

# THE WALL STREET JOURNAL.

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## What's News

### Business & Finance

**Adobe agreed to buy collaboration-software company Figma for around \$20 billion, using the biggest deal in the tech giant's history to acquire a small but fast-growing rival. A1**

**◆ Mortgage rates topped 6% this week, their highest level since 2008, giving a jolt to home buyers who last year were paying less than half that. A1**

**◆ The biggest freight railroads and union leaders reached a tentative labor deal to avert a nationwide strike that would have crippled segments of the U.S. economy. A1**

**◆ FedEx said its quarterly revenue fell below its expectations and that it was closing offices and parking aircraft to offset declining volumes of packages. B1**

**◆ Retail sales rose 0.3% in August from the prior month as consumers spent at stores and restaurants at a steady pace, showing persistent demand despite high inflation. A2**

**◆ Major U.S. stock indexes fell, with the S&P 500, Nasdaq and Dow industrials retreating 1.1%, 1.4% and 0.6%, respectively. B11**

**◆ Uber said Thursday night that it was responding to a cybersecurity incident, without giving further details. B1**

**◆ Shell named Wael Sawan, its head of integrated gas and renewables, to succeed Ben van Beurden as the company's chief executive. B2**

**◆ China's currency has fallen below a widely watched level against the dollar, breaking 7 yuan for a dollar for the first time in over two years. B1**

**◆ A campaign by Republican governors to send migrants to Democratic strongholds, initially seen by many Democratic officials as a political stunt, is now sending those officials scrambling as migrants unexpectedly arrive in a widening number of locales. A1**

**◆ A federal judge appointed a respected retired judge to independently review the documents the FBI seized from Trump's Mar-a-Lago home, and included those marked classified in his remit. A3**

**◆ Ukrainian authorities said they staved off flooding caused by a Russian missile strike on the southern city of Kryviy Rih, as Moscow targeted a dam with new salvos. A7**

**◆ Germany and Jewish groups reached an agreement over compensation to the last survivors of the Holocaust, almost eight decades after the end of World War II. A16**

**◆ Biden ordered heightened U.S. scrutiny of foreign investment that may give adversaries access to critical technologies or may endanger supply chains and personal data. A2**

**◆ Senators said they would put off a much-anticipated vote to codify same-sex marriage into law until after the midterm elections. A5**

**◆ DEA agents have questioned people about telehealth company Done Global's practices for prescribing controlled substances. A3**

**◆ Social-media companies that operate in California will have to consider the health and well-being of children under a new state law. A5**

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## Adobe To Buy Figma For \$20 Billion

Deal for small rival and earnings outlook send the tech giant's share price down 17%

Adobe Inc. agreed to buy collaboration-software company Figma for around \$20 billion, using the biggest deal in its history to acquire a

By Cara Lombardo, Dana Cimilluca and Aaron Tilley

small but fast-growing rival that the technology giant hopes can give it access to a broader group of customers.

Figma is relatively little known to the wider public but its cloud-based collaboration tools have gained a loyal following among software developers and product managers who build apps and other tech products. Adobe executives said they think the acquisition will enable them to tap into demand from such users in a way that is complementary to the base of designers who use its existing software tools—though investors pushed Adobe's stock price down sharply after the deal was announced.

David Wadhvani, president of Adobe's digital-media business, said the stock market's swoon, which makes it harder for tech startups to go public at valuations they desire, helped enable the deal. "I think moments like this create opportunities that don't exist at other times," he said.

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◆ Heard on the Street: Adobe's big acquisition bet..... B12

## Mortgage Rates Jump Past 6%, Hit Highest Mark Since 2008

By BEN EISEN

Mortgage rates topped 6% this week, their highest level since 2008, giving a jolt to home buyers who last year were paying less than half that.

The average rate on a 30-year fixed mortgage climbed to 6.02% this week, up from 5.89% last week and 2.86% a year ago, according to a survey of lenders released Thursday by mortgage company Freddie Mac. The last time rates were this high was in the heart of the financial crisis almost 14 years ago, when the U.S. was deep in recession.

The jump in mortgage rates is one of the most pronounced effects of the Federal Reserve's campaign to curb inflation by lifting the cost of borrowing for consumers and businesses. Already, it has ushered in a sea change in the housing market by adding hundreds of dollars or more to the monthly cost of a potential buyer's mortgage payment, slowing what was a red-hot market not so long ago.

Higher rates are forcing some would-be buyers to continue renting. Other buyers are skimping elsewhere to make their mortgage payments.

The Fed is in a delicate situation. Investors hope it can cool the economy without causing a recession. The Fed is expected to keep raising rates aggressively when it meets next week, especially after Tuesday's inflation report showed that consumer prices are still rising quickly.

A borrower who buys a \$500,000 house with a 20% down payment and a rate of 2.86% could expect to pay about \$200,000 in interest

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◆ Shoppers show resilience as prices rise..... A2

Average rate on a 30-year fixed mortgage



Source: Freddie Mac

## Tennis Great Federer Retires



Roger Federer, winner of 20 Grand Slam titles, is retiring from professional tennis at the age of 41, but his legacy will continue to shape the sport. Jason Gay, A12

## Freight Railroads, Unions Reach Deal to Avert Strike

WASHINGTON—The biggest freight railroads and union leaders reached a tentative labor agreement to avert a nationwide strike that would have crippled segments of the U.S. economy.

President Biden and White House officials interceded to broker a deal to avoid transport disruptions that could

By Ken Thomas, Esther Fung, Andrew Restuccia and David Harrison

have snarled supply chains, putting new pressure on prices when inflation has been hovering near four-decade highs. Business groups and key rail customers, such as energy

companies and national retailers, had been calling on the government to avoid a strike.

"This agreement is a big win for America," Mr. Biden, a Democrat, said in the White House Rose Garden on Thursday.

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◆ CSX names former auto executive as CEO..... B3

## Migrant Transfers Spark Scramble

By MICHELLE HACKMAN AND ALYSSA LUKPAT

An accelerating campaign by Republican governors to send migrants to Democratic strongholds, initially seen by many Democratic officials as a political stunt, is now sending those officials scrambling as migrants

unexpectedly arrive in a widening number of locales.

The latest instance of the campaign came Wednesday afternoon when planes carrying 50 migrants seeking asylum, mostly from Venezuela, landed unexpectedly in Martha's Vineyard in Massachusetts. The office of Florida Gov. Ron DeSantis,

a Republican, confirmed that the state orchestrated the flights.

The moves follow similar efforts by Texas Gov. Greg Abbott and Arizona Gov. Doug Ducey, both Republicans who in recent months have each sent thousands of asylum-

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Janet Yellen Likes Rocks. Diplomats Keep Giving Her Stamps. Treasury secretary doesn't practice philately but was once in a geology club

By ANDREW DUEHREN

When Janet Yellen was invited to join the likes of Queen Elizabeth II and Prince Albert of Monaco as one of only 100 individual members of the prestigious Club de Monte-Carlo, she felt she had to decline.

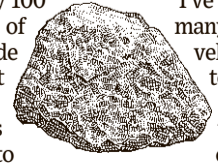
The problem was the club is dedicated to collecting stamps. And despite widespread belief to the contrary, Ms. Yellen, the Treasury secretary, doesn't collect stamps.

As Ms. Yellen explained in a 2017 letter declining the invita-

tion, she inherited her mother's stamp collection and was curious about stamp collecting, or philately, as a child. Since then, her interest had waned.

"I've not had the time for many, many years to develop the collection or to be actively involved in philately," she then-Federal Reserve chair wrote, thanking the club but declining, according to a copy shared by the club. "My professional activities in economics and finance have absorbed all of my time and attention."

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Perfect gift?

## Scotts Miracle-Gro Is Buried in Fertilizer

It produced more, then retailers slashed orders

By THOMAS GRUYA

Never in the modern global economy have businesses seen such a rapid shift from shortage to glut.

Jim Hagedorn says he is lucky it didn't get him fired. Just months ago, the chief executive of Scotts Miracle-Gro Co. was bracing for the biggest summer ever. After two years of struggling to fill store shelves, the company had ramped up production to catch up with consumer demand for lawn seed, fertilizer and other garden products. Investments in new manufac-

turing capacity were paying off as the 67-year-old CEO prepared for the usual rush of May orders from retailers looking to replenish their stocks.

The orders never came, and by Memorial Day, Mr. Hagedorn knew his company was in trouble. Scotts has already cut about 450 jobs, or around 6% of its workforce, since May, and more layoffs are coming. Manufacturing plants have been slowed. Cash is dwindling. Nobody is getting bonuses. Instead, the company is in full-blown cri-

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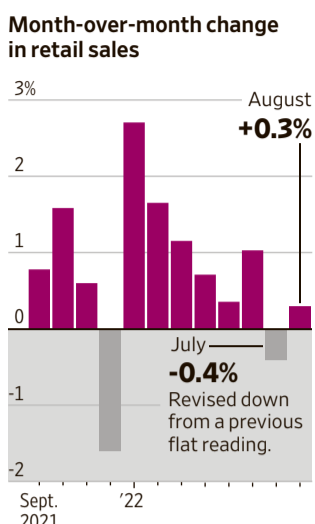
# U.S. NEWS

# Shoppers Show Resilience as Prices Rise

Consumers get boost from job growth but are challenged by rising cost of basics

By HARRIET TORRY AND AUSTEN HUFFORD

Consumers spent at stores and restaurants at a steady pace last month, showing persistent demand despite high inflation. Retail sales, a measure of spending at stores, online and in restaurants, rose 0.3% in August from the prior month, the Commerce Department said Thursday. The gain outpaced inflation and marked a reversal from July's 0.4% decline.



Note: Seasonally adjusted. Source: Commerce Department via the Federal Reserve Bank of St. Louis.



Americans spent less at gasoline stations last month and more in many other categories.

Thomas Dennison, a retired engineer living in Clearwater, Fla., said he used to buy a lot of books, but recently got a library card for the first time in years to cut down on book purchases.

The 67-year old is consolidating car trips to save on gasoline, and tries to use his motorcycle when possible as it gets better fuel mileage than his car. He is also buying store brands at the grocery and cutting down on dining out amid high inflation.

Regular gasoline prices fell in August, ending the month at under \$4 a gallon, down from a \$5 peak in mid-June, offering some savings to consumers as the cost of groceries and other products rose. Stripping out both vehicle and gasoline spending, retail sales rose 0.3% in August.

Spending at bars and restaurants, the only services category in the retail sales report, increased 1.1% in August—showing consumers are eager to dine out despite increased menu costs. That adds to signs that the end of the summer was a strong period for tourism and entertainment.

Sales at department stores, clothing stores and sporting goods stores all picked up in August, a key month for back-to-school spending. Many retailers are discounting items to make space for holiday goods and reduce inventory gluts caused by supply-chain issues related to the pandemic.

◆ Heard on the Street: Spending may be better..... B12

keeps the Federal Reserve on track to keep raising its benchmark interest rate in an effort to slow demand and inflation.

Ray Farris, chief economist at Credit Suisse, said the main takeaway of the retail report is that consumers continue to spend, the labor market is adding jobs and inflation “keeps rearing its ugly head,” which “puts the Fed in a position where it has to hike more aggressively.”

Consumer prices rose 0.1% in August from July and 8.3% from August last year, the Labor Department reported Tuesday. The data showed that after excluding volatile food and energy prices, underlying inflation pressures were broadening and building.

That report settled the case for the Fed to raise interest

rates by at least 0.75 percentage point at its meeting next week.

Separately, the Fed reported Thursday that industrial production declined a seasonally adjusted 0.2% on the month in August, due to a sharp drop in utilities output, which likely reflects weather conditions, economists said.

Some estimates of U.S. economic activity during the third quarter fell after Thursday's data releases.

The Federal Reserve Bank of Atlanta's GDPNow model, which updates throughout the quarter as new economic data come out, on Thursday predicted gross domestic product will grow at a seasonally adjusted annual rate of 0.5% in the third quarter, down from a 1.3% estimate at the end of

last week. S&P Global Market Intelligence, a research firm, said it estimates GDP increased at a 0.4% pace in the third quarter.

The U.S. economy contracted during the first two quarters of the year.

August's retail spending growth was led by a 3% gain in auto dealership sales, the Commerce Department said. That reflects rising prices of new cars and trucks and shows that consumers continue to seek out vehicles, despite higher interest rates making monthly payments more expensive for many buyers.

Americans are also opting to buy more luxury vehicles than ever before, and those wealthy buyers often don't finance. Still for other Americans,

rising prices for basics such as food and rent are a struggle. Many are paying more to receive the same amount of goods and services as a year ago.

“We see that spending remains positive, but they are taking home less. Inflation is continuing that relentless climb higher,” said Lindsey Piegza, the chief economist at investment bank Stifel. “You are taking one box of cereal instead of two.”

Concerns about the pace of price increases remain at the forefront for American households, according to surveys of consumer sentiment. Still, surveys by the University of Michigan and the Conference Board both improved in August as consumer expectations about the economic outlook rose.



Wesley and Kimberly Robinson, left, of Rogers, Ark., saw their mortgage rate increase sharply last year. Desi Duncker and Victoria Laurete Duncker moved to Bloomfield, N.J., last year. They want to buy a home but are deterred by higher mortgage rates.



Desi Duncker and Victoria Laurete Duncker moved to Bloomfield, N.J., last year. They want to buy a home but are deterred by higher mortgage rates.

## Mortgage Rates Top 6%

Continued from Page One over 30 years for their \$400,000 loan. If their rate is 6.02%, they could pay \$465,000 in interest, according to a mortgage calculator by Bankrate.com

Mortgage rates were around 3% when Wesley and Kimberly Robinson went into contract to buy a new home in Rogers, Ark., last year. By the time their house was nearing completion this summer, they were staring at well above 5%.

“When rates started going up, it did get a little scary,” Mr. Robinson said. The Robinsons are both teachers.

They had put down a non-refundable deposit with their builder, so they moved ahead with the purchase. They locked in a mortgage with a 5.5% interest rate in mid-July, then got it to float down to 5%

when rates dipped in the following weeks.

They closed on their house and moved in with their two daughters this month, though they have yet to sell their old house. Mr. Robinson opted to borrow from an online lender. A local bank, he said, was offering a rate above 6%.

The volatility in mortgage rates has widened the gap between what various lenders are offering. That suggests borrowers can benefit significantly from shopping around for the lowest rate, Freddie Mac economist Sam Khater said this month.

Still, rising mortgage costs have been among the largest factors hampering affordability in the housing market. While home prices and rents have risen swiftly this year, rising mortgage costs have tipped the scales in favor of renting for many people in the U.S.

Would-be buyers like Desi Duncker and Victoria Laurete Duncker are waiting for the market to settle down before moving ahead. They and their daughter moved from Manhattan to Bloomfield, N.J., last year and rented while Mr.

Duncker introduced his family to the area, where he grew up.

They would like to buy but have been derailed by higher mortgage rates, rising home prices and a decline in the value of their investments, including bitcoin, Mr. Duncker said. Stocks and cryptocurrencies are down sharply this year, slowed in part by the Fed's higher rates.

“Every possible factor that could have gone against buyers since January has happened,” Mr. Duncker said.

### ‘When rates started going up, it did get a little scary,’ says Wesley Robinson.

He keeps a Google Doc with notes about buying and in June began noting that mortgage costs were becoming a problem. They might look to rent an apartment near the train station for now. He commutes into New York City for his job in finance at a tech company. She runs a podcast about motherhood over the age of 40.

Home prices continue to show large gains from a year ago, and as of July the median sales price for an existing home still tops \$400,000. But existing-home sales fell for six straight months through July, and the pace of price growth has decelerated.

Signs point to a further

slowdown. In the four weeks that ended Sept. 11, homes on average sold for 0.5% below their final list price, according to Redfin, a real-estate brokerage. That compares with 1.1% above list price a year earlier.

The firm also said that home-touring activity is down 14% from the beginning of the year.

When the pandemic brought the economy to a standstill, the Fed slashed its benchmark interest rate to near zero, hoping to spur borrowing and the broader economy. Mortgage rates fell to records. That spurred a boom for the mortgage industry as buyers rushed to lock in low rates and homeowners refinanced into lower-rate loans.

Mortgage rates don't move automatically when the Fed raises rates, but they are heavily influenced by the Fed.

The swift reversal this year has brought tough times to the mortgage industry. Originations topped \$4.4 trillion last year but are expected to drop to just over half that in 2022, according to forecasts by the Mortgage Bankers Association, a trade group.

Refinancings in particular have slowed down because higher rates erode the benefit for most homeowners. Refinancing activity is down more than 80% from a year ago, MBA said.

Just 452,000 homeowners would be good candidates for a refinancing that lowers their rate by at least 0.75 percentage point, according to an analysis by Black Knight Inc., a mortgage technology and data provider. That is down from a peak of over 19 million in late 2020.

Many lenders as a result have faced challenges, particularly nonbank mortgage companies that built big businesses around refinancing in recent years. Some are cutting staff, losing money or have closed shop.

## Foreign Investment Scrutiny Tightened

By CHARLES HUTZLER

WASHINGTON—The Biden administration is ordering a panel that screens foreign investment for national security risks to heighten scrutiny of deals that may give China and other adversaries access to critical technologies or may endanger supply chains and personal data.

An executive order signed by President Biden on Thursday doesn't expand the purview of the Committee on Foreign Investment in the U.S. Rather, it is intended to sharpen the interagency panel's focus on administration priorities and signal to businesses the types of transactions that might deserve added screening, administration officials said.

Thursday's executive order focuses on foreign investment in the U.S. and is meant “to ensure that Cfius remains an effective tool to combat these threats now and in the future,” the White House said in its explanation of the order.

A particular concern cited is the security of supply chains and whether an investment might give a foreign entity control of critical manufacturing capabilities, mineral resources or technologies.

While the order doesn't single out particular foreign countries, an explanation of the measure provided by the White House mentions the risks presented by foreign investors from “competitor or adversary nations.” Its specifics—protecting supply chains, Americans' data and technologies like semiconductors, artificial intelligence and biotechnology—are areas where administration and other U.S. officials have previously raised concerns about Chinese investment and espionage.

“Foreign investment is key to supporting American workers, businesses and growth in the United States,” an administration official said. “But...some countries exploit our open investment ecosystem to further their own national security priorities in ways that are directly contradictory to our values and interests.”

As part of its guidance, the order directs the committee to examine investments that could present cybersecurity risks, another area where China is active, and look for patterns to see if a foreign company or country is trying to acquire multiple firms within a sector.

Attempts by Chinese firms and investors to acquire U.S. semiconductor companies alarmed the Obama and Trump administrations, prompting in-

creased vigilance over Chinese investment. As part of that, Congress in 2018 expanded the authority of Cfius, which is led by the Treasury Department, to examine deals, including by scrutinizing minority investments by foreigners via venture-capital funds—a tactic that some officials said China was using to circumvent attention.

The Biden administration is looking at closing off other channels that would give China access to American capital and know-how that might further Beijing's ambitions to dominate cutting-edge technologies. National security adviser Jake Sullivan has warned about U.S. investment enhancing the technological capabilities of com-

### Cfius will look at deals in areas U.S. officials say are of interest to China.

petitors, and the administration is considering an executive order to screen outbound U.S. investment in semiconductors and other technologies.

Some U.S. business groups such as the U.S. Chamber of Commerce and tech investors have raised concerns about the potential screening of overseas investment, saying that it may prove unwieldy or overly broad and undercut American economic influence and competitiveness.

Asked about that, the administration official said the White House is looking “at gaps in our existing tool kit, including whether it would be or is appropriate to look at some targeted and narrowly scoped requirements.”

China has previously objected to restrictions on Chinese investment in the U.S., calling such efforts unfair. When asked for comment on Thursday's executive order, the Chinese embassy in Washington pointed to remarks Ambassador Qin Gang made at the Detroit auto show this week; Mr. Qin told Bloomberg News that U.S.-China interests are “intertwined.”

The order also directs Cfius to see if an investment would give the foreign investor access to Americans' sensitive data and whether the investor has ties to entities that have the ability to exploit that information to the detriment of U.S. national security.

◆ Chinese money flows to U.S. venture funds..... B1

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## U.S. NEWS

## Judge Picks Master to Review All Trump Documents

By ARUNA VISWANATHA  
AND SADIE GURMAN

U.S. District Judge Aileen Cannon appointed a respected retired judge to independently review the documents the FBI seized from former President Trump's Mar-a-Lago home, and included those marked classified in his remit, which could prolong a court battle over the Justice Department inquiry into the sensitive materials found at the Florida resort.

In an order Thursday, Judge Cannon named Raymond J. Dearie, a former chief federal judge in New York, as a special master to assess the seized materials to determine whether they are protected by any privileges, and make recommendations over any disputes between the government and Mr. Trump about how the items are characterized. Mr. Trump's legal team had recommended Mr. Dearie to the post, and the Justice Department said he was an acceptable choice.

Judge Cannon also ordered the government to provide Mr. Trump's lawyers with access to the documents marked as classified—those which the Justice Department had described as containing sensitive national security information at the heart of the probe—under the “supervision” of the special master.

After Federal Bureau of Investigation agents conducted an extraordinary search of Mr. Trump's Florida estate on Aug. 8, removing 33 boxes with thousands of presidential records and news clippings mixed with classified materials, prosecutors said they are investigating potential violations of both the Espionage Act, which relates to the misuse of classified information, and a presidential record-

**Raymond Dearie, who was approved by both sides, is named special master.**

keeping law that requires that White House records go to the National Archives.

When the Florida-based Judge Cannon ordered the appointment of an independent arbiter last week and asked both sides to suggest candidates, she had temporarily blocked criminal investigators from using the materials, describing it as “a brief pause to allow for neutral, third-party review to ensure a just process with adequate safeguards.”

Days later, prosecutors asked Judge Cannon to revisit that pause specifically as it related to the 100 classified documents, arguing that Mr. Trump had no right to those materials. They said they would set aside the other roughly 11,000 documents seized, and provide Mr. Trump with copies of them, but said that if the judge didn't grant their request to resume reviewing the classified documents by Sept. 15, they would go to the appeals court with the same request.

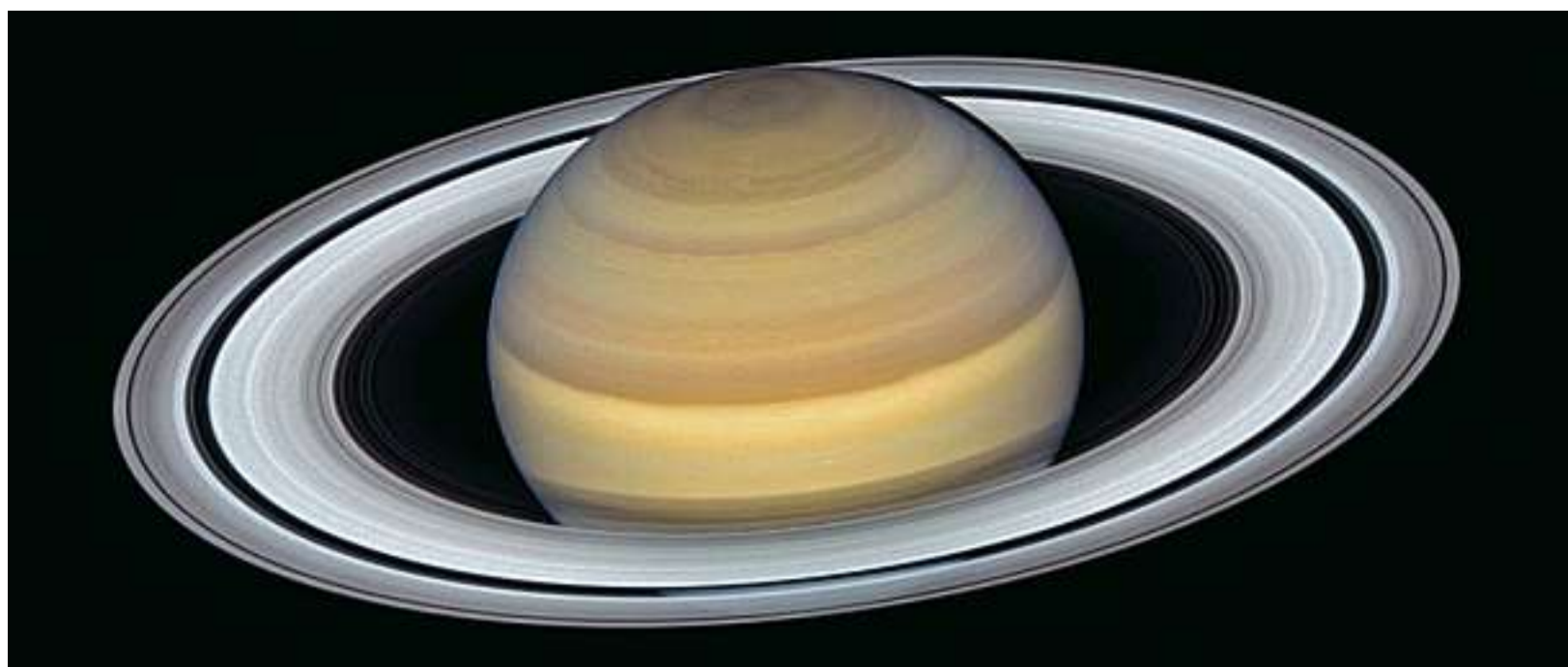
A Justice Department spokesman declined to comment following the ruling. Experts expected the agency to appeal. A representative for Mr. Trump had no comment.

On Thursday, Judge Cannon said she found the government's request premature. “The Court does not find it appropriate to accept the Government's conclusions on these important and disputed issues without further review by a neutral third party in an expedited and orderly fashion,” the judge wrote.

She said she didn't want to accept on its face the government's premise that the 100 documents are classified records, and that Mr. Trump had no plausible claim of privilege on any of the documents.

Judge Cannon ordered Mr. Trump to cover the full cost of the special master, and asked for the review to “proceed with all reasonable diligence” and be completed by Nov. 30.

—Alex Leary  
contributed to this article.



Saturn's rings formed when one of its moons, thrown off course, veered too close to the planet and was broken up by its gravitational forces, researchers suggest.

## Study Sees Clues to Saturn's Rings

New research points to possible resolution of 400-year-old astronomical mystery

By AYLIN WOODWARD

Saturn isn't the only ringed planet in our solar system, but its girdle of ice and dust is by far the most spectacular. And a new study gives a fresh explanation of how and when Saturn's rings formed, offering a solution to a mystery that has stymied astronomers ever since Galileo held up his telescope and first observed the planet in 1610.

The rings formed 100 million to 200 million years ago when one of Saturn's moons, thrown off course by another moon, veered too close to the planet and was ripped to pieces by its gravitational forces, the study suggests. Rubble from the hypothetical

moon, which the researchers dubbed Chrysalis, continued to orbit Saturn and over time flattened into the disk of particles seen today, according to the findings, which were published Thursday in the journal *Science*.

The rings are just 30 feet thick in places but span a diameter of about 170,000 miles. Jupiter, Uranus and Neptune also have rings, but they are smaller, darker and fainter.

The new research represents “a completely new scenario that may solve the age of the rings for good,” said Dr. Maryame El Moutamid, a Cornell University astronomer who wrote an editorial accompanying the study but wasn't involved in it.

In addition to explaining how and when the rings might have formed, the missing-moon scenario offers an explanation for Saturn's puzzling tilt. Like Earth but unlike Jupiter—the planet in our solar system it

most resembles—Saturn rotates at a significant angle with respect to the plane in which it orbits the sun.

“It ties together two puzzles that had previously been treated as separate,” Dr. Francis Nimmo, a professor of planetary science at the University of California, Santa Cruz, and a co-author of the study, said of the scenario. “It turns out that you can explain both in a single story.”

For many years, scientists believed Saturn's rings formed more than 4 billion years ago, when the young planet's strong gravitational field captured passing comets and asteroids and slowly flattened them into rings. But observations by three National Aeronautics and Space Administration missions—Voyager 1 and 2 in the 1980s and Cassini between 2004 and 2017—called that idea into question. The observations revealed that the rings' mass and composition

were much younger than previously believed.

“If they're not old, they must be a result of a breakup of a body, like a large comet or a moon later on,” Dr. Jack Wisdom, professor of planetary science at the Massachusetts Institute of Technology and lead author of the new research, said of the rings. But figuring out just what sort of object—and exactly how it broke up to form the rings—proved to be a difficult puzzle.

The solution came when the research team's analysis of Cassini data upended long-held ideas about the complex relationships between Saturn, its moons and the nearby planet Neptune. Scientists had thought that Saturn and Neptune were in resonance, meaning they were gravitationally interacting. But the analysis showed that had been true but no longer was, suggesting that a small moon must have disrupted the resonance when

gravitational forces exerted by another moon, Titan, sent it spiraling toward Saturn.

Not everyone is convinced that the question of Saturn's rings and its tilt has been put to rest.

Jack Lissauer, a planetary scientist at NASA's Ames Research Center in California's Silicon Valley, said the new scenario “has a lot of things going for it” but that it is hard to verify the complex series of celestial events it is based upon. Dr. Lissauer wasn't involved in the research.

The science community needs to spend time reviewing the new research, said Matthew Tiscareno, a planetary-rings researcher at the SETI Institute in Mountain View, Calif., who wasn't involved in the study. But Dr. Tiscareno called the missing-moon scenario “an exciting new idea that likely gets us closer to solving several intertwined mysteries at Saturn.”



Instructor Jessica Ebersold said a four-day school week gives her more time with her family.

## Schools Adopt Four-Day Weeks to Attract, Keep Staff

By BEN CHAPMAN

Districts facing teacher shortages are increasingly turning to four-day school weeks to attract and retain staff, despite objections from some parents over child-care demands and some evidence of lower test scores.

So far, the trend has been particularly pronounced in rural communities in some Midwestern and Southern states. Dozens of districts in Texas, Missouri, Colorado and Oklahoma have adopted four-day weeks in recent years. Other areas are also considering the switch. Cities including Elko, Nev., are debating four-day school schedules for some students.

American districts have for years experimented with four-day school weeks to save money or lessen commute

times for students who live far away. But the trend has accelerated amid the pandemic. At least 800 districts are using four-day school weeks this year, up from around 650 districts before the pandemic, according to Paul Thompson, a professor at Oregon State University who studies the topic.

About half of U.S. states allow four-day weeks under statutes that typically require minimum instructional hours or school days, according to Dr. Thompson. Most districts that move to a shorter school week increase the amount of instructional time each day, he said.

The new, pandemic-era wave of districts switching to four-day weeks has been driven largely by administrators who view a shortened week as a perk for attracting teachers. Superintendent Chris Heslinga of

Maysville, Mo., said he made the decision to switch to a four-day week in his district this year because it has become increasingly difficult to staff schools in small, rural districts such as his.

Maysville is taking Mondays off and adding a half-hour of instructional time to Tuesdays through Fridays to meet the state requirements for hours, Mr. Heslinga said. In elementary schools, the extra time is used for longer lessons in core subjects such as reading and math. Students in middle school and high school use the time to catch up in classes in which they have fallen behind, or as a study-hall period, he said.

Mr. Heslinga said the district hasn't yet decided whether it will make the four-day week permanent. But he said the move has helped the district staff schools.

## ADHD Telehealth Provider Probed

By ROLFE WINKLER

U.S. Drug Enforcement Administration agents have questioned people about telehealth company **Done Global Inc.**'s practices for prescribing controlled substances, according to documents reviewed by The Wall Street Journal and people familiar with the inquiries.

The inquiries in recent weeks suggest ongoing and potentially widening interest from federal authorities in online mental-health companies such as Done that during the Covid-19 pandemic have been prescribing stimulants like Adderall for treatment of attention-deficit hyperactivity disorder—drugs the U.S. government classifies as controlled substances in the same category as OxyContin.

Done's rival, **Cerebral Inc.**, said this year that its medical group had received a grand-jury subpoena from the Justice Department looking into possible violations of the Controlled Substances Act.

Cerebral said in May it would cease prescribing most controlled substances after it received its subpoena. The company said it hadn't been accused of violating any laws and that it was cooperating with the investigation.

The Justice Department probe is being led by the DEA's Diversion Control Division, whose agents made inquiries to Done and Cerebral, according to the people and documents reviewed by the Journal. The unit aims to stop potential illicit use of legally manufactured drugs. The DEA is a law-enforcement agency within the

Justice Department.

Done said that it hasn't received any notifications from the DEA or any other federal agency regarding an investigation, request for records or preservation of documents and that it is committed to providing high-quality psychiatric care while complying with all applicable laws and regulations. A DEA spokeswoman declined to comment. A Cerebral spokesman declined to comment. The Justice Department declined to comment.

The Journal first reported in March that some of Done's clinicians felt they were pressured to prescribe stimulants and that a 2021 internal company report written by Done's then-chief medical officer said that “multiple Done providers have specifically expressed a perception of pressure to diagnose ADHD and prescribe stimulants.”

Done has said it relies on its clinicians to use their judgment and follow proper procedures and that the internal report was irrelevant to its business.

A federal law requires doctors to conduct at least one in-person appointment with a patient before prescribing a controlled substance like Adderall. After the onset of the pandemic, the government made an exception to that law while the Covid public-health emergency remains in effect, and some telehealth companies such as Cerebral, Done and a handful of others availed themselves of it to offer ADHD treatment that could include a controlled-substances prescription.

## Ex-USC Coach Wins New Trial in Varsity Blues Case

By MELISSA KORN

A former University of Southern California water polo coach was granted a new trial in the Varsity Blues college-admissions cheating case after a federal judge in Boston ruled Thursday that some statements by prosecutors during the trial were misleading and potentially prejudicial to the jury.

U.S. District Judge Indira

Talwani said in her ruling that while payments for Jovan Vavic's sons' private schooling could be considered bribes, money given to his USC team's account couldn't be defined that way.

“The government conflated a payment to the USC Water Polo team with a payment to Vavic,” Judge Talwani wrote.

She said prosecutors at Mr. Vavic's spring trial “flatly ignored” the court's instructions

to the jury about what constitutes a bribe.

Mr. Vavic was one of 50 people charged in March 2019 in connection with the fraud and bribery scheme. Ring-leader William “Rick” Singer pleaded guilty to coordinating an effort to secure spots at top colleges for his clients by paying on standardized tests or paying coaches or others to slot the teens in as recruited athletes, even if they didn't

play the sport. He is scheduled to be sentenced in November.

Most of those charged pleaded guilty. The longest prison sentence handed down so far was 2½ years—to a former Georgetown tennis coach.

In April, a jury found Mr. Vavic guilty on all counts, including conspiracy to commit fraud and conspiracy to commit bribery. Mr. Vavic appealed, asking to be acquitted or to be granted a new trial. On

Thursday, Judge Talwani dismissed his claim that prosecutors didn't have sufficient evidence to score a conviction and denied his motion for acquittal.

However, she agreed that statements the prosecution made during trial misrepresented certain facts about what benefit Mr. Vavic received as a result of money sent to his USC team account, compared with money sent to his sons' high school.

U.S. NEWS

# Senate Midterms Shaped By Abortion and Economy

By LINDSAY WISE AND JOHN MCCORMICK

WASHINGTON—Democrats' prospects for holding the Senate have brightened in the months since the Supreme Court ended the federal right to abortion, but election watchers say Republicans still have an even chance of recapturing the majority as candidates enter the final weeks of campaigning.

With New Hampshire wrapping up its primaries on Tuesday, the contenders for all Senate battlefields now are set. In the 50-50 Senate where about a third of the chamber is up for re-election, Republicans are defending 21 seats, while Democrats are defending 14. A dozen are competitive, with particularly hard-fought contests unfolding in Arizona, Georgia, Nevada, Pennsylvania and Wisconsin.

The November midterms will serve as a referendum on the first two years of President Biden's term, and the results will shape the prospects for legislation and the president's nominees. Aside from abortion policy, voters are grappling with rising prices and broader economic worries as well as concerns about crime. The races will also test the power of former President Donald Trump to get his hand-picked candidates elected and voters' appetite for his brand of Republican politics.

Democrats' top pickup opportunities are in Pennsylvania and Wisconsin, both states Mr. Biden won in 2020. The party also sees opportunities to expand its offensive map to include North Carolina, Ohio and Florida—states that voted for Mr. Trump two years ago.

