors have shifted portfolios away from stocks, lessening the need to hedge. Starting at the end of 2021, systematic funds—which follow trends or target certain measures of risk—pared their equity exposure to historically low levels.

Many of those strategies have paid off this year. Systematic trend funds, otherwise known as managed futures, employ a trend-following strategy that has averaged a 14% return this year, according to Morningstar Direct. The iMGP DBi Managed Futures Strategy ETF, which seeks to mirror the performance of the largest hedge funds employing that strategy, has gained 21% in 2022.

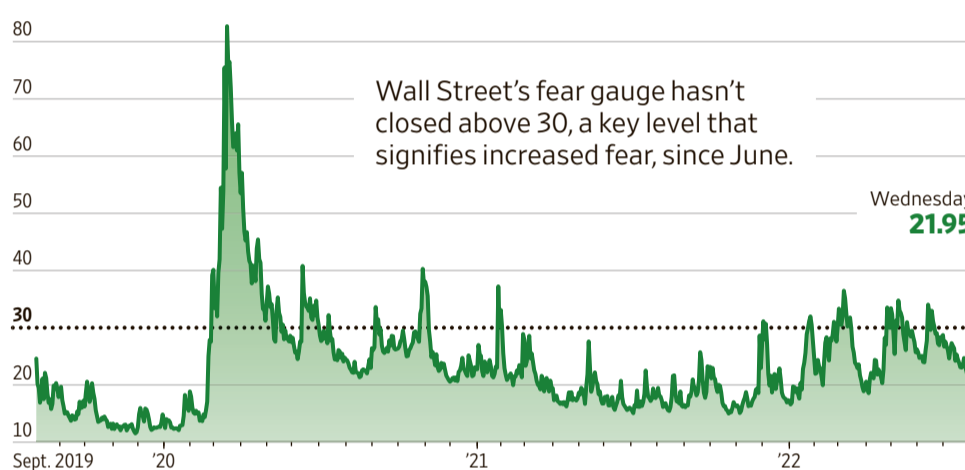
Following another strategy that has gained in popularity, asset managers and hedge funds recently stepped up bearish bets against U.S. stocks to the highest levels since 2016, according to a JPMorgan Chase & Co. analysis of futures tracking major stock indexes.

On the other hand, hedging strategies that buy put options have struggled. The Cboe S&P 500 5% Put Protection Index, which buys out-of-the-money puts that should rise in value

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Cboe Volatility Index, past three years

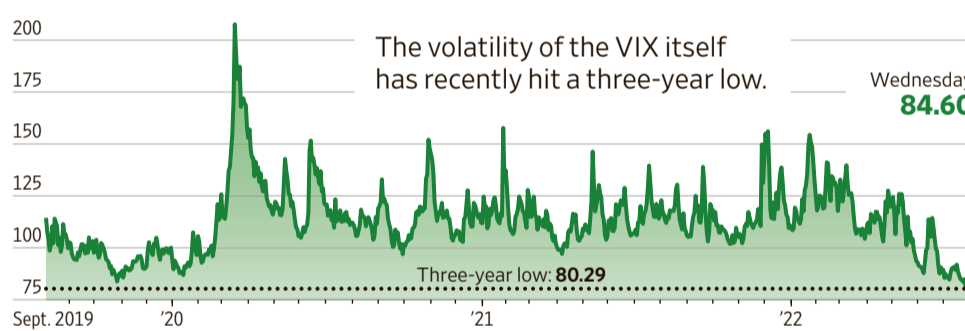
Measures expectations for near-term volatility in the S&P 500



Wall Street's fear gauge hasn't closed above 30, a key level that signifies increased fear, since June.

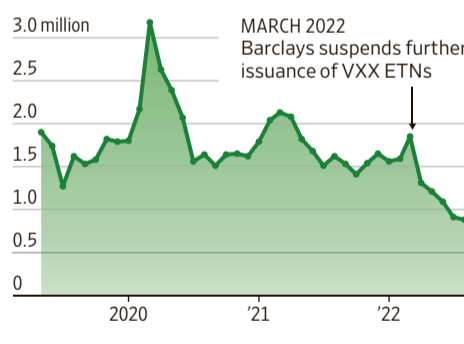
Cboe VVIX Index

Measures the expected volatility of the Cboe Volatility Index



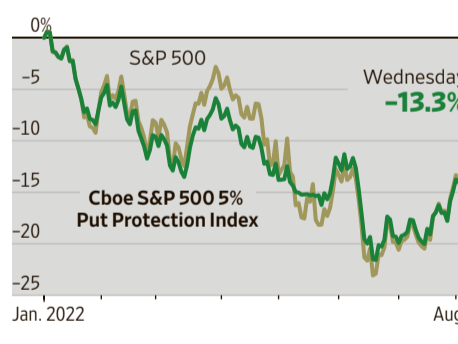
The volatility of the VIX itself has recently hit a three-year low.

Monthly average of open interest on the iPath Series B S&P 500 VIX Short-Term Futures ETN



MARCH 2022 Barclays suspends further issuance of VXX ETNs

Performance this year of the S&P 500 vs. put-protection hedging strategies



## Twitter Seeks Records On Musk

By ERIN MULVANEY AND SARAH E. NEEDLEMAN

Twitter Inc. is seeking records from several of Elon Musk's circle of Silicon Valley investors, friends and financial backers as the company looks to build its case against the Tesla Inc. chief executive over his stalled \$44 billion takeover.

Twitter wants any communication from those people related to the deal. The goal is likely to be to determine whether Mr. Musk had other concerns about completing his agreement to buy the company, beyond what Please turn to page B4

## INSIDE



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Moderna's sales rose 9%, but company faces costs tied to a surplus of vaccine doses. B2



**AIRLINES**  
Airbus scraps a deal valued at billions to supply Qatar Airways with 19 aircraft. B3

## Warner Pulls Plug on Near-Finished 'Batgirl'

By ROBBIE WHELAN

Warner Bros. Discovery Inc. has scrapped "Batgirl," a superhero movie with a star-studded cast that was to be sent directly to its HBOMax streaming service next year without a theatrical release.

The decision underscores

how the new leadership at Warner Bros.—one of the oldest and most storied Hollywood studios—plans to overhaul its distribution strategy for movies to try to maximize return. David Zaslav, the newly formed company's chief executive, has vowed not to overspend to win market

share in the streaming video business.

The budget of the film, which was in postproduction and starred Leslie Grace, J.K. Simmons, Michael Keaton and Brendan Fraser, had swelled to nearly \$90 million, in part because of Covid-19-related considerations, according to peo-

ple familiar with details of the production. "Batgirl" tells the story of Barbara Gordon, a teenager who dons a bat suit to fight crime, and was based on a plot from the Warner-owned DC Comics franchise.

Last month, after the film was received poorly by audiences at a test screening, com-

pany leadership, including Mr. Zaslav, as well as new Warner Bros. studio chiefs Mike De Luca and Pam Abdy, concluded that the film would be unlikely to earn a return on the money the studio had invested in it, these people said. Studio executives worried that additional Please turn to page B10

## MicroStrategy's Bullish-on-Bitcoin CEO Steps Down Amid Big Losses

By PAUL VIGNA

If you ask Michael Saylor why he bet the future of his company on bitcoin, he will tell you he didn't have a choice.

In 2020, MicroStrategy Inc.'s stock was stagnant, and the tech company struggled to compete with software giants. "We were either going to die a fast death, or a slow death or embark on a risky strategy," he said.

He opted to buy bitcoin—lots of it. That decision back-

fired. On Tuesday, MicroStrategy announced Mr. Saylor would step down as chief executive, a position he has held since 1989, amid mounting losses tied to bitcoin.

His dalliance with bitcoin began on Aug. 11, 2020 when the company announced a plan to take \$250 million—half of its corporate reserve—and convert it into bitcoin. It has since doubled down, and doubled down again.

In total, MicroStrategy raised \$2.4 billion in debt and loans. It issued \$1 billion in eq-

uity. The company used it all to buy bitcoin.

For a time, the decision appeared to be working. The price of bitcoin rose from about \$11,900 in August 2020 to nearly \$69,000 by November 2021. MicroStrategy's stock rose from \$124 the day before its announcement to a record of \$1,273 on Feb. 9, 2021.

But on Tuesday, MicroStrategy announced its seventh quarterly loss in the eight quarters since it started buy-

Please turn to page B11



Michael Saylor is one of bitcoin's most visible proponents.



## BUSINESS NEWS

## Airbus Cancels Qatar A350 Orders

Peeling, cracking paint on previously delivered planes led to litigation and debate over safety

By Benjamin Katz

Airbus SE has scrapped a deal valued at billions of dollars to supply Qatar Airways with 19 of its largest aircraft, according to people familiar with the matter, the latest fallout in an escalating dispute between the European plane maker and one of its biggest customers.

The company has canceled Qatar Airways' remaining orders for its A350 wide-body jet, the people said. The 19 aircraft are valued at roughly \$7 billion at list price before the hefty discounts that plane makers typically give to their customers.

The move, which ends all new business between the two companies, comes as the two sides are embroiled in a legal dispute over whether the degradation of paint on some jets represents a safety issue.