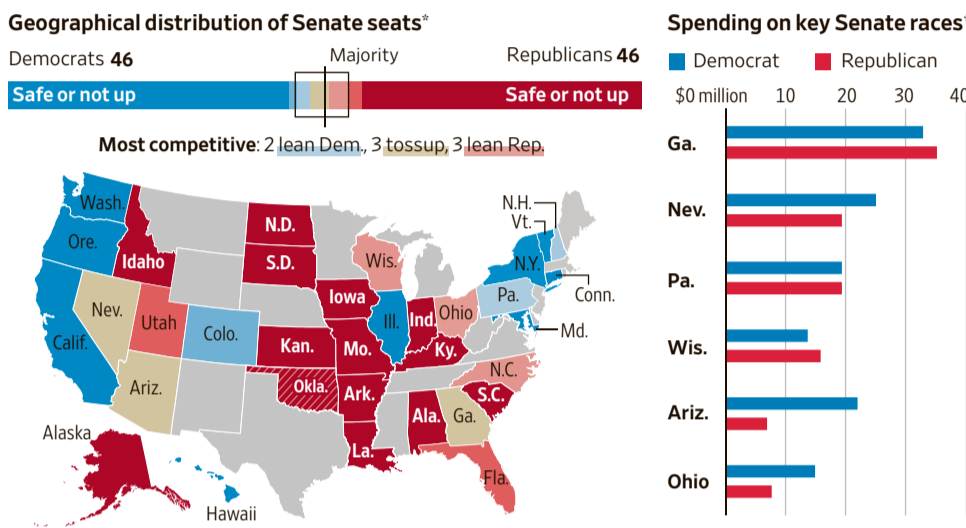
For Republicans, Democratic-held seats in Nevada and Georgia are the main targets, followed by New Hampshire. In that state, nonpartisan political observers view the primary win by Don Bolduc, a retired Army general, over a more establishment candidate, Chuck Morse, as hurting the GOP's odds of unseating Democratic Sen. Maggie Hassan in November.

The GOP's hope of flipping Arizona from blue to red also appears to be in jeopardy, as Democratic Sen. Mark Kelly, a former astronaut with a fundraising advantage in the tens of millions of dollars, hits Trump-endorsed businessman Blake Masters with negative ads characterizing him as an extremist on abortion and other issues. Polls show Mr. Kelly with a 73 percentage point lead, on average, as of Sept. 13, according to aggregator FiveThirtyEight.

Zachery Henry, a spokes-



The November midterms will serve as a referendum on the first two years of President Biden.



man for the Masters campaign, pointed to recent polling from Emerson College that showed Mr. Masters narrowing the gap with Mr. Kelly. Anyone saying Mr. Masters is going to lose is "certainly not plugged into Arizona politics," Mr. Henry said.

The party out of power historically has an advantage in picking up seats in the midterms, and Democrats have been weighed down by Mr. Biden's weak approval numbers, which have rebounded from their lowest point but remain underwater. In the latest Wall Street Journal poll, the president's job approval stood at 45%, up from 42% in March, while 54% disapprove.

Political analysts ratcheted back their expectations of GOP wins in the House and Senate after the Supreme Court's decision this summer to overturn Roe v. Wade.

The nonpartisan Inside Elections had projected in April that Republicans would gain one to three seats in the Senate. Now the publication's prediction is that Democrats will gain one seat, or Republicans gain one seat—or there will be no net change.

"I started out skeptical that news events are political game-changers. I think that it's rare," said Inside Elections editor and publisher Nathan Gonzales. But he said the abortion decision "brought Democratic enthusiasm up to parity with Republican enthusiasm, and that limits Republican opportunities," particularly in Democratic-held states such as Colorado and Washington, where Republicans were hoping to flip seats.

Sen. Gary Peters of Michigan, chairman of Senate Democrats' campaign arm, said his party is making the case that Republican candidates are too extreme to appeal to general election voters, especially when it comes to abortion. Kansas voters' rejection last month of a state constitutional amendment that would have removed abortion protections demonstrated how motivating the issue can be, he added.

Republicans say the midterm elections will be a referendum on Democrats' handling of the economy, crime and immigration. While Democrats are trying to go on offense on abortion, GOP strategists say, the aftershocks of

the court's ruling are fading.

"You can sense the Democrats' desperation to talk about anything but out-of-control inflation, collapsing retirement savings and violent crime, but those visceral fears are now driving voters as the fall elections come into focus," said Steven Law, president of the Senate Leadership Fund, a Republican super PAC allied with Senate Minority Leader Mitch McConnell (R., Ky.).

Hampering Republicans' chances are some first-time candidates endorsed by Mr. Trump—among them celebrity doctor Mehmet Oz in Pennsylvania, author J.D. Vance in Ohio and Mr. Masters in Arizona—who have frustrated some GOP strategists and senators with their weak fundraising and soft poll numbers.

It's possible that Senate control could again come down to a runoff in Georgia.

Polls on average show Republican Herschel Walker, a former football star endorsed by Mr. Trump, neck and neck with incumbent Democratic Sen. Raphael Warnock, a pastor. If neither candidate gets more than 50% of the vote, the runoff will be held on Dec. 6.

# House Approves Job Protections for Federal Workers

By KATY STECH FERREK

WASHINGTON—House lawmakers approved a proposal to cement employment protections for hard-to-fire federal workers, seeking to counter a move by former President Donald Trump to weaken their job security.

In a 225-204 vote, lawmakers passed a bill from Rep. Gerry Connolly (D., Va.) to reset several categories of employment for career federal workers to ones that existed in September 2020. Democrats were united in supporting the measure and were joined by six Republicans.

The Senate is considering a similar bill, which will require bipartisan support to advance in that chamber.

If passed by both chambers and signed by President Biden, the bill would eliminate a category of Schedule F employees, a new designation that Mr. Trump created by executive order in October 2020.

In that order, Mr. Trump criticized federal law that requires agencies to follow extensive procedures before disciplining employees, making firing poorly performing workers difficult. That led to shoddy work and delayed implementation of important regulations, he said. Critics said the law protected workers from unfair scrutiny and that the move was part of a broader plan by Mr. Trump to install party loyalists throughout the government.

Mr. Trump proposed to recategorize career federal employees who work on policy-related issues as Schedule F employees and said agencies wouldn't have to comply with lengthy procedures when "taking adverse action" against them.

Mr. Biden rescinded the executive order shortly after taking office and before federal agencies could begin redesignating existing workers. No federal employee ever became a Schedule F worker, and Mr. Connolly said the bill is needed

to shield career staff from managerial retaliation and speaking up against wrongdoing.

"Acumen, not political fealty, must define our civil service," said Mr. Connolly, whose district outside Washington is home to thousands of federal workers.

During debate prior to the vote on Thursday, Rep. Carolyn Maloney (D., N.Y.) said that managers have tools to deal with federal workers who are bad at their jobs, citing data from the U.S. Office of Personnel Management that more than 10,000 workers were removed for poor performance during the 2021 fiscal year.

## The Senate is weighing a similar bill, which will need bipartisan support.

"There's already a procedure in place for that," she said.

Rep. James Comer (R., Ky.), voted against the bill, saying he supports measures such as Schedule F that would hold federal employees accountable for their work.

Mr. Trump has suggested, including at a March political rally in South Carolina, that he would push for the category's implementation if he were to become president again.

The National Active and Retired Federal Employees Association and other public-sector unions, which typically align with Democrats, had lobbied for the bill's passage.

About 4,000 positions in the federal government are political appointments whose beliefs align with the sitting president's political party. Below those political appointees rank most of the country's roughly two million federal workers in the executive branch, some of whom could be categorized as Schedule F.



Members passed the bill from Rep. Gerry Connolly in a 225-204 vote.

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## GOP Steps Up Migrant Relocations

*Continued from Page One*  
seeking migrants who crossed the southern border illegally into their states on buses to Washington, D.C., New York and most recently Chicago.

The governors said they are attempting to highlight the strain migrants are placing on state resources and give Democratic officials—whose pro-immigrant rhetoric and policies they say are attracting more migrants to enter the country illegally—a taste of their pain.

"We are not a sanctuary state," Mr. DeSantis said Thursday at an event in Niceville, Fla. "It's better to be able to go to a sanctuary jurisdiction. And yes, we will help facilitate that transport for you to be able to go to greener pastures."

Separately, on Thursday morning, two buses carrying migrants from Texas arrived at the U.S. Naval Observatory in Washington, D.C., Vice President Kamala Harris's official residence, Mr. Abbott confirmed in a statement.

"The Biden-Harris Administration continues ignoring and denying the historic crisis at our southern border, which has endangered and overwhelmed Texas communities for almost two years," he said.

White House spokeswoman Karine Jean-Pierre on Thursday said flying the migrants to Martha's Vineyard was "a political stunt" by Republican governors and "a cruel, inhumane way to treat people who are fleeing communism."

Other Democratic officials also have described the trips as political stunts. But there are also real consequences.

Muriel Bowser, the Democratic mayor of Washington, D.C., declared a state of emergency over the situation last week, and on Wednesday, Illinois Gov. J.B. Pritzker, also a Democrat, called on the National Guard for help.

New York City officials said this week that the city's emergency shelter system is "nearing its breaking point" after the arrival of 11,000 asylum seekers since May, about 8,000 of whom are living in New York's shelter system. The vast majority of the asylum seekers said they were sent by bus from border states, according to a city spokesman.

Since the start of the bus-ing efforts earlier this year, Arizona has sent about 1,800 migrants on 50 buses to Washington, at a cost of about \$4 million, the governor's office said. Texas has spent about \$13 million to drive about 8,000 migrants to Washington and New York.

New York City Mayor Eric Adams, a Democrat, said Thursday the city would continue to welcome the migrants, and announced the opening of a new center near the Port Authority

Bus Terminal in Midtown Manhattan, where between four and six buses of migrants arrive each day. He said the migrants would receive healthcare and other services.

The number of migrants arriving in Democratic cities is small compared with the approximately 5,000 migrants who cross the border illegally into the U.S. each day, a little more than half of whom are allowed to remain in the country to pursue their asylum claims.

But unlike the Northeastern cities, border towns have spent years building up a network of migrant shelters, which receive

11,000

asylum-seekers have arrived in New York City since May.

money from the Federal Emergency Management Agency and have experience helping migrants arrange tickets to their final destinations.

FEMA has assigned an official to coordinate efforts with New York and Washington.

The migrants who arrived in Martha's Vineyard Wednesday had been housed in recent days at a shelter in San Antonio. The planes that arrived in Martha's Vineyard Wednesday both left San Antonio around 8 a.m. CDT, according to the flight-tracking site FlightAware.com, and headed for Crestview, Fla.,

then stopping in the Carolinas before arriving at the Massachusetts island.

A videographer was there when they landed, and the footage was later distributed to several news organizations, said Massachusetts state Sen. Julian Cyr, a Democrat who represents Martha's Vineyard. He said vans had come to Martha's Vineyard Airport to drive them to a community-service organization.

Beth Folcarelli, chief executive officer at Martha's Vineyard Community Services, in Oak Bluffs, about 4 miles from the Martha's Vineyard airport, said at about 3:45 p.m. Wednesday, 48 Spanish-speaking migrants appeared at the front entrance of her organization's building asking for help.

The migrants had been dropped off there by bus, she said they told her, and each had a red folder containing paperwork with her organization's address. They had been told she would provide them with work opportunities and housing, she said. The migrants said they had been told they were going to Boston, she said. Most of them, she said, had ultimate destinations in mind—including New York and Colorado—where family or friends were awaiting them.

"This was the end of about a two-month journey for these people, so they went to whatever was provided for them," she said. A nearby Episcopal church is housing the migrants.

—Arian Campo-Flores, Jon Kamp, and Jimmy Vielkind contributed to this article.

U.S. NEWS

# Senators Will Delay Same-Sex Marriage Vote

By NATALIE ANDREWS

WASHINGTON—Senators said they would put off a much-anticipated vote to codify same-sex marriage into law until after the midterm elections, with advocates hoping that the delay will give them a better chance to build the bipartisan support needed to pass.

Lawmakers working on the legislation have been meeting all week to get more Republicans to join Democrats in support. Backers were trying to amend the bill the House passed in July to address concerns that it could harm religious organizations' tax-exempt status and revise language that

could be read as allowing polygamy, among other changes.

Advocates had hoped to start debating the legislation on Thursday, setting up votes for next week. But at lunchtime, Sen. Tammy Baldwin (D., Wis.) told reporters the vote would be delayed until after the midterm elections.

"We're very confident that the bill will pass, but we will need a little more time," she said.

A spokesman for Senate Majority Leader Chuck Schumer (D., N.Y.) said he agreed to put off action on the marriage bill but is committed to holding a vote by the end of the year.

All 50 members of the Dem-

ocratic caucus are expected to vote for the bill, but only three Republicans have firmly said they would vote for it. Others have expressed openness to voting yes, should the legislation be amended. Under Senate rules, the bill would need 60 votes to advance.

The Respect for Marriage Act, if signed into law, would codify the ability for same-sex as well as interracial couples to get married and require states to recognize the marriages. It would also repeal the 1996 Defense of Marriage Act, which defines marriage as between a man and a woman and is no longer in force.

Some Republicans have criti-

cized the bill as designed to score political points just ahead of the midterms on rights that aren't at risk. The delay could spur more support.

"If you do it after the election, it is clearly not something that you're doing just for political purposes, and I think people will think about it more thoughtfully because of that," said Sen. Roy Blunt (R., Mo.), who hasn't taken a position on the bill.

Same-sex couples have a constitutional right to marry under a 2015 Supreme Court ruling.

The push for a marriage law grew out of the Supreme Court's ruling earlier this year

that ended a federal right to an abortion. Justice Clarence Thomas in his concurring opinion in the abortion ruling referred specifically to cases that he considered to be on what he saw as the same shaky constitutional ground, including the ruling on same-sex marriage.

Conservative Justice Brett Kavanaugh wrote a concurring opinion that said overruling the right to an abortion "does not threaten or cast doubt" on precedents recognizing the right of interracial and same-sex couples to marry. No case directly challenging same-sex or interracial couples' right to marry is in the court's pipeline. Expanded marriage rights

have grown broadly popular. Gallup public-opinion polls show interracial marriage is backed by more than 9 in 10 Americans. Same-sex marriage is supported by more than two-thirds of the country.

Waiting until after the election will deny President Biden and Democrats a victory to campaign on, and potentially lead to more Republicans getting on board.

"I'm not in favor of it, but if they think it [the delay] improves their chances of passage, that's their prerogative," said Sen. John Cornyn (R., Texas).

—Siobhan Hughes contributed to this article.

## California Law Aims To Protect Children Online

By MEGHAN BOBROWSKY

Social-media companies that operate in California will have to consider the health and well-being of children under a first-of-its-kind bill signed into law Thursday by Gov. Gavin Newsom.

Called the California Age-Appropriate Design Code Act, the law will require makers of social-media apps such as Facebook, Instagram and TikTok to study products and features that are likely to be accessed by minors and mitigate potential harm before releasing them to the public, starting in July 2024.

"We're taking aggressive action in California to protect the health and wellbeing of our kids," Mr. Newsom, a Democrat, said in a statement.

The measure got bipartisan, unanimous support in both the Assembly and the state Senate. Social-media companies opposed the bill, arguing that differing state laws regulating their apps would make compliance difficult.

A separate measure with a

### The law requires companies to prohibit the profiling of children.

similar goal that would have allowed the government to sue social-media companies when their apps cause harm or addiction in children died in the California legislature last month.

The new law also would require companies to craft their privacy policies in language that children can understand, and prohibit the profiling of children and the use of tools that encourage them to share personal information. Companies also will be banned from using precise geolocation tracking unless the minor is notified and from using children's personal information in ways that are determined to be detrimental to their health.

If the companies violate these rules, they could face injunctions on their products—and be fined up to \$7,500 for each affected child if the violation was found to be intentional.

Democratic Assemblywoman Buffy Wicks, who co-authored the law, said it is modeled after a similar one in the U.K., which has led to changes such as Google making safe search, which screens out potentially inappropriate content, its default browsing mode. TikTok and Instagram have also disabled direct messaging between minors and adults they don't follow.

A spokeswoman for Facebook and Instagram owner Meta Platforms Inc. said the company has concerns about some of the law's provisions, but acknowledged it is an important development toward establishing standards.

Chris Marchese, counsel for NetChoice, an association of Internet companies whose members include Meta, TikTok, and Twitter, said the law could have the unintended consequence of placing limits on how adults can use the Internet.

## HELLOFRESH & PRATT INDUSTRIES



# TAKING ACTION AGAINST HUNGER

HelloFresh CEO Uwe Voss (r) and Pratt Executive Chairman Anthony Pratt help mark the 500,000th meal they've provided for those in need with a pack-out at Second Helpings, Atlanta.



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U.S. WATCH

U.S. NEWS



SETH WEING/ASSOCIATED PRESS  
**ABOVE THE CROWD:** People in New York Thursday gathered around Little Amal, a puppet intended to represent a young Syrian refugee, which a theater project about immigration is taking on tour.

MINNESOTA

**Striking Nurses Return to Work**

Thousands of nurses in Minnesota returned to work Thursday after a three-day strike that union leaders hoped would push forward stalled contract negotiations with several healthcare systems.

The Minnesota Nurses Association had called the strike that began Monday the largest strike by private-sector nurses in U.S. history. It included about 15,000 nurses from more than a dozen hospitals and seven different healthcare systems across the state, from the Twin Cities to the Port Cities and Moose Lake. It was set to end after three days for most nurses.

Mary Turner, president of the nurses union, said she hopes the strike gives nurses more leverage in their negotiations. The union is pushing healthcare executives for higher wages and for nurses to have a say in staffing levels, among other issues.

"If you can't convince half your nurses that the change that you're going to make on the floor is an OK change, you better not be making it," Ms. Turner said at a news conference on Wednesday.

— Alison Prang

LOUISIANA

**Power-Plant Funding Cleared After Delay**

The Louisiana Bond Commission on Thursday approved a \$39 million future line of credit for a critical New Orleans area power-plant project that had become an unlikely pawn in the continuing political tug of war over enforcing Louisiana's near-total abortion ban.

For two months the commission, generally known for its historically actuarial role rather than taking political stances, held up a necessary financial-approval step for the project as a way to "send a message" to leaders in New Orleans, who have expressed opposition to enforcement of the ban.

But as members debated on Thursday, they asked if any abortion "laws were broken" in New Orleans and said the project was too important to delay.

Following the striking down of Roe v. Wade, the New Orleans city council passed a resolution directing police and prosecutors not to use city funds to enforce the ban and to make it "the lowest priority for enforcement."

On Thursday, members voted in favor of the future line of credit, 11-1. —Associated Press

MICHIGAN

**Fund Requested For Assault Victims**

Attorneys representing sexual-assault victims of a former University of Michigan sports doctor are asking a judge to approve a settlement fund, a key step in a \$490 million deal between the school and more than 1,000 people.

The settlement between the school and victims of the late Dr. Robert Anderson was announced in January, but there has been no public activity.

A request was filed under seal Monday in Detroit federal court, seeking the establishment of a "survivors settlement fund" and the appointment of someone to oversee the fund.

"The documents are currently under seal and I cannot comment on them," attorney Richard Schulte, lead negotiator for victims, said Thursday. "The settlement is progressing overall. We are hopeful we'll have more concrete news in the near future."

Dr. Anderson died in 2008 after working at the university for nearly 40 years. He was director of the campus Health Service and a physician for multiple sports teams. The settlement is one of several by universities following sex abuse scandals.

—Associated Press

**Railroad Strike Is Averted**

*Continued from Page One*  
 day. "This is a win for tens of thousands of rail workers and their dignity."

"This agreement is validation of what I've always believed: Unions and management can work together," he said.

The overall U.S. job market is tight, with wages rising and unemployment low, and the railroads struggling with service issues that they said have been caused by worker shortages. Union members had been working without a contract since 2019, and labor leaders had used the negotiations to protest new attendance policies some of the companies had adopted.

Both sides said Thursday they had wrung concessions from the negotiations, which produced a deal that runs through 2024. The terms largely reflected a proposal put forth by a federal panel a month ago, including about 24% in wage increases over five years. The tentative agreement must now be ratified by members of the unions covered by the contracts.

The deal, which is retroactive to 2019, includes a 14.1% wage increase upon ratification. Workers would then get a 4% raise in July 2023 and 4.5% increase in July 2024, as well as five annual \$1,000 lump-sum payments. There are no changes to health insurance copays or deductibles in the new deal.

Amtrak said Thursday it was restoring long-distance train services that it had suspended ahead of the Friday deadline for a possible strike. Those inter-city trains run on tracks operated by freight railroads.

The freight railroads, including Norfolk Southern Corp. and Union Pacific Corp., said they were pleased to avert a work stoppage and were restoring services they had suspended this week so the cargoes wouldn't get stuck in their networks in case of a strike.

Norfolk Southern said it was again accepting all types of

cargo. Union Pacific said it has also canceled embargoes on hazardous material and sensitive cargo.

Two unions that had held out for better terms—the Brotherhood of Locomotive Engineers and Trainmen, and SMART-Transportation Division—said Thursday they were able to secure changes. "For the first time, our unions were able to obtain negotiated contract language exempting time off for certain medical events from carrier attendance policies," the unions said.

U.S. railroads have introduced attendance policies with points systems, as part of ef-

The annual wage increases in the new contract range from 3% to 7%. "It's higher than it had been in the past, but so is inflation right now and so are rail earnings," said Tony Hatch, a transportation analyst at ABH Consulting.

Nationally, average hourly earnings for nonmanagerial employees were up 6.1% in August from a year before, about the same pace in recent months, according to the Labor Department. That is below the 8.3% annual inflation rate last month.

The contracts cover more than 115,000 workers in a variety of occupations at several railroads across the country. According to the Bureau of Labor Statistics, the annual average wage of a railroad conductor or a yardmaster was around \$68,000 as of 2021.

Employees covered in this round of bargaining have average annual compensation of \$122,000 a year, including healthcare and employer retirement contributions, according to the National Railway Labor Conference, which represents the railroads.

Railroad executives have said in recent earnings calls that they have set aside funds for wage increases.

Shares of Union Pacific and Norfolk Southern rose slightly Thursday, while shares of CSX Corp. fell 3%. CSX on Thursday morning named a new chief executive. The fourth major U.S. railroad, BNSF, is owned by Warren Buffett's conglomerate Berkshire Hathaway Inc.

Leaders of the International Association of Machinists and Aerospace Workers, whose members rejected on Wednesday a version of the deal, said Thursday they would work on a revision to put to a member vote. Of the 12 unions that have reached tentative agreements with the railroads, two have ratified them with their members.

The railroad talks are the latest example of employees demanding improved working conditions and better staffing, said Arthur Wheaton, director of labor studies at Cornell University. "It's not all about the money," Mr. Wheaton said. "Nobody wants to be on call seven days a week, 24 hours a day."

—Paul Berger contributed to this article.

**Workers get 24% in pay increases over five years and looser attendance rules.**

forts to reduce absences over the past year. The new labor agreement states that employees won't lose points for scheduled medical appointments, but unscheduled sick days will still result in lost points.

Rail companies balked at a proposal by some unions for 15 paid sick days a year. The agreement allows for one additional paid day off, on top of existing paid time off—in keeping with what the federal mediation panel had recommended.

Unions had sought raises of 31% over five years, while railroads offered 17% before the presidential panel drafted a compromise last month.



SUSAN WALSH/ASSOCIATED PRESS  
**President Biden hailed a win for workers 'and their dignity.'**

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## WORLD NEWS

## Ukraine Battles Flooding After Missile Hit

Russia has launched strikes on civilian targets including dams, power stations, bridges

By YAROSLAV TROFIMOV

Ukrainian authorities said Thursday that they staved off flooding caused by a Russian missile strike on the southern city of Kryviy Rih, as Moscow targeted the dam with new salvos and Ukrainian forces consolidated their positions in recently retaken areas.

Changing its strategy after stinging military defeats, Russia this week began a campaign of cruise-missile strikes on Ukraine's civilian infrastructure. Wednesday's initial attack on a dam in Kryviy Rih followed a strike on Monday that disabled the main power station in the country's second-largest city of Kharkiv, knocking out electricity in much of eastern Ukraine.

Ukrainian authorities have contained the damage, restoring services in hours. Still, a sustained Russian effort to destroy Ukrainian power stations, dams, bridges and pipelines could over time severely degrade the country's ability to function, especially as winter sets in.

While Russia has expended a significant part of its cruise-missile reserves since the full-scale war began Feb. 24, it re-



A Ukrainian Emergency Service photo shows workers tending to a dam in the city of Kryviy Rih after a Russian missile strike.

tains the capacity to launch more than a dozen strikes daily.

Ukraine's air defenses, concentrated on Kyiv, Odessa and a handful of other strategic areas, are stretched too thin to shoot down those missiles elsewhere in the country. Though the U.S. and Germany have promised several modern city-wide air-defense systems, none

of them has arrived so far. Meeting in Kyiv with European Commission President Ursula von der Leyen, a former German minister of defense, Ukrainian President Volodymyr Zelensky prodded European countries to provide more military assistance.

"You can count how many civilian people have died in

Ukraine because of Russia, not because of Germany, because Germany helped us. And they probably can give us their systems faster but they are not hitting us with bombs and rockets," he said.

On Wednesday night, seven Russian Kinzhal and Iskander missiles slammed into the Karachun dam in Kryviy Rih, Mr.

Zelensky's hometown of some 640,000 residents. The breach caused waters of the Inhulets River to rise quickly, prompting Kryviy Rih authorities to evacuate several neighborhoods.

By Thursday morning, the waters began to recede after emergency repairs at the dam and after two others down-

## North Korean Arms Seen as Unlikely to Help Moscow Much

By DASL YOON

SEOUL—North Korea has stockpiles of munitions to assist Russia's military as the Ukraine war grinds on, but weapons experts say they are old and Kim Jong Un's regime would face problems providing Russia with the more sophisticated weaponry it has been developing.

The U.S. said last week that Russia could potentially purchase millions of rounds of ammunition from North Korea.

White House national-security spokesman John Kirby called it an indication of how desperate President Vladimir Putin had become. He said the purchase hadn't occurred, but that U.S. intelligence indicated that it could include rockets and artillery shells.

Vassily Nebenzia, Russia's ambassador to the United Nations, said it was his first time hearing about the purchase, and that he thinks the report is false.

Military analysts have long

believed one of Russia's strengths on the battlefield would be its conventional munitions, which lacked accuracy but had the benefit of being in plentiful supply.

Moscow's greater need was thought to be supplies of more-sophisticated weapons.

But North Korea isn't well-positioned to supply modern weaponry. In recent years, Pyongyang has been developing a series of missiles that can carry warheads and hit targets

## Households a Wild Card as EU Fights Reliance on Russia Gas

By DAVID UBERTI

COLOGNE, Germany—A painful push by businesses to cut their natural-gas use is bringing Europe closer to its goal of weaning itself off Russian energy. Getting consumers to follow suit might prove more difficult.

Businesses, facing skyrocketing prices during a widening economic conflict running in parallel with Russia's invasion of Ukraine, have ratcheted down their gas use in recent months. The reduction has exacted a significant economic cost, with slowing production at chemical plants and closed metals factories now widely expected to tip Europe into a recession.

The extent of reductions by households is harder to determine because data isn't widely available yet, but initial indications are that the pullout has been smaller and more recent than for businesses.

Small gas consumers in Germany, including households, began cutting gas use after Russia's February invasion and hit a 6% reduction in April compared with expected demand, according to a working paper co-written by Lion Hirth, a professor of energy policy at the Hertie School in Berlin. Industrial consumers started reducing demand as prices ticked upward last year and reached an 11% reduction in April.

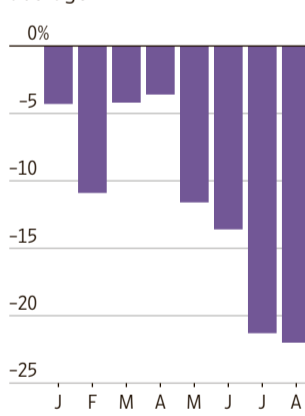
The researchers, who calculated expected demand drawing on historical trends, temperature and other factors, attributed much of the residential pullback this year not to rising prices but as a protest of Russia's invasion. Other energy researchers have suggested that mild weather might have also played a significant role.

Most European countries have announced relief measures to shield voters from higher energy prices, and some economists have warned that these steps could undermine the continent's energy-savings efforts.

"The data is obviously showing that firms respond to

## Cutting Back

Natural-gas consumption by German industrial customers, compared with the 2018-21 average



Source: Germany's Federal Network Agency

high prices by cutting their consumption of gas," Mr. Hirth said. "Top politicians still spend too much time and effort convincing the public they'll protect them from higher prices and too little time convincing the public that they need to save energy."

Russia has wielded its vast reserves of natural gas as a cudgel in recent months as Western countries funnel military and financial support to Ukraine and levy sanctions against Moscow. The Kremlin-controlled Gazprom this month indefinitely suspended shipments to Europe through the Nord Stream pipeline, citing technical difficulties.

European officials have dismissed Moscow's explanation as cynical and responded by stockpiling gas, reducing public-sector energy use and urging households and businesses to cut back. In July, the European Union set a blocwide goal of reducing gas consumption by 15% to avoid a shortage during the winter heating months.

So far, with gas prices trading around historic highs in recent weeks, many companies appear to be meeting targets—often at a steep cost.

The Swedish energy company Vattenfall AB said industrial demand for gas in France, the U.K., the Netherlands, Bel-

gium and Italy is down about 15% annually. Industrial firms in Germany used about 22% less gas in August compared with that month's average from 2018 to 2021, the country's energy regulator said.

A key variable is temperature. While a mild winter could give Europe a break on household-heating needs, according to economists, a particularly long or cold season could bolster gas prices as Russia presses on with its invasion.

In the first half of this year, total German gas use dropped about 15% annually, according to energy-utility association BDEW. Last winter's mild weather accounted for nearly half of that reduction, according to the group. In Munich, a similar 15% reduction during the period is "completely due to the temperature difference," a spokesman for the public-utility company SWM said.

Data on residential consumption patterns is scarce in part because Russia invaded Ukraine in late February, at the tail end of the winter heating season. Consumers use more than 80% of their annual gas use during the cold months of the year.

"You can't learn much during the summer," Mr. Hirth of the Hertie School said.

Economists said people who rent their homes in Germany, the Netherlands and elsewhere have been less responsive to ongoing price increases than businesses because of billing practices particular to those countries. Tenants there tend to settle with landlords on energy costs the year after incurring them.

"People don't know what they pay," said Stefan Lechtenböhrer, director of the future energy and industry systems division at the Wuppertal Institute for Climate, Environment and Energy, a research organization. He estimated that residents will have to turn down their heating by about 3 degrees Celsius—more than 5 degrees Fahrenheit—to meet gas-saving goals. "I'm not looking forward to next winter," he said.

with greater precision. The missiles bear similarities to ones developed by South Korea and Russia, but Pyongyang has yet to mass produce these guided missiles and Russia likely would need North Korea's launchers to use them, said Go Myong-Hyun, a senior research fellow at the Asan Institute of Policy Studies in Seoul.

"Russia is looking to North Korea for a large quantity of conventional weapons rather than sophisticated ones," Mr.

Go said.

North Korea could provide both munitions, which include artillery guns, and the projectiles fired from them, but likely would supply Moscow with Soviet-era projectiles that would work with Russia's existing weapons, experts say.

North Korea has more than 300 munitions factories that can produce major weapons, but the country has faced difficulty maintaining some of the facilities as raw material short-

breached to divert the river away from the city, said Mayor Oleksandr Vilkul.

"There are no missiles that could hit our desire for victory," said the regional governor, Valentyn Reznichenko. Russia struck Kryviy Rih, which is also a key hub for military operations to reclaim the southern Kherson region, with additional strikes on Thursday, hitting the dam area again and damaging an industrial facility elsewhere in the city, he said.

Mr. Zelensky, who visited the recaptured city of Izyum in the Kharkiv region Wednesday, said Russia is deliberately trying to flood Kryviy Rih as a retaliation for its military defeats. "Striking targets that have no military relevance whatsoever, hitting hundreds of thousands of ordinary peaceful people, is another reason why Russia will be a loser—not just in this war, but in history," he said.

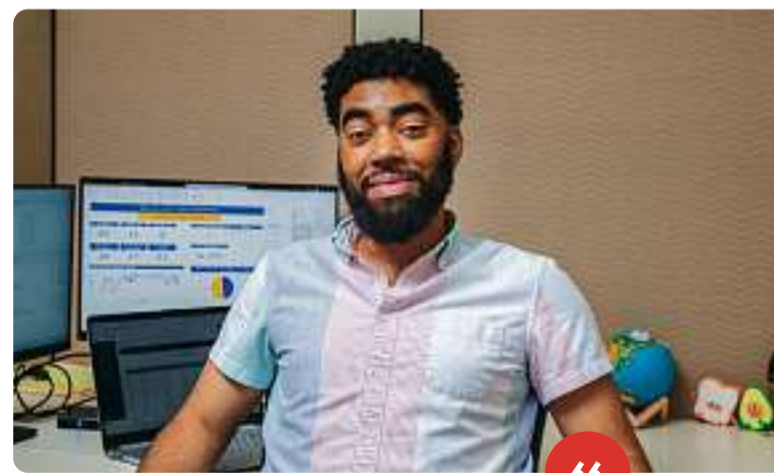
While Russian officials didn't comment on the strikes, Russian military analysts and nationalist commentators have been calling for days to destroy Ukraine's electricity, water and road infrastructure.

Separately, the board of governors of the United Nations atomic agency on Thursday issued a rebuke of Russia's attacks on nuclear-power plants in Ukraine, and called on Russian forces to leave the Zaporizhzhia plant.

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—Keith Parish  
Detroit, Michigan

## WORLD NEWS

# Putin Says Xi Raised War Concerns

BY KEITH ZHAI  
AND THOMAS GROVE

Russian President Vladimir Putin said he sought to address Beijing's concerns Thursday about the Ukraine war in his first meeting with Chinese leader Xi Jinping since the start of the conflict, which has brought major battlefield setbacks for Moscow.

Mr. Putin told his Chinese counterpart that Moscow highly values what he called Beijing's balanced position regarding the Ukraine crisis. He added that the Kremlin would clarify its position on Ukraine, without explaining further.

"We understand your questions and your concerns," he said, in remarks broadcast on Russian state TV from the meeting, which took place at a sum-

mit of the Shanghai Cooperation Organization in Uzbekistan.

He also struck out at the U.S. for what he called provocations in Taiwan, and said Moscow would adhere to its One China policy, which asserts that the People's Republic of China is the sole legitimate government of China.

China and Russia have maintained "an effective strategic communication" since the beginning of the year, Mr. Xi said in the meeting, according to state-run Xinhua News Agency.

"In the face of historical changes...China is willing to work together with Russia to play a leading role and to inject stability into the turbulent world," Mr. Xi said.

Most notable was Mr. Putin's public admission that China has concerns about Russia's

war in Ukraine, said Craig Singleton, a former U.S. diplomat and a senior China fellow at the Foundation for Defense of Democracies, a conservative think tank based in Washington. The Chinese government's official readout of the meeting made no mention of Ukraine, which signals that Beijing has no intention of increasing its support for Russia, he said.

"China is also rightly concerned that its continued support for Russia's invasion has badly damaged both Sino-European relations as well as China's relationships throughout Central Asia, where most countries are on record as being against Putin's invasion," he said.

With the world's second-largest economy and a shared interest in countering the West, China might be Russia's

most important partner as Moscow weathers many international economic sanctions. At their last meeting, just before the start of the war in February, the leaders declared that the relationship between their countries has "no limits."

Since then, Russia's invading forces have been driven back from the Ukrainian capital and dealt a number of battlefield blows. On the heels of that and other defeats that have raised questions about Russian capabilities, Mr. Putin might need to dial down his expectations for meaningful assistance from Mr. Xi or their Central Asian counterparts.

While China has been an important trading partner for Russia, with Beijing's oil purchases helping to offset a decline in exports to Europe, Beijing has

been careful not to run afoul of Western sanctions. Chinese leaders have said the country isn't selling weapons to Russia.

The U.S. has "made clear our concerns about the depth of China's alignment and ties with Russia, even as Russia prosecutes a war of aggression in Ukraine. This meeting is an example of that alignment," a State Department spokesman said on Thursday.

The most interesting discussions between China and Russia on Thursday likely took place behind closed doors, said Alex Gabuev, senior fellow at the Carnegie Endowment. The main thrust of the talks likely was about economic partnerships, as well as how much Beijing could sell its technology to Russia without triggering sanctions, he said.

## Old Age Cited More As Cause Of Deaths

BY MIHO INADA

TOKYO—In announcing last week that Queen Elizabeth II died peacefully at age 96, Buckingham Palace didn't give a cause.

It hasn't been publicly disclosed whether the queen suffered from a particular fatal ailment, but the circumstances pointed to a debate that has been growing in Japan, one of the world's most aged nations. When a very old person dies without any obvious trigger, should doctors try to come up with a cause? Or is it acceptable to say that the person died of old age?

Doctors are increasingly going with the latter. The third-most-common cause of death in Japan last year was *rōsui*, a word that combines characters meaning "old age" and "decline." It is generally translated as dying of old age, and it accounted for more than one in 10 deaths, trailing only cancer and heart disease.

"We would say these days, 'She had all sorts of conditions, but since she was old, let's say she died of old age,'" said Akihisa Iguchi, a gerontologist and emeritus professor at Nagoya University. He said families are usually fine with that.