Qatar Airways has said that peeling and cracking paint on the wings of some A350s that it already operates has exposed copper mesh underneath designed to protect against lightning strikes. The airline has alleged in a London lawsuit that the paint issue is a safety risk. It has grounded about 20 affected aircraft, refused deliveries of more of the planes and is seeking financial



The dispute has left Airbus seeking new buyers for the jets the Gulf airline isn't taking, and Qatar Airways is short of needed capacity.

compensation from Airbus. Airbus has acknowledged the paint problem, but insists it is only a cosmetic issue. The European Union Aviation Safety Agency, Europe's counterpart to the Federal Aviation Administration in the U.S., has also rebutted Qatar's claims that the matter presents a safety concern.

News of the order cancellation, which was earlier reported by Reuters, follows a similar move in January, when Airbus abandoned a separate

deal with Qatar Airways for 50 of its smaller A321 aircraft, valued at \$6.35 billion before discounts. Qatar Airways Chief Executive Akbar Al Baker, who has built a reputation for publicly rebuking Airbus and rival Boeing Co. over production issues, last month signed an order for 25 of Boeing's 737 MAX 10—the direct competitor to the Airbus model.

The airline, which has taken delivery of 53 A350s, was still set to receive an additional 19 in coming years.

Qatar Airways' decision to ground some of the planes leaves it without critical capacity as it prepares for a surge in travel to Doha for soccer's 2022 FIFA World Cup, which starts in November. In response, the company has asked other airlines to help by operating more flights to the region.

The dispute with Qatar Airways has left Airbus seeking new buyers for the jets the Gulf airline isn't taking. While the plane maker has said it is

noticing added interest from customers over orders for bigger aircraft models, the resurgence in air travel this year has been led by orders for smaller short-haul aircraft.

Exacerbating the sales challenge is the highly customized cabin that Qatar Airways had ordered for its aircraft, according to one of the people familiar with the matter. That requires either a new buyer to take specially configured jets, or for Airbus to foot the bill for retrofitting those planes.

## Boeing Machinists Approve Contract

By Doug Cameron

Workers at three Boeing Co. defense manufacturing plants on Wednesday voted in favor of a new contract, the company said, averting a potential strike.

The plants produce weapons and military aircraft including the F-15 combat jet, the T-7A trainer and the MQ-25 refueling drone. Boeing Chief Executive David Calhoun said last week that delivery delays would have been likely if workers took industrial action.

The vote by around 2,500 members of the International Association of Machinists and Aerospace Workers at the St. Louis-area facilities follows their rejection of an earlier proposal last month.

"With the solidarity of our members we were able to secure an outstanding contract," said Tom Boelling, president of IAM District 837, which represents workers at the facilities.

The union leadership had recommended members accept the revised Boeing offer. The new three-year contract offers new workers an \$8,000 lump-sum payment and scraps earlier plans to cut company contributions to employees' 401(k) savings plans.

Boeing said it welcomed the outcome of the vote.

## Under Armour Warns on Earnings

By Alex Harring

Under Armour Inc. lowered its profit targets for its fiscal year, saying the price markdowns and higher freight costs that ate into quarterly earnings would continue to weigh on its results.

The Baltimore company said it still expects its revenue to grow about 5% to 7% for the fiscal year that started April 1, but the higher costs would leave its operating income between \$300 million and \$325 million, compared with its prior goal of \$375 million to \$400 million.

The company now expects adjusted earnings per share for the full year to come in between 47 cents and 53 cents, down from its May forecast range of 63 cents to 68 cents.

Like many apparel retailers, Under Armour has been faced with supply-chain snarls and shifting consumer spending this year. After saying in May that demand was strong and it would seek to raise prices, the company said Wednesday that it had higher-than-planned promotions in the quarter ended June 30. Under Armour executives said they plan to focus their discounting within outlet stores while trying to preserve its image as a non-discount brand.

"These industrywide inventory challenges and more significant inflationary pressures make for cautious consumer outlook for the balance of the year," said Colin Browne, interim chief executive officer and president, on a call with analysts. "Accordingly, we assume the market will be very promotional and we will need to participate in many of these promotions."

Retailers such as Walmart Inc. and Target Corp. warned they were resorting to increased discounting this year to move unsold goods, particularly apparel. Nike Inc., however, said in June it would raise prices this year despite a surge in inventory levels.

Under Armour reported quarterly net income of \$7.7 million, or 2 cents a share, down from \$59.2 million a year ago. Revenue was flat at \$1.35 billion. Analysts expected a profit of 3 cents a share on \$1.34 billion in revenue, according to estimates compiled by FactSet. Inventory was up 8% to \$954 million.

The company is searching for a permanent CEO after Patrik Frisk stepped down in May.

## Tod's Family to Take Loafer Maker Private

By Trefor Moss

The family behind luxury Italian shoemaker Tod's SpA said it plans to take the company private as part of an effort to boost growth at the maker of high-end loafers.

Chief Executive Diego Della Valle and his family on Wednesday said they were offering to pay 40 euros a share, equivalent to \$40.67, to acquire 25.55% of the company's stock and increase their holding to 90%. The acquisition would cost the family €338 million and value the company at €1.32 billion.

Luxury giant LVMH Moët Hennessy Louis Vuitton SE currently holds 10% of Tod's shares, and would continue to own a 10th of the company after a proposed delisting from the Milan Stock Exchange.

"The Della Valle family has decided to make a big investment in the Tod's Group in order to accelerate its development," the family said in a statement. It added that delisting would free the company of "limitations" imposed by its 22-year status as a publicly



The company's stock jumped more than 20% in response to the Della Valle family offer.

traded firm. The family said the move would also allow it to give other brands within the group, which include Hogan and Roger Vivier, more visibility and autonomy.

At a time of booming spending on luxury goods, sales at Tod's—best known for

its Gommino loafers—have failed to keep pace with industry leaders like LVMH, analysts say. Tod's increased its sales last year relative to a Covid-19-hit 2020, but revenue of €883 million was down 2.7% compared with 2019. By contrast, LVMH's 2021 sales rose

20% relative to 2019.

Tod's has, though, fared better in the first three months of this year, with sales up 23% compared with the same period in 2021.

Tod's launched a turnaround plan five years ago in response to flagging sales. The

strategy was designed to boost online sales and court younger consumers, but the results were disappointing, analysts have said, likely prompting the decision to take the company private.

The company's stock has broadly drifted lower in recent years, trading at around €33 before Wednesday's announcement, less than a quarter of its peak value nearly a decade ago. In response to the Della Valle family offer, the stock jumped more than 20% to €40.20.

Mr. Della Valle, the 68-year-old grandson of the company's founder, controls Tod's together with his brother Andrea. He also serves on LVMH's board of directors. LVMH roughly tripled its stake in Tod's last year, leading some analysts to anticipate that the French group might try to acquire the company.

Other Italian luxury firms have been going public as a way of raising funds to drive their development. Ermengildo Zegna NV listed in New York in December.

## Ford's U.S. Sales Rebounded 37% In July From Prior Year's Slump

By Will Feuer

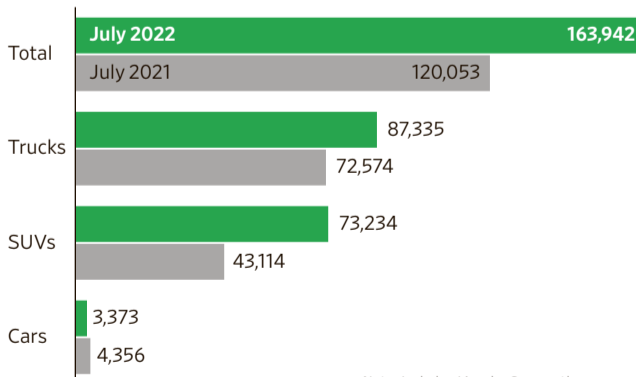
Ford Motor Co.'s July sales in the U.S. climbed 37%, rebounding sharply from year-ago production shortages and propelled by growing electric-vehicle sales.

The Detroit car maker compared the growth with a nearly 11% decline in industrywide U.S. sales in July. The overall decline reflects challenges in restocking dealership lots as supply-chain challenges and the semiconductor-chip shortage continue to weigh on production.

Ford's increase in U.S. monthly sales was driven in part by a 169% climb in electric-car sales and a 70% jump in SUV sales. U.S. sales of trucks, which made up just over half of Ford's U.S. monthly sales, climbed about 20%.

Ford said its electric-car business grew more than three times the rate of the overall EV segment in July, helped by Mustang Mach-E and F-150 Lightning sales. The company said its market share of the electric-vehicle segment increased to 10.9% in July, its highest level on record. That would place Ford second only to Tesla Inc., which Cox Automotive estimates controlled 66% of the U.S. electric-vehicle market in the second quarter.

Ford vehicle sales in July



Note: Includes Lincoln Source: the company

Ford is moving to add more electric vehicles to its lineup. It aims to produce 2 million electric vehicles globally by 2026, and last month said it had secured about 70% of the battery capacity needed to reach the goal.

Shares of Ford rose 3.5% in Wednesday trading to \$15.69. The stock is down almost 25% year to date.