Dr. Iguchi said *rōsui* could become the nation's No. 1 cause of death as aging advances.

Japan's view remains an outlier. Old age isn't on the World Health Organization's top-10 list of causes of death globally, nor on the U.S. top-10 list released by the Centers for Disease Control and Prevention. Heart disease, cancer and Covid-19 were the top three causes of death in the U.S. in 2020.

The debate also gets at the choices families and doctors face when an elderly person grows frail, perhaps suffering from a variety of ailments that aren't individually life-threatening. They must decide how aggressively to treat those ailments and how to ensure the person's comfort.

The palace hasn't described how the queen's family, including her heir, King Charles III, addressed these questions.

Some in Japan, as they mourned the monarch's passing, observed how she remained active until nearly the end and then, according to the palace's statements, rested comfortably in her final hours and died peacefully.

"It was not a tragic but a natural ending," said Kazuhiro Nagao, a doctor in western Japan who specializes in end-of-life care. "It's the kind of death that would be considered ideal in Japan."



Members of the public lined up near Potters Fields Park in central London on Thursday as they waited to view Queen Elizabeth II lying in state ahead of Monday's funeral.

## In U.K., Last Respects Start With a Queue

BY MAX COLCHESTER

LONDON—In a nation that has perfected the art of waiting in line, it is a queue fit for a queen.

As the coffin of Queen Elizabeth II lay in state at Westminster Hall on Thursday, a line stretched more than 4 miles along the River Thames. The U.K. government warned that it could grow to 10 miles long as hundreds of thousands of people wait to pay their final farewells to Britain's longest-serving monarch ahead of Monday's planned state funeral.

Dressed in tails and equipped with a glass of white wine, Englishman Darren Wood said he was all set to wait through the night to see

off his late queen at Westminster Hall, a cavernous space first built in 1097.

"It's my way of showing respect to the queen," Mr. Wood said on Wednesday. "If I miss the last train home, I suppose I shall just wander the streets and take it all in."

The British are known for their love of getting in line, which in Britain has long been called a queue, from the French word for tail. It was once said "an Englishman, even if he is alone, forms an orderly queue of one."

Debrett's, the British etiquette bible, explains that a British fondness for lining up stems from waiting for rationed food during two world wars, a moment where Britons

would socialize, gossip and find common ground by politely complaining about the line they were in. "Grumbling in a queue is one of the great British joys," Debrett's explains.

But even by British standards, this particular line is shaping up to be, well, daunting. By Thursday afternoon, it snaked across the river from Parliament, and down the banks of the Thames heading east, passing the London Eye and Shakespeare's Globe Theater, before finishing beyond Tower Bridge in the Bermondsey neighborhood.

The expected wait time was roughly nine hours, the government said.

Anita Atkinson, 65 years old, had been standing in line

for 30 hours by the time the queen's coffin arrived at Westminster Hall and officials opened the doors to the public.

Waiting a few hours "is nothing in exchange for 70 years of utter devotion," she said, referring to the length of Queen Elizabeth's reign. She added that the secret to surviving a very long queue "is a lot of sugar, lots of sweets."

Officials have said the last guest would be let in at 6:30 a.m. on Monday. Some journalists this week queued to interview those who had joined the queue early.

Several who survived the queue took to Twitter to describe their experiences with the hashtag #godsavethequeue. Jenny Muskat, a middle-

aged woman from London, emerged from Westminster Hall late Thursday and said it took her "only" 6½ hours of waiting. She said she had been unsure about joining the line, but was happy she did after making fast friends with others in the queue.

"We spent all these hours together, we laughed together, we just now cried together, and it was beautiful," she said.

—Eduardo Kaplan  
contributed to this article.

### Watch a Video



Scan this code for a video on the lines to see the queen lie in state.

### FROM PAGE ONE

## Adobe Sets Deal to Buy Figma

Continued from Page One

But Figma is fetching a steep price from Adobe, which will pay for the deal using roughly half cash, half stock. The smaller company was valued at \$10 billion in a funding round last year and was expected to surpass annual recurring revenue of \$400 million for 2022—about one 50th of its sale price. Adobe said Figma has gross profit margins of approximately 90% and positive operating cash flow.

Adobe, based in San Jose, Calif., unveiled the deal Thursday morning with its quarterly results, which it pulled forward from a planned afternoon announcement after The Wall Street Journal began inquiring about an acquisition Wednesday. Adobe reported fiscal third-quarter net income of \$1.14 billion on revenue of \$4.43 billion, which was up 13% year-over-year. It issued fourth-quarter revenue guidance that fell below Wall Street expectations, citing foreign-exchange headwinds tied to the run-up in the dollar.

Adobe's shares ended Thursday trading down nearly 17%, amid concern about the outlook and that the deal



Adobe, based in San Jose, Calif., unveiled the deal with its results.

shows the company might be worried about being outflanked by some competitors. Its shares are down around 45% this year through Thursday, while the Nasdaq Composite Index is down about 26%.

Adobe, which had a market value of about \$174 billion before the deal was announced, is best-known by consumers for software programs such as Adobe Photoshop, Adobe Illustrator and Adobe Acrobat, used for graphic design, video editing and more.

Figma's products are akin to digital whiteboards in which designers and engineers can share design iterations and annotate them with feedback and suggestions.

Some investors viewed the deal as an implicit acknowledgment that Figma and a rival online design and publishing tool called Canva, among other competitors, have been making in-

roads into Adobe's market for design tools, Bernstein Research analyst Mark Moerdler said in a note Thursday.

"It would seem that this is a hefty price tag (even considering its very strong growth rate) given the recent decrease in valuations across software and especially at Adobe," he wrote. "Our initial thoughts are that this was an acquisition driven by need and not opportunity."

Adobe's Mr. Wadhvani pushed back against the idea that the acquisition is defensive, saying Figma's customers are a new segment of users that aren't designers but mostly software developers and product managers. He said Figma's total addressable market is \$16 billion, while Adobe is targeting a market that is \$60 billion.

"As cliché as it is, this is definitely a one-plus-one-equals-three kind of situation," Mr. Wadhvani said.



### KENNETH W. STARR dies at 76

A Reagan judicial appointee and Solicitor General under George H.W. Bush, Ken Starr also served as Independent Counsel, President and Chancellor of Baylor University and Dean of the Pepperdine School of Law. Starr had a distinguished career in academia, the law and public service. He was Of Counsel to The Lanier Law Firm, where

he continued to practice appellate law. He taught courses on constitutional law, negotiation and religious liberty plus authored several books, most recently, *Religious Liberty in Crisis*. He also served as a commentator for Fox News.

Kenneth Winston Starr was born July 21, 1946, to William D. Starr and Vannie Trimble Starr. He grew up in San Antonio. He earned his B.A. from George Washington University, an M.A. in Political Science from Brown University and his Juris Doctor from Duke University Law School where he was Note and Comment Editor on the Duke Law Journal. He and Alice Jean Mendell of Mamaroneck, New York were married on August 23, 1970.

In addition to his beloved wife of 52 years, he is survived by his three children, Randall Starr married to Melina Starr, Carolyn Doolittle married to Cameron Doolittle, and Cynthia Roemer married to Justin Roemer, plus nine precious grandchildren: Grace, Christiana, Hewson and Sandhana Doolittle; William and Charlotte Starr; and Sienna, Madison and Colton Roemer. Starr is also survived by his sister, Billie Jean Reynolds and brother, Jerry Starr. Speaking for all of Starr's children, Randall said: "We are deeply saddened with the loss of our dear and loving Father and Grandfather, whom we admired for his prodigious work ethic and his patriotism. He always put his family first. The love, energy, endearing sense of humor, and fun-loving interest Dad exhibited to each of us and his grandchildren was truly special. We will cherish the many wonderful memories."

Jimmy Seibert, senior pastor of Antioch Community Church in Waco, Texas, said of Ken's life, "The world will remember Ken Starr as a brilliant thinker, leader, and defender of truth and justice. I will remember Ken Starr as a devoted personal friend and a man of sincere and deep faith. Thank you, Ken, for your love of God, your love of family and your love for all of us. You will always be remembered in American history, but you will be specifically remembered in our hearts."



## FROM PAGE ONE

## Yellen Can't Stamp Out This Rumor

Continued from Page One

The Club de Monte-Carlo wasn't the first, nor would it be the last, to believe that Ms. Yellen is an avid philatelist. The perception stuck after she listed her mother's stamp collection, worth between \$15,001 and \$50,000, in financial disclosure forms required for various government roles over the years.

Foreign leaders seemingly took note. So far during Ms. Yellen's tenure as Treasury secretary, at least six foreign leaders have given her stamps during diplomatic meetings.

In London in 2021, Rishi Su-

nak, then the British chancellor of the exchequer, gave Ms. Yellen a £10 stamp from 1993, the most valuable stamp ever issued by the Royal Mail, according to a British Treasury spokesman. Ukrainian Prime Minister Denys Shmyhal this spring gave her a set of stamps commemorating the Ukrainian soldiers who defended Snake Island from a Russian warship, according to a spokeswoman for Mr. Shmyhal. "Russian Warship, Go...!" the stamps read, bearing an image of a Ukrainian soldier raising a middle finger at the ship.

Ms. Yellen considers the gifts charming, according to people familiar with the matter. The Treasury secretary declined to comment.

To her brother, John Yellen, it's all an amusing mix-up. "Stamps really don't mean anything to Janet at all," he said. "That collection...is sitting in a safe deposit box."

Peter Selfridge, who as the chief of protocol at the State Department under President Obama helped coordinate gifts between heads of state, said the misunderstanding was unsurprising. Protocol officers will spend hours researching gifts, with the hope of establishing a personal connection between leaders. "You try to grasp onto whatever personal aspect you can," he said. "There's so much risk involved" in getting it right.

Mr. Yellen, who inherited the stamp collection jointly with his sister, remembers occasionally going with his mother to a store in Brooklyn, where the family lived, to buy stamps. The collection includes a set of stamps commemorating the Columbian Exposition—the 1893 world's fair in Chicago—as well as the first Israeli stamp set and stamps from Jamaica and Grenada, according to a person familiar with the collection.

Trish Kaufmann, a member of the board of directors at the American Philatelic Society and a specialist in Civil War-era stamps, said some of those finds showed a serious eye for stamps. To a philatelist, though, the overall value is nothing remarkable.

While the main thing Ms. Yellen collects these days is government revenue, she did once have a genuine collecting hobby.

Mr. Yellen, an archaeologist, said as children he and his sister were taken with the minerals and gems at New York's Museum of Natural History. In high school, she took a geology course at the museum on Saturdays, forming a rock club with the other students, before eventually taking a mineralogy course as an undergraduate at Brown, where she majored in economics.

Ms. Yellen has told friends and colleagues that as a youth

she once saved up to purchase a rare orange mineral called crocoite, prevalent mainly in Tasmania, at a shop in Manhattan. On the subway, she dropped it and it shattered. She gathered up its pieces and kept them, according to people who heard the story from her.

At least one country has Ms. Yellen's hobbies straight. As Canadian officials prepared to host Ms. Yellen in Toronto in June, they learned from their American counterparts that Ms. Yellen is often given stamps under the mistaken impression she collects them, according to a Canadian official. The U.S. officials advised that she instead might prefer receiving a mineral.

Canadian officials puzzled over what piece of earth they could give to one of the world's top economic policy makers. With the building that houses Canada's parliament undergoing renovations, the government

has saved a few chunks of old stone, etching a maple leaf onto them, according to the Canadian official.

So, when Ms. Yellen met with Canadian Deputy Prime Minister Chrystia Freeland, she received a roughly 10-pound piece of limestone from Centre Block on Parliament Hill.

The gift's transport was challenging. A Canadian staffer had to take a commercial flight from Ottawa to Toronto with the rock, which was in a box wrapped in blankets that was then put in a checked bag, according to the Canadian official.

When Ms. Yellen arrived back in Washington at Joint Base Andrews, Treasury staffers initially left the rock on the Air Force plane used for the trip. Just before leaving the base, a staffer rushed back to the plane and lugged the rock back to the baggage van, where it was driven to the Treasury building.

## Scotts Is Buried in Fertilizer

Continued from Page One

in sis mode. "I love working, but this isn't exactly the s—hole I was planning to live in toward the end of my career, working my way out of a goddamn latrine," Mr. Hagedorn said. "But that's what it is and that's where I am."

Versions of this story are playing out across business sectors, where makers of everything from clothing to kitchen appliances have gone from trying to catch up to demand to buckling under the weight of their own inventory, in a matter of weeks. Now many companies are cutting jobs, idling plants and working to undo many of the other steps they took to ensure they would have enough products to sell.

Scotts, Mr. Hagedorn said, was largely a casualty of bloated inventory at big retailers like Walmart Inc., Target Corp. and Home Depot Inc. Those companies didn't foresee the sharp reversal in buying behavior that has taken place in recent months as shoppers, squeezed by inflation, cut back on furniture, electronics and other goods and shifted spending to travel, food and fuel.

Newell Brands Inc., the maker of Yankee candles and Sharpie markers, said that in a span of six weeks starting in early August, it went from being comfortable with its retailer stocks to cutting its sales and cash-flow forecasts for the year after chains slashed orders. "A number of our top retailers have chosen to make a more dramatic inventory reduction certainly than we expected," Christopher Peterson, the chief financial officer, said at an investor conference this month.

### Home gardeners

Scotts was in the middle of its active selling season when Covid-19 shut down much of the global economy. Early in the pandemic, the company's manufacturing operations were deemed essential because fertilizer is important to the food supply and most retail stores that sold such products also remained open.

Production was chaotic. Scotts began paying workers a 50% premium, but entire shifts would typically be sent home if someone got sick. Scotts changed from three eight-hour shifts to two 12-hour shifts to use available workers as much as possible.

It soon became clear that homebound families or those fleeing cities would garden more than ever before. Stores had already been stocked for spring when Covid-19 arrived, but keeping shelves filled soon became a problem. When the quarter closed at the end of June 2020, sales in the consumer business, which make up around two-thirds of the company's total revenue, were up more than 20%. Empty shelves indicated Scotts could have sold even more.

"Our best guess is that we missed about \$200 million in sales because we just couldn't deliver," Mr. Hagedorn said. "We picked up 10 years of growth in a year, that first year of Covid."

Scotts typically builds inventory in the fall and winter in preparation for spring, its peak season. More than three quarters of sales in the North Amer-



Scotts Miracle-Gro's warehouse at its Marysville, Ohio, headquarters this month.

ica consumer business come in the first six months of the calendar year.

By the next spring, in April 2021, Mr. Hagedorn told investors that the rapid sales growth meant inventory was below an acceptable level, which meant leaving sales on the table and frustrating retailers. Still, consumer sales rose more than 10% in fiscal 2021, which ended Sept. 30.

Meanwhile, Scotts had been investing rapidly in a multiyear project to expand production—a major shift from the conservative, slow-and-steady model it had held for decades. Its Marysville, Ohio, headquarters, where Scotts was founded in 1868, got upgraded packaging and processing equipment, along with new control systems. In other facilities, Scotts added new equipment, including expanding the capabilities of some locations with new mixing lines.

Capital expenditure in the consumer business almost doubled to \$52 million in 2020 and rose to \$78 million in 2021, according to S&P Global Market Intelligence.

By November 2021, the company's chief financial officer assured investors Scotts was in a good place on inventory. The company set conservative expectations for 2022, forecasting that consumer unit sales would fall because of strong year-ago comparisons, but that price increases would offset the decline. At the end of December, total inventory was up 55% to \$1.7 billion, almost doubling its pre-pandemic level.

In early May, when Scotts delivered its fiscal second-quarter results, it said spring rain had clipped some sales, but that consumer demand was strong. The company was optimistic that the usual parade of May reorders would come but warned that it might have ex-

cess inventory.

By the middle of the month, it was becoming clear those orders weren't coming.

### Clearing the aisles

Scotts asked stores why they reduced orders and learned they planned to carry lighter stock.

They had stocked up on merchandise of all sorts before realizing that consumer spending patterns shifted as the pandemic eased, leaving them with bloated inventory that would take months to whittle down. So instead of having large piles of fertilizer at the front of the stores or aisle ends, the stores wanted to use that space to clear out other merchandise. Scotts said there was no warning that the order change was coming.

Retailer orders were more than \$300 million below expectations for May. "By Memorial Day, it was like, turn everything off immediately. We need to preserve money," Mr. Hagedorn said.

The big jump in inventory tied up cash—as of the end of June, Scotts had just \$28 million in cash, down from \$244 million at the same time last year.

Over the summer, the company has slowed some manufacturing, closed some distribution centers and made changes to other facilities to make them more flexible to demand. A lighting manufacturing facility from Washington state was merged into an existing plant in California. If needed, workers there can now work on lighting fixtures for half a day and then spend the other half assembling lawn seed spreaders.

The existing fertilizer inventory won't spoil so it can be sold off into next season, and the company doesn't plan to

cut prices to move it.

Mr. Hagedorn has pledged that more job cuts are coming, and along with the cuts that began in May the company hasn't filled open positions.

"We are tightening our belts severely," he said, adding: "I'm probably overcorrecting."

Third-quarter results in early August showed a bleak outlook—consumer sales for the year were now expected to be down 8% to 9%.

Scotts also reported a net loss related to its nonconsumer business, which is mostly made up of its Hawthorne segment. The unit sells equipment and supplies for the cannabis growing industry. Scotts bought up smaller companies for years and saw rapid sales growth, but expects revenue to drop this year because of what it calls market saturation.

Scotts is using fiscal 2019 as a rough guide for budgeting and financial planning, Mr.

### Scotts has slowed some production, cut workers and tried to add flexibility.

Hagedorn said, and rethinking its strategy in the face of inflation and the risk of recession.

It's stockpiling some raw materials to hedge against price increases. A ton of urea, the basic building block of fertilizer, has been costing around \$500, down from \$900 earlier this year but twice the \$250 it cost at the beginning of the pandemic. Analysts are warning that natural-gas shortages in Europe could cause urea prices to spike again, so Scotts has been buying as much as it can. It has set up a temporary rail yard near its Marysville



*'When everything goes against you, it eats you alive.'*

Jim Hagedorn, chief executive of Scotts Miracle-Gro

headquarters to hold cargo cars full of urea.

Scotts' shares, around \$120 just before the pandemic, are now trading around \$56—after peaking at more than \$250 in March 2021.

"Our ability to absorb a lot of shots in the business is very high," Mr. Hagedorn said. "It's just, when everything goes against you, it eats you alive."

### Family business

Mr. Hagedorn joined the family business in 1987 after seven years of flying F-16s in the Air Force. His father, Horace, had co-founded Miracle-Gro in the 1950s, and the plant-food company quickly capitalized on the surging demand for garden products that came with the post-World War II home-building boom. He sold his business to Scotts Co. for \$200 million in 1995 in a deal that made the Hagedorns the largest shareholders of the combined company. Six years later, Jim Hagedorn was named CEO.

Blunt and loud, Mr. Hagedorn has a bald head, gray goatee and salty tongue. He speaks fast, prefers video calls instead of the phone and regularly walks around headquarters talking to employees.

Three times a week, he wakes at 3 a.m. and flies his own plane from the East Coast to the Marysville offices. After hitting the gym, he is in the office by 7:30 a.m., usually with his German shepherds, who join him in the plane. The dogs roam the office, and some workers keep treats for them on their desks.

The Hagedorn family controls more than 25% of the company's shares. Mr. Hagedorn's sister, Katherine, sits on the board, his son Christopher is a division president and his son Nicholas works as a gov-

ernment-affairs analyst.

Raymond James analyst Joe Altobello said Scotts could have done a better job of forecasting and that it was slow to respond. While the drop in consumer sales by unit was "pretty much what we expected coming into this year," the fact that retailers weren't reordering "was the big difference," he said. "They got caught flat-footed."

Scotts said its forecasts were accurate until a sudden shift in retailer orders in late April and early May.

Scotts' decision to produce so much inventory at a time when retailers were overstocked with durable goods may have made it easier for the retailers to reduce their orders, said Andrew Carter, analyst with Stifel, an investment bank. Big-ticket items like grills take longer to sell down, he said, but lawn and garden goods should move faster.

If the retailers know that Scotts can quickly resupply them, it makes sense to carry fewer weeks of that inventory. "They put themselves in a position where they were a pretty easy target," Mr. Carter said.

Scotts promotes three-day delivery as part of its sales pitch to big retailers.

Last month, Walmart, Target and Home Depot reported their collective second-quarter inventory jumped \$20 billion from a year ago, meaning the stores are still working to sell their current stock.

Home Depot and Lowes Cos., which together accounted for about 40% of Scotts' fiscal 2021 sales, also said last month that the weather in many parts of the country reduced demand for products like fertilizer, which had been one of the biggest sales categories in the previous two years.

In late August, Scotts said full-year cash flow would be negative \$275 million to \$325 million, compared with a projection of negative \$150 million in early August. The company also disclosed that its finance chief, Cory Miller, had left the company. Board member David Evans took the interim role as it seeks external candidates for a replacement.

Mr. Hagedorn wants the company to get back to its roots.

On this office wall there is a framed 1996 article from The Wall Street Journal about the family's takeover and their "remolding Scotts to reflect their own thrifty, entrepreneurial ways." He said his current mission to cut costs and keep the company leaner in terms of inventory and debt is to return to those ways.



Dylan Sedmak, left, and Mitch Mannarino measured plants at Scotts this month. Right, Daisy D'Angelo is a scientist studying compost.



## ARTS IN REVIEW



Raymond Lee stars as Ben Song

both 2022 and 1985: The team's security chief, Jenn Chou (Nanrisa Lee), wants to know why Ben has written reams of new code then disappeared in time without telling anyone. Why, asks A.I. specialist Ian Wright (Mason Alexander Park), has Ben fired up a project that's years away from human testing? Who is the mysterious character Ben has been working with, unbeknownst to everyone around him including Addison? Why is the 1985 version of Ben, aka Nick, in Philadelphia at all and what is he meant to do to make things better—and for whom—so he can leap forward, backward or maybe back home? Ben can't help. As Sam Beckett found, time travel comes with the side effect of amnesia.

One of the "rules" in "Quantum Leap" was that Sam could only influence events that occurred during his lifetime. A second rule imposed by creator-writer Donald P. Bellisario on himself was that Sam wouldn't affect historical events, which would have demanded some kind of ripple effect through history. (An exception was an episode on the Kennedy assassination that involved Sam inhabiting Lee Harvey Oswald, though that ended with a considerable twist.)

The new show has a number of welcome nods to the past, including the presence of Ernie Hudson ("Ghostbusters") as Herbert "Magic" Williams, the military liaison to the Quantum Leap project; a movie double bill of "The Goonies" and "St. Elmo's Fire"; people lined up at a pay phone; and a selection of memorable '80s music (David Bowie, New Order, A-Ha, etc.). It remains to be seen, as only one episode was made available for review, whether the new show's team (Steven Lilien and Bryan Wynbrandt are the writers-executive producers) will abide by the Second Bellisario Rule, or bend it just a little. There was no museum explosion in 1985 Philadelphia, but the notorious MOVE bombing did occur that year. And at the end of episode 1, Ben finds himself leaping into another situation that recalls a real-life '80s event—and not a pleasant one. The possibilities are vast and the ideas elastic. As the show hardly seems poised to put off loyal fans, let's hope it's given time to fully exercise its evident sense of mischief.

**Quantum Leap**  
Begins Monday, 10 p.m., NBC

'PUTTING RIGHT WHAT once went wrong" was the weekly mission of time-traveling physicist Sam Beckett, who disappeared at the end of the "Quantum Leap" finale of 1993. Question: If he'd "leaped" into, say, 2022, would he have set out to stop the remake?

No, but he'd probably be astonished at how television has changed—not just in the special effects that saturate the new version of the old NBC show, or the very diverse casting, but the pace: The Syfy Channel recently has been doing a "Quantum Leap" marathon in anticipation of the updated series, and what the mature viewer will notice right away is the leisurely manner in which the stories used to unfold. This may have been an advantage regarding character and plot development, and perhaps even a viewer's emotional investment. But, frankly, there's no going back.

The refreshed "Quantum Leap" takes barely a breath in establishing its back story, its premise or its characters: Ben Song (Raymond Lee) is the lead physicist on a top-secret military project called Quantum Leap, which is soldiering on despite having no idea what happened to its creator, Sam (Scott Bakula, more recently of the "NCIS" Universe). At a party celebrating his engagement to colleague and ex-Army intelligence officer Addison Augustine (Caitlin Bassett), he gets a frantic text alerting him that he's "running out of time!!!" no pun intended. Time for what? For getting into a white catsuit, entering the untested ac-

Caitlin Bassett, right, and Ernie Hudson, far right

TELEVISION REVIEW | JOHN ANDERSON

## 'Quantum Leap': A Cult Classic in a New Body

A faithful revival of Donald P. Bellisario's beloved series

celerator and vanishing.

Members of the "Quantum Leap" cult will be happy that the new show maintains the old devices: When Ben arrives in 1985 Philadelphia, he has no idea where or who he is. When he happens to look in a mirror, he's not himself. He's Nick Rounder (Dax Campbell), a member of a heist gang about to steal a crate full of C4 explosive

and blow it up in front of the Philadelphia "Museum of Modern Art" while Live Aid is going on. (The actual benefit concerts were staged simultaneously at London's Wembley and Philadelphia's JFK stadiums.) The distraction will enable them to pull off a major robbery.

Ben, in the body of Nick, allies himself with Ryan Mills (Michael Welch), who seems to be his friend,

although when Ben/Nick has to learn to drive a manual transmission during the commission of a crime it does get his pal agitated. ("You're the getaway man! Get us away, man!") Helping Ben navigate is Addison, who appears as a helpful hologram, just as Dean Stockwell's cigar-chomping Adm. Al Calavicci did in the original series. The mysteries are multiple, in



FILM REVIEW | KYLE SMITH

## Death on The West End

After "Murder on the Orient Express" raked in over \$352 million at the global box office in 2017 and "Knives Out" brought in about \$312 million two years later, the stuffy old parlor-murder-mystery felt like a movie genre reborn. For a moment, screenwriters put down their preferred source material (comic books) and turned their attentions to Agatha Christie novels, sales of which have spiked.

Maybe everything that was once in vogue gets another chance, although you probably shouldn't hold your breath waiting for the return of big-band music or cigarette holders.

In search of murder most dapper, it seemed like a brilliant idea to round up Sam Rockwell, Saoirse Ronan, Adrien Brody and David Oyelowo for a tongue-in-cheek whodunit set in postwar England. For a contemporary meta-twist, "See How They Run" also makes Christie herself a character, and her most famous play, "The Mousetrap," a central element. Toying with posh old country estates, fey aristocrats in evening wear and oddball detectives who are smarter than they appear, it's a fond homage to a once-reliable genre.

If only fondness could sustain a movie. Instead, as directed by Tom

George from a script by Mark Chappell, "See How They Run" hits like a watered-down cocktail rather than a bracing belt of intrigue. As a mystery it has almost no impact, unless you count the shrugs it is bound to elicit from the audience when the ho-hum final twist is laid out, and as a comedy it's as thin as a dowager's lips.

Mr. Rockwell is one of our most dynamic actors, always finding a fresh approach for each new role. Almost always, I should say. Here he is flat and uninspired. He plays the lead role of Inspector Stoppard, the detective who is called in to investigate the slaying of an arrogant, drunken Hollywood movie director (Mr. Brody), during a party to celebrate the 100th performance on the West End stage of Christie's enduring "Mousetrap." How enduring? It's still playing in London, nearly 70 years after it opened.

Mr. Brody's character is developing a film adaptation of the play. Like the title of the film—a line from the nursery rhyme "Three Blind Mice," the original title of "The

**An Agatha Christie-inspired mystery with all the elements of her work but none of its verve.**

Mousetrap"—the setup is an in-joke for Christie cognoscenti: According to the terms of the contract for "The Mousetrap," no film version may appear until six months after the West End production finally closes. Oops.

The director, while pushing for a more sensational screenplay from a pretentious screenwriter named Mervyn Cocker-Norris (Mr.

Oyelowo) whom he castigates for turning in an overly artsy draft, runs afoul of a mysterious attacker backstage. Could the killer be the insulted writer? How about the play's icy producer (Ruth Wilson)? What about its self-absorbed leading man Richard "Dickie" Attenborough (Harris Dickinson)? (Yes, Attenborough, later an Oscar-winning film director, was the first star of "The Mousetrap." He accepted a percentage of profits in lieu of salary and used the money to help finance "Gandhi.")

Assisting Inspector Stoppard—whose name is another in-joke that gestures to Tom Stoppard's Christie-spoofing play "The Real Inspector Hound"—in the investigation is a

Sam Rockwell and Saoirse Ronan in 'See How They Run'

clumsy, chatty junior police officer (Ms. Ronan) named Constable Stalker. Typical of the script, that surname is a groaner in an attempted joke. Ms. Ronan is a superb dramatic actress but carries an aura of focused intensity that tends to get in her way when she tries to be breezy. Not that she can be blamed for not being funny here, in a movie whose idea of high-jinks is having her knock over a pile of papers. So much of the story revolves around her bumbling that Mr. Rockwell is largely reduced to being an exasperated straight man. Other actors have the same problem finding a way to put comic energy into their performances. Mr. Oyelowo, for instance, seems eager to feast on his role as the pompous littérateur, but his dialogue never progresses beyond occasionally seeking laughs by giving him a high-flattin vocabulary word here and there.

Very late, the film does come up with one potentially rich comic situation: When the action moves to the country pile where Christie herself (Shirley Henderson) holds court, she devises a sneaky plan to outsmart the villain that she muffs badly. The joke is thrown away, but it's easy to envision a very funny movie built around the premise of Christie trying to outsmart a killer via overly contrived machinations of the kind found in her novels, only to have each idea blow up in her face. The filmmakers should have thrown out everything else and started over from that idea.



ARTS IN REVIEW

THEATER REVIEW | CHARLES ISHERWOOD

Dramatically Bearing Witness

David Strathairn stars as a Polish man who was one of the first to report to authorities the true atrocities of the Holocaust

Brooklyn, N.Y. The broad-brush and rosy-hued understanding of America's involvement in World War II resembles an old western movie, with the cavalry rushing in to save the day. There is an appealing romanticism in this view, but today even nonhistorians recognize its simplicity, or rather its distorted view of history, particularly with regard to the incomprehension—a gentle term—of the extent of the Holocaust.

Americans do not, until the end, play a significant role in "Remember This: The Lesson of Jan Karski," a moving and powerful solo show starring the veteran actor David Strathairn, written by Clark Young and Derek Goldman. A portrait of an average man—albeit an unusually cosmopolitan and sophisticated one—bearing witness to the awful realities of the wholesale slaughter of the Jewish populace, sadly to little avail, the play revisits how the world failed so tragically to understand the full extent of the Nazis' Final Solution until it was far too late.

Karski was a Polish Catholic who recognized from a young age the anti-Semitism that infected much of Europe. Portraying the title character (as well as many other roles), Mr. Strathairn's Karski recounts how children in his native Lodz would torment or bully Jewish boys, while Jan counted them his closest friends in school.

History would soon sweep him and his country into its cruel arms, when World War II broke out. Karski, who was training to be a diplomat, was recruited to defend his country from the invaders. In harrowing accounts, we learn of his abuse both at the hands of the Soviets and the Germans, as Poland was alternately occupied by each.

Eventually he escaped to become a member of the Polish underground tasked with relaying the increasingly horrific details of the treatment of Polish Jews both to the country's government in exile and, later, to the U.S. (A particularly chilling detail: The Polish government refused to publicize the details of what Karski witnessed.)

Mr. Strathairn does not turn the play into a slick actor's tour-de-force. Certainly he has the skills to portray an infinite variety of characters, but he recognizes that the material is of primary importance here. Even when he is playing his Nazi tormentors, or Kar-



ski's sister, whose husband was killed by the Nazis, or, ultimately, the Supreme Court Justice Felix Frankfurter and President Franklin Roosevelt, Mr. Strathairn, under the restrained direction of Mr. Goldman, keeps us locked into the memory of the central character. We are reliving, with him, the moment-by-moment crucible of his experience.

The performance contains a remarkable element of physicality, as Karski endures brutal torture, and at one point jumps from a moving train in order to spread the message of the Nazis' treatment of Poland's Jewish populace to the world. Mr. Strathairn seems to be channeling the fortitude that Karski needed to draw on—endless treks in addition to the savage

beatings—to infuse his performance with an anguished intensity but also a towering strength. With only a wooden table and chairs onstage, Mr. Strathairn brings alive the physical challenges of Karski's grim odyssey through Nazi-occupied Poland.

"Remember This" does not always tread with a light foot—not that the material would justify any tpadding. Perhaps the bookending scenes

A one-man show looks at the ways those in power failed the Jewish people in their darkest hour.

might have been excised. Mr. Strathairn plays a generic "man" who lectures us about the dire state of the world: "Every day it becomes more and more fractured, toxic, seemingly out of control. We are being torn apart by immense gulfs of selfishness, distrust, fear, hatred, indifference, denial."

This portentous underscoring of the contemporary significance of the play would be revelatory only to the more clueless of ostriches. Certainly those in attendance will absorb the story's timelessness without having it written in large type on a metaphorical chalkboard.

"Remember This" immerses us much more powerfully in the experience of Karski himself. The culminating scenes are particularly sobering. Karski eventually finds his way to the U.S. in 1943, and de-

scribes what he has seen to, first, Frankfurter, and subsequently Roosevelt. Frankfurter—who was himself Jewish—responds, "I know humanity. I know men. Impossible." I won't divulge details of the even more jaw-dropping interview with Roosevelt, except to say that it involves a question not about the fate of the Jews in Poland, but about . . . horses.

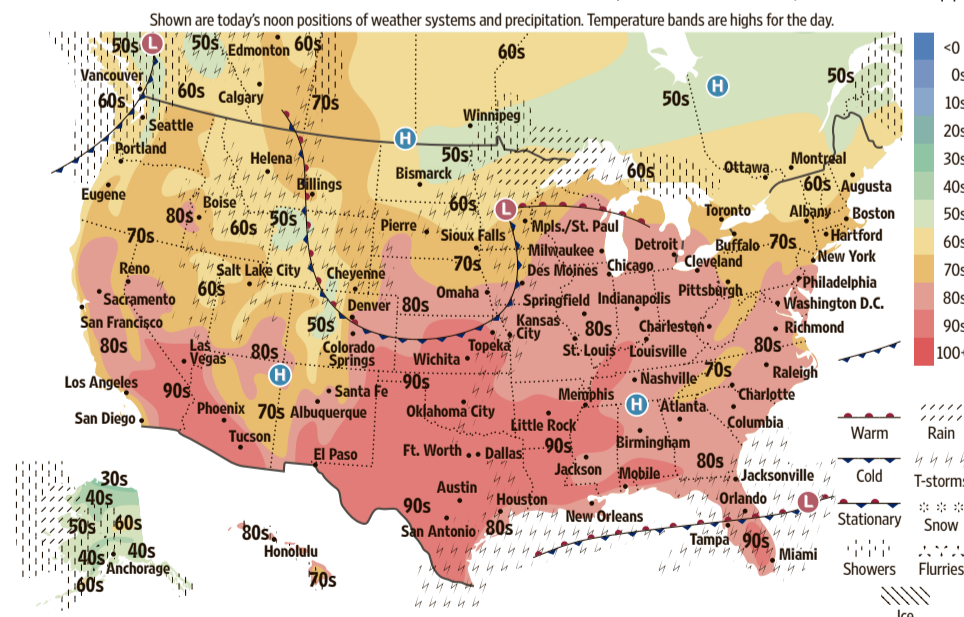
Although, as mentioned, I do not think the framing adds much to the power of the play, certainly some of the more salient lines reverberate, with reference to the terrible myopia that prevailed as the Jewish people were being all but extinguished in Europe. "Human beings have infinite capacity to ignore things that are not convenient," Mr. Strathairn, as the "man," says. Not convenient? An understatement, to say the least.

Remember This: The Lesson of Jan Karski Theatre for a New Audience, Polonsky Shakespeare Center, 262 Ashland Place, Brooklyn, N.Y., \$90-\$125, 212-229-2819, closes Oct. 9.

Mr. Isherwood is the Journal's theater critic.



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U.S. Forecasts

Table with columns for City, Today (Hi, Lo, W), and Tomorrow (Hi, Lo, W). Lists major cities across the US with their respective weather forecasts.

International

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

City

Table with columns for City, Today (Hi, Lo, W), and Tomorrow (Hi, Lo, W). Lists various cities with their respective weather forecasts.

The WSJ Daily Crossword | Edited by Mike Shenk

A crossword puzzle grid with numbers indicating starting positions for words. The grid is 12x12.

CHIT CHAT | By Mike Shenk

The answer to this week's contest crossword is a five-letter word.
19 Deluge
21 Wheel-stopping wedge
22 \*Hardly solemn
25 " \_ \_ \_ noches"
26 Plant pigment that may slow macular degeneration
27 Event with good-natured insults
29 Arabian Peninsula bigwigs
30 Durable furniture wood
31 Cloak-and-dagger sort
34 Patel of "Lion"
35 \*Likely to be damaging
38 Court official
40 Homer's neighbor babies
43 Component of some relaxing therapy
45 Noted surname in racing
47 Where you'll find the anther
48 \_ \_ Wild (nature network)
51 \*Crafty
53 Hate with a passion
54 Surrounding glows

PUZZLE CONTEST

- 55 \*Counterfeit
59 Lair for bears
62 Jamboree sight
63 Fleshy fruits
64 Wild
65 Diving birds
66 Slips from people who are short
67 Hot
Down
1 Stoat coat
2 Blood-typing letters
3 Tactful
4 Kit Carson, for one
5 Become sweeter, perhaps
6 Analysis topic
7 Band blaster
8 Bud
9 Some tea bags
10 Deception
11 City east of Syracuse
12 Bar ice
14 Fallen angel
18 French coins that depicted a shield
20 Amusingly clumsy
22 Hightailed it
23 Light unit
24 Phenomena at faults
25 Capital of Azerbaijan
28 Uncultured louts
30 Genealogy chart
32 Request that may result in swearing
33 Arabian Peninsula country
36 Plus
37 Procrastinator's word
39 Big canine
41 Bench settings
44 Open porches
46 Scholastic stereotype
47 Closes
48 It was replaced by USMCA in 2020
49 White Sox slugger José
50 Mention in an acceptance speech
52 Support staffs?
56 AP competitor
57 John, to Ringo
58 Earthbound bird
60 Roman goddess of night
61 Chicago's WNBA team

Previous Puzzle's Solution

A grid showing the solution to a previous puzzle, with words filled in and some letters highlighted in red.

## SPORTS

JASON GAY

## You'll Remember Roger Federer

At 41, the Swiss icon retires from pro tennis. His legacy will continue to shape the sport.



Turns out the only feat Roger Federer couldn't pull off was the perfect ending. On Thursday, Federer announced his retirement from professional tennis, at age 41, his competitiveness still fierce, but his aging body at the brink.

It isn't a shock—Federer's been absent from tennis for more than a year, rehabilitating a surgically-repaired knee, trying to claw his way back for a climactic goodbye.

He won't get there, and the finality lands hard.

No more Federer playing the last Sunday on Wimbledon's Centre Court, that manicured ryegrass effectively his living room for a generation.

No more Federer in Rod Laver Arena in Melbourne, in Arthur Ashe in New York City, or sliding on the red dirt at Roland Garros in Paris.

No more Fedheds filling the rafters like tennis pilgrims in their RF hats.

No more pretty one-handed backhands, tennis's most elegant shot.

Federer and Serena Williams, exiting in the same month. Tennis won't be the same.

Federer plans to give it a go at his Laver Cup tournament in London next weekend, his last ATP event. Hopefully Captain Bjorn Borg seizes the moment and pairs Federer in doubles with his friendly rival, Rafael Nadal.

Roger & Rafa, for some gentle dubs, for old times sake. Wouldn't that be something?

The statistical case for Federer's greatness is sturdy. Argue amongst yourselves, but the Swiss icon is on the smallest possible list. Twenty major titles, eight of them at Wimbledon, 103 singles trophies overall, a silver medal for singles in London, a gold medal for doubles in Beijing. An astonishing 310 weeks as World No. 1, including an outrageous 237 in a row from February 2004 until August 2008.

He got there again in 2018, almost 37, the oldest No. 1 ever.

But that's not what you'll remember about Federer, is it? It's not what we'll tell the grandkids. You're not going to drown strangers in data about Federer's 82% lifetime winning percentage or his 10 titles at the Swiss Indoors.

You're going to talk about how Roger Federer *made you feel*. Because more than any other player, Federer was an aesthetic experience. He won as much as anyone ever did, but it was really the way he did it, with a game so stylish it verged on artistry. The picture-perfect serves, those dexterous one-handed backhands, the way he'd turn and square the right shoulder to deliver a leaping forehand down the line...it was almost balletic, the way he played the sport.

You're going to see other players win trophies. But you may never see another person play tennis as beautifully as Federer did.

And even *that* might not be what you tell the grandkids, because there's a whole other cluster of Fed fans who admired Federer for his even-keeled grace and respect for the game. He didn't begin that way—go find the early footage of a temperamental, teen Fed—but the



Roger Federer has won 20 major titles, including eight at Wimbledon.

former ball boy from Basel became a statesman, stoic under pressure.

Rivals defined him, too. There was once a time Federer seemed too dominant, almost boring, the way he tore through the sport in the mid-2000s, but by the next decade the battle was fully joined, first with a teenaged Nadal, and then with Novak Djokovic, a brilliant foe from Serbia. Those clashes lifted the sport and sharpened all of them into all-timers, 63 majors among them, Nole and Rafa still going.

Federer lost a lot of those matches. He lost heartbreakingly, on big stages, on the verge of milestones. Many of the defeats are as vivid as the victories: Federer in tears in the Wimbledon twilight in 2008 after dropping a five-set epic to Nadal; Federer stunned after losing match points and a semifinal to Djokovic at the 2010 U.S. Open. Nearly the same exact stunner again, in 2011.

From Wimbledon 2012 to Australia 2017, Federer went through an arid stretch of almost five years between winning majors, during which it was possible to wonder if Djokovic and Nadal had simply become too good. (Let's not forget Sir Andy Murray, who prevailed over Fed at the Olympics in 2012.) Federer was stubborn about technology—he stuck with a smaller-headed racket longer than he should have, and there were long afternoons and inexplicable crumbles.

But the losses humanized him in a way the championships never

could. If you thought Federer was arrogant, or dull as a champion, he was now a different player, mortal, humbled and occasionally pushed around. When he finally got back to the mountaintop—that improbable run to defeat Nadal in the final the 2017 Australian Open, and then a Wimbledon title the same year—it felt like a joyous surprise.

Federer the comeback kid? It happened.

By then his fan base had turned into a sizable nation. Federer was the most popular men's player at every tournament he turned up in, the crowd favorite on every court, to the point his opponents had to ruefully accept playing the villain. As Federer moved into his late 30s, his appearances took on a One Last Time vibe, parents bringing children just so they could say the children saw him when.

I did this myself, at the Chicago Laver Cup in 2018, and though my 5-year-old son was candidly more interested in the hot pretzels than Federer, I'm happy he'll be able to tell his kids he saw him live, in the way my father talked about seeing Rocket Rod and the Aussies, and a young Borg.

In conversation, Federer's less Federer than people might think. By that I mean there's none of this regal-bearing, otherworldly stuff, he's funny, irreverent, multilingual, interested in other people and worlds. He understood the through lines of his sport, how important players like Laver, Roy Emerson and Ken Rosewall were, and how incredible it was that they did it with wooden rackets, gut strings and coach seats. He knew tennis was a larger en-



FROM TOP-CLIVE BRUNSKILL/GETTY IMAGES; ADRIAN DENNIS/AGENCE FRANCE-PRESSE/GETTY IMAGES

deavor than Roger Federer. He felt Serena Williams was as great a player as there's ever been.

By midcareer, he was a family man, two sets of twins with his wife, Mirka, a former pro and his most devoted courtside advocate. I'm not saying he's Steve Martin in "Cheaper By the Dozen," but the image of Federer in a suddenly hectic home—he once injured a knee while drawing a bath for his kiddos—only softened his image further.

Now it's on to what's next. Federer has spent two decades laying the foundation for his post-tennis career, in business, philanthropy and as an ambassador for the sport. He'll be a presence in tennis like Laver is, probably even more so. Could he use his clout to push for reform, grow tennis by widening development and doing more to help up-and-coming players stay financially

afloat as they chase the prosperous Top 20? That'd be great. Tennis can't rest on nostalgia.

I don't know if Federer will step into a TV booth like McEnroe, but you'll see him in commercials until the end of time. You know how Arnold Palmer was everyone's favorite golfer long after he retired? You know how Michael Jordan, years later, is still *Michael Jordan*? It'll be like that. Look at the way he turned up for the Centre Court 100th this summer, in sunglasses and a James Bond suit.

"I consider myself one of the most fortunate people on earth," he said Thursday. "I was given a special talent to play tennis, and I did it at a level I never imagined, for much longer than I ever thought possible."

He doesn't get the perfect tennis ending. But Roger Federer got pretty much everything else.

## Trout's Home Run Streak Ends and His Frustration Resumes

By TIM BROWN

**MIKE TROUT DIDN'T HIT** a home run Tuesday night in Cleveland. His streak of consecutive games with a home run ended, then, at seven, one game short of the major league record.

With about three weeks of regular-season games remaining, Trout returned to the familiar September task of finishing a season lost to playing for the Los Angeles Angels, of being a superb player for a pedestrian franchise, of hoping change is coming.

"You look back," he said recently, "and you're like, 'Man, I wish I was playing in October.' You know, it's been a rough stretch, really since '14."

It's a stretch that has swallowed most of his career. Now he's about to enter what he says is a crucial offseason in which he'll have more to ponder than usual about his team's future.

Trout has 35 home runs, a very distant second in the American League behind Aaron Judge's 57, and just ahead of teammate Shohei Ohtani's 34. Trout missed about a month of the season because of a back injury.

Trout's Angels are staggering toward another dark October, their eighth consecutive. For the fifth time in that span, they'll finish at least 20 games behind the American League West leader. Entering Thursday, the Angels are 32 games behind the Houston Astros and had



Mike Trout and the Angels are headed toward another dark October.

a bottom-five offense in spite of Trout and MVP candidate Ohtani.

The extended irrelevance spit out a third manager in early June, when Joe Maddon was fired amid a 14-game losing streak. Three weeks ago, Arte Moreno, who has owned the team for two decades, announced his intention to sell. In the final 13 years of Moreno's stewardship, the Angels qualified for the postseason one time and didn't win a single playoff game.

Trout, who turned 31 last month—"It's going by quick," he recently observed—has marked a good portion of his prime years by winning three MVP awards, attending 10 All Star Games and, until

Ohtani arrived, dragging 24 other guys behind him. When Albert Pujols retires at the end of this season, as expected, Trout will become the game's active WAR leader.

He'll go home to New Jersey for another fall to wait out another long offseason, one that could decide who will cover his paychecks going forward—he's due \$37.1 million a season through 2030—and whether he still has a teammate in Ohtani. It means another winter of transition for the Angels, who, in Trout's 12 seasons, have employed four general managers, four managers and six hitting coaches. And soon, presumably, two owners.

"I'm just being open-minded," he

said before the Angels' road trip through Houston and Cleveland. "I think this [transition period] is big. I think this is bigger than all of them, realistically. So, yeah, just open-minded to see who's going to come in and buy the team."

He insisted the many lean seasons, the club's failures to acquire or develop effective pitching and its tendency to finish fourth in a five-team division, had not soured him on the organization. This was the team that drafted him in the first round, brought him to the big leagues at 19, and will have paid him more than a half-billion dollars before he turns 40. His loyalty, he said, still runs deep.

"It's not like we're trying to do this," he said of all the losing. "I think that's what you gotta look at. I think we put some teams together that were, you know, capable of making the playoffs and making a push. Just injuries or something derailed that. But, I've never come in here in the beginning of season [thinking] we're not trying. And I think that's where the loyalty comes from."

"I mean, everybody's tired of losing, for sure. You know, there's loyalty to a lot of things. I mean, I'm staying true to that, from when I signed this contract, that I wanna bring a championship one day, get to the playoffs. We owe it to the fans. Obviously I gotta do what's right for me, but I haven't really thought about the future. Like I said, I gotta keep my mind open,

see what comes."

Ohtani can be a free agent after next season. The Angels considered trading him this summer. There will be attempts to persuade general manager Perry Minasian again. Moreno will have to decide whether the team is more attractive to a new owner with Ohtani under contract long term, nearing free agency or as a chip to acquire prospects that might aid a rebuild. Then, it is unclear if Ohtani would want to stay at any price, given the ground the Angels must cover to compete with the better teams in the league.

In addition to Trout's contract, the Angels splurged three seasons ago on a seven-year, \$245 million deal for third baseman Anthony Rendon. He has played in 103 games, batted .235 and hit 11 home runs in the past two seasons, both marred by injury. An Ohtani contract would bring the annual cost of those three players alone to more than \$100 million, on a 26-man roster. The Angels' payroll for 2022 is \$188 million, the highest in team history.

"Obviously I want him here," Trout said of Ohtani. "I think anybody that doesn't want him here or doesn't want him on our team, they're crazy."

Meanwhile, Trout will have a run at 40 home runs, which he has reached twice before, take some mid-ballot MVP votes behind Judge and Ohtani and then watch another October pass him by.

## OPINION

## Peter Thiel, Losing Arizona



**POTOMAC WATCH**  
By Kimberley A. Strassel

If Republicans lose a tantalizingly close Arizona Senate race, don't place the blame entirely at the feet of the nominee Blake Masters. Look to his AWOL booster club.

In the Republican push to retake the Senate, the Grand Canyon State ought to be a prime pickup. Democratic Sen. Mark Kelly only narrowly won his 2020 special election. Republican and unaffiliated voters make up the vast majority of the electorate, and most are angry over inflation, border chaos and rising crime. Polls

### He and Donald Trump helped Blake Masters get the nomination. Where are they now?

are tightening and suggest Mr. Masters has cut the Kelly lead in half over the past month. He trails by about 4 points in the RealClearPolitics average.

The problem is money, or rather Mr. Masters' lack of it. Only six weeks ago the nominee emerged from a brutal, expensive five-way primary. Spending even more heavily to ensure a Masters victory was billionaire donor Peter Thiel, who backed his former employee to the tune of \$12 million. The Thiel support influenced Donald Trump to endorse Mr. Masters and to hold a rally for him in the run-up to the primary. The New York Times in February described Mr. Thiel as the

new "would-be kingmaker" of the GOP.

Only where's the would-be kingmaker now? Sitting in his counting house, the doors firmly locked. Mr. Thiel has abandoned the Arizona race, as well as the Ohio Senate candidate he spent \$15 million to nominate, J.D. Vance. Mr. Trump is meanwhile using this cycle to hoover up grassroots donations that might otherwise go to competitive midterm candidates and so far refuses to commit any of the estimated \$99 million in a leadership PAC to his endorsees. The Lucys have pulled the football, leaving the GOP's Arizona project to fall on its back.

Criticism is landing on Minority Leader Mitch McConnell's Senate Leadership Fund, which recently announced it was canceling \$8 million in Arizona ad reservations. But spare a thought for the outfit that has been left holding the Thiel-Trump bag. Resources aren't infinite, and Mr. McConnell's super PAC suddenly finds itself having to shovel unexpected millions into defending an Ohio seat that ought to be a breeze but in which (Thiel-less) Mr. Vance is struggling. It's also defending seats in Wisconsin, Pennsylvania and North Carolina. One Nation (affiliated with the Senate Leadership Fund) spent some \$13 million in Arizona through Labor Day, and the fund will be playing on television again in October.

But it may prove too late. Mr. Kelly continues to coast on a bio that depicts him as a tough-guy former astronaut as well as a bold moderate who puts Arizona first. "I'm pushing for solutions today, even if it



BRANDON BELL/GETTY IMAGES

means taking on my own party," brags a recent ad, in which he says he's "bringing down gas prices by allowing more domestic oil production." Another has him declaring his party's defund-the-police movement "wrong," and palling around with cops.

Yet it's notable how much money it has already required for Mr. Kelly to maintain this political facade and defend his narrow lead. His campaign and wealthy outside groups have spent an estimated \$60 million to \$80 million on his behalf this year alone (as Mr. Masters burned the vast majority of his cash in his primary). Arizona TV is currently wall-to-wall with pro-Kelly and anti-Masters ads, but the Democrat is still below 50% in voter polls.

This suggests real skepticism about Mr. Kelly's "moderate" shtick, which Arizona Republican operatives are itching to exploit. Tallies show Mr. Kelly has voted 94% with Majority Leader Chuck Schumer's progressive agenda, including his support for Joe Biden's 2021 "Covid relief" blowout that fueled inflation.

He's voted numerous times to shut down the Keystone pipeline and to allow a ban on fracking. During debate for the recently passed Inflation Reduction Act, Mr. Kelly voted against hiring 18,000 additional Border Patrol agents and for an additional 87,000 Internal Revenue Service auditors.

The Masters campaign has suffered from a lack of focus and discipline. It needs the dollars to redefine a candidate who emerged from a primary with marks. Yet as with many GOP campaigns, it's struggling with Trump donor fatigue, as well as soaring inflation that has crimped household budgets and dried up small-dollar donations. Only big-donor money will match the flood of blue groups backing Mr. Kelly.

Some groups see the obvious potential for a win and are investing. A super PAC aligned with Heritage Action announced \$5 million for the race, while Saving Arizona PAC staked a \$1.5 million ad buy. The Club for Growth is spending and plans to spend more, while the National Republican Senatorial Committee continues to play a role.

But the big question among Arizona Republicans is: Where are the power players when you need them? Playing in the GOP primary sandbox is easy. Yet those "wins" now notched, the kingmakers are abandoning the only vote-counting that really matters, even as the stakes could not be higher? Republican voters shouldn't forget this moment if a few months from now an expanded Democratic Senate is dismantling the filibuster.

Write to kim@wsj.com.

**BOOKSHELF** | By Danny Heitman

## In Praise Of Local Wonders

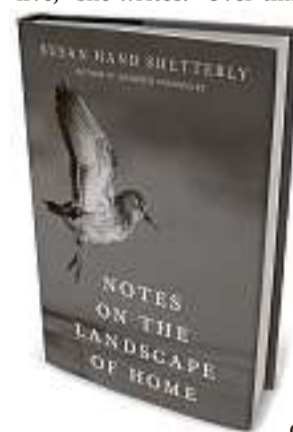
### Notes on the Landscape of Home

By Susan Hand Shetterly  
(Down East, 187 pages, \$22.95)

When writer Susan Hand Shetterly moved to rural Maine in 1971 with her artist husband and infant son, their rustic cabin marked a vivid departure from the homes Ms. Shetterly had known in New York City and suburban Connecticut. As she navigated the transition, many others in her generation were along for the journey. The period's counterculture had renewed a national back-to-the-land movement, inspiring thousands of young people to trade urban life for country places.

"The idea that we were going back to the land made me laugh," Ms. Shetterly recalled many years later. "It was the word *back*."

In "Notes on the Landscape of Home," her new collection of essays, Ms. Shetterly makes the point that all of us, regardless of where we live, should have a connection to what's beyond our windows. "People bond to where they live," she writes. "Over time, they witness change and



notice what endures. More often now, I worry that these places may not last in a recognizable way beyond our own lives, which means that they will not be teaching others the things we know and the things we still hope to learn."

There's another reason why Ms. Shetterly might sigh at the notion of "going back to the land." With her poet's eye for the particular, she's not one for the bland abstractions and bumper-sticker slogans that tend to ossify reflections on the environment.

Her essays, which touch on the trees, fish, people, birds and plants she encounters around her Maine community of Surry, shimmer with luminous details. "From the mainland to Little Moose Island in Schoodic Harbor," she notes of one of her favorite local spots, "a person has to know the time of low tide before crossing the land bridge. If you get it right, you step carefully over the cobbles slick with algae and trek up the basalt dikes to the island's granite ledge."

Granite, a recurring character in Ms. Shetterly's field notes, might suggest that her small corner of New England is immutable. But much has changed in Ms. Shetterly's life since she arrived as a 29-year-old wife and mother more than half a century ago. Her household grew to include a daughter, and her marriage ended. She became a grandmother. Along the way, Ms. Shetterly's writing has evolved, too.

"The New Year's Owl," her debut essay collection in 1986, pointed to Ms. Shetterly's promise, though some of the essays, which had first appeared in various periodicals, hinted at a theme dutifully elaborated to answer the requirements of a magazine assignment. In "Notes on the Landscape of Home," as in her 2010 collection, "Settled in the Wild," Ms. Shetterly's essays thrive on brevity, employing an economy that dramatizes their subjects like a prose poem. In her new book's opening essay, Ms. Shetterly muses on the prominence of the constellation Orion in her evening sky: "When the stars wake me up on especially clear cold winter nights—it's their silence, I think, and their needle-sharp points of light that disturb my sleep—he's there, the hunter who thought we'd be better off all by ourselves on this Earth."

Ms. Shetterly comes by her lyrical ear honestly. In another essay, "Learning to Speak," she mentions that her father liked to read aloud the poetry of Thomas Gray, Matthew Arnold and William Wordsworth. "Those evenings," she writes, "and the high church Sunday services, with their King James translations, were where I began to learn what the language I spoke could do."

### An essayist on the Down East coast of Maine finds the numinous in the familiar. She seeks out what she knows, and is delighted that it endures.

Perhaps inevitably for a New England naturalist, Ms. Shetterly cites Henry David Thoreau as an influence, too, crediting him with teaching her the difference between walking and sauntering: "When I walked, I concentrated on speed, on pace. I'd go over what I had to do that day. But I saunter and pause. I look around and listen. I give time for what might happen next. It's a long, slow thank you for the day ahead."

Like Thoreau, who called himself a "self-appointed inspector of snow-storms and rain-storms," Ms. Shetterly has created an equally eccentric job description. She counts alewives, a species of herring, to see how they're faring. Flashlight in hand, she combs her road for young frogs and salamanders, hoping to usher them away from passing cars. She often heads to a bay near her house, "not here to discover something new, but rather to see the ducks I think I know, and to be reassured by them that some important things still remain."

Even so, comparisons between Ms. Shetterly and the author of "Walden" go only so far. While Thoreau could be haughty and hortatory, Ms. Shetterly, like one of her other literary heroes, E.B. White, strikes a more measured tone. At her best, she nudges us not to think what she thinks but to see what she sees, a gentler form of persuasion likely to win hearts as well as minds.

Some of these essays were written during the lockdown days of the Covid-19 pandemic, when homebound hours sometimes brought windfalls of time to watch neighborhood wildlife. As the pandemic recedes and more of us resume our busy lives, "Notes on the Landscape of Home" is a potent reminder of what we gain by staying mindful of local wonders.

"If you pay attention to the land where you live, as many of us already know," Ms. Shetterly tells readers, "you enter into conversation with it, until it becomes a voice inside you and some of the boundaries between you and it dissolve."

Mr. Heitman, editor of *Phi Kappa Phi's Forum* magazine, is the author of "A Summer of Birds: John James Audubon at Oakley House."

### Coming in BOOKS this weekend

The improbable presidency of Grover Cleveland • Finding the sacred in the natural world • Anne and Eero Saarinen: Their lives in architecture • Jim Harrison: One writer's search for the genuine • Sam Sacks on fiction • & more

## The Campaign Against Our Yeshivas

**HOUSES OF WORSHIP**  
By Sheva Tauby

The multi-year campaign to undo Hasidic education in New York state continued its forward march this week. On Tuesday, two days after the New York Times published a lengthy "investigation" into the state's yeshivas, the Board of Regents unanimously approved a new raft of curriculum mandates. The motivation, the board claims, is to protect children who are "not receiving a quality education."

Absent from these deliberations, however, has been an important voice—parents with children in yeshiva.

I'm part of the silent but vast majority of parents who are happy with the education my children receive at their Hasidic school. Along with tens of thousands of Jewish New Yorkers, my husband and I chose to send our children to yeshiva not only to learn how to think critically but how to live as upright, productive members of society. The goal we have for our children's education—to help them grow into healthy, virtuous, well-rounded people—is one every parent shares. Making it a reality is exactly what our polarized society needs today.

Yet for nearly a decade, there has been a crusade

against yeshivas in New York. Activists, politicians and journalists have assailed the yeshivas as unable to provide our children with the knowledge they need to survive. Ignoring or mischaracterizing the structured educational model our yeshivas employ, they point to cherry-picked testing data designed for a whole other system of education to claim that our children are deprived of knowledge that productive members of society need to be successful. Claiming we're relegating our children to lives of penury and misery, they are using this falsehood as a weapon to regulate how our children are educated.

The truth is that each morning, my sons leave for yeshiva and return happy to share the lessons of their diligent study. In the context of our faith tradition, they learn to read, write and analyze complex information and ideas. These skills will prepare them for whatever their future may hold. Their curriculum is highly structured, and their development is closely monitored.

My husband and I chose our sons' yeshiva precisely for what we see in them today. Both of them exude the inner peace, self-confidence and sense of purpose that all parents wish for their children. Our yeshiva instilled this disposition in my boys and in students of other

yeshivas across New York who have gone on to make major academic, philanthropic and religious contributions around the world.

When I look at my Hasidic community in the Crown Heights neighborhood of Brooklyn, I see happy, intact multi-generational families. I also see low crime and incarceration rates and community social services that offer everything from

### Bureaucrats in Albany are undermining the very education we want for our children.

meal trains for postpartum mothers to job-placement assistance for young men looking for work. I see what all New York parents would desire for their families—and what all children deserve.

We aren't immune to the perils that threaten every community, but our schools and the Torah code we live by guide us in building the foundation for healthy lifestyles. Take one recent example. When it became apparent that smartphones and social media were harming our children, groups of mothers in coordination with their yeshivas created a pledge system to limit

their children's exposure to those devices. While the rest of our nation struggles to find answers to the mental-health problems brought on by extensive social-media use—especially among children—we're addressing it head-on.

Why, then, are some people so intent on interfering with the private religious yeshiva education that is working so well for my children and so many others? The effort is made worse by the fact that government intrusion into our religious education is a clear violation of our right to free exercise, enshrined in the Constitution. Children aren't wards of the state. My husband and I have been blessed by God with them, and with the responsibility to raise them. We, and not politicians in Albany, have our children's best interests at heart.

I know there are many other parents like my husband and me who feel blessed to send their children to yeshiva, and I'm committed to ensuring their voices are heard. I pray for a world where every child is given the opportunity to grow up in a loving family, in a safe community and with a life filled with purpose and meaning.

Ms. Tauby is a mother of eight children currently attending yeshiva schools in New York City.

## Can Trump Follow Cleveland's Footsteps?

By Troy Senik

Get used to hearing the name Grover Cleveland. Donald Trump seems likely to attempt what only Cleveland has achieved—winning the White House a second time after losing a bid for re-election.

There is ample fodder for comparison of the two men. Both were political outsiders who nearly had their presidential ambitions undone by sex scandals. Mr. Trump had the "Access Hollywood" tape; Cleveland was accused of fathering a child out of wedlock.

Both men shook up the status quo in Washington, although Cleveland's version of "draining the swamp"—414 presidential vetoes in his first term combined with civil-service reforms intended to undermine the spoils system—was more prosaic than Mr. Trump's.

While journalists may find the analogies too tempting to pass up, Donald Trump and

Grover Cleveland played virtually opposite roles in the politics of their time. While both presided over parties in flux, their roles in those realignments were reversed. Mr. Trump grabbed the wheel of a Republican Party grounded in a philosophy of limited government and steered it toward nationalism and economic interventionism. Cleveland—the last

### He's the only man to lose re-election then win the presidency.

Democratic president rooted in the party's Jeffersonian tradition—clung desperately to classical liberalism as his party veered toward the populism of figures such as William Jennings Bryan. Mr. Trump is a revolutionary. Cleveland was a counterrevolutionary.

In fact, Cleveland won back the White House by defying his own voters. In 1891, as popu-

lists agitated to flood the country's monetary system with silver—to inflate away the debt burden on Western and Southern Democrats—Cleveland issued an open letter warning of the policy's potentially ruinous effects.

When Democrats gathered for their party's 1892 convention in Chicago, the party men charged with selecting a presidential nominee overwhelmingly chose Cleveland in part because of his emphasis on economic stability. While irritating to the populists, it marked him as the party's best bet to win a general election. It was a level of discretion that today's Republican insiders can only dream of.

This is the central insight of 1892 for 2024: Presidents aren't products simply of their times but also of the institutions constructed to select them. The democratization of presidential nominations began with the introduction of primaries in the early 20th century and has accelerated to

the point where even modest tools of insider influence, like "superdelegates," are in bad odor. This process means that Mr. Trump has no need to win over Republican elites. It also means that figures like Cleveland, willing to tell their parties hard truths in moments of passion, are unlikely to find a clear path to the White House anytime soon.

There is at least one lesson from Cleveland's career that remains relevant for Mr. Trump. When the president was defeated in 1888, many of his supporters floated dubious assertions that electoral fraud had provided the margin of victory. Asked why he thought he had lost, Cleveland replied, "It was mainly because the other party had the most votes."

Mr. Senik is author of "A Man of Iron: The Turbulent Life and Improbable Presidency of Grover Cleveland," out Sept. 20. He was a speechwriter for President George W. Bush.

## OPINION

## REVIEW &amp; OUTLOOK

## Elena Kagan's 'Political' Court

Justice Elena Kagan is the leading liberal on the Supreme Court now that Justice Stephen Breyer has retired, and she no doubt thinks of herself as an institutionalist. So it's a shame to see her lending an assist to the current political attack on the High Court's legitimacy.

"When courts become extensions of the political process, when people see them as extensions of the political process, when people see them as trying just to impose personal preferences on a society irrespective of the law, that's when there's a problem—and that's when there ought to be a problem," the Justice said Wednesday at Northwestern University School of Law.

\* \* \*

Political? Hmmm. Whom do you think she has in mind? Justice Kagan didn't mention *Dobbs v. Jackson Women's Health Organization*, the case in which a majority overturned *Roe v. Wade*. But you don't have to be Oliver Wendell Holmes to know that was the context, and her remarks feed the Democratic and media project to tarnish the current Court.

But let's examine that "political" charge. If the majority was being political in *Dobbs*, it failed in spectacular fashion. By returning abortion to the realm of politics, rather than judicial ukases, the Court has galvanized Democratic voters. Republicans who supported the end of *Roe* are on the backfoot politically, and it could cost them control of Congress.

As for abortion and judging, note that Justice Kagan doesn't defend *Roe* on the merits. Neither does any honest judge or legal academic on the political left. That's because *Roe*'s logic was entirely political, an invention of Justice Harry Blackmun, a Republican appointee. The lead dissenter was Byron White, a Democratic appointee. In agreeing with Justice White's critique of *Roe*, was Justice Samuel Alito being political—or correcting the historic mistake that Justice White called out at the time?

Justice Kagan would no doubt say, as the three dissenters did in *Dobbs*, that *Roe* had become a durable precedent. But when are judges justified in overruling an old precedent?

According to Justice Kagan at Northwestern, one such situation would be "when you've discovered that the doctrine that the Court has created is entirely unworkable, is usually the expression," meaning that "a complete

mess has been created."

Please see page 56 of *Dobbs* to find Justice Alito's analysis of the practical difficulties of asking judges to figure out what constitutes an "undue burden" on abortion rights. States kept challenging that standard because the Court itself was never clear about the undue burden test after three Justices concocted it in *Planned Parenthood v. Casey* in 1992.

"What makes a court legitimate," Justice Kagan also said, "is that the court is acting like a court. It's doing something that's recognizably law-like." Justice Kagan doesn't have to agree with the majority opinion in *Dobbs*, but it's wild to watch her talk as if it doesn't exist. Spend an hour or so digesting Justice Alito's 87-page opinion, and our guess is you'll find that it's plenty "law-like."

Crazy idea, but maybe what's really hurting the Supreme Court's perceived legitimacy is that the Democratic Party, led by President Biden, is running a political campaign against it. Consider Gallup's poll taken in July, after *Dobbs*, which shows approval of the Court at 43%, "statistically unchanged" from last year's record low of 40%. That headline figure "masks big swings among partisans," Gallup says. Republican approval is up 29 points to 72%. Democratic approval is down 23 points to 13%.

\* \* \*

Justice Kagan is no political naif, and it's too bad she's feeding this narrative about the Court by suggesting her conservative colleagues do something other than follow the law as they see it. To return Justice Kagan's disfavor to her colleagues, our guess is that she was playing some politics herself at Northwestern.

She's warning the Justices that the "legitimacy" attacks will continue if they dare to rule in ways that progressives don't like. She's probably thinking in particular about the looming case on racial preferences at Harvard and the University of North Carolina.

Justice Kagan is no doubt frustrated that she isn't in the majority in many of the most significant cases, but now she knows how Antonin Scalia and Clarence Thomas felt for decades. They never attacked the legitimacy of the Court. Justice Kagan would be wise to follow their example if she wants the public to respect the Court when her turn in the majority comes again.

## McDonald's and the Crisis of Chicago

McDonald's Corp. calls Chicago home, with its corporate headquarters and some 400 restaurants, but CEO Chris Kempczinski issued a frank warning Wednesday about the city's crime and social deterioration. "Everywhere I go I am confronted by the same question these days: 'What's going on in Chicago?' . . . There is a general sense out there that our city is in crisis," he said, and he's right.

The fast-food chain moved its headquarters to the Loop from the suburbs in 2018, and Mr. Kempczinski estimates its economic contribution to the city at \$2 billion a year. But lawlessness is taking a toll. "It's felt most significantly every single day in the restaurants," he told the Economic Club of Chicago. "We have violent crime that is happening in our restaurants . . . we are seeing homelessness issues in our restaurants, we are having drug overdoses that are happening in our restaurants."

Calling Mayor Lori Lightfoot. When residents no longer feel safe at a major restaurant chain and a CEO issues a public plea, social order is breaking down.

The comments won't surprise residents who have watched their city on Lake Michigan slide into a mess of public disorder. Tent cities sprawl across lakeside parks. Crime that was once confined to certain neighborhoods now

threatens the downtown business district.

Overall crime in the city is up 38% in 2022 over 2021, according to Wirepoints, and a new city policy this summer made it harder for cops to pursue criminals on foot for minor offenses. Mayor Lightfoot has given little support to the beleaguered police force that has shrunk to 11,600 officers from

13,300 in 2019.

Economic policies are also a problem. "It has become increasingly difficult to operate a global business out of the city of Chicago," Mr. Kempczinski said, owing in part to a tax climate that the Tax Foundation says now ranks Illinois 36th of 50 states. "There are fewer big companies headquartered in Chicago this year than last year. Fewer this month than last month." Among those fleeing have been Boeing (Virginia), Caterpillar (Texas) and Citadel, the giant hedge fund (Miami).

Ms. Lightfoot and Illinois Gov. J.B. Pritzker will be tempted to dismiss Mr. Kempczinski's remarks, but they do so at the city's peril. They might not get another wake-up call as clear as this one. "Make no mistake . . . McDonald's commitment to Chicago is not corporate altruism," Mr. Kempczinski said. "It's not open ended, it's not unconditional. As a publicly traded company, our shareholders wouldn't tolerate that." Chicagoans shouldn't either.

## Olaf Scholz Tanks His Credibility

A list of the world's mysteries might include what was Stonehenge's purpose? What is the origin of dark matter in the universe? And why on earth is German Chancellor Olaf Scholz stalling tank deliveries to Ukraine?

Mr. Scholz is dragging his feet on new tanks as Kyiv begs the West for the weapons to build on the momentum of its recent advances against Russia's invaders. Berlin in April promised to provide Cheetah anti-aircraft tanks, and then waited until July to start delivering them. As of this week, Berlin's defense ministry says 24 have been sent.

Germany could also send its Marten infantry and Leopard battle tanks, and a growing chorus of German leaders and foreign allies says Mr. Scholz should. That includes Foreign Minister Annalena Baerbock of the Green Party and chairwoman of Parliament's defense committee Marie-Agnes Strack-Zimmermann, a Free Democrat. Both parties are part of the coalition government with Mr. Scholz's Social Democrats. The opposition Christian Democrats also support sending more tanks.

Even Mr. Scholz's party, long a bastion of pro-Russian pacifism, is changing. Social Democrat Michael Roth, chairman of the Parliament's foreign-affairs committee, is a vocal advocate for more weapons deliveries.

Mr. Scholz claims to fret that depleting Germany's stock of tanks by sending them to

Ukraine would undermine Berlin's ability to defend North Atlantic Treaty allies. Those allies disagree. Germany "must do more," U.S. Ambassador Amy Gutmann said on Sunday. Polish Prime Minister Mateusz Morawiecki said in an interview over the weekend that Berlin's chronic delay sending military aid to Ukraine "seriously calls into question the value of the alliance with Germany."

NATO Secretary-General Jens Stoltenberg underscored the point last week: "The use of these stocks actually helps to increase our own security and reduce the risk of any aggressive actions by Russia against the NATO Allied countries." He said some 80% of Russia's land forces are tied up in Ukraine, and a Russian defeat there would make an attack on NATO less likely.

Mr. Scholz may still harbor doubts that Ukraine can win the war. Some German foreign-policy experts purport to worry that German arms could cause Vladimir Putin to view Germany as a combatant, or that Ukrainian gains could goad him to use a nuclear weapon.