Shares of rival General Motors Co., which is planning its own EV push, added 3.3% to \$37.31. GM stock is down about 36% year to date.

The sharp increase in July sales comes after Ford's U.S. sales were pummeled by low inventory levels a year ago.

The auto maker's U.S. sales dropped by nearly one-third in July 2021 versus the year-ago period, in part due to a factory

fire in Japan at Renesas Electronics Corp., a leading chip producer for Ford and other car makers. The March fire had an outside effect on Ford's production last year, leaving inventories particularly depleted, analysts say.

Last week, Ford posted a nearly 19% gain in quarterly profit as sales jumped 50% to \$40.2 billion, driven in large part from having more vehicles to sell and buyers willing to pay elevated prices for them with inventories still constrained.

"We have really strong order banks continuing, significant pent-up demand, and our products are actually selling as quickly as we can produce them," Ford Chief Financial Officer John Lawler said then.

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TECHNOLOGY



HOLLIE ADAMS/BUROOMBERG NEWS

The parent company has been exploring a strategic partner for or a sale of Grubhub. A Just Eat Takeaway deliveryman in London.

# Grubhub Parent Writes Down Its Acquisition by \$3 Billion

### Just Eat Takeaway sees 10% drop in North America orders as pandemic habits shift

By Peter Stiff

Grubhub's parent company has written down the value of the online food-ordering service by 3 billion euros, equivalent to a little over \$3 billion, just a year after buying the pandemic-era darling for \$7.3 billion.

**Just Eat Takeaway.com NV** said Wednesday it was taking the impairment because of a reduction in comparable valuations in the sector, among other factors. The Amsterdam-based company said it is continuing to explore the partial or full sale of the U.S. business.

The moves come as Grubhub grapples with a slowdown in online food-delivery orders that boomed during the Covid-19 pandemic. But con-

sumer behavior is now changing, while competition with other services remains fierce.

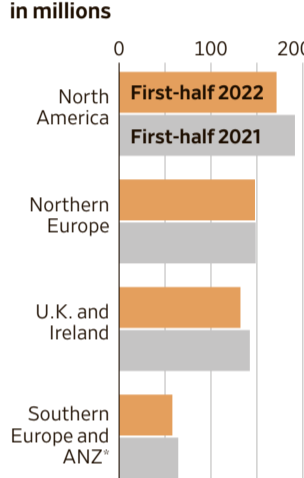
Just Eat reported a 10% fall in orders in North America to 171.4 million for the six months ended June 30, but gross transaction value in the region was broadly unchanged at around €5.8 billion. It said reduced order volume was most pronounced in the U.S.

The company's stock closed up 5.4% in Amsterdam. Once the market leader in online restaurant food ordering in the U.S., Grubhub now lags behind DoorDash Inc. and Uber Technologies Inc.'s Eats division.

To expand its user base, Grubhub has worked to strike deals and promotions. Those include an agreement with Amazon.com Inc. announced last month to link part of Grubhub's food-ordering service with the e-commerce giant's Prime program.

Still, the acquisition of

**Just Eat orders by segment, in millions**



\*Australia and New Zealand Source: the company

Grubhub has proved a headache for Just Eat, with shares in the European company falling sharply since it bought the U.S. business.

Within months of closing

the deal in June 2021, some investors were calling for Just Eat to sell Grubhub and focus on its core operations in Europe. Just Eat said in April that it was exploring a strategic partner for or partial or full sale of Grubhub.

On Wednesday, Just Eat said its first-half net loss had significantly widened because of the accounting charge linked to Grubhub.

Just Eat had a €3.48 billion loss for the period, compared with a €486 million loss for the year-earlier period. Revenue for the period was €2.78 billion compared with €1.77 billion for the year-earlier period.

Overall gross transaction value—a key metric for the industry—was €14.19 billion compared with €14.12 billion a year earlier. Just Eat management confirmed its guidance that the metric should grow by a mid-single digit this year.

—Kyle Morris contributed to this article

# EV Maker Lucid Cuts Production Outlook in Half

By Sean McLain and Ryan Felton

Electric-vehicle maker **Lucid Group Inc.** said it expected to make half as many cars as previously forecast this year, citing supply-chain and logistical challenges that have troubled the wider auto industry as well as the company's own problems.

The California-based company on Wednesday slashed its 2022 production target for the second time this year. Lucid now projects making between 6,000 and 7,000 vehicles. It first lowered a previous estimate of 20,000 vehicles to between 12,000 and 14,000 in February.

"This quarter has proven to be a very challenging period, and whilst we have experienced supply chain and logistics challenges along with the entire industry, the limitations of our logistics systems have compounded the challenge," Chief Executive Peter Rawlinson said.

He said supply-chain issues and infrastructure upgrades contributed to two and a half weeks in which the company had no daily production at its Arizona factory. He said the company had identified internal bottlenecks and was working to alleviate them.

Lucid shares fell 11% to \$18.19 in after-hours trading. Before the updated guidance, the stock had fallen 46% in 2022.

Lucid and other EV makers have faced increasing competition, rising prices and supply logjams. A wave of battery-powered vehicles, from startups including Vietnam's VinFast to giants such as Toyota Motor Corp. and Volkswagen AG, are scheduled to hit showrooms in coming months. A quickly growing pool of people want to buy them, analysts and car makers say.

The challenge is turning a profit. Costs are increasing for key components of EVs, including steel for vehicle bodies and lithium for batteries. And the global semiconductor shortage has resulted in factories running at less than full capacity while they await deliveries of computer chips.

Lucid said in May that it would raise the price of its sole vehicle, the Air sedan, to \$87,000, citing rising raw material costs.

For the quarter ended in June, Lucid's loss narrowed to \$220 million from \$261 million a year earlier, despite rising expenses. Lucid said it delivered 679 vehicles to customers during the quarter, compared to 360 vehicles in the first quarter.

Another rival, **Fisker Inc.**, said Wednesday that its second-quarter net loss rose to \$106 million, compared with \$46 million last year. Fisker said it has more than \$850 million in cash and equivalents on hand, down from \$1.2 billion at the start of the year.



The car manufacturer cited extraordinary supply-chain challenges.

RICHARD B. LEVINE/GETTY IMAGES

# NBC to Shift 'Days of Our Lives' to Peacock Service

By Lillian Rizzo

**Comcast Corp.'s NBCUniversal** unit is relocating "Days of Our Lives," one of the longest-running daytime soap operas, from its broadcast NBC network to its fledgling streaming service, Peacock.

Starting Sept. 12, "Days of Our Lives," which has been running on NBC since 1965, will be available exclusively on Peacock, marking a shift of content away from NBCUniversal's TV

lineup toward streaming. The soap opera's time slot on NBC will be filled by the news program "NBC News Daily" next month, the company said Wednesday.

For some fans, the shift may not be so daunting. A large portion of "Days of Our Lives" viewership comes from delayed viewing—either on demand, on Peacock or on another digital platform, said a person familiar with the matter.

"With a large percentage of

the 'Days of Our Lives' audience already watching digitally, this move enables us to build the show's loyal fan base on streaming," said Mark Lazarus, chairman of NBCUniversal Television and Streaming.

NBCUniversal has taken many steps to strengthen Peacock, which was launched in 2020 and initially struggled to find its footing amid growing competition from upstart streaming services. One of the company's first big steps was

taking its popular sitcom, "The Office," off Netflix so that episodes would only live on Peacock. The company also recently ended a deal with Walt Disney Co.'s Hulu that will result in shifting some high-profile programming back to Peacock. Beginning this fall, new episodes of NBC shows will air the next day on Peacock.

Last week, Comcast said the number of paying Peacock subscribers remained stable at around 13 million. Earlier this

year, Peacock's paying subscriber base had its biggest quarterly boost yet, jumping by more than 40%.

In addition to the new episodes of "Days of Our Lives," Peacock subscribers will have access to the lengthy library of past episodes. In 2020, the soap opera surpassed 14,000 episodes.

This isn't Peacock's first dip into the "Days of Our Lives" world. Peacock recently released episodes of the spinoff

"Days of Our Lives: Beyond Salem." The spinoff has included former and current actors from the main show. Peacock also aired a holiday special related to the daytime drama.

There are few daytime soap operas left on broadcast TV. "General Hospital" on ABC and "The Bold and the Beautiful" and "The Young and the Restless" on CBS will mark the last three soap operas on broadcast TV after "Days of Our Lives" moves to Peacock.

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## Twitter Seeks Musk Records

*Continued from page B1* he has said publicly, according to lawyers and academics not involved in the case.

It is standard in such merger disputes to seek information from financial institutions backing the stalled deal. But lawyers and academics say that because Mr. Musk was acquiring the company as an individual, those close to him, including friends and advisers, are fair game as potential sources of information about his intentions.

"A single email could be decisive, increasing the chances of winning," said Stephen Gillers, a professor at New York University School of Law.

The subpoenas requested information and documents, including face-to-face conversations, physical mail, emails, text messages, instant messages, social-media contacts, facsimiles and phone conversations, according to court documents.