But the illusion of a Putinist Russia content to live within its borders should have been shattered long ago. The best way forward, for Germany and Europe, is for Ukraine to keep winning on the battlefield so Mr. Putin will be forced to withdraw or negotiate out of weakness. Mr. Scholz's tank stall is a danger to Ukraine and NATO, and a disgrace for a Chancellor who six months ago promised a bolder Germany.

## LETTERS TO THE EDITOR

## The Space Between Never Trump and MAGA

In "I Wasn't Never Trump—but I Say Not Again" (op-ed, Sept. 12), Dave Seminara is right on target. There are many of us who voted for Donald Trump in 2016 and 2020 who would never vote for him again.

I could never bring myself to vote for President Biden, either, so I would sit out the election and vote only for Republicans down ballot—although I must admit that some of those candidates endorsed by Mr. Trump wouldn't get my vote either. My reasons are quite simple: He wouldn't acknowledge that Mr. Biden won the election. And then there's Jan. 6. It is too bad, because I thought he was a good president, despite the lying.

GENE JOHNSON  
Bethesda, Md.

Mr. Seminara is a Never Trumper who doesn't know it yet. He anticipates that the Republican Party may need a revolution. Sir, that has already happened. The party establishment has been replaced and the media unmasked. That bell cannot be unrung. Mr. Seminara is living in a fantasy land.

PETER MCCARTHY  
Scarsdale, N.Y.

Mr. Seminara suggests he is part of a third segment of the Republican Party, somewhere in between Never Trumpers and Trump supporters. All I can say is good luck winning the White House with that microsegment.

The Seminaras of the world must have had selective hearing when Mr. Trump ran for president in 2016. In his final debate with Hillary Clinton, when pressed multiple times by moderator Chris Wallace on whether he would accept the election results, Mr. Trump made clear what he thought of elections: "What I'm saying is that I will tell you at the time. I'll keep you in suspense. OK?" Sadly, too few Republicans took Mr. Trump at his word.

JIM TRIGGS  
Minneapolis

Mr. Seminara crystallized the thinking of so many in his article, including me. Sadly, I share his pessimism but still hold out hope that we're at a tipping point. We simply can't abide the violence in our streets, the failure in our schools and the utter disregard for civility. Time for some radical changes, first and foremost at the top.

TERI BIALOSKY  
Studio City, Calif.

## Hold Colleges Accountable for Student Defaults

President Biden's policy not only pins a construction worker in Florida with the debt of an Ivy League grad, but also fails to address what Mitch Daniels identifies in his op-ed "Student Loans and the National Debt" (Sept. 2) as the real issue: universities' decadeslong practice of unnecessarily raising tuition.

It's grossly unfair to transfer the debt of college graduates to those who chose not to attend college or have already paid off their loans. Pretending otherwise ignores reality and sets up the expectation that this unlawful "forgiveness" will happen again. It won't.

Policy makers should hold universities accountable for their administrative bloat, massive endowments and lackluster ability to train students for the workforce. That's why I've introduced the College Act. Under my bill, if a student defaults on student-loan debt, his alma mater is on the hook for repayment. Further, my bill requires universities with billion-dollar endowments to provide a cost-match for federal student-aid

awards to students. The bigger the endowment, the greater the match. Finally, it requires the education secretary to publish metrics from public colleges and universities on graduation rates and job placements.

As governor of Florida, while I held the line to stop tuition increases, Florida's public universities became the best in the nation (according to U.S. News & World Report)—a position they've held for five years running. Mr. Biden should follow Florida's playbook and do the hard work of lowering costs by holding universities accountable to students.

SEN. RICK SCOTT (R., FLA.)  
Naples, Fla.

James Spiro laments that people of Mr. Daniels's caliber are never an option in presidential elections (Letters, Sept. 10). Years ago, Mr. Daniels fielded questions about running for president. His answer? "My wife won't let me." Wisdom in the Daniels household extends beyond Mitch.

BOB CARLSON  
Naperville, Ill.

## The Key to a U.S. Victory in the Space Race

Regarding Arthur Herman's "How to Beat China in the New Space Race" (op-ed, Sept. 12): Arguably the most important strategic asset in the space race is young talent willing and able to contribute. From 1960 to 1980, a generation of America's most talented young people considered space and aerospace as top career choices.

Many became the scientists, mathematicians and engineers who made our great space endeavors possible. These young men and women often were largely the products of then-superb public schools and merit-based, no-nonsense universities. Careers in such disciplines were aspired to, culturally celebrated and widely ad-

mired. It was palpably exciting to be a young person in such a field.

I can't comment on China's demographics, schools and youth aspirations, but money may be the least of our problems in addressing future space technology and competition.

JOHN WILLIAM COX III  
Vienna, Va.

Is winning the modern space race really that hard to figure out? We have two of the brightest, most highly motivated, passionate and well-funded minds in the history of innovation on our side: Elon Musk and Jeffrey Bezos. How about we cut all the bureaucracy and red tape and let them lead the way?

Thank goodness the Biden administration, with its stranglehold on entrepreneurship, wasn't in charge to hold back Thomas Edison, Alexander Graham Bell and the Wright Brothers.

WILLIAM DAVID STONE  
Beverly Hills, Calif.

## Two-Party Politics in Boston

I feel well-informed by Jim Stergios's "Remember 'Taxachusetts'? Voters Are Being Asked to Bring It Back" (Cross Country, Sept. 10). I fled the Commonwealth of Massachusetts during the 1980s for greener pastures. Two points: First, the state benefits from a vibrant two-party politics, with Republicans frequently rising to the fore and the governorship. Second, the push for a 4% income surcharge is based more on Democrats' perception of fairness than on a fiscal argument.

MARK BETHEL  
Denver

## Pepper ... And Salt

THE WALL STREET JOURNAL



"You're always on the verge of something."

## Interest-Rate Bill Comes Due

Regarding your editorial "Another Inflation Jolt for Markets" (Sept. 14): The federal government essentially took out a negative-amortization adjustable-rate mortgage on the U.S. economy. The principal has been building while we've enjoyed the low initial-teaser interest rate but now the rate is starting to adjust upward. It's going to get ugly.

KEVIN CLARK  
Franklin, Tenn.

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.

## OPINION

## My School's 'Antiracist' Agitprop

By Sahar Tartak

I was educated in the school district ranked by Niche.com as America's third-best. Immigrants from around the world come to Great Neck, N.Y., to raise their children. My best friend's father was at the Tiananmen Square massacre. My classmates left behind their families in El Salvador. My mother escaped revolutionary Iran, and my grandfather escaped the Nazis.

Lately, though, the area's diverse and liberal-minded residents may have reason to think their local school officials aren't as open-minded as they thought. In 2021 Great Neck North High School directed the student government to give \$375 of student funds to a "racial equity" group to speak to the student body about "systemic racism." I was the student government's treasurer, and I felt we didn't know enough about the organization and its mission to disburse the funds. So I refused to sign the check.

## Teachers tried to bully me into signing a \$375 student government check for an 'equity' group. I refused.

In response, the teachers who advise the student government berated, bullied and insulted me at our next meeting, which took place over Zoom for my parents to overhear. They began by announcing that my social studies teacher would be present. Together, the three adults told me that the principal himself found my stance "appalling." I had made them and the school "look bad," they told me. One teacher said the situation gave her "hives."

When I suggested that students might not need or want a lecture on systemic racism, my social-studies teacher asked whether I'd also oppose a Holocaust survivor's presentation.

I objected to that comparison, but she cut me off: "If you're not on



PHIL FOSTER

board with systemic racism, I have trouble with that, girlfriend."

When I didn't back down, she made a bizarre accusation: "The fact that you think slavery is debatable..."

I logged off Zoom and started crying. My parents comforted me, and I decided I wasn't going to sign that check.

That's when I noticed how illiberal my liberal high school had become. I once expressed disagreement with the narrative of the "1619 Project," and that same social-studies teacher snapped that I was opposed to hearing other perspectives. I had signed up for her class because it was described as "discussion-based," but certain discussion seemed forbidden.

Later, a friend showed me a lesson from his English class—a Google Slides presentation urging that students pledge to work "relentlessly" in the "lifelong process" of "antiracism." According to these slides, America is a place where racism is "no better today than it was 200 years ago." I disagreed but didn't mind the debate. Yet this wasn't about debate: Immigrant children were being told to "pledge" to defend a view many of them don't hold.

I doubt students could have comfortably objected in class. The lesson

pre-empted criticism by imputing to them "white fragility," which means they "close off self-reflection," "trivialize the reality of racism," and "protect a limited worldview." The adult presenting this accusatory material was a teacher who had the power to grade them and affect their prospects of getting into college.

When parents caught wind of this presentation, their group chats exploded: "I feel like I live under a rock." "I did not realize the extent of this at all." "If you too are troubled by this, join us at the upcoming school board meeting."

I decided to tell the school board about my treatment at the hands of teachers and school officials. I was nervous but I made my case. The response, to my shock, was a standing ovation. I also received many expressions of support from fed-up parents, from teachers who silently abhorred their one-sided "professional development" courses, and from students who had been punished by administrators for questioning the orthodoxy of systemic racism. (One of those students had been sent to the principal's office for refusing to sign an "antihate" pledge.)

That experience prompted me and a few like-minded others to look into our school's curriculums. What we found was an arsenal of lopsidedly

race-obsessed lesson plans. One was about the American Psychological Association's "Apology to People of Color" for its role in "Promoting, Perpetuating, and Failing to Challenge Racism." Another was titled "White Privilege: Unpacking the Invisible Knapsack." My favorite: "A Critical Race Theory Approach to The Great Gatsby."

The schools in our district had always followed the guidelines of New York state's comprehensive social-studies curriculum, which included teaching about the pervasiveness and evils of slavery, mistreatment of Native Americans, discrimination against Chinese immigrants and so on. What we discovered was something else—partisanship and race essentialism, mixed in with administrative intimidation and bullying that our officials refused to address.

District officials responded in the way school officials often do when criticized. They ignored us for as long as possible, then delayed taking action for as long as possible, clearly hoping everybody would forget the controversy and move on. They didn't respond to my father's freedom-of-information request until the day before a contentious school-board election. The board then promised to further investigate the curriculums, but we never heard anything after that. My school brought in a member of the state Education Department's Board of Regents, to discuss curriculums, but that resulted in nothing.

I graduated last spring, but no one has moved on. Students and parents across the country are finally asking tough questions about anti-American curriculums. Immigrants like my mother and grandfather found refuge in America because for all its problems, it's a wonderful place full of generous and open-minded people. The nation's schools have a duty to teach students that basic truth.

Sahar Tartak is a freshman at Yale and a fellow at the Foundation Against Intolerance and Racism.

## Subsidies Only Feed Inflation

By Tomas J. Philipson

President Biden insists he is fighting inflation by making things more affordable for middle-class American households. To that end, his administration and Congress trotted out big-dollar subsidies for consumers of green energy, drugs and higher education last month. But the bulk of that federal cash will likely end up in the pockets of companies, not consumers. August may go down as an epic month of feeding the fat cats.

In a normal market, sellers receive the price buyers pay. If you have a garage sale where your chair sells for \$100, you get all \$100. But there are virtually no such markets in the U.S. anymore because taxes and subsidies jam a wedge between what buyers pay and sellers receive. Companies pay more for workers than workers take home because of income and payroll taxes. Poor patients pay less than what hospitals receive because of Medicaid subsidies.

Economists recognize that government intervention in a market results not in a single price but two—a "demand price" paid by buyers and a "supply price" received by sellers.

## Even if they ostensibly go to consumers, they end up enriching companies by enabling higher prices.

When a market is subsidized, buyers and sellers both typically benefit through a rise in the supply price and a fall in the demand price. Companies get more but consumers pay less, courtesy of taxpayers. But which party the law designates as the recipient of a subsidy—consumers or companies—doesn't determine who gains from the subsidy. That's determined by the structure of subsidies and market forces, which is why the consumer subsidies launched in August will likely amount to a generous corporate-welfare program.

Consider the new regulations accompanying the student-loan forgiveness program. The Biden administration is heavily expanding income-driven repayment, which caps what borrowers pay each month. The implication seems to be that students can borrow more at no additional cost. "Most of these plans cancel a borrower's remaining debt once they make 20 years of monthly payments," according to the White House. Universities can raise tuition (the supply price) without affecting the total loan payment by students (the demand price). Or the student can borrow more than necessary and invest the money with no intention of ever paying back the loan, reducing the effective tuition further. Unfortunately, the gift from taxpayers will likely go to the most expensive schools and the ones with the largest endowments.

Likewise, the administration pitched many of the green-energy subsidies of the Inflation Reduction Act as a relief to consumers. Subsidies for heat pumps, rooftop solar panels and electric air conditioners will supposedly make homes more energy-efficient and therefore cheaper to maintain. Tax credits for electric vehicles are meant to hasten the transition away from gasoline, but manufacturers are already raising supply prices by the exact amount of the subsidies, with demand prices remaining constant. This is the predicted result of a subsidy when suppliers have market power—as the electric-vehicle oligopoly does—and when there is excess demand for the product. When markets are more competitive, companies pass the value of the subsidies on to consumers because if they don't, a competitor will.

The Inflation Reduction Act's caps on copays in the Medicare drug program ensure further distortions to that already convoluted market. The maximum demand price at the pharmacy—\$2,000 starting in 2025 under the Inflation Reduction Act—will show up for consumers as higher premiums, but taxpayers already subsidize 75% of those. The bottom line is that demand prices will be further decoupled from increased supply prices.

Mr. Biden genuinely believe these consumer subsidies will help take the inflationary pressure off the household budgets of middle-class Americans. But the hard truth is that market forces decide who benefits from government subsidies. That's why supply-side competition is often the best way to protect consumers from higher prices.

Mr. Philipson is an economist at the University of Chicago. He served as a member of President Trump's Council of Economic Advisers and was acting chairman, 2019-20.

## A Socially Conscious but Politically Incorrect Company

By Megan Keller

You might call Black Rifle Coffee Co. a socially conscious enterprise. "This is a veterans' corporation," founder and CEO Evan Hafer, a former Green Beret, says in a Zoom interview. More than half of Black Rifle's employees have served in the military or are family of veterans. In 2021 the company put \$5.3 million in shares toward starting the BRCC Fund, a charity dedicated to helping wounded or traumatized veterans and their families. That was on top of \$1.2 million in charitable contributions and \$3 million worth of coffee and related products to active-duty military and first responders.

But Mr. Hafer says Black Rifle struggled to find banks and law firms to help it arrange an initial public offering. Since he founded the company in 2014, companies have told him that it was "too irreverent" and poses "reputational risk."

You can see why Black Rifle wouldn't be everyone's cup of tea. Its blends include AK-47 and Silencer Smooth, and its social media presence is colorful, to say the least. The company's YouTube channel features a shooting contest that ends with Mr. Hafer trying to get a bull's-eye after taking a direct shot of bear spray to the eyes and a video titled "Could You Be a Pregnant Man?" Mr. Hafer's personal politics have also drawn outrage from the media—he voted for Donald Trump twice—as has the company's popularity with some controversial figures on the right. Kyle Rittenhouse was photographed wearing a Black Rifle T-shirt. But none of this seems to have hurt the company's revenue, which reached \$233.1 million last year.

Mr. Hafer thinks the numbers should be evidence enough that Black Rifle's reputation isn't a material

risk. But his company "started hitting a lot of resistance" from high-level finance companies and law firms, although they claimed they were interested in working with veteran-run corporations.

In 2019 and 2020, a Black Rifle spokeswoman says, company leaders were talking to Chase, Bank of America and Macquarie Group about raising capital. After initially showing

## Black Rifle Coffee seeks to help veterans, but finance and law firms deemed it a 'reputational risk.'

interest, all three companies declined to work with Black Rifle, citing the company's image. In 2018 Black Rifle had tried to open an account at a Chase branch in San Antonio and had been turned away over reputational concerns. The spokeswoman says that Macquarie was particularly fixated on the name of its in-house magazine, Coffee or Die,

which covers military issues and won the Military Reporters & Editors Association's 2022 journalism contest for overseas coverage.

Bank of America and Chase declined to comment. Macquarie said in an email: "We take into account a broad range of factors in making financing and investment decisions. We do not comment on confidential commercially sensitive discussions, including those that did not move beyond a very preliminary stage like this one."

Black Rifle hit similar roadblocks in 2019 and 2020 with Skadden Arps, Latham & Watkins and Simpson Thacher & Bartlett. All three law firms passed on working with the coffee company because of its image. According to the Black Rifle spokeswoman, Latham & Watkins said that its reputational risk committee thought no one from top law schools would be willing to work at the firm if it took on Black Rifle as a client, especially because its name included the word "rifle." The name "is an homage to the service rifle," Mr. Hafer says. Like the guns he taught special-operations soldiers to

shoot, he says, coffee is "lifesaving equipment."

Simpson Thacher declined to comment. Skadden Arps and Latham & Watkins didn't respond to requests for comment.

Despite these obstacles, Black Rifle is thriving. The company went public in February through a special-purpose acquisition merger with SilverBox Engaged Merger Corp and this summer rolled out marketing partnerships with the Dallas Cowboys and Amazon Prime Video.

Yet Mr. Hafer worries that the seemingly arbitrary treatment he experienced will mean for other veterans. "I think it's going to be really important for those guys—men and women both—to understand, these are the types of doors that are going to be slammed in your face if you're not conforming to a very specific narrative," he says. "I don't want them to go through some of the same issues that we've had to go through to get access to capital."

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

## Competition Comes for the PGA Tour

By Greg Norman

Imitation is the sincerest form of flattery, but it is also what you get when a serious challenger suddenly confronts a 54-year-old entrenched monopoly. On Aug. 24, the PGA Tour responded to LIV Golf by boosting its purses, setting a pay floor, and structuring events so that fans get to see the tour's best players—all among the innovations we introduced when we launched LIV in June. It is a classic case of competition benefiting workers and customers. LIV Golf is the best thing that

has ever happened to the careers of professional golfers. The PGA Tour never would have changed without it.

When LIV came on the scene, the PGA chose sticks instead of carrots, threatening and then banning golfers who teed off in LIV tournaments. LIV still assembled players who have won 21 of the last 51 major golf tournaments, including six U.S. Opens and seven Masters Tournaments since 2010. LIV has two recent No. 1 players (Brooks Koepka and Dustin Johnson), the current No. 2 player (Cameron Smith), and other popular golfers (Phil Mickelson, Bubba Watson and Sergio Garcia).

Golf was ready for a change. Players wanted more, and it wasn't only about money. They wanted a better format with no cuts, team play and shotgun starts, in which golfers start on different holes to speed things up. This format will attract the next generation of fans, essential to golf's future, given that the age of the average TV viewer for a PGA Tour event was 64 in 2017 and has likely grown older since. According to our research, the average TV viewer for an LIV event is 45.

This story is far from over. The PGA Tour is under investigation by the U.S. Justice Department for federal antitrust violations, and its special tax exemption is finally facing scrutiny. LIV golfers may yet get to play in PGA Tour events as indepen-

dent golfers, and we continue to welcome PGA Tour golfers to play in our tournaments.

As in most cases of business disruption, the biggest obstacles come from conflicted parties. The Official World Golf Ranking system determines not only a golfer's ranking, but also his qualification for major tournaments and the Olympics. These

## The pro golf monopoly has mimicked many of LIV's innovations.

rankings heavily influence how much sponsors pay players. The ranking system must be independent if it is to be credible. With a board dominated by the PGA Tour, the Official World Golf Ranking currently excludes LIV Golf events. That needs to change. If it doesn't, fans and sponsors won't know who is the best in the sport.

Like other incumbent monopolies, the PGA Tour changed only because it was forced to. Now, in the time-honored tradition of market competition, it has reluctantly reacted to a new challenger, but it may be too little, too late. LIV is the future of golf.

Mr. Norman is a retired professional golfer and CEO of LIV Golf.

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## WORLD NEWS

## Floods Further Imperil Pakistan Economy

Officials say plans to regain financial health after IMF bailout are now in great jeopardy

By SAEED SHAH

ISLAMABAD, Pakistan—Recent catastrophic floods will wipe out economic growth and cause acute food shortages in Pakistan, officials warned, threatening to push a country reeling from economic and political instability into default.

Pakistan was looking to an International Monetary Fund bailout it secured in August and a package of global loan rollovers and investments to help restore finances hit hard by price shocks caused by the Ukraine war. But plans to regain financial health have been upended by monsoon rains that hammered the usually arid southern regions of the country with five times more rain than they typically see, wiping out houses, bridges, roads and crops.

Government officials estimate at least \$30 billion of economic damage and reconstruction costs, or about 10% of gross domestic product. The figure has tripled from an early estimate in August, and officials expect it to rise further. The United Nations Development Program, with the World Bank and Asian Development Bank, expect to complete an assessment of flood damage and reconstruction costs by mid-October.

Domestic resources can only meet a fraction of the government's estimated cost and the international aid received falls far short of the country's needs. Pakistan is in discussions with the U.N. over holding an inter-



A family that was displaced by monsoon-season flooding took their belongings off a truck in Sehwan, Pakistan, on Thursday.

national donor conference to raise flood-relief funds.

"The path to solvency was narrow. It has gotten narrower," Finance Minister Miftah Ismail said.

Bond and currency markets, which had shown more confidence in Pakistan after the IMF deal, are again pricing in a high risk of the country defaulting on its foreign debt. Since the end of August, the yields on some of the government's international bonds have jumped by a third, while the currency is one of the worst-performing in Asia, down 25% over the past 12 months.

Globally, more countries are deemed to be at a high risk of defaulting, after inflationary

ripples from the Ukraine war coincided with rising interest rates in the U.S., adding to pressure on indebted nations. Sri Lanka defaulted this year, while in Africa, Ghana is seen as being at high risk. But a default by Pakistan, with a population of 220 million, would deeply rattle investor confidence in emerging markets.

Official data show the country's foreign-exchange reserves stand at about \$9 billion, only enough to cover about six weeks of imports, some analysts say. The country must repay debt of more than \$20 billion in the year that started July 1.

Before the floods, the IMF

had forecast growth of 3.5% for the fiscal year. The government estimates the disaster will knock some three percentage points off growth. Pakistan's initial calculations show the lost growth alone will cost the economy \$10 billion.

The IMF program is both a lifeline and a straitjacket when it comes to the government's path ahead. In return for funding, it calls for strict limits on spending and borrowing to make the country's debt more sustainable. The body, which didn't respond to a request for comment, has given no indication of easing the terms of its loan, which provides \$4 billion over the country's current fi-

nanial year.

The lender has attributed Pakistan's crisis to its loose fiscal policies, though the IMF is, in general, in favor of targeted help for the poor. Pakistan says it is committed to remaining within the IMF program as a defense against default.

The government is looking at diverting close to half of its budget for development projects this fiscal year, which would provide some \$1.5 billion, Mr. Ismail said. The provinces may be able to divert an additional \$2 billion altogether from their budgets, he said.

It is uncertain how far the provincial governments, which hold much power, will cooper-

ate with the national government. Two of the country's four provinces, housing two-thirds of the population, are run by the political party of Imran Khan, who was ousted as prime minister in April through a vote in Parliament. Mr. Khan has since been campaigning to topple the current government.

Pakistan will also push for compensation from richer countries at coming multilateral gatherings. Islamabad and U.N. officials have pointed to climate change as a cause of this year's heavy monsoon rains, saying the amount of rain and geographical distribution departed from the normal pattern.

That view was given some scientific backing on Thursday from World Weather Attribution, an initiative for climate researchers to collaborate for rapid assessment of whether climate change caused extreme weather events.

Officials have said immediate relief alone will cost over \$1 billion. Many of the 33 million people affected haven't yet received such basic aid, charities say. More than 1,400 people were killed in the flooding, many of them children.

Some five million people are receiving food from the authorities, World Food Program and charities, says the U.N., which has made an appeal to raise \$160 million to cover immediate lifesaving aid. The government has given one million affected families each a \$110 emergency cash payment. The U.S. has announced the biggest aid contribution, \$53 million.

Longer-term rebuilding costs will be massive. Without far more help, up to 11 million people will fall below the poverty line from the floods, said Aisha Pasha, Pakistan's deputy finance minister.

## Germany Agrees to Pay \$1.3 Billion For Holocaust Survivors' Home Care

By BOJAN PANCEVSKI

Germany and Jewish groups reached an agreement on Thursday over compensation to the last survivors of the Holocaust, almost eight decades after the end of World War II.

Berlin will pay 1.3 billion euros, equivalent to \$1.3 billion, for home care for elderly survivors—including 8,500 Jews from Ukraine forced into exile by the Russian invasion of their country—according to the agreement announced at a commemorative event attended by Chancellor Olaf Scholz.

For the first time, Berlin also agreed to invest nearly €100 million into Holocaust education for the next three years, after polls found that majority of young people across the U.S. and Europe were largely ignorant of the Shoah.

Germany has been paying restitution and compensation to Holocaust survivors represented by the Jewish Claims Conference and by the state of Israel since 1952. The Luxembourg Agreement that unlocked the payments marked the first time a state had agreed to provide perpetual compensation to individual victims of a genocide it had perpetrated. Since then, Germany has paid more than €80 billion to survivors following regular negotiations with the Claims Conference.

At the event commemorating the anniversary of the agreement, Mr. Scholz said supporting education about what happened to the Jews at the hands of Nazi Germany and its allies was gaining importance as fewer and fewer



German Chancellor Olaf Scholz, second right, and Israeli Prime Minister Yair Lapid, right, on Monday met with Holocaust survivors at the Berlin house where the Final Solution was devised.

Holocaust survivors were around to tell their stories.

"The Luxembourg Agreement was the moral basis for the building of the new German federal republic...its passage back into the fold of civilized nations," Mr. Scholz said.

The event at the Jewish museum in Berlin was also attended by German Finance Minister Christian Lindner, who negotiated the last tranche of aid, and Israeli Social Equality Minister Meirav Cohen.

The negotiations haven't always been easy. Germany's postwar governments included former Nazi party members—among them key aides to Konrad Adenauer, the first postwar chancellor, who signed the deal with Israeli Foreign Minister Moshe Sharett. Mr. Adenauer had to rely on votes from the

center-left opposition to pass the accord through parliament after his own ministers and legislators rebelled against it.

In Israel, too, there was mass rejection of any German compensation, which became known as "blood money."

At the time, only 11% of Germans were in favor of any compensation for the Jews, and the business community lobbied against the agreement for fear that it would harm exports to Arab nations.

But the country has since grown to see the reparation and support of Holocaust survivors as a moral responsibility, said Gideon Taylor, president of the Claims Conference.

The government is considering how to reshape its activities for an era when there are no longer any Holocaust survi-

vors, Mr. Lindner said, adding that it would focus on funding education efforts.

"We bear no individual guilt today but we have a moral obligation and a historic responsibility for what was done in the name of Germany," he said.

Although there are fewer and fewer survivors—about 280,000 are still alive, many of them impoverished—the cost of their care is still increasing because many are so frail that they need substantial assistance and medical aid.

The final tranche of compensation won't only enable survivors to end their life in dignity, Mr. Taylor said, but also prompt thinking about "how to take the unique lessons from the Holocaust and make sure they are not lost or diluted when there will be no survivors left."

## WORLD WATCH

AMSTERDAM

## Embattled Airport's Chief Is Leaving

Amsterdam Schiphol Airport's chief executive is stepping down from his job after the hub, one of Europe's biggest, struggled to meet a surge in travel demand this past summer.

Dick Benschop told Royal Schiphol Group's supervisory board on Wednesday that he would vacate the position, according to a statement issued by the airport. He said the decision was voluntary.

"A lot of attention, and criticism, has been directed toward the way in which Schiphol is tackling the problems and my responsibility as CEO," said Mr. Benschop, who has been in the role since 2018. "On my own initiative, I am giving Schiphol the space to make a new start."

The airport, which acts as the primary hub for Delta Air Lines Inc.'s joint-venture partner, KLM Royal Dutch Airlines, will keep Mr. Benschop in the role until it is able to find a successor, it said.

Around the world, staff shortages have hobbled airlines and airports, leading to persistent delays, flight cancellations and hourslong lines through security at the airport. Schiphol has been among the worst affected.

— Benjamin Katz

HUNGARY

## EU Lawmakers Slam Government in Vote

European Union lawmakers declared that Hungary has become "a hybrid regime of electoral autocracy" under the leadership of its nationalist government, and that its undermining of the bloc's democratic values had taken Hungary out of the community of democracies.

In a resolution that passed 433-123 with 28 abstentions, the parliamentarians raised concerns about Hungary's constitutional and electoral systems, judicial independence, possible corruption, public procurement irregularities, LGBTQ+ rights, as well as media, academic and religious freedoms.

The vote is the latest in a series of showdowns between the EU's institutions and Prime Minister Viktor Orbán's government. The bloc's executive arm, the European Commission, is expected to announce Sunday that it is prepared to suspend payments of some EU money to Hungary over its alleged violations.

Hungary's foreign minister, Péter Szijjártó, said Thursday that Hungarian voters had "decided in four parliamentary elections in a row what kind of future they want for the country" by electing Mr. Orbán and his party.

—Associated Press

SUDAN

## Flooding Death Toll Rises to at Least 134

Flooding across Sudan has killed at least 20 people over the past week, Sudanese officials announced Thursday, raising the official death toll from the floods since the rainy season began in May to 134.

The office of Brig. Gen. Abdul-Jalil Abdul-Rahim, the leader of Sudan's National Council for Civil Defense, said an additional 120 people were injured from the past week's flooding.

Torrential downpours throughout August and early September—the peak of Sudan's rainy season—have washed away roads, houses, and vital infrastructure across the country. According to the United Nations, some 286,400 people have been affected by the floods.

—Associated Press

## Mexican General Arrested in Student Killings

By JUAN MONTES AND JOSÉ DE CÓRDOBA

MEXICO CITY—Mexican authorities arrested a retired army general in connection with the 2014 abduction and killing of 43 students of a rural teachers college, one of the highest-profile criminal cases in the country's history, a senior Mexican official said Thursday.

The arrest on Wednesday follows a new investigation by the government of President Andrés Manuel López Obrador to clear up what happened to the students and why they were seized and killed.

Gen. José Rodríguez was arrested along with two other military officials, and an arrest warrant has been issued for a fourth soldier, Deputy Public Security Minister Ricardo Mejía said.

In September 2014, Gen. Rodríguez was the colonel in charge of the military detachment deployed in the city of Iguala, in the southern state of Guerrero, where the students were abducted. He is the highest-ranking military officer detained so far in connection with the crime.

He turned himself in to authorities Wednesday afternoon and was taken to a military

prison where he will be held until he appears before a judge, according to federal records and a senior government official.

Gen. Rodríguez couldn't be reached for comment. It couldn't be determined whether he has a lawyer.

It couldn't be determined what evidence the government believes it has against Gen. Rodríguez. According to phone messages sent between two members of the Guerreros Unidos drug gang, included in an investigation launched by Mr. López Obrador's government, six of the students were held alive for four days at a ware-

house and handed over to "the colonel." Authorities say that is a reference to Gen. Rodríguez, who at the time was a colonel.

The arrests of the military officers came just days before the eighth anniversary of the crime, with tensions running high in Guerrero state.

Gen. Rodríguez's arrest comes weeks after the Mexican government publicly presented results of a new investigation into the case, concluding that the abduction and killing of the students was a "crime of the state" involving authorities of all levels, from municipal and state police to federal and military authorities.



BRIGHT SITE: Tourists posed by the Chinese-built Lotus Tower in Sri Lanka's capital, Colombo, after it opened to visitors Thursday.



# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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S&P 3901.35 ▼ 1.13% S&P FIN ▲ 0.31% S&P IT ▼ 2.37% DJ TRANS ▼ 1.06% WSJ \$IDX ▲ 0.24% 2-YR. TREAS. yield 3.871% NIKKEI (Midday) 27574.58 ▼ 1.08% See more at WSJ.com/Markets

## Yuan Breaks Below Key Threshold

China's currency slips past seven to the dollar for first time since July 2020

By REBECCA FENG

China's currency has fallen below a widely watched level against the dollar, breaking 7 yuan for a dollar for the first time in more than two years.

On Thursday evening in Hong Kong, the more freely traded offshore yuan weakened below 7 to the dollar for the first time since July 2020. That has long been an important level for the currency pair. When the yuan, also known as the renminbi, crossed 7 against the dollar in August 2019, then-U.S. President Donald Trump accused China of currency manipulation.

The offshore yuan traded at 7.0072 against the dollar Thursday. In the more tightly controlled onshore market, the yuan hit 6.99 against the U.S. currency.

The offshore yuan has fallen more than 9% against the dollar this year amid a slide of global currencies against the dollar, after the Federal Reserve began an aggressive campaign of interest-rate increases. The pound, the euro and the yen are all at multidecade lows.

Although the strength of the dollar is the main reason for the yuan's decline, it is reasonable to expect the yuan to weaken further as China's economic conditions deteriorate, said Alvin Tan, head of Asia foreign-exchange strategy at RBC Capital Markets.

"The fact that the authorities are facing increasing difficulties in containing Covid out-



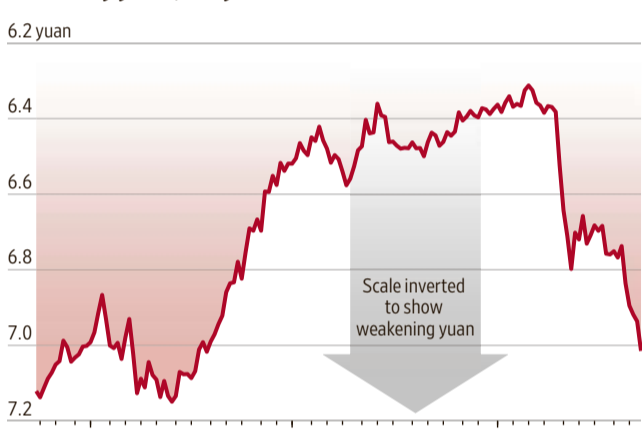
Previous occurrences of yuan weakness have fueled capital outflows and prompted accusations of currency manipulation.

breaks in the summer bodes ill for the outlook as the weather cools down in coming months," Mr. Tan said, adding that even exports, the single major bright spot in China's economy, are coming under pressure. The CFETS RMB index, which measures the yuan against a basket of major currencies including the euro and Japanese yen, has barely moved in recent months, according to data published by the China Foreign Exchange Trading System.

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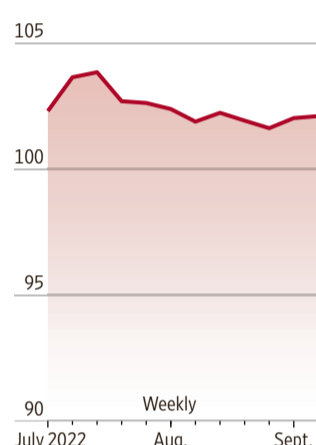
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How many yuan \$1 buys



Sources: Tullett Prebon (currency); China Foreign Exchange Trade System (index)

CFETS RMB index



## FedEx Revenue Misses Forecasts

By ESTHER FUNG

FedEx Corp. said its quarterly revenue fell below its expectations and it was closing offices and parking aircraft to offset declining volumes of packages moving around the world.

FedEx shares fell 17% on the warning, which came after markets were closed Thursday and about a week before the company was scheduled to report results for the quarter ended Aug. 31.

Chief Executive Raj Subramaniam, who took over in June, said he was taking actions to reduce costs, including freezing hiring, closing 90 FedEx Office locations, parking some cargo aircraft, reducing Sunday ground operations and closing five corporate offices. FedEx didn't say if it was cutting jobs.

FedEx has faced pressure from an activist investor to boost its profitability and faced calls from some of the contrac-

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## Uber Says It Was Hit By Cyber Incident

By MEGHAN BOBROWSKY

Uber Technologies Inc. said Thursday night that it was responding to a cybersecurity incident, without giving further details.

"We are currently responding to a cybersecurity incident. We are in touch with law enforcement and will post any additional updates here as they become available," a Twitter account for the San Francisco company tweeted.

The latest cybersecurity problem comes a little over a week after a trial started over its former security chief's role in responding to an earlier hack.

In 2016, Uber had a data breach that affected about 57

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## Chinese Money Flows to U.S. Venture Funds

By HEATHER SOMERVILLE

Chinese investment in U.S. venture-capital funds is flowing, demonstrating that economic ties between Silicon Valley and China remain deep despite political and national security risks, according to investors, government officials and a new report.

Chinese investment is on pace to reach about \$880 million this year, the second-highest level in at least a dozen years, according to the think tank Foundation for Defense of Democracies. The report, a

novel effort to quantify the opaque flow of money from China to U.S. venture-capital firms, shows Chinese government entities, funds, private individuals and corporations have invested at least \$4 billion into U.S. venture firms since 2010, with at least another \$3.5 billion going to U.S. private-equity firms.

Silicon Valley investors and national security analysts say Chinese capital continues to back U.S. venture-capital firms large and small, sometimes accounting for a fraction of a venture fund and at times

much more. U.S. government officials say their primary concerns have less to do with the amount invested but are more about the investors' personal and business relationships in Beijing, ability to access technical information and influence at the venture-capital firm.