Those who received notices include venture investor Steve Jurvetson, an early Tesla investor who once served on the auto maker's board, and Marc Andreessen, whose venture firm Andreessen Horowitz committed \$800 million to Mr. Musk's takeover. Entrepreneur David Sacks noted his sub-

poena on Twitter, posting an image of a middle finger. Mr. Sacks is among a close-knit group of activists and businessmen who encouraged Mr. Musk to get involved in Twitter, according to people familiar with the matter. Mr. Sacks declined to comment on the subpoena. Messrs. Jurvetson and Andreessen didn't respond to a request for comment.

Venture-capital investor Joe Lonsdale noted his subpoena on Twitter and called it "a giant harassing fishing expedition." Mr. Lonsdale said he had nothing to do with the Twitter-Musk situation "aside from a few snarky comments." He didn't respond to a request for comment.

Twitter alleges in its lawsuit that Mr. Musk violated their merger agreement by misusing confidential information, disparaging the company and failing to make efforts to consummate the transaction. Twitter's lawyers are expected to point to tweets that Mr. Musk posted and to leverage data and communications from the subpoena process, legal experts say.

"They are fishing for anything they can to discredit his claims through whatever he told friends, colleagues and investors," said Charles Elson, a corporate-governance professor at the University of Delaware.

Twitter declined to comment on the subpoenas or its legal strategy. The trial is scheduled to start Oct. 17 in Delaware Chancery Court.

Mr. Musk cited doubts about Twitter's counting of

fake and spam accounts for why he wants to walk away. He has said Twitter didn't provide the necessary data and information he needs to assess the prevalence of such accounts and raised questions about Twitter's methods.

Twitter said in court filings that it provided Mr. Musk with the information he requested. The company has long estimated that fewer than 5% of its monetizable daily users represent fake accounts. Mr. Musk said the number is probably much higher, closer to 20%.

Mr. Musk's attorneys didn't respond to requests for comment on the subpoenas or

## The information requested included conversations, mail, emails and texts.

their legal strategy. Mr. Musk officially responded to Twitter's lawsuit last week and included counterclaims, but the full details aren't known yet because they are sealed while Twitter reviews them for any sensitive information.

Twitter sent subpoenas to at least a dozen banks including **Deutsche Bank AG**, seeking information on equity and debt financing and communications around the deal. A bank spokesman didn't respond to a request for comment.

Banks and investors are usually called upon to provide

documentation about transactions, but the broader inner circle isn't as typical, said Brian Quinn, who teaches about mergers and acquisitions at Boston College Law School.

Legal filings from Twitter show the company is asking, among other things, for any documents and communications relating to fake or spam accounts—which Mr. Musk has referred to as bots.

"They will look for details about roles the bots played. Are they just a convenient hook?" Mr. Quinn said. "What they suspect is that Musk got cold feet."

Observers say the company is looking for communication that would support its argument that Mr. Musk is balking because he lost more than \$100 billion of his wealth amid the market downturn. Mr. Musk pledged as much as \$33 billion of his own money toward the deal.

Twitter also might be trying with the flurry of subpoenas to retrace Mr. Musk's steps since he agreed to the deal, to show he didn't put in reasonable effort to complete it, said William Newman, a senior counsel at a New York litigation firm.

Twitter has lost billions in market value since Mr. Musk unveiled his all-cash offer to buy the platform on April 25. Twitter shares closed at \$41.00 Wednesday, a discount of 24% to Mr. Musk's offer price of \$54.20 a share.

—Berber Jin and Heather Somerville contributed to this article.

## BUSINESS NEWS

## Walmart Reduces Personnel

Continued from page B1

Walmart was one of several retailers that was caught off guard this spring as shoppers shifted their spending away from products that have been in high demand throughout much of the pandemic.

In addition, some products arrived late due to supply chain snarls, causing oversupply as shopper interest waned. Target Corp. in June issued a profit warning after it reported quarterly results that, like Walmart, showed a surge in inventory levels.

Last week, Best Buy Co. cut its sales and profit goals, saying consumers had pulled back on electronics.

Walmart is the largest private employer in the U.S. and while much of its workers are hourly staff, it has thousands of people in corporate roles. Walmart employed 2.3 million

# 2.3M

Total Walmart employees world-wide as of Jan. 31

world-wide, including 1.7 million in the U.S., as of Jan. 31.

While the overall U.S. job market has been strong, a handful of other major employers are pulling back on hiring or cutting some jobs. Ford Motor Co. is preparing to cut thousands of white-collar workers, while technology giants such as Microsoft Corp. and Facebook parent Meta Platforms Inc. have pulled back.

Investors will get another update on the health of the U.S. job market on Friday when the government releases data for July. Economists surveyed by The Wall Street Journal think Friday's jobs report will show that they added more than 250,000 in July.

## A Hospital Adds a New Alert Code

At Children's National Hospital, code dark means scramble to turn off online devices

By JAMES RUNDLE

In healthcare, code blue signifies an emergency with an adult patient. Code red warns of fire. At Children's National Hospital in Washington, D.C., staff have added another: code dark, for a cyber-attack.

A nurse, doctor, or any staff member who sees something suspicious on a technology device, such as a screen displaying a ransom note or a system failing, must report it to hospital security staff, who call the code.

At that point, technology specialists work to secure the network and all other hospital employees shut down machines near them, said Nathan Lesser, chief information security officer at the hospital.

"If we call a code dark, the entire hospital knows to disconnect devices anywhere they can," he said. "And then suddenly, we have this additional perimeter. We can reduce the blast radius of malicious code running rampant across our network."

Healthcare organizations are prime targets of hackers eager to get the personal and financial information they hold, or extort them for ransom, the logic being that they are likely to pay rather than risk patient care when systems go down.

Mr. Lesser said staff at Children's National learned about cyber threats and what they could do to counter hackers. They have instructions on how to power down devices, pulling a power or network cord as a final resort. Training documents show photos of what different cables look like. The cyber team affixed reminder labels on machines such as monitors and network-connected devices, and



Code dark at Children's National Hospital harnesses its emergency operations. Cards with its steps.



hospital staff carry cards with code-dark steps on lanyards.

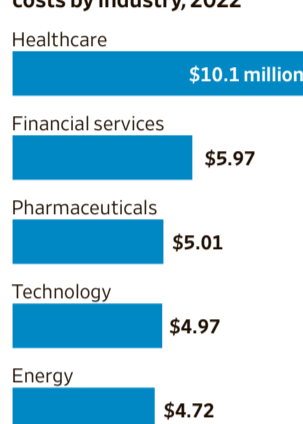
"Someone who is an ER nurse or someone working in the operating room, they don't necessarily know what a network cable is. You have to really make this accessible for everybody across the organization," Mr. Lesser said.

The distributed nature of healthcare technology, growing use of internet-connected devices such as bedside terminals and strict regulations governing fines and public reporting for breaches not only leave hospitals vulnerable to cyberattacks, but make them particularly damaging when they succeed.

Research from International Business Machines Corp. published last week found the medical sector had the highest average cost per breach than any other for the 12th year in a row, at over \$10 million.

In July, the U.S. government said it disrupted a North Korean state-sponsored hacking campaign that targeted hospitals and other medical facilities in the U.S. for finan-

cial gain. Pyongyang has routinely denied involvement in cyberattacks.



Note: For the year ended March 2022. Source: IBM

cyberattacks.

Cybersecurity should be considered a critical risk for all medical facilities, said Phil Englert, director of medical device security at the Health Information Sharing and Analysis Center, a nonprofit that coordinates security among healthcare organizations. Hospitals should develop compre-

hensive plans for dealing with individual medical devices, as their proliferation gives hackers more places to break into networks, he said.

Mr. Lesser, who joined the hospital in 2020, said he was asked by top executives and the hospital's board to find ways to mitigate the long-term effects of cyberattacks, which have often taken healthcare systems around the world weeks or months to recover from. They wanted recovery time to be a week or less, he said.

Being able to do that requires the hospital to, among other things, cut the time it takes to spot that an attack is happening, he said, with detection speed critical to blunting its force. Hackers often dwell in systems for days or weeks before an attack, to learn how to move quickly across the network's architecture once they detonate malware.

After an attack, tech teams can spend weeks restoring computers from backups where possible, formatting them where it isn't, and root-

ing out the infection, often resulting in significant disruption to a business. Reducing the number of compromised systems, Mr. Lesser said, can mean less downtime.

To put code dark into practice, he harnessed the backbone of a hospital's operations: its emergency operations plan. This plan covers hurricanes, active shooters, emergencies in clinical units and other crises, all of which are assigned a code so staff know how to react in specific situations.

Cybersecurity emergencies should be no different, Mr. Lesser said. The thousands of workers at Children's National—clinicians, administrative and financial staff, security personnel and others—can be cyber first responders, he said.

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BIGGEST 1,000 STOCKS

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

Table with 4 columns: Stock, Sym, Close, Net Chg. Lists top 1000 stocks including ChesapeakeEnergy, Chevron, and Apple.

Table with 4 columns: Stock, Sym, Close, Net Chg. Lists top 1000 stocks including NewsCorp, NextStarMedia, and NextEnergy.

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 top 1000 stocks including Amazon, Microsoft, and Google.

Table with 4 columns: Stock, Sym, Close, Net Chg. Lists top 1000 stocks including Facebook, Tesla, and Netflix.

Table with 4 columns: Stock, Sym, Close, Net Chg. Lists top 1000 stocks including Alphabet, Berkshire Hathaway, and UnitedHealth.

Dividend Changes

KEY: A: annual; M: monthly; Q: quarterly; R: revised; SA: semiannual; S2:1: stock split and ratio; SO: spin-off.

Table with 5 columns: Company, Symbol, Yld %, Amount New/Old, Frq. Lists companies like AINV, CSWC, and CWEN.

Reduced

Mercury General MCY 3.6 3175/635 Q Sep29/Sep15

PacWest Bncp Prfd. A

PACWCP 7.4 4575 Sep01/Aug15

Stocks

1847 Holdings EFSH 14 /Aug03

ETF

Table with 5 columns: Symbol, Price, Chg, YTD, % (YTD). Lists various ETFs like iShares Treasury Bond and iShares S&P 500.

Increased

Capitol Investment AINV 9.9 32/31 Q Oct11/Sep20

Apollon Southwest CSWC 9.6 50/48 Q Sep30/Sep15

Clearway Energy C I CWENa 3.7 3604/3536 Q Sep15/Sep01

Clearway Energy C II CWEN 3.5 3604/3536 Q Sep15/Sep01

Clearway Energy C III CWEN 3.5 3604/3536 Q Sep15/Sep01

CVR Partners UAN -10.05/2.26 Q Aug22/Aug16

Diamondback Energy FANG 5.9 75/70 Q Oct22/Aug16

Essential Utilities WTRG 2.1 287/2682 Q Sep01/Aug16

Main Street Capital MAIN 5.9 22/215 M Oct14/Oct07

Northern Oil & Gas NOG 3.6 25/19 Q Oct31/Sep29

Sirion Property Group SPG 6.5 175/107 Q Sep30/Sep29

SunCo Energy SXC 4.7 08/06 Q Sep01/Aug18

Viper Energy Partners Un VNOM 11.0 81/67 Q Aug23/Aug16

Reduced

Mercury General MCY 3.6 3175/635 Q Sep29/Sep15

PacWest Bncp Prfd. A

PACWCP 7.4 4575 Sep01/Aug15

Stocks

1847 Holdings EFSH 14 /Aug03

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IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL Wed's Offer Price % Chg From IPO date

Brush Oral Care 2.15 -48.3 ... Intelligent Living Application Grp 2.32 -42.0 -62.1

BRSH Aug 3/4/16 Mobile Global Services 6.21 55.3 -44.5 ILAG July 15/4/00

MGAM July 29/4/00 Ivanhoe Electric 8.79 -25.2 -18.6

IE June 28/11/75 ECB Bancorp 14.02 40.2 -0.5 SKGRU June 24/10/00

MAIA July 28/4/00 Golden Sun E2u Grp 48.94 153.5 200.2

GSUN June 22/4/00 Virax Biolabs Grp 11.55 131.0 -36.5

FLFVU June 16/10/00 Feature Light Acquisition 10.03 0.3 0.9

Sources: Dow Jones Market Data

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.

Wednesday, August 3, 2022

Table with 4 columns: Stock, Sym, Hi/Low, Chg. Lists new highs and lows for various stocks.

Stock

Table with 4 columns: Stock, Sym, Hi/Low, Chg. Lists new highs and lows for various stocks.

Stock

Table with 4 columns: Stock, Sym, Hi/Low, Chg. Lists new highs and lows for various stocks.

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Stock

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Stock

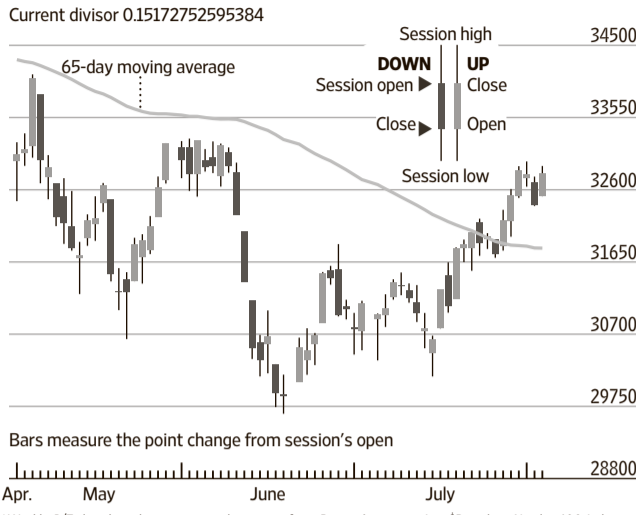
Table with 4 columns: Stock, Sym, Hi/Low, Chg. Lists new highs and lows for various stocks.

MARKETS DIGEST

EQUITIES

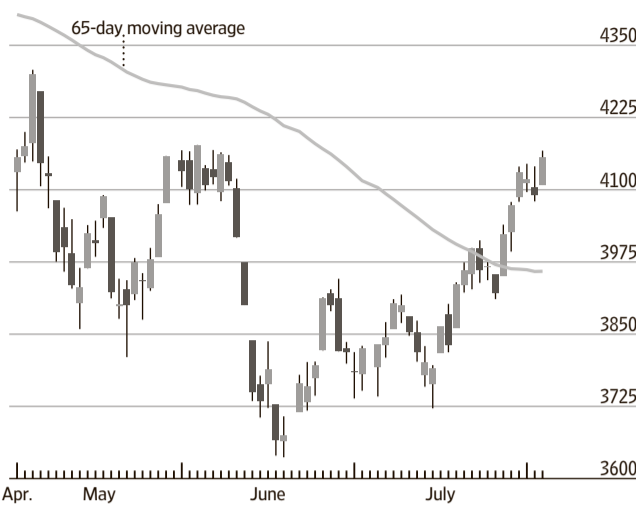
Dow Jones Industrial Average

32812.50 ▲416.33, or 1.29% High, low, open and close for each trading day of the past three months.



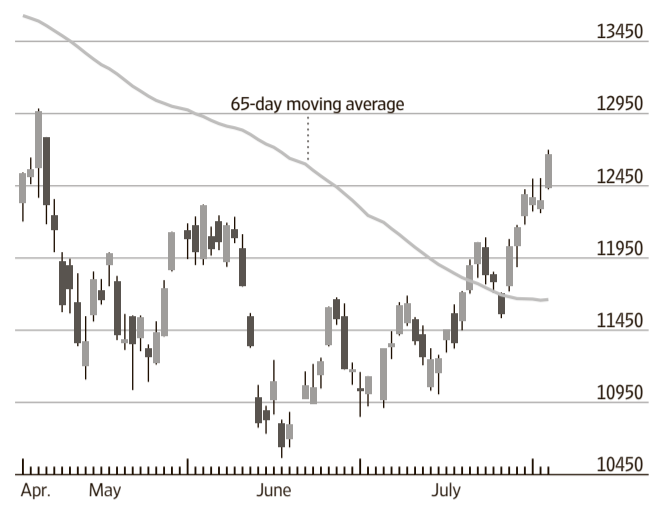
S&P 500 Index

4155.17 ▲63.98, or 1.56% High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

12668.16 ▲319.40, or 2.59% High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

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

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 listing companies like SPDR S&P 500, Lucid Group, and Ford Motor with their late trading volume and price changes.

Percentage gainers...

Table listing percentage gainers such as Global Blood Therapeutics, Yellow, and MercadoLibre.

...And losers

Table listing percentage losers such as Revolve Group, Poseida Therapeutics, and Lucid Group.

Trading Diary

Volume, Advancers, Decliners

Table showing trading volume, number of advancers, decliners, and issues traded for NYSE and NYSE Arca.

International Stock Indexes

Table of international stock indexes including MSCI ACWI, Euro STOXX, Nikkei 225, and others.

Percentage Gainers...

Table listing percentage gainers in international markets such as Quoin Pharmaceuticals and Kaspian Holdings.

Most Active Stocks

Table listing most active stocks like Endo International, Eargo, and Ford Motor.

Percentage Losers

Table listing percentage losers in international markets such as Bruush Oral Care and Liberty TripAdvisor B.

Volume Movers

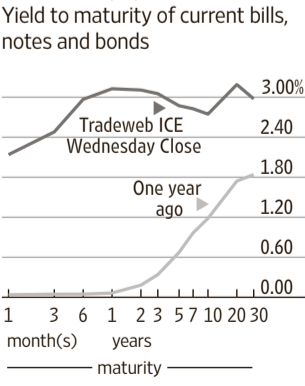
Table listing volume movers like Enveric Biosciences, GSR II Meteor, and SDCL EDGE Acquisition.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Section containing U.S. consumer rates (prime rate, new car loan) and a table of selected rates for various banks.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

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

CURRENCIES & COMMODITIES

Currencies

Table of U.S. dollar foreign-exchange rates for various countries and currencies.

Commodities

Table showing commodity prices for oil, natural gas, and gold.



COMMODITIES

Futures Contracts

Metal & Petroleum Futures

Table with columns: Open, High, Low, Settle, Chg, Open interest. Rows include Copper-High, Gold, Palladium, Platinum, Silver, Crude Oil, NY Harbor ULSD, Gasoline, Natural Gas.