The issue, said government officials, is that the Chinese can use their roles as investors to gain know-how for launching a startup or scaling a technology company. Such insights can inform how Beijing funds and develops technology in areas strategically important to

the U.S., such as semiconductors and artificial intelligence, according to the think tank report.

Chinese capital is found in large global funds Sequoia Capital and Lightspeed Venture Partners, and smaller Silicon Valley firms including Playground Global, GSR Ventures, Foothill Ventures and 11.2 Capital, according to the report and investors at those firms.

"I think the Chinese are as aggressive as ever" in targeting U.S. startups, said Michael Brown, outgoing director of the

Defense Department's Silicon Valley Defense Innovation Unit and author of a 2017 report that drew national attention to the role of Chinese capital in U.S. startups.

Foothill Ventures said Chinese investors contributed 1.59% of its current assets under management, and GSR Ventures said less than 5% of its U.S. fund came from China. Chinese investors are contributors to Lightspeed's China fund only, and Sequoia's China unit operates independently, spokeswoman for the firms

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## Gap and Kanye West Split Amid Acrimony

By SUZANNE KAPNER AND INTI PACHECO

Gap Inc. is winding down its partnership with Kanye West, saying the company and Mr. West are "not aligned" in how they work together, according to a memo reviewed by The Wall Street Journal.

Mr. West formally notified Gap on Thursday morning that his Yeezy LLC fashion brand was terminating his partnership with the apparel chain, the Journal earlier reported. A letter from Mr. West's lawyers said Gap breached the agreement by not releasing apparel and opening retail stores as planned.

Gap and Mr. West in 2020 announced a partnership to develop a collection of clothing under the Yeezy Gap brand. The rapper and designer has complained recently on social media about the arrangement and a similar deal he has with Adidas AG.

Items won't disappear from stores. Gap said it was still planning to release Yeezy Gap items in the pipeline, according to a memo sent Thursday to employees by Mark Breitbard, Gap brand president and CEO.

"Simply put ... while we

share a vision," Mr. Breitbard wrote, "how we work together to deliver this vision is not aligned."

The music and fashion impresario, known as Ye, has taken to social media to criticize Gap for allegedly copying his designs and cutting him out of the creative process. In a video clip posted on Instagram in late August, Mr. West told a group of Gap executives: "You have to really give me the position to be Ye and let me do what I'm thinking, or I have to do the thinking somewhere else."

Mr. West had talked about wanting to partner with Gap over the years before inking his deal with the San Francisco company. The deal provided for Mr. West to earn royalties and potential equity based on meeting sales targets.

More recently, he has talked about opening his own retail stores. "We are going to open Yeezy stores worldwide. Starting in Atlanta," Mr. West said on Instagram in late August.

Gap was required to sell 40% of the Yeezy Gap assortment in brick-and-mortar retail stores during the third and fourth quarters of 2021, according to the letter, which was signed by

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## Arizona Park's Cash Crunch Squeezes Muni Bondholders

By HEATHER GILLERS

The pandemic was a few months old when a two-year-old nonprofit sold municipal bonds to build a \$280 million privately owned recreational sports complex on the edge of the Arizona desert.

Yield-starved mutual funds snapped up the tax-exempt debt. Bond payments were slated to come from parking and admission fees, a 670-seat sports bar and tournaments, festivals and after-school programs renting the park's stadium, fields and courts.

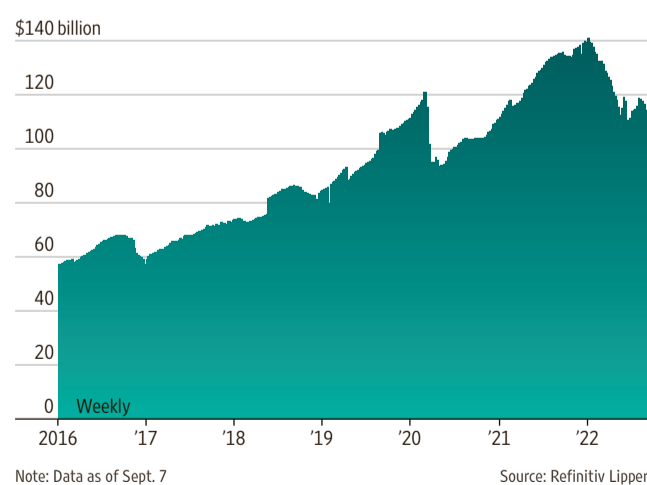
The 320-acre park opened in February in Mesa, Ariz.

After projecting first-year revenue of \$125 million, the park brought in \$15 million in its first six months and is relying on an emergency cash infusion to pay bondholders. Bond prices have slipped, relations with funds have soured and the Securities and Exchange Commission is asking questions.

Douglas Moss, president of the nonprofit Legacy Cares Inc., said that he is unaware of any federal inquiry and that his firm has been upfront with bondholders about risks.

"This is a startup. It's a big startup, but it's a startup," Mr.

High-yield municipal bond fund assets under management



Note: Data as of Sept. 7

Source: Refinitiv Lipper

Moss said. "Everybody's working together and keeping focused and riding through the rough spots."

The project, now called Bell Bank Park, offers a window into a little-known corner of the \$4 trillion municipal market where upstart firms can sell debt with minimal oversight to finance speculative developments.

Most municipal bond debt is repaid with ultrareliable state and local tax dollars. But private firms, typically nonprofits, can borrow at tax-free rates with the help of government

agencies. These conduit issuers sell bonds and then lend the proceeds to the borrower, collecting a fee along the way and bearing no responsibility for repaying the debt.

Over the past five years, as the economy boomed in an era of easy money, conduit issuers financed experimental recycling projects, charter schools, convention-center hotels—and a New Jersey mall and theme park with one of the largest indoor ski hills in the Western Hemisphere.

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# Gap and Kanye West Split

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Nicholas Gravante Jr., a partner with Cadwalader, Wickersham & Taft LLP.

The first item, a Yeezy Gap hoodie, went on sale in the fall of 2021, but it was available only on Gap's website.

It wasn't until the French luxury house Balenciaga got involved that products under the name Yeezy Gap Engineered by Balenciaga made their debut in stores in July 2022.

A new batch of Yeezy Gap products is scheduled to arrive in stores for the coming fall and holiday season, according to the company. The Yeezy Gap items will be priced under \$100, in contrast with the more expensive Yeezy Gap Engineered by Balenciaga products.

Gap was also required under the agreement to open as many as five retail stores dedicated to showcasing Yeezy Gap products by July 31, 2023, according to the letter.

To date, Gap hasn't opened a dedicated store, the letter contends.

Mr. West's 10-year deal with Adidas, which runs through 2026, is also fraying. The German sportswear giant and its executives have faced criticism for months from Mr. West, ranging from accusations of stealing his designs from his Yeezy brand to not fulfilling their contract obligations.

"It's going to cost you bil-

lions to keep me. It's going to cost you billions to let me go," Mr. West said in an Instagram post that has since been deleted.

An Adidas spokesman declined to comment.

Adidas Chief Executive Kasper Rorsted said in August that Mr. West was probably the most important partner the company had.

The two parties have been in conversations for the past week, and Adidas is trying to find a path toward continuing the partnership, according to people familiar with the matter.

Mr. West has long held ambitions to affect fashion the way he has put his imprint on music. In 2009, he interned at the Italian fashion house Fendi.

As recently as 2018, he had hoped to become artistic director of Louis Vuitton menswear, a job that went to his friend Virgil Abloh, who died of cancer in November.

Before collaborating with Adidas, Mr. West joined forces with Nike Inc., where he released the coveted Nike Air Yeezy II. His high-end line of Yeezy sneakers for Adidas are released in limited quantities and quickly sell out. Gap said the Yeezy Gap hoodie delivered the most sales by an item in a single day on its website when it made its debut.

The Yeezy Gap partnership showed signs of trouble early on. In September 2020, Mr. West threatened to withhold the line until he was given a board seat. He made similar demands about joining Adidas's board.

Gap shares declined 3.64% in Thursday trading. The shares are down almost 50% year to date.

# Producers of 'Walking Dead,' AMC Battle Over Series Profits

By JOE FLINT

AMC Networks' hit zombie-apocalypse drama "The Walking Dead" is ending this November after an astounding 12-year run. But a legal battle over profits from the show is expected to continue after the last zombie has been killed.

One of the most popular cable programs ever—generating multiple spinoffs and even a talk show about the show—"The Walking Dead" has also spawned two acrimonious legal fights over profits between AMC parent AMC Networks Inc. and producers.

One of those fights was settled last year, but another one is still going, with its next chapter starting with mediation talks on Friday. At issue is the deal between AMC Studios, which makes the show, and the AMC Network, which airs and licenses it.

"The Walking Dead" producers claim the license fee AMC was paying for the show was far below market rate and that it didn't increase with the success of the show, which is usually what happens with a hit program. That allowed AMC to keep a bigger share of the profits, producers allege.

"For years, the plaintiffs have tried through litigation to rip up binding contracts negotiated by the most sophisticated lawyers and agents in the world," said Orin Snyder, a lead attorney for AMC Networks.

Disputes over profit-sharing between talent and studios and networks have become commonplace over the past several years as the entertainment industry has consolidated.

For decades, networks typically licensed shows from third-party studios. Now, entertainment companies seek to create and distribute their



'The Walking Dead' is ending its run in November after being on the air for 12 years.

own content instead of acquiring it.

That trend has raised concerns for producers, writers and actors that such in-house deals can limit their cut in the success of a hit show.

Last year, AMC Networks agreed to pay \$200 million to settle another profit dispute with the show's first executive producer Frank Darabont and Creative Artists Agency LLC, which represents Mr. Darabont.

AMC Networks said \$143 million was to settle the suit and acquire Mr. Darabont and CAA's existing rights from the show and its spinoffs, according to a securities filing.

The remaining \$57 million is the portion of profits Mr. Darabont and CAA were already due as part of their original agreement with AMC, the filing said.

To date, AMC has prevailed in the current dispute—with creator Robert Kirkman and producers Glen Mazzara, Gale

Anne Hurd and David Alpert—over whether the company behaved in a manner aimed to shortchange their profits. In a 2020 minitrial, a Los Angeles Superior Court judge found AMC's profit-sharing agreement valid.

The producers then filed an amended complaint. In April this year, the same judge—Daniel J. Buckley—seemingly put a nail in the coffin of the producers when he granted AMC Networks's motion for a summary judgment and tossed producer claims that they were denied the implied covenant of fair dealing.

The producers and their lawyers are still putting up a fight, like the hard-to-kill zombies of the show.

On Friday, the two sides will enter mediation to try to resolve what is left of the case: audit claims from the producers, including allegations of failure to report revenue properly and overcharging of distribution fees. The pro-

ducers are seeking \$33 million, according to their legal team.

If an agreement isn't reached, a trial will be held in January to resolve the matter. The producers have indicated that once the audit-claim issue is settled, they will likely file an appeal in an effort to overturn Judge Buckley's ruling.

The producers said they would seek a jury trial instead of a bench trial for their next attempt. Mr. Darabont's trial was also before a jury before it was settled.

"This has wound up being a particularly egregious example of how poorly talent can be treated by studios regarding profit participation," said Sheldon Eisenberg, the lead attorney for the producers.

Mr. Snyder, AMC Networks's lead lawyer, said: "AMC has already paid these plaintiffs many millions of dollars, and will pay them many millions more as a result of the success of The Walking Dead."

# Shell's Next CEO Is Executive Experienced in Renewables

By JENNY STRASBURG

LONDON—Shell PLC named Wael Sawan, its head of integrated gas and renewables, as its next chief executive, replacing longtime CEO Ben van Beurden and marking a change of the guard at one of the world's biggest oil companies.

The London-listed company said Thursday that Mr. Sawan would assume the position on Jan. 1, when Mr. van Beurden steps down after nine years in the role. Mr. van Beurden will continue working as an adviser to the board until June 30, after which he will leave the company.

The CEO switch comes as Shell and others in the oil-and-gas industry grapple with how to balance their traditional fossil-fuel-based activities while pushing further into low-carbon energy like wind and solar power. The moves, aimed at cutting greenhouse-gas emissions, come as companies face pressure from investors, governments and the public to address climate change.

The Wall Street Journal reported earlier this month that Shell was laying the groundwork to replace Mr. van Beurden, who is 64 years old.

In tapping Mr. Sawan for the top job, Shell elevates a longtime executive who has steadily taken on expanded responsibilities alongside the natural-gas business that has recently driven record profits.

Mr. Sawan, 48, joined Shell in 1997 and has been viewed internally and among investors and other people close to the company as the front-runner to succeed Mr. van Beurden. His dominant experience in the energy giant's "upstream" business—its traditional oil-and-gas production lines—reflects the continuing focus of those to Shell even as it pushes further into renewable energy.

Mr. Sawan was given added responsibilities overseeing Shell's renewable-energy efforts in late 2021, a move that added to views both inside and outside the company that he could be positioned to move into the CEO job. Shell has said



Wael Sawan is Shell's next chief executive officer.

it would cut by half the carbon-dioxide emissions under its operational control by 2030, compared with 2016 levels.

In his most recent role, Mr. Sawan—a dual Lebanese-Canadian national—oversaw Shell's liquefied natural-gas operations, boosted the company's exposure to solar and wind power, and took the decision

25

Number of years Wael Sawan has worked at Shell

to build what will be Europe's largest hydrogen plant in the Netherlands.

During his 25 years at Shell, Mr. Sawan has worked in Asia, Africa and the Americas, in addition to Europe. He has overseen businesses from locations ranging from Qatar to New Orleans, where he supervised Shell's deep-water oil-and-gas production in the Gulf of Mexico and globally for four years. Shell continues to invest billions of dollars in the Gulf of Mexico, even as it promises to reduce oil production by 1% to 2% a year through this decade.

In a statement Thursday, Mr. Sawan said he wanted Shell to "rise to the immense challenges, and grasp the op-

portunities presented by the energy transition."

Shell shares slipped 0.64% in London Trading Thursday.

"The shift is likely to be more of a continuation than revolution of the strategy put in place by van Beurden," said Biraj Borkhataria, an analyst at RBC Capital Markets.

RBC said Shell's business mix, with the largest integrated-gas business among global peers, alongside its large shareholder cash returns leave it well-placed to benefit from what the bank describes as the new, more volatile world.

The departure of Mr. van Beurden, who was already a 30-year veteran of Shell when he was promoted to CEO in 2013, caps a period of continuous change at the company.

During the Dutch executive's tenure, Shell experienced wild swings in commodity prices and downturns that included cratering energy demand early in the Covid-19 pandemic. This year, Shell and its oil-major peers have rebounded with banner profits, spurring billions of dollars in share buybacks and increased shareholder dividends.

Mr. van Beurden also oversaw Shell's biggest acquisition in decades when it bought rival BG Group for more than \$50 billion, transforming its footprint in natural gas in ways that have paid off handsomely over the past year.

He also led a consolidation of Shell's historic dual British and Dutch structure, relocating its headquarters to London from The Hague. As part of the move, it changed its name from Royal Dutch Shell PLC to simply Shell.

In taking over as CEO, Mr. Sawan inherits several challenges. Those include competing for investors focused on a continued bonanza of big dividends tied to oil-and-gas profits, while balancing demands by other investors, governments and climate watchdogs wanting Shell to move more quickly toward lower-carbon energy.

—Kyle Morris and Peter Stiff contributed to this article.

# FedEx Misses Forecast

*Continued from page B1*

tors that handle its Ground packages to help them with higher fuel and labor costs.

The company said results from its largest unit, Express, were curbed by macroeconomic weakness in Asia and service challenges in Europe. That led to a revenue shortfall of about \$500 million compared with the company's forecast.

Revenue at FedEx Ground, which mostly handles e-commerce deliveries in the U.S., was about \$300 million below company forecasts. Overall, the company expects revenue of \$23.2 billion and earnings of \$3.33 a share. Wall Street had been expecting first-quarter revenue of \$23.6 billion and earnings of \$5.14 a share, according to FactSet.

The company said it was withdrawing its full-year financial forecasts issued in June. For the second quarter, it guided for revenue between \$23.5 billion to \$24 billion.

—Kathryn Hardison contributed to this article.

# Uber Hit By Cyber Incident

*Continued from page B1*

million accounts. Millions of riders' names, emails and phone numbers were accessed, as were about 600,000 drivers license numbers. A year later, Uber disclosed the breach and said it paid the hackers \$100,000.

The company said at the time that it had fired its chief security officer and deputy for their roles in the company's response to the breach.

The security chief, Joe Sullivan, is now on trial, facing criminal obstruction charges for his role in paying the hackers. The trial started last week in U.S. District Court in San Francisco.



The music and fashion impresario has criticized Gap on social media.

## BUSINESS NEWS

# Amazon, Apple Passed on LIV Golf Rights

Tech giants' rejection leaves Saudi-backed tour still searching for a U.S. media partner

BY ANDREW BEATON  
AND JOE FLINT

LIV Golf has lured some of the world's most famous golfers to its upstart golf league, but it is having a much more difficult time finding a major U.S. media partner to broadcast its tournaments.

Amazon.com Inc. and Apple Inc. have both passed on the media rights to LIV Golf, people familiar with the matter said, leaving the Saudi-backed circuit with a dwindling number of options.

LIV approached the two tech giants about potentially carrying its events on their streaming platforms, but neither expressed interest and talks never advanced to any serious negotiations, the people said.

LIV has been accused by critics of using golf to repair the reputation of Saudi Arabia after various human-rights abuses.

Amazon and Apple join a list of media platforms that have, so far, declined to carry the tour. LIV also hasn't been able to strike a deal with networks including ESPN, CBS, NBC and Fox, people familiar with the matter said.

CBS, NBC and ESPN have deals with the PGA Tour, which is in an increasingly conten-



Phil Mickelson, seen competing in a LIV Golf event in Oregon this summer, is among the superstars who have signed on with the tour.

tious feud with LIV. Fox carries several major sports including National Football League games and college football.

Fox parent Fox Corp. and Wall Street Journal parent News Corp share common ownership.

A LIV Golf executive said it was too early to characterize anyone as being firmly in the mix or out yet. LIV is beginning to enter the auction phase for its media rights, the executive said, in advance of the circuit's first full season in 2023 when it plans to have a deal, with a significant rights fee, in place.

One of the biggest questions for LIV since its launch this year has been whether it would be able to secure the type of lucrative media-rights deal that underpins the riches of professional sports leagues.

The LIV executive said the tour wanted to make its events available directly to consumers this year to prove its product.

In the U.S., LIV, which will host its fifth event this week, can be watched free of charge on platforms including AlphaBet Inc.'s YouTube and LIV's website. It is also available on sports-streaming service

DAZN, which is carrying the events as part of a no-cash deal, a person familiar with the matter said.

LIV also has various deals to air its events overseas this year.

The upstart tour, which is financed by Saudi Arabia's sovereign-wealth fund, has announced \$2 billion in investments and has spent gobs of money attracting big-name players. The record-setting, \$25 million prize funds at the events are also richer than what has been offered by the PGA Tour. Phil Mickelson, Dustin Johnson and Bryson

DeChambeau are among the superstars who have signed on with LIV. It has continued to add to its stable of high-profile players throughout the year, including the recent addition of British Open champion Cameron Smith.

LIV has splurged on a number of high-profile personalities for its own productions. Longtime commentator David Feherty, who had done golf on NBC and CBS previously, is part of a broadcast team that includes play-by-play announcer Arlo White, who previously had called English Premier League games.

"We're bullish about our prospects given our player field and the quality of our product," said LIV Golf Chief Media Officer Will Staeger.

The new circuit has generated significant controversy, because of the fissure it has created in professional golf and the source of its funding. Critics say LIV Golf exists to use golf's popularity as a means to repair the global reputation of the kingdom after various human-rights abuses, such as the killing of journalist Jamal Khashoggi.

LIV has denied so-called sportswashing claims and said its mission is to expand the game of golf across the globe with a fun, new format. Its tournaments are 54 holes and feature a team element and shotgun starts, in which the players all start at the same time across various holes on the course.

The PGA Tour, meanwhile, has suspended the golfers who have joined LIV, while others who left resigned their tour memberships. The fracture has spawned an antitrust lawsuit from LIV and various players against the PGA Tour, challenging their suspensions.

While big networks have traditionally grabbed up the most valuable sports media, streaming platforms have increasingly emerged as competitors. Amazon struck a deal last year for rights to the NFL's Thursday Night Football for \$1.2 billion annually. Apple and Comcast Corp.'s Peacock have also entered the mix with Major League Baseball games.

## CSX Names Former Auto Executive CEO

BY ESTHER FUNG

CSX Corp. on Thursday named Joe Hinrichs as its new chief executive officer, putting the former auto executive in charge of the freight-railroad operator as the industry faced labor turmoil.

Early Thursday, the White House said it reached a tentative agreement to avoid a potential railway strike.

Mr. Hinrichs served as president of Ford Motor Co.'s automotive business and held executive roles in manufacturing, materials, planning and logistics before retiring in 2020 in a leadership shake-up. After he left Ford, Mr. Hinrichs joined the board of several companies and became an adviser to electric- and autonomous-vehicle companies including Rivian Automotive Inc. and Lumina Technologies Inc.

Mr. Hinrichs, who is known in the auto sector for his manufacturing expertise, will relocate to Jacksonville, Fla., from Michigan and join CSX as president and CEO on Sept. 26, the company said.

Jim Foote, the current CEO, will remain through March 31 as an adviser to facilitate the transition.

"I grew up in the manufacturing system, so I know what it's like to be out there, and working hard in those environments," Mr. Hinrichs said in an interview.

The industry is under pressure from federal regulators to improve service and fix delays that shippers say have snarled deliveries and disrupted production at farms and chemical plants.

Mr. Foote said Mr. Hinrichs has a strong operations background and a record of building relationships with employees and labor officials.

"He has proven that he understands how to prioritize safety and efficiency in an industry with dynamics that are similar to those we are navigating today in rail," Mr. Foote said.

Mr. Foote took over at CSX in late 2017 after the unexpected death of his predecessor, Hunter Harrison. Mr. Harrison joined CSX in March 2017 and had implemented the early steps of a turnaround plan. The plan was based on precision-scheduled railroading, which broadly entails better utilization of assets, minimizing inventory and running trains on tighter schedules.

Mr. Hinrichs said he read books about the operating approach over the summer and that the principles that apply to the automotive industry for manufacturing also apply to precision-scheduled railroading. He said he is going to spend his first 100 days in the field meeting with employees and getting to know the operations up close.

## DOJ Sues to Block Lockmaker Merger

BY JAN WOLFE

The Justice Department on Thursday filed an antitrust lawsuit challenging a planned \$4.3 billion deal in which leading lockmaker Assa Abloy AB is seeking to acquire a U.S. rival.

The civil lawsuit, filed in a federal court in the District of Columbia, seeks to block the Swedish company's planned acquisition of Spectrum Brands Holdings Inc.'s home improvement division.

Spectrum Brands sells Kwikset-branded locks and Pfister-branded faucets, among other household items. A representative of Spectrum Brands didn't respond to a request for comment.

Assa Abloy, which also didn't respond to a request for comment, sells locks under the brand names Yale and Medeco.

The Justice Department alleged the company's planned deal "is the latest step in its attempts to advance the trend to-

ward concentration in the residential door hardware industry."

The Justice Department said an offer by Assa Abloy and Spectrum Brands to divest assets to obtain antitrust clearance was inadequate. The proposed asset sales aren't sufficient to preserve competition in the industry, the department said.

Assa Abloy announced the transaction in September 2021, saying the deal would accelerate its shift from mechanical to digital security systems. The company said it would pay a \$350 million termination fee if the deal doesn't close because of regulatory obstacles.

In July, Assa Abloy and Spectrum Brands said the deal had been delayed because of regulatory concerns, and they extended their acquisition agreement to June 30, 2023. They said they were "confident that they will obtain all required governmental clearances to complete the transaction."

## Reactor Woes Hurt EDF Results

BY MATTHEW DALTON

PARIS—EDF SA, France's state-controlled power company, said a rash of outages in its fleet of nuclear reactors is expected to wipe about \$29 billion off its pretax earnings this year, a sign of the turmoil at one of Europe's most important electricity producers as the continent confronts a cutoff of Russian natural-gas supplies.

EDF has shut down 12 of its 56 nuclear reactors because of corrosion discovered on pipes that cool the reactor cores. The company, the world's largest operator of nuclear plants, is scrambling to replace pipes and restart the reactors for this winter, when Europe's power supplies are expected to come under further stress because of Moscow's decision to cut deliveries of natural gas to the continent.

The expected hit of 29 billion euros, equivalent to \$29 billion, comes on top of more than €10 billion in losses that the company is expected to book because of France's decision to cap retail electricity prices this year. Both the reactor outages and the price cap have forced EDF to buy power on Europe's wholesale market, where prices have soared, and sell it to retail customers at much lower prices, booking huge losses.

EDF's troubles have exacerbated the energy crisis facing Europe as the continent struggles to replace Russian supplies amid the war in Ukraine. The company, which is 84% owned by the French government, plays a crucial role in the region's energy security; its fleet of reactors generate low-carbon electricity that is normally exported to neighboring countries, stabilizing electricity prices across Western Europe. That situation changed dramatically in the



EDF has shut down 12 of its 56 nuclear reactors because of corrosion discovered on pipes.

first half of this year, when France swung from being Europe's largest net exporter of electricity to a net importer.

EDF posted a €5.3 billion loss in the first half of the year. Executives said its losses would balloon in the second half because of the impact of buying replacement power in the wholesale market.

More than 20 of EDF's reactors are currently offline. Those include the 12 shut because of corrosion problems and other reactors for which the company brought forward maintenance to ensure that they are available this winter. EDF is also running some reactors at reduced rates to conserve uranium fuel.

The corrosion problem was first uncovered last fall when a technician was inspecting pipes on one of the reactors at the Civaux plant, France's newest nuclear-power station,

a person familiar with the matter said. The technician discovered stress corrosion on pipes where water circulates under high pressure, in a section of piping where corrosion wasn't thought to be a significant threat. Officials investigated other reactors with a

**Reactor outages will wipe about \$29 billion off its pretax earnings this year.**

similar design and found the same problem.

The government of French President Emmanuel Macron this summer said the state would buy the remaining 16% of the company it doesn't already own at a cost of €9.7

billion. The company is central to France's climate-change and energy-security plans. Mr. Macron has proposed building up to 14 new reactors in the coming decades.

In contrast to EDF, Rosneft Oil Co. said profits rose in the first half of the year, as rising crude prices helped Russia's state-backed energy giant and biggest taxpayer to shrug off mounting restrictions on exports. Net income rose 13% from a year earlier to 432 billion rubles, equivalent to \$7 billion, Rosneft said. Fossil-fuel production rose 1.5% to the equivalent of 4.85 million barrels of oil a day.

The rise in profits and output marks a remarkable recovery for Rosneft. Russia's oil industry plunged into crisis in the early weeks of the war, when buyers in Europe, the U.S., Japan and South Korea shunned its fuel.

## Alcohol-Free Budweiser Gets World Cup Push

BY KATIE DEIGHTON

Budweiser is promoting its alcohol-free lager at the coming soccer World Cup in Qatar, balancing its role as the official beer of an event being held in a predominantly Muslim country with strict regulations on the sale and consumption of alcohol.

Executives from Anheuser-Busch InBev SA, the brewer's parent, believe the restrictions on alcohol sales provide it with an opportunity to encourage people to try its alcohol-free Budweiser Zero, which will be on offer at stations around the tournament and inside soccer stadiums' main

bowls, where alcohol sales aren't permitted.

"There will be millions of people watching the games, so it's a sizable trial opportunity for sure," said Marcel Marcodes, Anheuser-Busch InBev's global chief marketing officer.

The company wants low-alcohol and no-alcohol beer products to make up at least 20% of its global beer volume by 2025. The current figure stands at 6.63%, according to a company report published in February.

Budweiser will provide its flagship alcoholic brand only at certain venues including at its "takeover" of the W Hotel

in the capital of Doha, executives said. Alcohol isn't illegal in Qatar but usually can only be purchased in a small set of tightly regulated places, such as licensed hotels.

"We're working with the local authorities to make sure that we will be absolutely compliant with all the specificities of the regulation," he said.

Qatar will partly relax its alcohol restrictions during the tournament, which is set to take place between Nov. 20 and Dec. 18.

Spectators will be allowed to buy alcoholic Budweiser in designated stadium areas outside the main bowls before

and after games.

And the beer will be available only after 6:30 p.m. at the FIFA Fan Festival, an official outdoor event in downtown Doha billed as "29 days of football, music, culture and lifestyle."

A company spokeswoman said Budweiser designed its World Cup brand activation to discourage harmful alcohol consumption and will run what Anheuser-Busch InBev calls its "Responsible Beverage Service," which trains bar owners and staff to help reduce underage drinking, binge drinking and drunken driving.

It is illegal to be drunk in public in Qatar.

## China Fast-Fashion Brand Shein to Add Warehouses in U.S.

By JING YANG

**Shein**, the online retailer that has turbocharged the global fast-fashion industry, is planning to deepen its foothold in the U.S. as its sales to American shoppers continue to soar.

The company is planning to build three large distribution centers in the U.S. that could eventually reduce shipping times for its customers by three to four days, George Chiao, president of Shein's U.S. operations, said in an interview. It is also planning a hiring spree in the country over the next few years, he said.

Shein, a privately held business known for its extremely low-price and trendy apparel and accessories, hasn't disclosed its recent sales figures. The decade-old company was valued at \$100 billion in a funding round earlier this year after it raised money from global investors.

Simon Irwin, a London-based retail analyst at Credit Suisse, recently estimated that Shein had about \$16 billion in sales last year. Global fast-fashion giant Zara, which sells apparel and home goods in stores and online, generated net sales of €19.6 billion, or \$19.5 billion, in the fiscal year ended Jan. 31, according to its parent Inditex SA. Zara's sales jumped 29% to €10.9 billion in the six months to July 31, Inditex said this week.

Shein sells exclusively online and ships its merchandise from China to more than 150

countries. The U.S. is one of Shein's biggest markets, accounting for about a quarter of the company's gross merchandise value, Mr. Chiao said.

Currently, Shein's customers need to wait 10 to 15 days for their orders to be delivered, according to the company's U.S. website. That is a far cry from the average shipping times of retailers such as Amazon.com Inc. and rivals such as Zara and H&M that have leaned on their physical stores to help fulfill e-commerce orders quickly. Shein said packages sent via standard shipping are delivered within seven to eight days on average.

Shein opened its first U.S. distribution center in Whites-town, Ind., in April and is expanding its area to 1.5 million square feet, from 1 million square feet currently.

The company is planning to open a second, 1.8 million-square-foot distribution center in Southern California by the spring of 2023. The two centers combined would employ about 3,000 people by 2025, Mr. Chiao said. Most of the new hires will be directly employed by Shein; others would be contract workers. A third distribution center is being planned for the Northeast, he said.

The retailer is also planning to hire at least several hundred employees at its U.S. corporate headquarters in Los Angeles, its Washington, D.C., office and potentially in other American cities.



Players compete at an Activision Blizzard tournament in San Antonio. The company is behind 'Call of Duty' and 'World of Warcraft.'

## Microsoft's Activision Deal Draws Further U.K. Scrutiny

By SARAH E. NEEDLEMAN AND KIM MACKRAEL

The U.K.'s competition regulator said it would escalate its investigation into whether Microsoft Corp.'s planned acquisition of **Activision Blizzard** Inc. could harm competition in the videogame industry, adding uncertainty to the \$75 billion deal in one of the world's largest markets for interactive entertainment.

This month, the Competition and Markets Authority asked the companies to answer questions to address competition concerns. The regulator, which started its investigation into the deal in July, said on Thursday that the probe will now enter a second phase involving a panel of independent reviewers.

The CMA said it would deepen its investigation after Microsoft informed the agency that it wasn't offering concessions that could have gained it speedy regulatory approval.

Less than one-third of the more than 275 mergers the CMA has investigated since 2017 have moved to the second phase. Of those, the CMA blocked eight, more than a dozen were abandoned and others were approved or gained approval subject to certain conditions.

Microsoft referred to an ear-

lier statement by President Brad Smith saying the company is ready to work with the U.K. regulator on next steps and to address any of its concerns.

A spokeswoman for **Sony Group Corp.**'s PlayStation business, Microsoft's chief rival in videogaming, issued a statement saying the company welcomed the CMA's decision to further investigate the merger.

"By giving Microsoft control of Activision games like 'Call of Duty,'" this deal would have major negative implications for gamers and the future of the gaming industry," the company said. "We want to guarantee PlayStation gamers continue to have the highest quality gaming experience, and we appreciate the CMA's focus on protecting gamers."

In response to Sony's comment, a spokeswoman for Microsoft said it wouldn't make sense to remove "Call of Duty" games from PlayStation "given its market-leading console position."

Microsoft's deal for Activision is also being reviewed in the U.S. by the Federal Trade Commission. Since assuming office in 2021, FTC Chairwoman Lina Khan has taken steps to investigate more deals and what the commission sees as anticompetitive conduct.

Although the Microsoft-Activision deal is undergoing

scrutiny in many markets, competition lawyers said regulators in the U.K., the European Union and the U.S. are the most likely to intervene. The EU hasn't yet begun a formal review of the deal.

The U.K. could be looking to shelter its local companies, as it is home to some top game studios, including Electronic Arts Inc.'s Codemasters and Take-Two Interactive Software Inc.'s Rockstar North. It is the world's sixth-largest videogame software market by revenue, according to industry tracker

**The Federal Trade Commission is also reviewing the planned acquisition.**

Newzoo BV. China is the largest, followed by the U.S.

Activision specializes in game development and owns some of the world's most popular franchises such as "Call of Duty" and "World of Warcraft."

Microsoft makes Xbox videogame consoles and Sony is known for its PlayStation systems. Nintendo Co. has the Switch console, which can be played at home or on the go. All three companies also de-

velop and publish their own games.

Microsoft is also one of the world's largest cloud-computing service providers and has been a leader in the cloud-gaming market through its Game Pass subscription service. Sony offers cloud gaming through its PlayStation Plus subscription.

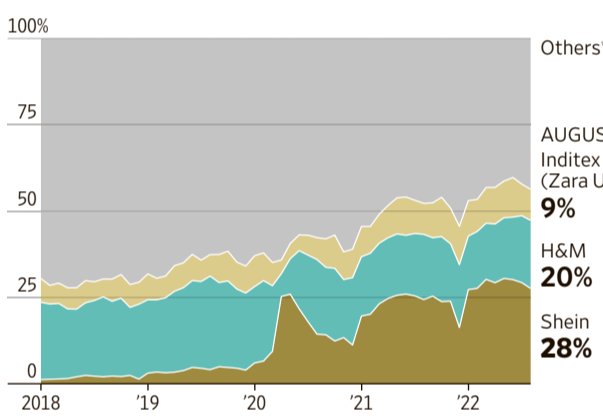
Competition lawyers said the positions of regulators around the world will depend in part on how they define the market affected by the Microsoft-Activision deal.

If regulators define it broadly—for example, to cover videogames of all kinds—they might be less likely to view the merger as a threat to competition. A more narrowly defined market focused on videogames in the same shooter genre as "Call of Duty," though, might produce more concerns, they said.

Another potential concern for regulators is whether the deal would give Microsoft an incentive to discriminate against Sony and Nintendo by restricting access to Activision games on those companies' consoles, or by making it harder to play competing videogames on Xbox consoles, the lawyers said.

Microsoft announced the agreement to buy Activision for around \$95 a share in January. It has said it expects the deal to close by June 2023.

### U.S. fast-fashion market share



\*Includes Adika, Asos, Blush Mark, Boohoo, Charlotte Russe, Charming Charlie, Cotton On, Express, Fashion Nova, Fast Retailing, Forever 21, Hot Topic, Misguided, Primark, Princess Polly, Romwe, Rue21 and Topshop  
Source: Earnest Research

## Twilio Lays Off 11%, Saying Head Count Grew Too Fast

By JOSEPH DE AVILA

**Twilio** Inc. said it is laying off 11% of its workforce as part of a restructuring of the cloud-communications company.

Twilio Chief Executive Jeff Lawson said in a letter to the staff that the company's head count had grown too fast as it attempted to meet its profitability goals and pursued projects that didn't fall within the company's priorities.

"I take responsibility for choosing to grow our team faster," Mr. Lawson said in the letter. "And now, I also own the decision to become more focused—resulting in this layoff."

Mr. Lawson also said the layoffs "were carried out through an anti-racist/anti-

oppression lens" because corporate downsizing can have a more pronounced impact on marginalized communities.

Twilio declined to comment beyond Mr. Lawson's letter.