Agriculture Futures

Table with columns: Open, High, Low, Settle, Chg, Open interest. Rows include Corn, Oats, Soybeans, Soybean Meal, Soybean Oil, Rough Rice, Wheat, Wheat (KC), Cattle-Feeder, Cattle-Live.

Interest Rate Futures

Table with columns: Open, High, Low, Settle, Chg, Open interest. Rows include Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, Treasury Inflation-Protected Securities, 10 Yr. Del. Int. Rate Swaps, Three-Month SOFR.

Currency Futures

Table with columns: Open, High, Low, Settle, Chg, Open interest. Rows include Eurodollar, Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, Australian Dollar, Mexican Peso.

Index Futures

Table with columns: Open, High, Low, Settle, Chg, Open interest. Rows include Mini DJ Industrial Average, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000, Mini Russell 1000, U.S. Dollar Index.

Cash Prices

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

Table with columns: Wednesday, Wednesday, Wednesday. Rows include Energy, Metals, Gold, Fibers and Textiles, Grains and Feeds, Fats and Oils.

Bonds

Table with columns: Total return, YTD total return, Index, Yield (%). Rows include Broad Market, U.S. Corporate Indexes, High Yield Bonds, Global Government.

Tracking Bond Benchmarks

Table with columns: Total return, YTD total return, Index, Yield (%). Rows include Mortgage-Backed, U.S. Agency, Global Government.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brooks; H=American Commodities Brokerage Co; M=monthly; N=nominal; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Comstock Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=noted. \*Data as of 8/2

Borrowing Benchmarks

Money Rates August 3, 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.

Table with columns: Latest, Week ago, -52-Week-High, -52-Week-Low. Rows include Inflation, U.S. consumer price index, Wholesale rates, Prime rates, Policy Rates, Overnight repurchase, U.S. government rates, Discount.

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended July 29. 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.

Table with columns: Current, Expected change, Previous week, Year ago, 4-week avg, 5-year avg. Rows include Inventories, Imports, Natural gas storage.

Table with columns: Current, Expected change, Previous week, Year ago, 4-week avg, 5-year avg. Rows include Weekly Demand, Total petroleum product, Finished motor gasoline, Kerosene-type jet fuel, Distillates, Heating oil, Diesel, Residual fuel oil, Other oils.

Corporate Debt

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

Investment-grade spreads that tightened the most...

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, Current, Last week. Rows include Westpac Banking, Banco Santander, Credit Suisse, Credit Agricole, Bank of America, Comerica Bank, Toronto-Dominion Bank, Williams.

...And spreads that widened the most

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, Current, Last week. Rows include Morgan Stanley, Texas Eastern Transmission, Comcast, ING Groep, Deutsche Bank, Electricite de France, Toronto-Dominion Bank, HSBC Holdings.

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

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value, Current, Last week. Rows include Owens-Brockway Glass Container, OneMain Finance, Sensata Technologies, Royal Caribbean, Intesa Sanpaolo Sealed Air, Ford Motor, American Airlines.

...And with the biggest price decreases

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value, Current, Last week. Rows include Transocean, Telecom Italia, Prime Security Services Borrower, Ventura Global Calcasieu Pass, Ford Motor, Occidental Petroleum, Teva Pharmaceutical Finance Netherlands, Barclays.

\*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for 2-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

Source: FactSet

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

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

Source: MarketAxess

BUSINESS & FINANCE



The ice-cream maker's board chair said its fight with the parent company is about more than the issue of Israel.

Ben & Jerry's Says Unilever Moves Threaten to Harm Brand Integrity

By SAABIRA CHAUDHURI

Ben & Jerry's ratcheted up its war of words with Unilever PLC, saying it had sued its parent company because it feared that left unchecked, the consumer-goods giant would undermine the ice-cream brand's reputation and business.

Ben & Jerry's filed a complaint with the U.S. District Court in Manhattan in July, seeking to block Unilever's sale of the ice-cream maker's Israeli business to a licensee. Unilever's move followed a rift over Ben & Jerry's decision last year to end sales of its products in Jewish settlements in the Israeli-occupied West Bank and contested East Jerusalem.

On Wednesday, Ben & Jerry's said its grievance with Unilever was about more than just the Israel issue, in a statement explaining its rationale for the lawsuit.

"This is not just about Ben

& Jerry's 2021 decision concerning sales of our product in the West Bank," board chair Anuradha Mittal said. "If left unaddressed, Unilever's actions will undermine our social mission and the essential integrity of the brand, which threatens our reputation, and ultimately, our business as a whole."

The brand generated revenue of more than €1 billion, equivalent to a little over \$1 billion, for the first time last year, which it attributed to its structure and ability to pursue its own social agenda.

Ben & Jerry's said in its statement that Unilever had frozen the board's compensation as a "pressure tactic" before a recent mediation between the two sides. Those talks ended unsuccessfully last week.

A hearing on Ben & Jerry's request for a temporary injunction to block Unilever's sale of the brand's Israel business is scheduled for

Monday.

Ben & Jerry's has said that the decision to sell the Israeli operations was made without the approval of the brand's independent board of directors. When Unilever acquired Ben & Jerry's in 2000, it agreed to let the brand have an independent board to make its own decisions about its social mission.

Unilever said Wednesday that while the acquisition agreement granted the board the right to decide its social mission, Unilever "reserved primary responsibility for financial and operational decisions." The London-listed company said that therefore, it had the right to sell Ben & Jerry's Israeli business.

Unilever announced the sale of that business in June, saying the decision followed "extensive consultation over several months."

Ms. Mittal said Wednesday that Unilever's move was a "clear violation of the letter

and spirit" of the 2000 merger agreement.

Wednesday's comments are the latest salvo in an escalating spat. Ben & Jerry's filed a letter Monday with the court asking for an injunction hearing. The two parties had previously agreed to jointly contact the court to request this, but Ben & Jerry's filed alone, saying it had "attempted to confer" with Unilever about the letter's content before sending it.

Unilever hit back with its own court filing a few hours later, saying that Ben & Jerry's letter was different from the one agreed by both parties previously. It added that it was prepared to proceed with a hearing.

Watch a Video



Scan this code for a video on how Ben & Jerry's uses its activism.

Times Gains Online Subscribers, Loses Ground on Ad Sales

By ALEXANDRA BRUELL

New York Times Co. added 180,000 digital subscribers in the second quarter but posted its first decline in digital advertising revenue since 2020, due in part to the macroeconomic environment.

"Headwinds from advertising are playing out broadly as we'd expect them to," Chief Executive Meredith Kopit Levien said during an investor call following the results. "We're making sure we're resilient as those headwinds from macroeconomic uncertainty continue."

The news organization said it ended the quarter with 8.4 million paid digital-only subscribers. The subscriber figure counts the individuals who subscribe to at least one Times digital product. Including print, the company ended the quarter with 9.2 million total subscribers, who accounted for 10.6 million subscriptions. In the first quarter, the company had added 387,000 digital subscribers.

New York Times shares closed down 1% in trading Wednesday.

Net profit increased 14% to \$61.8 million, or 37 cents a share, from \$54.3 million, or 32 cents a share, a year earlier. Revenue rose 11% to \$555.7 million. Operating profit fell 30% to \$51.7 million, largely as a result of expected operating losses at the Athletic, which the company acquired in the first quarter of 2022.

Advertising revenue rose 4.1% to \$117.4 million. Digital advertising revenue fell 2.4%, and print advertising revenue increased 15%. The last time the company posted a drop in digital ad revenue was the fourth quarter of 2020.

"Digital advertising revenue decreased primarily as a result of the macroeconomic environment, a reduction in marketer spend on advertising adjacent to news coverage given the current news environment,

and fewer programmatic advertising impressions," the company said in its earnings release.

Ad spending in categories like technology, streaming and finance is facing more pressure than categories like luxury and entertainment, which tend to favor print, Ms. Kopit Levien said during the call.

The company said it expected digital advertising revenue to be flat to slightly lower in the current quarter. Excluding the Athletic, the company expects digital ad revenue to fall by between 4% and 8%.

Subscription revenue increased 13% to \$383.6 million. The company didn't break down the number of subscribers to its digital products including Games, Cooking and Wirecutter, a product-recommendation website, which cost less than the company's core news offering, but said digital subscriber growth was driven by its bundle, Games and the Athletic. Other revenue—which includes live events, commercial printing and television series—increased 18% to \$54.7 million.

The company said it expected digital-only subscription revenue to grow between 21% and 25% in the current quarter.

The Times recently surpassed 10 million subscriptions ahead of its stated goal of reaching that target by 2025, thanks in part to its recent \$550 million acquisition of the Athletic. The news organization had set a new target of at least 15 million total subscribers by the end of 2027.

"Given the strength of our strategy, we are reaffirming our full-year profit outlook and remain confident in our ability to drive enhanced shareholder value, despite market uncertainties," Ms. Kopit Levien said in a statement. "We are well on our way to achieving our next mile marker of 15 million subscribers by 2027."

Warner Pulls Plug On 'Batgirl'

Continued from page B1

production and marketing costs would make it impossible for the film to turn a profit at the box office if they chose to release it in theaters.

"You have to look at it and ask, how many subscribers are going to sign up to HBOMax because of 'Batgirl' alone? And most DC lovers are already subscribers," said a person familiar with the company's thinking. "The better financial return on the film at this point is to write it off and take the tax credit."

Separately, the company also canceled the release of "Scoob! Holiday Haunt," an animated feature that was also slated for HBOMax. The cancellations follow the company's decision in May to scrap "The Wonder Twins," another DC Comics superhero movie that cost an estimated \$75 million to make, because

Mr. Zaslav deemed the budget too high to make a decent return on the streaming service. About a half-dozen movies that were streaming on HBO-Max were also removed from the service in recent weeks.

The cancellations reflect Mr. Zaslav's desire to find cost savings, pay down the newly merged company's hefty debt load and undo some parts of the previous regime's programming strategy, especially plans to produce original films for HBOMax without releasing them in theaters. Instead, Mr.

The company also canceled the release of 'Scoob! Holiday Haunt.'

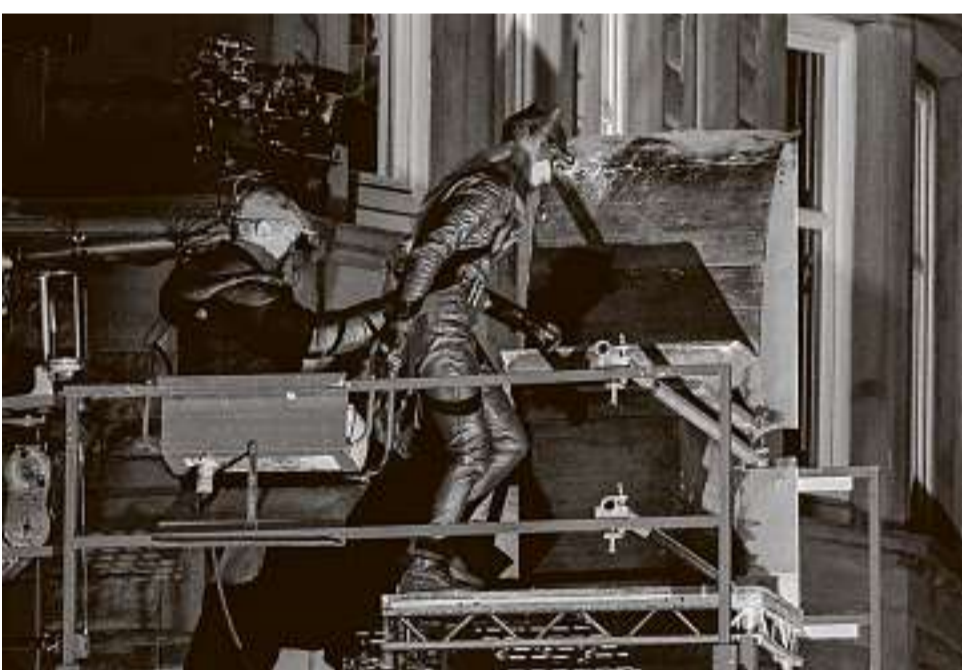
Zaslav plans to increase the number of Warner Bros. theatrical releases to around 20 to 25 a year, The Wall Street Journal has reported, up from 17 in 2021, and build on box office success to increase subscribers to the streaming service.

Discovery Inc. completed the deal to buy WarnerMedia

from AT&T Inc. in April. The company, which included Warner Bros., as well as the premium television service HBO and its streaming platform HBOMax, came with roughly \$55 billion in debt. Ahead of the deal, WarnerMedia CEO Jason Kilar—who was the mastermind behind the company's controversial 2021 decision to release all of its films on HBO-Max simultaneously with theater releases—and much of the company's senior leadership team resigned or was fired.

The "Batgirl" cancellation is already raising concerns among Hollywood's talent about the new Warner Bros. handling of relations with the directors, actors and writers who make their films and TV shows. Talent representatives and even executives inside Warner Bros. Discovery say it is almost unheard of to cancel a movie that is as far along in its production and as expensive as "Batgirl," which had finished filming about six months ago.

"We are saddened and shocked by the news" of the cancellation, wrote "Batgirl" co-directors Adil El Arbi and Bilal Fallah on Wednesday. "We still can't believe it."



'Batgirl' in January during filming in Glasgow, standing in for Gotham City.

Both directors were in Morocco attending Mr. El Arbi's wedding when they were informed that their film had been canceled, according to a person familiar with the matter. The pair had previously co-directed 2020's "Bad Boys for Life" and two episodes of this year's "Ms. Marvel," a superhero series

produced by Walt Disney Co.'s Marvel Studios for the Disney+ streaming service.

The cancellation also underscores the shaky ground under Walter Hamada, chief of Warner-Discovery's DC Films division—responsible for hits such as "The Batman" and "Aquaman." Mr. Zaslav a new

executive to lead DC Films and plans to turn the franchise into a stand-alone studio within the company similar to the structure of Marvel Studios within Disney, according to people familiar with the matter.

Mr. Hamada couldn't be reached for comment.

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets. e-Ex-distribution. f-Previous day's quotation. g-Footnotes x and s apply. k-Recalculated by Lipper, using updated data. p-Distribution costs apply, 12b-1. r-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. w-Ex-dividend. z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper, data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Table with columns: Fund, NAV, YTD Chg, % Ret. Lists various mutual funds like American Century Inv, Ultra, American Funds CI A, etc.

Table with columns: Fund, NAV, YTD Chg, % Ret. Lists various mutual funds like SrsEmergMkt, SrsGlobal, SrsGroCorRetail, etc.

Table with columns: Fund, NAV, YTD Chg, % Ret. Lists various mutual funds like MidCap, NHoriz, R2020, R2025, etc.

## MARKETS

## Solana Crypto Tokens Come Under Attack

Unknown actor drains estimated \$8 million from 8,000 wallets in blockchain network

By CAITLIN OSTROFF

An attacker targeting the solana cryptocurrency ecosystem drained funds from thousands of wallets in an incident that could draw increased regulatory scrutiny to digital assets. By 1 a.m. Eastern time Wednesday, an unknown actor exploited a flaw to drain cryptocurrencies from 8,000 wallets where crypto holders store their funds, according to the Solana Foundation, a nonprofit

that supports the network. The attack affected several wallet providers, including Slope and Phantom.

While the total value of the assets stolen was unclear, blockchain security firm PeckShield estimated the loss to be \$8 million. The details of the attack were unknown.

Both wallet providers said on Twitter that they were working to fix the issue. "At this time, the team does not believe this is a Phantom-specific issue," the company said. On both platforms, users reported losing their solana tokens and that of stablecoin USDC, whose value is pegged to the dollar.

"This does not appear to be

a bug with Solana core code, but in software used by several wallets popular among Solana users," said Austin Federa, a spokesman for Solana.

Solana's popularity has surged in recent years, with supporters seeing it as faster and more energy efficient than the Ethereum or bitcoin blockchains, which can seize up during periods of heavy transaction volumes.

The technology attracted \$314 million in new funding last year, with Andreessen Horowitz, one of Silicon Valley's most prominent venture-capital firms, leading the funding round.

A spokeswoman for Andreessen Horowitz didn't re-

spond to a request for comment.

The Solana network has sought to lure more decentralized finance applications to the blockchain. Decentralized finance, or DeFi, aims to replicate functions of traditional finance, such as banking, insurance and exchanges.

Enthusiasm for the blockchain network has made its solana token the ninth-largest cryptocurrency by market value, according to CoinMarketCap. The value of solana rose 18% to about \$39 on Wednesday, according to Coinbase.

Solana's attack follows one on another crypto protocol this week. Nomad, which lets users

swap tokens from one blockchain to another, lost millions of dollars in funds during the incident.

The attacks are likely to increase regulatory scrutiny around digital assets and DeFi. Securities and Exchange Commission Chairman Gary Gensler has said such projects aren't immune to regulation. European Central Bank President Christine Lagarde called in June for new regulations over DeFi.

Treasury Secretary Janet Yellen called for the regulation of stablecoins after one collapsed this year. Recent bankruptcies of other crypto firms have also bolstered calls for consumer protection.

Solana's dollar value



## Retirement Dollars Go to Chinese Military Firms

By ANGEL AU-YEUNG

Kelley Currie has spent much of her government career working on human-rights issues, with a focus on Asia.

Ms. Currie, who most recently served as U.S. ambassador-at-large for global women's issues during the Trump administration, was unhappy to learn that her retirement dollars could go toward companies that are linked to the Chinese military—the very entities she had been challenging for years.

Ms. Currie's retirement savings and those of millions of others are part of the Thrift Savings Plan, a retirement fund for federal workers that has more than \$700 billion in assets under management. Postal workers, customs and border-patrol agents, retired and active members of the armed forces, diplomats, the national intelligence community—and even some living presidents—are invested in the plan.

For many years, the TSP only offered five core funds, and only one of them invested in foreign companies. Investors long agitated for more choice. In June, TSP's board obliged, adding 5,000 new low-cost funds that track indexes.

Among the new options: emerging-markets funds. Some of them include companies that the Defense Department has identified as being linked to the Chinese military, according to a group of active and retired generals, diplomats and State Department officials.