In June 2020, after the killing of George Floyd by a Minnesota police officer and the protests that followed, Twilio, like other companies, said it was making a commitment to antiracism and equity. That included new efforts to recruit and develop Black staff members and advocating for social justice.

The company will have to pay \$70 million to \$90 million in charges for things such as severance payments and employee benefits, the company said in a filing on Wednesday with the U.S. Se-

curities and Exchange Commission.

The majority of the charges will be incurred in the third quarter, according to the filing.

Twilio had 8,510 employees as of June 30, according to the company's second-quarter earnings report.

Shares of the company edged lower on Thursday, closing at \$77.69 each.

Twilio makes tools that companies use to interact with employees and customers by text, WhatsApp, other chat services, video and voice.

This area of cloud computing did well during the pandemic as retailers sought to connect to customers virtually rather than in person.

Twilio was among a num-



The company had 8,510 employees as of June 30, according to its second-quarter earnings report.

ber of companies that had huge stock-price increases during the pandemic but that have since fallen as life began returning to normal.

The company made a number of acquisitions in recent

years, including the \$3.2 billion deal for Segment, a software provider that helps businesses track and manage customer data.

Twilio is the latest tech company that has laid off

staff in recent months.

Rapid-delivery startup Gopuff said in July it was cutting 10% of its workforce. Twitter Inc., Tesla Inc. and Netflix Inc. have also trimmed staff recently.

## EU Plans Strict Cybersecurity Rules for Digital-Product Firms

By CATHERINE STUPP

Companies that make digital devices and software will need to prove they fulfill basic cybersecurity requirements under a new European proposal intended to reduce hacking risks in a range of products, from home appliances and wearable devices to software and computers.

The draft legislation introduced Thursday also requires manufacturers that do business in the European Union to provide security patches and updates for the product's lifetime or five years after going to market, whichever is shorter. Companies that break the rules would face fines of up to 15 million euros, equivalent to \$15 million, or 2.5% of

global revenue.

"It's important when you buy a product that the product doesn't have known vulnerabilities. That's not the case today," Thierry Breton, EU commissioner for the internal market, told reporters on Thursday. The legislation is a breakthrough, he said, because Europe is the first continent to propose required cybersecurity assessments for software.

The legislation will be "a massive undertaking" at significant cost to companies in the form of security assessments and new procedures, said Nils Scherrer, a manager in digitization at ZVEI, an association of German electrical and digital companies, including **Siemens AG** and **Bosch Thermotechnik GmbH**, a sub-

siidiary of **Bosch AG** that makes heating equipment.

"You need to basically change all your internal processes that are involved in the product life cycle," he said.

Products with digital components will need to display labels saying they comply with the new rules and stating how long cyber support will be provided. The proposal doesn't cover medical devices and cars, which are regulated by other laws.

Lawmakers must negotiate details of the proposal before it can be approved, a process that could take several months. Companies will then have two years to comply.

Businesses also will have to disclose a so-called software bill of materials listing the

components of each product, a move that could help manufacturers monitor their supply chains and track security vulnerabilities, the proposal says. An EU official involved in drafting the legislation said the bill of materials was inspired by President Biden's 2021 executive order on cybersecurity, which requires companies that provide software to the federal government disclose their components.

The draft rules include a list of 38 critical technology products required to obtain cybersecurity assessments from an independent body. Those products, which include software such as password managers and firewalls, and hardware such as microcontrollers, industrial internet-of-

things devices and smart meters, were deemed critical in part because of the potential impact if they were hacked, the EU official told reporters last week. Still, the official said, around 90% of companies will likely be able to self-certify.

Some manufacturers are concerned about third-party security reviews delaying product launches, said Paolo Falcioni, director-general of Applia, a Brussels-based association for home appliance makers. "It is essentially a time-to-market restriction," he said.

The proposal leaves room for the European Commission to create a list of "highly critical" products that would require a separate certification created by EU cybersecurity

experts.

The list of products deemed critical under the legislation is already too broad, Mr. Scherrer said, and some might not be used for crucial functions at all. "You can have a component that might be able to connect to a network but is used in a completely uncritical context. It could be part of a Coca-Cola machine or nuclear power plant," he said.

Consumer advocates, meanwhile, said the list should be longer. Hackers could cause major damage if they intercept signals for common products such as wearable devices, connected toys or home thermostats, said Claudio Teixeira, a legal officer at the Brussels-based European Consumer Organisation.

BUSINESS & FINANCE

# CNN's Lemon Moves to Morning

By JOSEPH DE AVILA

CNN is shaking up its morning news show as part of a broader overhaul of the cable network's lineup.

Prime-time anchor Don Lemon, midmorning anchor Poppy Harlow and White House correspondent Kaitlan Collins will co-host the new morning show, CNN said Thursday. The new program will make its debut later this year, the network said.

Mr. Lemon, who has been with CNN for 16 years, is one of CNN's most prominent anchors. His current prime-time program "Don Lemon Tonight" will end as he begins the new show, CNN said.

CNN didn't respond to a request for comment.

The new morning show is the first major program addi-



Poppy Harlow, Don Lemon and Kaitlan Collins will co-host the new morning show, the network said.

tion for CNN Worldwide Chief Executive Chris Licht, who was most recently the executive producer for "The Late Show With Stephen Colbert," since he joined the network in May. Since his start at CNN, Mr.

Licht has indicated he wants the network to change the perception that it is too partisan in its political coverage. That includes having more news shows and less opinion shows. David Zaslav, chief ex-

ecutive of Warner Bros. Discovery, has also said he wants to differentiate CNN from "advocacy networks."

John Berman and Brianna Keilar, the current hosts of CNN's morning show, "New

Day," will take on new assignments later this year, the network said.

Ms. Harlow is now the host of the midmorning show "CNN Newsroom" and hosts the podcast "Boss Files." She joined the network in 2008.

Ms. Collins joined CNN in 2017 and became the network's youngest White House correspondent ever at the age of 29.

There have also been high-profile departures at CNN in recent weeks since Mr. Licht took over the network.

Brian Stelter, who was the network's chief media correspondent, recently departed CNN after his long-running CNN morning show focused on the media industry called "Reliable Sources" was canceled.

CNN White House correspondent John Harwood also left the network earlier this month.

# Ethereum Shift Stirs Debate on Regulation

By PAUL KIERNAN

WASHINGTON — Ethereum's big software update on Thursday may have turned the second-largest cryptocurrency into a security in the eyes of a top U.S. regulator.

Securities and Exchange Commission Chairman Gary Gensler said Thursday that cryptocurrencies and intermediaries that allow holders to "stake" their coins might pass a key test used by courts to determine whether an asset is a security. Known as the Howey test, it examines whether investors expect to earn a return from the work of third parties.

"From the coin's perspective...that's another indicia that under the Howey test, the investing public is anticipating profits based on the efforts of others," Mr. Gensler told reporters after a congressional hearing. He said he wasn't referring to any specific cryptocurrency.

Issuers of securities—a category of assets that includes stocks and bonds—are required to file extensive disclosures with the SEC under laws passed in the 1930s. Exchanges and brokers that facilitate the trading of securities must comply with strict rules designed to protect investors from conflicts of interest. Cryptocurrency issuers and trading platforms face strict liabilities if they sell any assets that are deemed to be securities by the SEC or courts.

Staking is one of two ways in which cryptocurrency networks verify transactions. Used by some of the largest cryptocurrencies—including Solana, Cardano and, as of this week, ether—it allows investors to lock up their tokens for a specified amount of time to receive a return.

# Britain Considers Letting Banks Pay Bigger Bonuses for Their Aces

By JOSH MITCHELL

LONDON—The U.K. is considering a plan to allow banks to pay bigger bonuses to their star traders and bankers, the latest salvo in an intensifying competition between London and other financial hubs about where to trade and invest money.

Since 2014, U.K. banks have been subject to European Union rules that restrict banks from paying bonuses of more than twice an employee's salary. For bankers earning \$500,000, that means they can get no more than a \$1 million bonus.

U.K. Prime Minister Liz Truss, who took office this month, is an acolyte of Margaret Thatcher and has pledged to follow the late prime minister's lead in deregulating the financial sector. Ms. Truss has said easing rules on business would stimulate the U.K.'s moribund economy and maintain London's perch as one of the world's leading trading centers.

The U.K. can lift the cap because it is no longer part of the EU, the trading bloc that it fully departed last year as a result of the 2016 Brexit referendum.

In potentially the big first step toward further deregulation, the new chancellor of the exchequer, Kwasi Kwarteng, is considering lifting the bonus cap, a Treasury official said Thursday. The Financial Times newspaper earlier reported the plan.

The Bank of England, which regulates banks in the U.K., said it opposed the cap and that it believed in other ways to limit financial risk taking, such as rules that allow banks to recoup bonuses if trades go bad.

The bonus cap was part of Europe's response to the 2008 global financial crisis. The EU argued that the prospect of big end-of-year bonuses had encouraged bankers to engage in risky trading and investments that contributed to the collapse of financial markets. They put the cap in place to reduce the

incentives for risk-taking.

Banks opposed the rules. They have said the cap hasn't reduced bankers' incentives but has simply shifted how they are paid, toward higher fixed salaries. That shift, they say, has meant that bankers get paid high salaries even in years when they perform poorly.

London's financial sector is facing some competition from European cities like Paris and Amsterdam in the wake of Brexit. France and Italy have offered tax incentives to woo Londoners and other rich expats after Brexit. The EU has moved to requiring certain financial functions to take place on the continent.

William Wright, managing director of New Financial LLP, a finance-industry-backed research group, said there was anecdotal evidence that top finance executives in New York have resisted moving to London because of the salary cap. —Max Colchester contributed to this article.

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PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code as enacted in the State of New York, and on account of a default under a certain Pledge and Security Agreement, notice is hereby given that Deepdale Funding PA LLC ("Secured Party") will sell at a public auction sale to the qualified bidder submitting the highest bid certain collateral, including all right, title and interest the Guardian REH LP and the Guardians Realty Partners, LLC (the "Pledgors" or "Debtors") have granted a security interest under that certain Pledge and Security Agreement (the "Security Agreement"), dated December 14, 2021, by and between Debtors and Secured Party, and all proceeds of any of Collateral (all such assets, hereinafter referred to as the "Collateral"), as set forth in Schedule A below, will be offered for sale at a public auction by Secured Party and sold to the highest Qualified Bidder on November 2, 2022 at 2:00 p.m. at the offices of Secured Party's counsel, Herrick Feinstein LLP, 2 Park Avenue, New York, NY 10016 in satisfaction of an indebtedness in the approximate amount of \$21,368,641.00, including principal, interest on principal, and reasonable fees and costs, plus default interest, subject to open charges and all additional interest, costs, fees and disbursements permitted by law. This sale is held to enforce the rights of the Secured Party under the Security Agreement. The Secured Party reserves the right to (i) credit bid its claim secured by the collateral; (ii) reject any and all bids; (iii) cancel the sale in its entirety, and/or (iv) adjourn the sale. The collateral will be sold as a block and will not be divided or sold in any lesser amounts. Interested parties who would like additional information regarding the Collateral and the terms and conditions of the Sale (the "Terms and Conditions") should contact counsel for Secured Party, Herrick Feinstein LLP, 2 Park Avenue, New York, NY 10016, Attn: Avery S. Mehlman, Esq., at 212-592-1400 or by email at amehلمان@herrick.com.

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Featured Speakers

**STEVE CASE**

Chairman and CEO, Revolution;  
Co-Founder, AOL

**RAY DALIO**

Founder,  
Co-Chief Investment Officer  
and Board Member,  
Bridgewater Associates

**JENNIFER GRANCIO**

CEO, Engine No. 1

**AMY HOWE**

CEO, FanDuel

**CARL ICAHN**

Chairman, Icahn Enterprises

**HALM HALEY SACKS**

Founder,  
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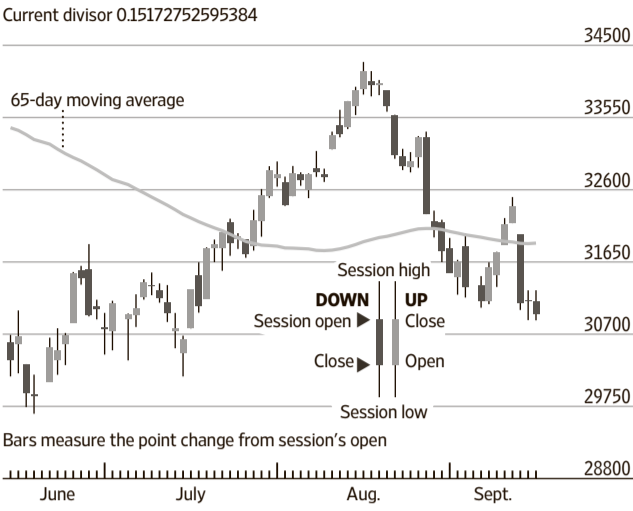
# MARKETS DIGEST

## EQUITIES

### Dow Jones Industrial Average

**30961.82** ▼173.27, or 0.56%  
 High, low, open and close for each trading day of the past three months.

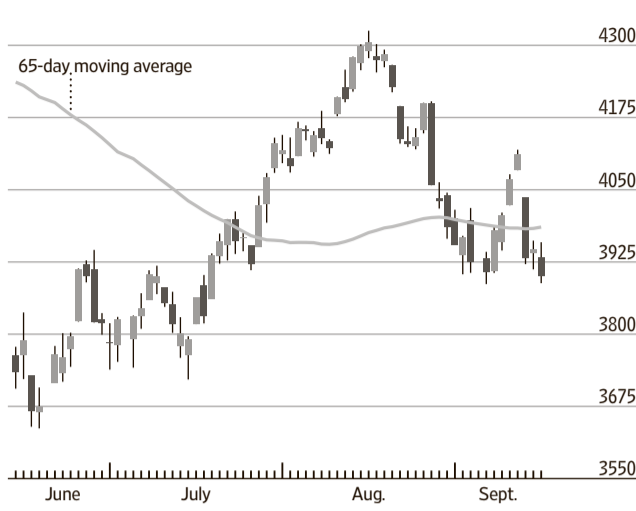
Trailing P/E ratio 18.23 23.62  
 P/E estimate \* 17.04 18.94  
 Dividend yield 2.29 1.84  
 All-time high 36799.65, 01/04/22



### S&P 500 Index

**3901.35** ▼44.66, or 1.13%  
 High, low, open and close for each trading day of the past three months.

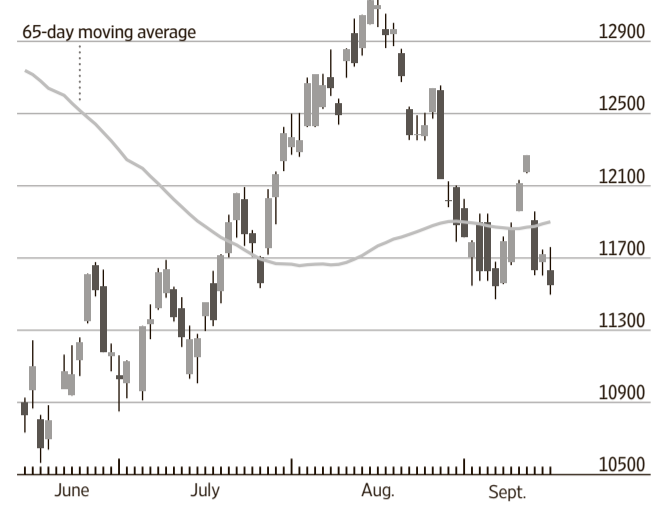
Trailing P/E ratio \* 21.80 31.41  
 P/E estimate \* 17.63 22.10  
 Dividend yield \* 1.66 1.31  
 All-time high 4796.56, 01/03/22



### Nasdaq Composite Index

**11552.36** ▼167.32, or 1.43%  
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio \*\* 25.32 36.35  
 P/E estimate \*\* 22.65 29.17  
 Dividend yield \*\* 0.90 0.66  
 All-time high: 16057.44, 11/19/21



### Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	Low	% chg	52-Week High	52-Week Low	% chg	YTD	3-yr. ann.
<b>Dow Jones</b>													
Industrial Average	31277.69	30882.08	<b>30961.82</b>	-173.27	<b>-0.56</b>	36799.65	29888.78	<b>-10.9</b>	-14.8	<b>4.4</b>			
Transportation Avg	13779.58	13450.20	<b>13510.73</b>	-145.01	<b>-1.06</b>	17039.38	12868.60	<b>-6.5</b>	-18.0	<b>7.7</b>			
Utility Average	1034.88	1014.07	<b>1015.98</b>	-25.58	<b>-2.46</b>	1071.75	869.74	<b>10.8</b>	3.6	<b>6.3</b>			
Total Stock Market	39970.91	39250.44	<b>39386.52</b>	-425.33	<b>-1.07</b>	48929.18	36759.60	<b>-15.0</b>	-19.0	<b>8.5</b>			
Barron's 400	917.64	901.05	<b>904.82</b>	-7.50	<b>-0.82</b>	1127.20	852.16	<b>-11.7</b>	-18.2	<b>9.2</b>			
<b>Nasdaq Stock Market</b>													
Nasdaq Composite	11760.73	11497.11	<b>11552.36</b>	-167.32	<b>-1.43</b>	16057.44	10646.10	<b>-23.9</b>	-26.2	<b>12.2</b>			
Nasdaq-100	12153.34	11867.88	<b>11927.49</b>	-206.91	<b>-1.71</b>	16573.34	11127.57	<b>-23.1</b>	-26.9	<b>14.8</b>			
<b>S&amp;P</b>													
500 Index	3959.14	3888.28	<b>3901.35</b>	-44.66	<b>-1.13</b>	4796.56	3666.77	<b>-12.8</b>	-18.1	<b>9.1</b>			
MidCap 400	2450.30	2403.99	<b>2412.83</b>	-14.71	<b>-0.61</b>	2910.70	2200.75	<b>-10.5</b>	-15.1	<b>7.1</b>			
SmallCap 600	1169.05	1148.14	<b>1152.46</b>	-9.53	<b>-0.82</b>	1466.02	1087.48	<b>-13.3</b>	-17.8	<b>5.7</b>			
<b>Other Indexes</b>													
Russell 2000	1853.03	1818.41	<b>1825.23</b>	-13.23	<b>-0.72</b>	2442.74	1649.84	<b>-18.3</b>	-18.7	<b>5.0</b>			
NYSE Composite	14903.03	14686.97	<b>14722.03</b>	-121.19	<b>-0.82</b>	17353.76	14097.05	<b>-11.2</b>	-14.2	<b>3.9</b>			
Value Line	551.06	540.94	<b>542.66</b>	-4.48	<b>-0.82</b>	696.40	510.18	<b>-17.4</b>	-19.2	<b>0.5</b>			
NYSE Arca Biotech	4834.23	4737.65	<b>4799.58</b>	36.69	<b>0.77</b>	5983.77	4208.43	<b>-18.8</b>	-13.0	<b>2.7</b>			
NYSE Arca Pharma	771.94	764.43	<b>766.35</b>	0.20	<b>0.03</b>	887.27	732.23	<b>2.2</b>	-7.4	<b>9.7</b>			
KBW Bank	109.10	106.34	<b>107.72</b>	1.46	<b>1.37</b>	147.56	98.36	<b>-14.9</b>	-18.5	<b>1.9</b>			
PHLX <sup>S</sup> Gold/Silver	102.45	98.30	<b>99.18</b>	-3.08	<b>-3.01</b>	167.76	94.71	<b>-20.6</b>	-25.1	<b>3.5</b>			
PHLX <sup>S</sup> Oil Service	69.63	68.31	<b>68.93</b>	-2.00	<b>-2.82</b>	88.37	49.14	<b>26.7</b>	30.7	<b>-1.4</b>			
PHLX <sup>S</sup> Semiconductor	2601.12	2530.53	<b>2549.54</b>	-41.97	<b>-1.62</b>	4039.51	2458.46	<b>-26.6</b>	-35.4	<b>16.7</b>			
Cboe Volatility	26.93	25.42	<b>26.27</b>	0.11	<b>0.42</b>	36.45	15.01	<b>40.6</b>	52.6	<b>24.1</b>			

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. †Based on Nasdaq-100 Index  
 ‡Nasdaq PHLX  
 Sources: FactSet; Dow Jones Market Data

### Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

#### Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
<b>SPDR S&amp;P 500</b>	SPY	6,772.4	388.52	-1.60	<b>-0.41</b>	391.10	382.01
iShares Russell 2000 ETF	IWM	3,625.2	180.76	-0.87	<b>-0.48</b>	182.12	180.66
iShares iBoxx \$ HY Cpd Bnd	HYG	3,468.8	73.94	-0.01	<b>-0.014</b>	73.99	73.91
CSX	CSX	3,415.0	30.00	-0.17	<b>-0.56</b>	30.23	29.75
Apple	AAPL	3,338.4	151.72	-0.65	<b>-0.43</b>	154.58	144.77
Corebridge Financial	CRBG	3,272.5	20.62	-0.11	<b>-0.53</b>	20.79	20.50
Infosys ADR	INFY	3,225.3	17.60	-0.19	<b>-1.07</b>	17.82	17.60
Amazon.com	AMZN	3,222.1	124.09	-2.20	<b>-1.74</b>	126.75	122.80

#### Percentage gainers...

Company	Symbol	Last	Net chg	After Hours % chg	High	Low	
Applied Optoelectronics	AAOI	1,791.3	3.67	1.17	<b>46.80</b>	3.82	3.04
Getty Images	GETY	54.6	15.30	1.95	<b>14.61</b>	16.00	12.51
Bowlero	BOWL	203.3	13.35	0.86	<b>6.89</b>	14.24	12.49
Terns Pharmaceuticals	TERN	84.8	6.74	0.32	<b>4.98</b>	6.97	6.42
Apellis Pharmaceuticals	APLS	197.2	67.07	2.32	<b>3.58</b>	67.07	62.80

#### ...And losers

Company	Symbol	Last	Net chg	After Hours % chg	High	Low	
FedEx	FDX	1,333.7	173.85	-31.02	<b>-15.14</b>	204.95	172.51
United Parcel Service B	UPS	384.5	175.20	-9.80	<b>-5.30</b>	194.86	173.79
Agios Pharmaceuticals	AGIO	125.5	32.38	-1.70	<b>-4.99</b>	34.08	32.38
General Electric	GE	275.1	66.20	-2.71	<b>-3.93</b>	69.18	63.85
Butterfly Network	BFLY	90.6	5.81	-0.22	<b>-3.65</b>	6.16	5.81

### Trading Diary

#### Volume, Advancers, Decliners

	NYSE	NYSE Amer.
<b>Total volume*</b>	984,815,526	13,498,859
<b>Adv. volume*</b>	324,261,249	4,520,262
<b>Decl. volume*</b>	649,003,433	8,856,658
<b>Issues traded</b>	3,357	285
<b>Advances</b>	937	121
<b>Declines</b>	2,281	152
<b>Unchanged</b>	139	12
<b>New highs</b>	18	0
<b>New lows</b>	176	12
<b>Closing Arms*</b>	0.74	1.76
<b>Block trades*</b>	4,140	141
	Nasdaq	NYSE Arca
<b>Total volume*</b>	4,805,914,777	274,357,274
<b>Adv. volume*</b>	1,906,940,538	67,323,740
<b>Decl. volume*</b>	2,851,182,952	206,906,232
<b>Issues traded</b>	4,871	1,717
<b>Advances</b>	1,947	231
<b>Declines</b>	2,614	1,461
<b>Unchanged</b>	310	25
<b>New highs</b>	24	4
<b>New lows</b>	266	112
<b>Closing Arms*</b>	1.11	0.42
<b>Block trades*</b>	26,694	1,083

\*Primary market NYSE/NYSE American/NYSE Arca only. †(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

### International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
<b>World</b>	<b>MSCI ACWI</b>	<b>603.30</b>	-5.63	<b>-0.92</b>	-20.1
	<b>MSCI ACWI ex-USA</b>	<b>269.40</b>	-1.59	<b>-0.59</b>	-21.8
	<b>MSCI World</b>	<b>2592.00</b>	-25.84	<b>-0.99</b>	-19.8
	<b>MSCI Emerging Markets</b>	<b>958.58</b>	-3.97	<b>-0.41</b>	-22.2
<b>Americas</b>	<b>MSCI AC Americas</b>	<b>1489.88</b>	-17.20	<b>-1.14</b>	-18.5
Canada	<b>S&amp;P/TSX Comp</b>	<b>19560.16</b>	-165.98	<b>-0.84</b>	-7.8
Latin Amer.	<b>MSCI EM Latin America</b>	<b>2141.28</b>	-30.53	<b>-1.41</b>	0.5
Brazil	<b>BOVESPA</b>	<b>109953.65</b>	-593.02	<b>-0.54</b>	4.9
Chile	<b>S&amp;P IPSA</b>	<b>3391.52</b>	-53.07	<b>-1.54</b>	20.9
Mexico	<b>S&amp;P/BMV IPC</b>	<b>46769.78</b>	24.63	<b>0.05</b>	-12.2
<b>EMEA</b>	<b>STOXX Europe 600</b>	<b>414.78</b>	-2.73	<b>-0.65</b>	-15.0
Eurozone	<b>Euro STOXX</b>	<b>391.52</b>	-2.46	<b>-0.62</b>	-18.2
Belgium	<b>Bel-20</b>	<b>3604.44</b>	-1.96	<b>-0.05</b>	-16.4
Denmark	<b>OMX Copenhagen 20</b>	<b>1629.76</b>	-35.70	<b>-2.14</b>	-12.6
France	<b>CAC 40</b>	<b>6157.84</b>	-64.57	<b>-1.04</b>	-13.9
Germany	<b>DAX</b>	<b>12956.66</b>	-71.34	<b>-0.55</b>	-18.4
Israel	<b>Tel Aviv</b>	<b>1950.56</b>	-10.62	<b>-0.54</b>	-1.4
Italy	<b>FTSE MIB</b>	<b>22365.82</b>	-47.64	<b>-0.21</b>	-18.2
Netherlands	<b>AEX</b>	<b>674.74</b>	-6.12	<b>-0.90</b>	-15.4
Russia	<b>RTS Index</b>	<b>1288.03</b>	5.23	<b>0.41</b>	-19.3
South Africa	<b>FTSE/JSE All-Share</b>	<b>67568.26</b>	-395.76	<b>-0.58</b>	-8.3
Spain	<b>IBEX 35</b>	<b>8085.50</b>	29.90	<b>0.37</b>	-7.2
Sweden	<b>OMX Stockholm</b>	<b>752.43</b>	-3.47	<b>-0.46</b>	-27.5
Switzerland	<b>Swiss Market</b>	<b>10746.70</b>	-7.70	<b>-0.07</b>	-16.5
Turkey	<b>BIST 100</b>	<b>3363.12</b>	-83.84	<b>-2.43</b>	81.0
U.K.	<b>FTSE 100</b>	<b>7282.07</b>	4.77	<b>0.07</b>	-1.4
U.K.	<b>FTSE 250</b>	<b>18886.32</b>	37.12	<b>0.20</b>	-19.6
<b>Asia-Pacific</b>	<b>MSCI AC Asia Pacific</b>	<b>152.05</b>	-0.51	<b>-0.34</b>	-21.3
Australia	<b>S&amp;P/ASX 200</b>	<b>6842.90</b>	14.28	<b>0.21</b>	-8.1
China	<b>Shanghai Composite</b>	<b>3199.92</b>	-37.62	<b>-1.16</b>	-12.1
Hong Kong	<b>Hang Seng</b>	<b>18930.38</b>	83.28	<b>0.44</b>	-19.1
India	<b>S&amp;P BSE Sensex</b>	<b>59934.01</b>	-412.95	<b>-0.68</b>	2.9
Japan	<b>NIKKEI 225</b>	<b>27875.91</b>	57.29	<b>0.21</b>	-3.2
Singapore	<b>Straits Times</b>	<b>3267.98</b>	9.96	<b>0.31</b>	4.6
South Korea	<b>KOSPI</b>	<b>2401.83</b>	-9.59	<b>-0.40</b>	-19.3
Taiwan	<b>TAIEX</b>	<b>14670.04</b>	11.73	<b>0.08</b>	-19.5
Thailand	<b>SET</b>	<b>1642.33</b>	-14.25	<b>-0.86</b>	-0.9

Sources: FactSet; Dow Jones Market Data

### Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	Latest Session % chg	52-Week High	52-Week Low
NeuroBo Pharmaceuticals	NRBO	24.82	7.96	<b>47.21</b>	128.68	7.40	<b>-79.4</b>
ZeroFox Holdings	ZFOX	7.76	1.91	<b>32.65</b>	15.73	3.26	<b>-22.5</b>
Getty Images	GETY	13.35	2.73	<b>25.71</b>	37.88	7.86	<b>35.8</b>
Comera Life Sciences	CMRA	3.57	0.73	<b>25.70</b>	15.30	1.11	<b>-64.5</b>
Republic First Bancorp	FRBK	3.11	0.52	<b>20.08</b>	5.67		

# COMMODITIES

## Futures Contracts

Metal & Petroleum Futures					
	Open	Contract High/low	Low	Settle	Open interest
<b>Copper-High (CMX)</b> -25,000 lbs., \$ per lb.					
Sept	3.5720	3.5720	3.5100	3.5235	-0.0220 1,983
Dec	3.5175	3.5525	3.4725	3.4900	-0.0295 106,962
<b>Gold (CMX)</b> -100 troy oz., \$ per troy oz.					
Sept	1685.50	1686.00	1662.30	1665.40	-31.10 387
Oct	1696.80	1696.80	1658.70	1666.80	-31.40 43,092
Nov	1695.00	1695.00	1664.80	1671.40	-31.80 317
Dec	1707.20	1707.80	1668.90	1677.30	-31.80 376,006
Feb'23	1720.20	1720.80	1682.30	1690.60	-32.00 30,778
April	1727.40	1727.40	1696.00	1703.80	-32.10 6,656
<b>Palladium (NYM)</b> -50 troy oz., \$ per troy oz.					
Sept	2134.00	2134.00	2134.00	2131.30	-27.00 5
Dec	2166.50	2182.00	2124.00	2146.10	-26.60 5,907
<b>Platinum (NYM)</b> -50 troy oz., \$ per troy oz.					
Sept	903.10	919.10	896.90	903.70	-1.70 34,538
<b>Silver (CMX)</b> -5,000 troy oz., \$ per troy oz.					
Sept	19.515	19.520	19.025	19.175	-0.296 192
Dec	19.600	19.625	19.160	19.269	-0.300 120,775
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls., \$ per bbl.					
Oct	88.91	89.15	84.53	85.10	-3.38 79,882
Nov	88.70	88.70	84.09	84.65	-3.40 225,417
Dec	87.65	87.99	83.41	83.90	-3.46 236,034
Jan'23	86.82	87.09	82.59	82.96	-3.54 76,686
June	82.90	82.90	78.74	78.89	-3.52 118,341
Dec	79.00	79.05	75.47	75.56	-3.12 148,378
<b>NY Harbor ULSD (NYM)</b> -42,000 gal., \$ per gal.					
Oct	3.3790	3.3968	3.1450	3.2052	-1.177 53,775
Nov	3.3494	3.3553	3.1168	3.1716	-1.668 53,108
<b>Gasoline-NY RBOB (NYM)</b> -42,000 gal., \$ per gal.					
Oct	2.5343	2.5343	2.3846	2.4287	-0.0958 52,935
Nov	2.4870	2.4870	2.3448	2.3848	-0.0935 76,989
<b>Natural Gas (NYM)</b> -10,000 MMBtu, \$ per MMBtu.					
Oct	9.073	9.117	8.172	8.324	-0.790 74,159
Nov	9.134	9.159	8.260	8.372	-0.795 144,263
Jan'23	9.363	9.370	8.512	8.620	-0.787 88,544
March	7.804	7.850	7.179	7.280	-0.570 72,837
April	5.960	5.980	5.642	5.791	-1.163 76,719
May	5.796	5.796	5.489	5.648	-1.31 79,123

	Open	Contract High/low	Low	Settle	Chg	Open interest
March'23	400.25	403.50	392.50	398.25	-5.00	421
<b>Soybeans (CBT)</b> -5,000 bu., cents per bu.						
Nov	1456.00	1468.50	1444.00	1451.50	-3.50	327,835
Jan'23	1462.00	1474.50	1450.25	1458.00	-3.00	102,604
<b>Soybean Meal (CBT)</b> -100 tons, \$ per ton.						
Oct	431.00	438.60	430.10	434.50	4.90	38,747
Dec	423.20	432.40	423.20	428.00	4.90	184,685
<b>Soybean Oil (CBT)</b> -60,000 lbs., cents per lb.						
Oct	67.15	67.50	65.60	66.79	-0.35	41,840
Dec	64.87	65.25	63.32	64.30	-0.57	144,131
<b>Rough Rice (CBT)</b> -2,000 cwt., \$ per cwt.						
Nov	17.72	17.95	17.63	17.82	0.02	8,224
Jan'23	18.00	18.16	17.99	18.08	0.02	461
<b>Wheat (CBT)</b> -5,000 bu., cents per bu.						
Dec	874.00	884.75	843.25	845.00	-27.25	157,188
March'23	889.00	899.25	859.25	860.50	-27.50	51,265
<b>Wheat (KC)</b> -5,000 bu., cents per bu.						
Dec	947.00	958.00	922.75	926.25	-20.75	90,558
March'23	947.00	956.75	923.25	925.25	-21.50	30,710
<b>Cattle-Feeder (CME)</b> -50,000 lbs., cents per lb.						
Sept	179.650	179.850	178.925	179.350	-0.625	2,341
Oct	180.825	182.100	180.175	180.925	-0.500	13,653
<b>Cattle-Live (CME)</b> -40,000 lbs., cents per lb.						
Oct	144.625	145.925	144.500	145.625	1.275	74,024
Dec	150.350	151.650	150.175	151.325	1.275	104,169
<b>Hogs-Lean (CME)</b> -40,000 lbs., cents per lb.						
Oct	95.475	96.825	95.325	96.050	1.350	38,503
Dec	85.900	88.250	85.775	87.650	2.350	82,515
<b>Lumber (CME)</b> -110,000 bd. ft., \$ per 1,000 bd. ft.						
Sept	499.00	499.00	482.00	483.50	-27.50	6
Nov	514.90	515.00	480.70	490.30	-35.40	1,872
<b>Milk (CME)</b> -200,000 lbs., cents per lb.						
Sept	19.83	19.90	19.81	19.83	-0.08	4,631
Oct	21.61	21.75	21.20	21.38	-23	5,725
<b>Cocoa (ICE-US)</b> -10 metric tons, \$ per ton.						
Sept				2,412	65	6
Dec	2,313	2,380	2,309	2,377	65	149,490
<b>Coffee (ICE-US)</b> -37,500 lbs., cents per lb.						
Sept	217.05	217.55	214.30	216.40	1.55	31
Oct	18.36	18.38	18.16	18.18	-0.09	139,538
<b>Sugar-World (ICE-US)</b> -112,000 lbs., cents per lb.						
March'23	18.00	18.05	17.83	17.88	-0.09	315,244
<b>Sugar-Domestic (ICE-US)</b> -112,000 lbs., cents per lb.						
Nov				34.76	-39	1,839
March'23				34.99	-50	2,538
<b>Cotton (ICE-US)</b> -50,000 lbs., cents per lb.						
Oct				105.24	-1.85	68
Dec	103.00	104.17	101.98	103.29	0.58	109,187
<b>Orange Juice (ICE-US)</b> -15,000 lbs., cents per lb.						
Nov	167.30	171.05	167.30	169.55	2.20	7,499

Agriculture Futures					
<b>Corn (CBT)</b> -5,000 bu., cents per bu.					
Dec	681.75	690.00	676.25	677.50	-4.75 735,796
March'23	687.00	695.00	681.50	682.75	-4.50 208,050
<b>Oats (CBT)</b> -5,000 bu., cents per bu.					
Dec	402.50	404.25	384.00	394.25	-4.25 3,234

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

Thursday, September 15, 2022

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

	Thursday	Thursday	Thursday
<b>Energy</b>			
Coal,C.Aplc.1,2500Btu.1.2502-r,w	192.900		
Coal,PwdRvrRsn8800Btu.0.8502-r,w	16.200		
<b>Metals</b>			
<b>Gold, per troy oz.</b>			
Engelhard industrial	1684.00		
Handy & Harman base	1689.10		
Handy & Harman fabricated			
LBMA Gold Price AM	*1703.80		
LBMA Gold Price PM	*1703.90		
Kruggerand,wholesale-e	1743.79		
Maple Leaf-e	1785.51		
American Eagle-e	1785.51		
Mexican peso-e	2152.79		
Austria crown-e	1638.66		
Austria phil-e	1752.14		
<b>Silver, troy oz.</b>			
Engelhard industrial	19.6000		
Handy & Harman base	19.2150		
Handy & Harman fabricated	20.0190		
LBMA spot price	*16.8700		
(U.S.\$ equivalent)	*19.5050		
Coins,wholesale \$1,000 face-a	18985		
<b>Other metals</b>			
LBMA Platinum Price PM	*906.0		
Platinum,Engelhard industrial	920.0		
Palladium,Engelhard industrial	2200.0		
Aluminum,LME, \$ per metric ton	*2227.5		
Copper,Comex spot	3.5235		
Iron Ore, 62% Fe CFR China-s	101.1		
Shredded Scrap, US Midwest-s,m	n.a.		
Steel, HRC USA, FOB Midwest Mill-s	805		
<b>Battery/EV metals</b>			
BMI Lithium Carbonate, EXW China, +99.2%-v,w	71500		
BMI Lithium Hydroxide, EXW China, +56.5%-v,w	70550		
BMI Cobalt sulphate, EXW China, +20.5%-v,m	8193		
BMI Nickel Sulphate, EXW China, +22%-v,m	5293		
BMI Flake Graphite, FOB China, +100 Mesh, 94.95%-v,m	765		
<b>Fibers and Textiles</b>			
Burlap,10-oz,40-Inch NY nd-r,w	0.7775		
Cotton,1 1/16 std lw-mdMnps-u	1.0824		
Cottonlook 'A' Index-t	*120.85		
Hides,hyv native steers piece fob-u	42.000		
Wool,64s, staple, Terr del-u,w	n.a.		
<b>Grains and Feeds</b>			
Barley,top-quality Mnpls-u	n.a.		
Bran,wheat middlings, KC-u	217		
Corn,No.2 yellow,Cent IL-bp,u	6.6600		
Corn gluten feed,Midwest-u,w	219.6		
Corn gluten meal,Midwest-u,w	652.1		
Cottonseed meal-u,w	n.a.		
Hominy feed,Cent IL-u,w	198		
Meat-bonemeal,50% pr Mnpls-u,w	413		
Oats,No.2 milling,Mnpls-u	4.2425		
Rice, Long Grain Milled, No. 2 AR-u,w	34.25		
Sorghum,(Milo) No.2 Gulf-u	n.a.		
Soybean Meal,Cent IL,rail,ton48%-u,w	470.90		
Soybeans,No.1 yllw IL-bp,u	35.300		
Wheat,Spring14%-pro Mnpls-u	10.5125		
Wheat,No.2 soft red,St.Louis-u	8.3150		
Wheat - Hard - KC (USDA) \$ per bu-u	10.0625		
Wheat,No.1soft white,Portld,OR-u	9.4750		
<b>Food</b>			
Beef,carcass equiv. index	225.12		
choice 1-3,600-900 lbs.-u	202.96		
select 1-3,600-900 lbs.-u	1.2514		
Broilers, National comp wtd. avg.-u,w	3.1725		
Butter,AA Chicago-d	206.00		
Cheddar cheese,bbi,Chicago-d	206.00		
Cheedar cheese,blk,Chicago-d	158.00		
Milk,Nonfat dry,Chicago lb-d	2.1496		
Coffee,Brazilian,Comp-y	2.8999		
Coffee,Columbia, NY-y	2.2450		
Eggs,large white,Chicago-u	22.45		
Flour,hard winter KC-p	1.08		
Hams,17-20 lbs,Mid-US fob-u	96.05		
Hogs,low-s,So. Minnesota-u	1.6779		
Pork loins,12-14 lb Mid-US-u	1.2507		
Pork loins,13-19 lb Mid-US-u	142.00		
Steers,Tex.-Okla. Choice-u	188.00		
Steers,feeder,Okla. City-u,w			
<b>Fats and Oils</b>			
Degummed corn oil, crude wtd. avg.-u,w	63.5000		
Grease,choice white,Chicago-h	0.7350		
Lard,Chicago-u	0.6968		
Soybean oil,crude,Cent IL-u,w	0.7700		
Tallow,bleach,Chicago-h			
Tallow,edible,Chicago-u			

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Souland Publishing; R=SNL Energy; S=Platts-TSI; T=Cottonlook Ltd; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. \*Data as of 9/14

Source: Dow Jones Market Data

## Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session					
Thursday, September 15, 2022					
ETF	Symbol	Closing Price	Chg (%)	YTD (%)	YTD (%)
CnsmrDiscSelSector	XLY	159.22	-0.51	-22.1	
CnsStapleSelSector	XLP	71.16	-0.84	-7.7	
DimenUSCoreEq2	DFAC	24.24	-0.90	-16.3	
ENelSectorSPDR	XLE	80.15	-2.58	44.4	
FinSelSectorSPDR	XLF	33.36	0.33	-14.6	
HealthCareSelSector	XLV	127			

# 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. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly National), Chicago Stock Exchange, Cboe, NYSE Bats and Nasdaq ISE.