They have formed a coalition called No TSP For The CCP—

short for No Thrift Savings Plan For The Chinese Communist Party—to push for their removal. The Uyghur Human Rights Project and other advocacy groups that have accused China of human-rights abuses and threatening U.S. national security also are backing the effort.

"If this were a Schwab or a Vanguard account then none of this would be remarkable—but this is neither of those things," said Ms. Currie, who has worked in and out of government throughout her career, including with Uyghur and Tibetan human-rights groups. "This is the federal government's 401(k)."

Investors increasingly want a say in where their money is going and how it is being used, sending a swell of money into funds that track ESG—or environmental, social and corporate-governance—factors. Money managers, meanwhile, are left to balance helping their clients achieve the highest returns and creating portfolios that mirror the beliefs of their clients.

All the funds that are available to TSP participants track existing indexes, said Kim Weaver, a spokeswoman for the Federal Retirement Thrift Investment Board, the government agency that manages the TSP. BlackRock Inc. and State Street Corp. manage the money invested in the five core funds. Investments in the newest additions are the responsibility of their respective fund managers—a group of hundreds that includes T. Rowe Price Group



Some investments include companies that the Defense Department has identified as being linked to the Chinese military.

Inc. and Fidelity Investments.

"To the extent that they're available in every mutual fund, that's why they are included in ours," said Ms. Weaver. "Our basic premise is that if it is legal for any other Americans to invest, it should be legal for TSP participants."

Plan participants aren't required to invest in the new funds. If they choose to, they must commit at least \$10,000 and can only put 25% of their total investments into the non-core funds.

Still, the coalition is concerned that it is too difficult or time-consuming for the average

TSP investor to figure out what companies are in each fund at any given moment.

The coalition, using data compiled in June by advocacy group the Coalition for a Prosperous America, looked into five of the larger international mutual funds offered by Fidelity, State Street, BlackRock, Vanguard Group and Dimensional Fund Advisors. The group found that the funds were weighted 14% to 33% toward Chinese securities.

They found companies that face allegations of engaging in forced labor of the Uyghurs. They also found a number of

companies in the funds that appear on two government lists—the Defense Department list of companies linked to the Chinese military or the Commerce Department's "entity list" of companies subject to trade sanctions.

"You have the prospect of hundreds of the wrong sorts of Chinese companies entering the investment portfolios of unwitting federal employees and military personnel in the United States," said Roger Robinson Jr., who was chairman of the U.S.-China Economic and Security Review Commission in the early 2000s.

China's Foreign Ministry has criticized the blacklisting of Chinese companies before, stating that it is an act of "unwarranted suppression of Chinese companies."

The country has also rejected allegations of mistreatment of Uyghurs, saying it is fighting terrorism and separatism.

The coalition, meanwhile, has asked TSP's board to create a specially designed index without Chinese companies.

Creating bespoke indexes and funds that exclude Chinese securities would be too costly, said Ms. Weaver.

## Stocks Move Higher

Continued from page B1  
Dunn. That won't end soon, he said.

There has been a bounce-back recently in some of the more beaten-up stocks, he said,

but those hoping the growth trade returns may be disappointed. "Equities returns are going to be a grind," he added.

In corporate news, PayPal jumped \$8.29, or 9.3%, to \$97.92 after hedge fund Elliott Management confirmed it has a \$2 billion stake in the payments company. Starbucks rose \$3.56, or 4.3%, to \$87.27 after it said demand is still strong and raising prices partially offset higher labor costs.

Vaccine maker Moderna rose \$25.68, or 16%, to \$186.49 after it posted earnings above analysts' estimates and said it would begin a new \$3 billion



Starbucks shares rose 4.3% after the coffee company said demand is still strong.

share-repurchase program.

Airbnb declined \$1.32, or 1.1%, to \$115.02 after it said it swung back to a profit, but its outlook disappointed investors. Online dating group Match tumbled \$13.47, or 18%, to \$63.24 after posting results that missed estimates and said the CEO of its Tinder platform is leaving the firm.

Chip maker Advanced Micro Devices fell \$1.20, or 1.2%, to \$98.09 after it reported a

drop in profit and issued guidance for the current period that was below Wall Street's expectations.

Oil prices fell after an OPEC+ meeting where a committee suggested a smaller-than-expected production increase, according to delegates. U.S. crude fell 4% to \$90.66 a barrel.

Overseas, the pan-continental Stoxx Europe 600 ticked up 0.5%. British-listed cybersecu-

ry firm Avast soared 44% after a U.K. regulator said it has provisionally cleared NortonLifeLock's \$7.3 billion acquisition of the company. French bank Société Générale rose 3.1% after reporting a narrower loss than analysts expected.

Early Thursday, Japan's Nikkei 225 was up 0.5%, Hong Kong's Hang Seng Index was up 1.7% and the Shanghai Composite was up 0.5%. S&P 500 futures fell 0.1%.

## Volatility Index Is Steady

Continued from page B1  
when the market falls, has trailed the S&P 500 this year, falling 15%.

A put option gives investors the right to sell shares of the underlying index at a given price until a listed date, while a call option gives the right to buy.

"The S&P 500 hit a new three-month low in each of the first six months of the year; we have not seen that since the 1970s," said Rocky Fishman, head of index volatility research at Goldman Sachs Group Inc. "The gradual move lower has made this a very difficult year for put-protection hedging strategies."

At times, put buying has failed to deliver returns relative to the extreme premiums it has commanded since the March 2020 crash.

Investors have pulled back

from buying protection against moderate selloffs or increases in the VIX, according to Bram Kaplan, head of Americas equity derivatives strategy at JPMorgan. There is still high demand, he said, for hedges against what are known as tail-risk events, or those with a statistically minute probability of occurring, from firms such as banks and insurance companies.

Those hedges are taking the form of puts on the S&P 500 or calls on the VIX, which are far out of the money but offer a high payout.

"Investors are realizing that the chance of the VIX spiking is extremely low unless something unexpected shows up," said Shailesh Gupta, head of trading at Simplify Asset Management.

Another factor that has crimped the volatility market? Barclays PLC stopped supporting an exchange-traded product in March that tracked VIX futures contracts. Open interest on the iPath Series B S&P 500 VIX Short-Term Futures Exchange-Traded Note, known as VXX, fell in July to roughly half the average levels in 2020 and 2021.

## Bitcoin Advocate Steps Down

Continued from page B1  
ing bitcoin. This time the loss was big: \$1 billion, much of that from bitcoin.

The same day, the company announced Phong Le, the company's president, will take on the additional role of CEO. Mr. Saylor took on the role of executive chairman.

On Wednesday, MicroStrategy shares rose 13% to \$313.68

but are down 42% in the year to date.

The company is sitting on nearly 130,000 bitcoins valued at roughly \$3 billion at current market prices. Its market capitalization is about \$3.1 billion. Essentially, MicroStrategy has become a bitcoin-holding vehicle with a cash-generating software business attached to it.

MicroStrategy's losses reflect the volatility of bitcoin. Under accounting rules, the company must assess the value of its bitcoin holdings each quarter and take an impairment charge if the price has declined. MicroStrategy has taken a string of such charges totaling about \$2 billion.

The bitcoin strategy turned Mr. Saylor into one of bitcoin's most visible proponents. His Twitter feed, followed by 2.6 million, is a constant stream of pro-bitcoin quips.

He is uniformly bullish in interviews. In one, he advised people to "take all your money and buy bitcoin. Then take all your time, figure out how to borrow more money to buy more bitcoin. Then take all your time to figure out what you can sell to buy bitcoin."

He similarly advised a conference room full of crypto enthusiasts in Miami to never sell their bitcoin.

It is this very philosophy that has worried some market observers.

"MicroStrategy is not an ideal investment for most traders," said Oanda analyst Edward Moya.

For one thing, Mr. Moya said, MicroStrategy's strategy was only to buy and hold bitcoin. There was no profit-taking. There also was no hedging against the inevitable volatility and tumbles. When the selloffs came, MicroStrategy was exposed to the full breadth of them.

Another problem is that the company doesn't have many more ways to get more money to buy more bitcoin, said BTIG analyst Mark Palmer. "A lot of the levers MicroStrategy could have pulled to create more capacity have been pulled," he

said. "Now it's just using the cash flow from the software business."

Still, Mr. Palmer said, the ultimate judgment on MicroStrategy's bitcoin bet won't come until some of that debt it borrowed to buy bitcoin starts to mature. If the price of bitcoin languishes, the company is going to have problems paying back its creditors, he said.

"The ticking clock is the maturity of the MicroStrategy debt," he said.

Despite the risks and the criticisms, Mr. Saylor still believes in his strategy and bitcoin. In an interview last week, he noted that the stock is still well above its pre-bitcoin levels, and believes the strategy

has raised the company's profile, despite the risks attached to it.

"I feel better about it today than I did on the day we started," he said.

He said he will continue to head MicroStrategy's bitcoin investments. He has no plans to sell any bitcoin and still expects it to gain in value over the years. The company reiterated Tuesday it has no plans to sell any bitcoin.

Mr. Saylor said swapping the CEO roles had been a long-term plan. "The new executive structure means I can even more enthusiastically focus on communications and strategy and bitcoin advocacy and evangelism," he said.