The list comprises the 1,000 largest companies based on market capitalization.

**Underlined quotations** are those stocks with large changes in volume compared with the issue's average trading volume.

**Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

### Footnotes:

1-New 52-week high.  
2-New 52-week low.  
3-Stock split or dividend.  
4-Indicates loss in the most recent four trading days.  
5-Stock split or dividend.  
6-Does not meet continued listing standards.  
7-Temporary exemption from Nasdaq requirements.  
8-NYSE bankruptcy.  
9-Trading halted on primary market.  
10-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices as of 4 p.m. the previous day.

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
ABB	ABB	27.88	-0.09	ABB	ABB	27.88	-0.09	ABB	ABB	27.88	-0.09
ADI	ADI	22.37	0.05	ADI	ADI	22.37	0.05	ADI	ADI	22.37	0.05
AECOM	AEC	71.47	0.25	AECOM	AEC	71.47	0.25	AECOM	AEC	71.47	0.25
AES	AES	26.69	-0.34	AES	AES	26.69	-0.34	AES	AES	26.69	-0.34
AGCO	AGC	59.56	-0.57	AGCO	AGC	59.56	-0.57	AGCO	AGC	59.56	-0.57
Aflac	AFL	107.28	0.65	Aflac	AFL	107.28	0.65	Aflac	AFL	107.28	0.65
AMTD Digital	AMTD	134.89	-94.73	AMTD Digital	AMTD	134.89	-94.73	AMTD Digital	AMTD	134.89	-94.73
Ansys	ANSS	245.15	5.56	Ansys	ANSS	245.15	5.56	Ansys	ANSS	245.15	5.56
Apco	APA	41.49	-0.25	Apco	APA	41.49	-0.25	Apco	APA	41.49	-0.25
ASML	ASX	538.07	-0.07	ASML	ASX	538.07	-0.07	ASML	ASX	538.07	-0.07
ASEMTEC	ASML	46.55	-12.45	ASEMTEC	ASML	46.55	-12.45	ASEMTEC	ASML	46.55	-12.45
AT&T	T	16.76	-0.01	AT&T	T	16.76	-0.01	AT&T	T	16.76	-0.01
Abbott Labs	ABT	105.06	-0.72	Abbott Labs	ABT	105.06	-0.72	Abbott Labs	ABT	105.06	-0.72
Abbvie	ABBV	125.25	2.56	Abbvie	ABBV	125.25	2.56	Abbvie	ABBV	125.25	2.56
Abmold	ABMD	263.72	-0.61	Abmold	ABMD	263.72	-0.61	Abmold	ABMD	263.72	-0.61
Accadia Healthcare	ACHC	83.80	-0.09	Accadia Healthcare	ACHC	83.80	-0.09	Accadia Healthcare	ACHC	83.80	-0.09
Accretive	ACN	273.86	-0.67	Accretive	ACN	273.86	-0.67	Accretive	ACN	273.86	-0.67
Action3	ACTV	76.83	0.23	Action3	ACTV	76.83	0.23	Action3	ACTV	76.83	0.23
Adobe	ADBE	399.13	-62.39	Adobe	ADBE	399.13	-62.39	Adobe	ADBE	399.13	-62.39
AdvantEdge	ADVE	127.62	-0.52	AdvantEdge	ADVE	127.62	-0.52	AdvantEdge	ADVE	127.62	-0.52
Advantys	WMS	134.90	0.50	Advantys	WMS	134.90	0.50	Advantys	WMS	134.90	0.50
Amd	AMD	76.66	-0.49	Amd	AMD	76.66	-0.49	Amd	AMD	76.66	-0.49
Aegion	AEG	4.65	0.04	Aegion	AEG	4.65	0.04	Aegion	AEG	4.65	0.04
AerCap	ACR	46.38	-0.67	AerCap	ACR	46.38	-0.67	AerCap	ACR	46.38	-0.67
Affirm	AFRM	23.99	-0.34	Affirm	AFRM	23.99	-0.34	Affirm	AFRM	23.99	-0.34
Agilent Techs	A	133.16	-0.09	Agilent Techs	A	133.16	-0.09	Agilent Techs	A	133.16	-0.09
Agilent Health	AGL	14.87	-0.15	Agilent Health	AGL	14.87	-0.15	Agilent Health	AGL	14.87	-0.15
Agios	AGI	41.08	-1.92	Agios	AGI	41.08	-1.92	Agios	AGI	41.08	-1.92
Air Products	APD	248.47	-6.71	Air Products	APD	248.47	-6.71	Air Products	APD	248.47	-6.71
Airbnb	ABNB	125.04	-1.76	Airbnb	ABNB	125.04	-1.76	Airbnb	ABNB	125.04	-1.76
Akamai Tech	AKAM	88.24	-1.15	Akamai Tech	AKAM	88.24	-1.15	Akamai Tech	AKAM	88.24	-1.15
Albermarle	ALB	26.75	-19.91	Albermarle	ALB	26.75	-19.91	Albermarle	ALB	26.75	-19.91
Albertsons	ACI	27.59	-0.52	Albertsons	ACI	27.59	-0.52	Albertsons	ACI	27.59	-0.52
Alcoa	AA	31.14	-0.67	Alcoa	AA	31.14	-0.67	Alcoa	AA	31.14	-0.67
Alcon	ALC	68.03	0.27	Alcon	ALC	68.03	0.27	Alcon	ALC	68.03	0.27
Allegion	ALG	150.89	-1.91	Allegion	ALG	150.89	-1.91	Allegion	ALG	150.89	-1.91
Alkermes	ALK	88.83	-0.09	Alkermes	ALK	88.83	-0.09	Alkermes	ALK	88.83	-0.09
Allogene	ALGN	252.00	5.26	Allogene	ALGN	252.00	5.26	Allogene	ALGN	252.00	5.26
Allergan	ALL	52.25	-0.24	Allergan	ALL	52.25	-0.24	Allergan	ALL	52.25	-0.24
Alliant Energy	LNT	60.23	-1.69	Alliant Energy	LNT	60.23	-1.69	Alliant Energy	LNT	60.23	-1.69
Allstate	ALL	129.02	5.02	Allstate	ALL	129.02	5.02	Allstate	ALL	129.02	5.02
Ally Financial	ALLY	32.85	0.07	Ally Financial	ALLY	32.85	0.07	Ally Financial	ALLY	32.85	0.07
Alypsa Pharma	ALY	204.80	0.21	Alypsa Pharma	ALY	204.80	0.21	Alypsa Pharma	ALY	204.80	0.21
Alpha	GOO	103.90	-1.97	Alpha	GOO	103.90	-1.97	Alpha	GOO	103.90	-1.97
Alphabet A	A	28.12	-0.22	Alphabet A	A	28.12	-0.22	Alphabet A	A	28.12	-0.22
Alphabet C	C	42.01	-0.25	Alphabet C	C	42.01	-0.25	Alphabet C	C	42.01	-0.25
Amazon.com	AMZN	126.28	-2.27	Amazon.com	AMZN	126.28	-2.27	Amazon.com	AMZN	126.28	-2.27
Ambev	AMBEV	2.87	0.05	Ambev	AMBEV	2.87	0.05	Ambev	AMBEV	2.87	0.05
Amarco	AMR	11.79	0.05	Amarco	AMR	11.79	0.05	Amarco	AMR	11.79	0.05
Amdocs	DOC	80.89	-1.00	Amdocs	DOC	80.89	-1.00	Amdocs	DOC	80.89	-1.00
Ameren	AMER	52.25	-0.24	Ameren	AMER	52.25	-0.24	Ameren	AMER	52.25	-0.24
Ameren	AM	11.18	-0.55	Ameren	AM	11.18	-0.55	Ameren	AM	11.18	-0.55
American Mobile	AMX	16.97	-0.08	American Mobile	AMX	16.97	-0.08	American Mobile	AMX	16.97	-0.08
AmericanA	AMOV	16.76	-0.43	AmericanA	AMOV	16.76	-0.43	AmericanA	AMOV	16.76	-0.43
American Airlines	AAL	14.27	0.24	American Airlines	AAL	14.27	0.24	American Airlines	AAL	14.27	0.24
AEP	AEP	100.19	-3.13	AEP	AEP	100.19	-3.13	AEP	AEP	100.19	-3.13
AerVest	AVP	18.76	-0.22	AerVest	AVP	18.76	-0.22	AerVest	AVP	18.76	-0.22
American Express	AXP	159.15	-1.16	American Express	AXP	159.15	-1.16	American Express	AXP	159.15	-1.16
American Family	AFG	130.93	0.16	American Family	AFG	130.93	0.16	American Family	AFG	130.93	0.16
AmHomeShare	AMH	35.63	-0.51	AmHomeShare	AMH	35.63	-0.51	AmHomeShare	AMH	35.63	-0.51
AIG	AIG	54.18	0.30	AIG	AIG	54.18	0.30	AIG	AIG	54.18	0.30
American Tower	AMT	245.06	-6.76	American Tower	AMT	245.06	-6.76	American Tower	AMT	245.06	-6.76
AmerWater	AWK	147.86	-5.62	AmerWater	AWK	147.86	-5.62	AmerWater	AWK	147.86	-5.62
American Realty	ARE	19.73	-0.22	American Realty	ARE	19.73	-0.22	American Realty	ARE	19.73	-0.22
American States	AMP	27.35	-0.60	American States	AMP	27.35	-0.60	American States	AMP	27.35	-0.60
American States	AMPS	139.81	-0.31	American States	AMPS	139.81	-0.31	American States	AMPS	139.81	-0.31
Ametek	AME	121.44	-1.62	Ametek	AME	121.44	-1.62	Ametek	AME	121.44	-1.62
Amgen	AMGN	227.66	-0.46	Amgen	AMGN	227.66	-0.46	Amgen	AMGN	227.66	-0.46
Amphenol	APH	72.89	-1.00	Amphenol	APH	72.89	-1.00	Amphenol	APH	72.89	-1.00
Amplify	AMPL	14.87	-2.38	Amplify	AMPL	14.87	-2.38	Amplify	AMPL	14.87	-2.38
Anavex	ANV	48.99	-0.17	Anavex	ANV	48.99	-0.17	Anavex	ANV	48.99	-0.17
Analytcs	NLY	61.44	-0.22	Analytcs	NLY	61.44	-0.22	Analytcs	NLY	61.44	-0.22
AnchorResour	ANCH	39.76	-2.11	AnchorResour	ANCH	39.76	-2.11	AnchorResour	ANCH	39.76	-2.11
Anchor	AN	280.13	-3.64	Anchor	AN	280.13	-3.64	Anchor	AN	280.13	-3.64
ApolloPharm	APLS	64.75	-1.92	ApolloPharm	APLS	64.75	-1.92	ApolloPharm	APLS	64.75	-1.92
ApolloGlbMgmt	APD	97.15	-0.27	ApolloGlbMgmt	APD	97.15	-0.27	ApolloGlbMgmt	APD	97.15	-0.27
Apple	AAPL	157.25	2.34	Apple	AAPL	157.25	2.34	Apple	AAPL	157.25	2.34
AppMed	AMAT	83.15	-1.72	AppMed	AMAT	83.15	-1.72	AppMed	AMAT	83.15	-1.72
AppLovin	APP	24.39	-0.95	AppLovin	APP	24.39	-0.95	AppLovin	APP	24.39	-0.95
Apptrop	APT	105.20	1.62	Apptrop	APT	105.20	1.62	Apptrop	APT	105.20	1.62
Arvin	ARV	96.75	-0.89	Arvin	ARV	96.75	-0.89	Arvin	ARV	96.75	-0.89
Arnamark	ARNK	37.93	-0.14	Arnamark	ARNK	37.93	-0.14	Arnamark	ARNK	37.93	-0.14
ArcaBio	ARCB	21.82	-0.22	ArcaBio	ARCB	21.82	-0.22	ArcaBio	ARCB	21.82	-0.22
Arch Capital	ACGL	72.28	0.22	Arch Capital	ACGL	72.28	0.22	Arch Capital	ACGL	72.28	0.22
ArchDanes	ADAN	85.26	-0.91	ArchDanes	ADAN	85.26	-0.91	ArchDanes	ADAN	85.26	-0.91
AresMgmt	ARES	76.21	0.02	AresMgmt	ARES	76.21	0.02	AresMgmt	ARES	76.21	0.02
arGenX	ARGX	380.18	-3.14	arGenX	ARGX	380.18	-3.14	arGenX	ARGX	380.18	-3.14
Arista Networks	ANET	116.94	-5.32	Arista Networks	ANET	116.94	-5.32	Arista Networks	ANET	116.94	-5.32
AspenTech	ASPN	223.11	-3.89	AspenTech	ASPN	223.11	-3.89	AspenTech	ASPN	223.11	-3.89
Assurant	AIZ	52.25	-0.24	Assurant	AIZ	52.25	-0.24	Assurant	AIZ	52.25	-0.24
AstraZeneca	AZ	58.14	-0.58	AstraZeneca	AZ	58.14	-0.58	AstraZeneca	AZ	58.14	-0.58
Atlassian	TEAM	252.89	-2.68	Atlassian	TEAM	252.89	-2.68	Atlassian	TEAM	252.89	-2.68
Autodesk	ADSK	114.12	-2.91	Autodesk	ADSK	114.12	-2.91	Autodesk	ADSK	114.12	-2.91
AutosEdge	ATO	20.13	-0.22	AutosEdge	ATO	20.13	-0.22	AutosEdge	ATO	20.13	-0.22
Autoliv	ALV	139.98	-1.00	Autoliv	ALV	139.98	-1.00	Autoliv	ALV	139.98	-1.00
ADP	ADP	222.22	-2.77	ADP	ADP	222.22	-2.77	ADP	ADP	222.22	-2.77
AutoZone	AZO	214.44	11.93	AutoZone	AZO	214.44	11.93	AutoZone	AZO	214.44	11.93
Avalara	AVL	92.59	-1.10	Avalara	AVL	9					



## BANKING &amp; FINANCE

# Japanese Pension Benefits From Rise in Dollar vs. Yen

By MEGUMI FUJIKAWA

TOKYO—The dollar's rise to a 24-year high against the yen is great news for Japanese savers who put a chunk of their retirement nest eggs into dollar-denominated assets.

The biggest such saver is the Japanese government. Now it faces decisions about what to do with its windfall—including whether to sell some of its dollar stash.

Tokyo's piggy bank is called the Government Pension Investment Fund, the world's largest of its kind, with assets equivalent to \$1.34 trillion as of June 30. That is about three times the size of the California Public Employees' Retirement System, or Calpers.

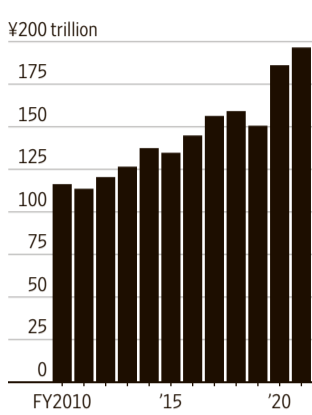
Nearly a decade ago, the fund decided it needed to invest more aggressively to secure returns for a country where nearly 2 in 5 people will be 65 or older by the 2050s. It put half its money into non-Japanese stocks and bonds. The lion's share of those foreign investments went to U.S. Treasuries, other U.S. bonds and stocks listed in the U.S.

As of March 31, GPIF had the equivalent of at least \$385 billion in dollar-denominated stocks and bonds, a number calculated by adding up the U.S. investments in the fund's published investment list. All but a small part of that isn't hedged against currency fluctuations, according to GPIF.

In a boon for GPIF, the dollar is now worth 25% more in yen than it was at the beginning of this year. Earlier this month, the dollar topped 144 yen, the strongest level for the U.S. currency against Japan's

Japan's GPIF is the world's largest pension fund with assets equivalent to \$1.4 trillion.

## Total GPIF assets



Note: GPIF fiscal year ends in March  
Sources: Government Pension Investment Fund (assets); Tullett Prebon (yen)

The dollar has risen this year to its strongest level against the yen since 1998.

## How many yen one dollar buys



since August 1998. That lifts the yen value of GPIF's portfolio. Ultimately what matters to the fund is how many yen it has, because Japan pays out its pensions in local currency.

The dollar's rise helped GPIF add ¥10 trillion, equivalent to \$70 billion, to its stash in the year ended March 31, a return of 5.4%. It lost some of that in the April-to-June quarter, as global markets shuddered during the Ukraine war and China's coronavirus lockdowns, but the current quarter is bringing in additional gains.

According to Yohei Iwao, an executive director at Morgan Stanley MUFG Securities in Tokyo, GPIF's holdings of foreign stocks grew by 8.2% in yen terms as of Wednesday compared with the quarter's end on June 30. Its foreign bonds, despite a fall in the Treasury market, were worth 1.7% more in yen terms, Mr. Iwao said.

Tokyo has expressed concern about the yen's rapid depreciation. While a weak yen benefits Japanese exporters and GPIF, the currency's rapid fall forces the country to pay more in yen terms for imported energy and food, which are already rising in price for other reasons including the Ukraine war.

On Wednesday, Finance Minister Shunichi Suzuki said Japan was reviewing all possible options to stabilize the market, including government intervention to sell dollars and buy yen.

One way the Japanese government could sell dollars without seeming to do anything out of the ordinary would be to have GPIF rebalance its portfolio, selling dollar-denominated assets like U.S. stocks and buying bonds in yen. The calculations by Mr. Iwao at Morgan Stanley MUFG

show that foreign stocks and bonds each accounted for between 25.2% and 25.3% of GPIF's portfolio as of Wednesday—higher than the 25% target.

"When the yen falls, it naturally raises the possibility that GPIF would buy the yen to keep the weight of each asset class at 25%," said MUFG Bank strategist Takahiro Sekido.

He said GPIF could buy a couple of trillion yen as part of its rebalancing, with ¥2 trillion currently equivalent to about \$14 billion.

"This could serve as a stabilizer to the market," Mr. Sekido said.

A GPIF spokeswoman declined to comment on any possible portfolio rebalancing.

What makes the decision sensitive is that GPIF has built a reputation as a professional manager of pension money, not a tool by which politicians can fix short-term problems like the high cost of imported oil. The fund's principles call for it to make investment decisions with the goal of maximizing long-term returns for Japanese senior citizens.

Meanwhile, some analysts say GPIF shouldn't celebrate its winnings from dollar-denominated investments too much, because currency markets could reverse and stock markets face further turmoil as the Federal Reserve aggressively raises interest rates.

Takahide Kiuchi, an economist at Nomura Research Institute and former Bank of Japan policy board member, said GPIF's portfolio "has become more exposed to the headwinds both of stock falls and the yen's appreciation."

## Yuan Breaks Key Level

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Previous yuan weakness has fueled capital outflows and prompted accusations of currency manipulation. But analysts and investors say Beijing has closed many of the loopholes that once allowed money to be moved offshore, making it unlikely that China will endure a repeat of 2015-16's destabilizing cycle of outflows and currency depreciation.

China's central bank, the People's Bank of China, cut the amount of reserves banks need to hold against their foreign-exchange deposits last week, increasing the supply of foreign currencies in China by around \$19 billion. Analysts say that was a signal of the PBOC's desire to slow the weakening of the yuan.

But economists and strategists say that as long as the fall of China's currency against the dollar isn't the result of broad yuan weakness, the Chinese central bank won't be too concerned. That means there is little chance of the central bank directly intervening in the foreign-exchange market by selling dollars and buying yuan.

The PBOC does have other tools to influence the value of the currency. The most important is the daily fixing, a reference point for the currency which is set by the central bank each morning. The trading price of the onshore yuan that day can't move more than 2% up or down against the dollar, versus the fixing.

Mr. Tan said that for the past 16 trading days, the daily fixing was consistently below market expectations, as measured by consensus forecasts—the longest such streak since the fixing

system was changed in 2016.

But the general trend of the daily fixings is still in line with the movement of the market, indicating that the Chinese central bank is still largely letting the market decide foreign-exchange rates.

The central bank is more concerned with the speed at which the yuan falls against the dollar rather than its specific trading level, said Zhaopeng Xing, a senior China strategist at Australia & New Zealand Banking Group Ltd.

Mr. Xing expects the yuan to be rangebound in the near future, remaining around 7 against the dollar by the end of the year. He added that a further large rise in the value of the dollar is going to cause global problems,

## China's economy grew by 0.4% year over year in the second quarter.

not just in China. "Although a stronger dollar can curb inflation, it will trigger protests from U.S. partners, which won't be a good thing," he said.

China's economy grew by 0.4% year over year in the second quarter, the slowest growth rate in more than two years. A weaker yuan could help, by making Chinese goods cheaper to foreign buyers. But some of that benefit is being wiped out by high inflation in the biggest import markets.

"Exports are not driven by yuan's weakness or strength, more driven by demand," said Iris Pang, ING Bank's chief China economist.

## Watch a Video

Scan this code for a video on how China's weak growth affects the U.S.

# Taiwan Tension, Yuan Fall Spur Selling of China Bonds

By REBECCA FENG

Foreign investors cut their holdings of Chinese bonds by another \$5.1 billion in August, a month marked by U.S. House Speaker Nancy Pelosi's visit to Taiwan and surprise rate cuts by Beijing to help support its slackening economy.

Global investors have reduced their exposure to yuan-denominated bonds for seven months straight. They have decreased their ownership of these bonds by more than \$85 billion—nearly 15% of the amount they held at the end of January, according to data from China Central Depository & Clearing Co. and the Shanghai Clearing House.

The pace of selling accelerated in March, after Russia's invasion of Ukraine put the spotlight on the geopolitical risks of investing in China. Although the outflows eased in July, the risks moved back into

the spotlight in August, when Mrs. Pelosi visited Taiwan despite warnings from Beijing.

Mrs. Pelosi met with Taiwanese President Tsai Ing-wen, becoming the highest-ranking U.S. official to visit Taiwan in more than two decades. China stepped up military activity around the self-governing island in the days following her visit, conducting live drills that included rockets and ballistic missiles. The visit spooked global markets.

The outflow in August corresponds with a period of rapid weakening of the yuan against the U.S. dollar. The more freely traded offshore yuan depreciated 2.8% against the dollar in the past month and 9.3% so far this year.

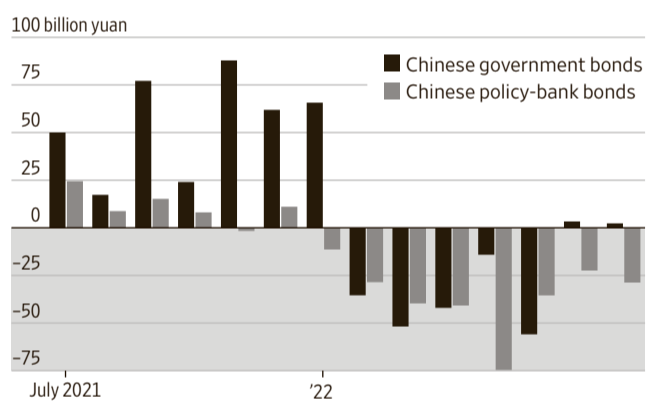
That is partly due to differences in monetary policy between China and the U.S. The Federal Reserve aggressively increased interest rates this year. It raised rates by three-quarters

of a percentage point in June and July—and is expected to do the same next week. China's central bank went in the opposite direction, making small cuts to two key rates last month. The yield on benchmark 10-year Treasuries stood at 3.13% at the end of August, well above the 2.639% yield on 10-year Chinese government bonds.

China is on track this year to grow at a slower pace than the U.S. for the first time in half a century, and the country's economy will probably shrink in dollar terms, said Gene Ma, head of China research at the Institute of International Finance. "Because of the differences in expected economic growth of the U.S. and China, people would expect continued divergence in the two countries' monetary policies. That will drive the flow," Mr. Ma said.

Foreign investors' total holdings of Chinese government bonds edged up to \$334

## Foreign investors' holdings of yuan-denominated debt, change from the previous month



Note: 10 billion yuan=\$1.44 billion  
Sources: China Central Depository & Clearing (holdings); Tradeweb ICE Closes (U.S. bond yield); Tullett Prebon (China bond yield)

billion in August, following a small net inflow in July. Chinese government bonds make up roughly two-thirds of foreign investors' total holdings of yuan bonds.

Many global investors use Chinese government bonds as a way to get exposure to the yuan. But they have started to get concerned about owning Chinese assets recently as the currency has continued to weaken against the dollar, said Ales Koutny, a London global macro portfolio manager at

Janus Henderson Investors.

"The problem with outflows is that it becomes a self-fulfilling prophecy," Mr. Koutny said. "As the currency gets weaker, more people get concerned and exit the market, which leads to further pressure on the currency, and the cycle continues."

He said his team continues to hold Chinese government bonds but they have been shorting the yuan as a hedge.

The Chinese central bank has signaled its preference for a more gradual weakening of the

## 10-year government-bond yields



# Venture Funds Get Inflows

Continued from page B1

said. The other firms declined to comment.

The think tank report's findings highlight an area of resilience in the U.S.-China relationship as the two countries decouple their economies and U.S. policies aim to limit Chinese investment in U.S. technology sectors.

According to the report, Chinese investment this year is set to be around nine times greater than a decade ago and come in below only 2020, when more than \$1.2 billion flowed to American venture-capital funds.

Tracking Chinese investment in the U.S. is challenging because the limited partners who fund venture-capital firms often don't make public disclosures, sometimes use labyrinthine structures to shroud investments and frequently ask firms in which they have invested to keep their identities secret. The report's authors said the dollar figures undercount the actual total.

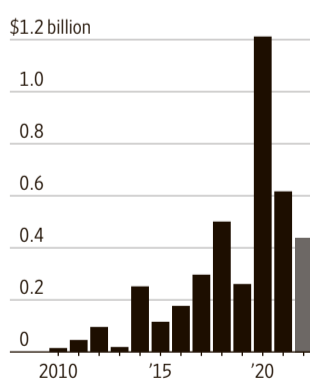
"Limited partner capital flows are grossly underestimated for their strategic value and effect," said Nathan Picaric, senior fellow at the Foundation for Defense of Democracies who co-wrote the report, called "The Weaponization of Capital," along with his colleague Emily de La Bruyère. "Their influence shapes how the venture capitalist thinks, because the limited partners are the venture capitalist's customers."

The Foundation for Defense of Democracies is a Washington-based nonprofit with conservative leanings. Its work advocates an aggressive U.S. response to challenges posed by China.

"China is always opposed to the U.S. generalizing the concept of national security and strengthening unreasonable investment review," said Liu Pengyu, spokesman for the Chinese Embassy in Washington.

Involvement by Chinese investors varies. Many are seeking a financial return and don't have or want access to non-public information about individual startups, venture investors said. Other limited partners request introductions to startup founders or presentations from them, and get quarterly updates on startups' progress and insights into

## Chinese investment in U.S. venture capital funds



Note: 2022 figure as of first half of the year  
Source: The Foundation for Defense of Democracies

technology sector trends, they said.

In a 2020 lawsuit, former partners at Silicon Valley venture-capital firm Hone Capital alleged that the firm's Chinese investor, China Science & Merchants Investment Management Group Co., directed them to bring around 20 startups each quarter to China to pursue partnerships, joint ventures and additional investment. The suit, which is ongoing, alleges the demands were problematic because of "legal issues regarding sharing sensitive technology with China."

"They leveraged the system in the U.S. to gain access to



Venture fund Sequoia Capital's offices in Menlo Park, Calif.

more than 300 companies," said Purvi Gandhi, a former Hone Capital partner.

J. James Li, a lawyer for China Science & Merchants Investment, said the allegation is false and an attempt by the firm's ex-partners to gain leverage after his client sued them for breach of fiduciary duty.

The U.S. government can halt or unwind certain limited-partner investments from China. Legislation from 2018 handed the responsibility to the Committee on Foreign Investment in the U.S., a Treasury Department-led panel of government agency representatives that reviews foreign in-

vestments for national security concerns. The legislation, and efforts broadly to limit Chinese access to U.S. technology know-how, has had bipartisan support. But the challenges in identifying the limited partners behind venture-capital funds and understanding the national security risk they present have created a blind spot that hinders enforcement efforts, national security officials said.

President Biden on Thursday ordered tougher scrutiny of investment in the U.S. from China and other nations deemed adversaries, the latest move to combat what many in the administration see as China's unwanted access to key

U.S. technology innovation. The executive order is intended to sharpen Cfius's focus on reviewing of foreign investment deals that involve key technologies, including those built by venture capital-backed startups such as semiconductors, artificial intelligence and biotechnology.

The order also calls on Cfius to scrutinize investments for cybersecurity risks, where China is active, and the possibility of giving a foreign investor access to Americans' sensitive data.

The National Security Council has called for strengthening and broadening Cfius's review, according to people familiar with the matter.

As China's economy slows, national-security officials said they expect Chinese investment in the U.S. to accelerate, particularly in clean energy and semiconductors, sectors where the U.S. government has increased investment.

The financial success of a long-running U.S. venture-capital firm can further aid China's technology ambitions, the report said. Silicon Valley venture firm TSVG, founded by graduates of China's Tsinghua University with help at one time from the university's funding arm, made its mark with an early bet on Zoom Video Communications Inc.

MARKETS

Stock Pickers Set to Have Stellar Year

Actively managed large-cap funds are on track to log their best performance in 13 years

By Karen Langley

Nearly half of large-cap U.S. stock-picking funds beat the S&P 500 during the brutal selloff in the first half of the year, putting active managers on pace for their best year since 2009.

Bruised by sky-high inflation and rising interest rates, the S&P 500 fell 20% on a total return basis, which includes dividends as well as price changes, in the first six months of 2022. That was the index's worst first half in data going back to 1988, according to Dow Jones Market Data.

Over the first six months, 49% of large-cap do-

mestic equity funds outperformed the S&P 500, according to data from S&P Dow Jones Indices. In 2009, 52% of funds surpassed the benchmark index over the full year. The analysis looks at fund total returns net of fees and compares them with the total returns of benchmark indexes.

Last year, by contrast, easy monetary policy and hearty corporate profits helped the S&P 500 climb 29%. The happy results for stockholders didn't translate into a winning year for stock pickers trying to beat the market: 85% of actively managed, large-cap U.S. stock funds put up a worse showing than the benchmark index.

Looking further back, it isn't clear that a rallying market necessarily hurts stock pickers' chances of outperforming. In 2009, the most recent year in which a majority of large-cap U.S. stock-picking

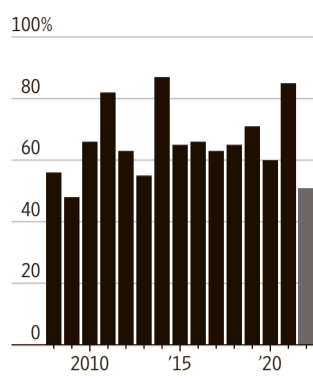
funds beat the S&P 500, the index rose 26%.

One characteristic that does connect the market environments of 2009 and the first half of 2022: high dispersion in stock performance. Through the end of June, S&P 500 dispersion—a measure of how spread out the returns of the index's stocks are—was on pace for its highest average annual reading since 2009, according to S&P Dow Jones Indices.

"What higher dispersion does is it magnifies the rewards to skillful insights," said Tim Edwards, global head of index investment strategy at the index provider. "It also magnifies the rewards to luck."

The first half of 2022 saw energy stocks soar, while many other parts of the market tumbled. Shares of Occidental Petroleum Corp. and Valero Energy Corp. returned 104% and 44%, respectively. At

Percentage of large-cap U.S. equity funds underperforming the S&P 500



Note: 2022 data as of June 30 Source: S&P Dow Jones Indices

the other end of the market, Netflix Inc. shares slumped 71% while Etsy Inc. lost 67%.

Among the biggest actively managed U.S. large-cap funds, performance in the first half varied, according to data from

Morningstar Direct. Class A shares of the Growth Fund of America from American Funds declined 30%, worse than the S&P 500 and slightly lagging behind the S&P 500 Growth index, which dropped 28%.

Growth funds had a particularly rough go of it to start 2022, with the S&P Dow Jones Indices data showing that more than 78% of large-cap growth funds watched the provider's growth-style index pass them by.

Class A shares of Washington Mutual Investors Fund from American Funds, on the other hand, fell 13%, according to Morningstar Direct, significantly better than the S&P 500.

In the first half, active managers being compared against the market may have benefited from the environment of monetary tightening as the Federal Reserve began raising

interest rates, said Tim McCusker, chief investment officer at investment consulting firm NEPC.

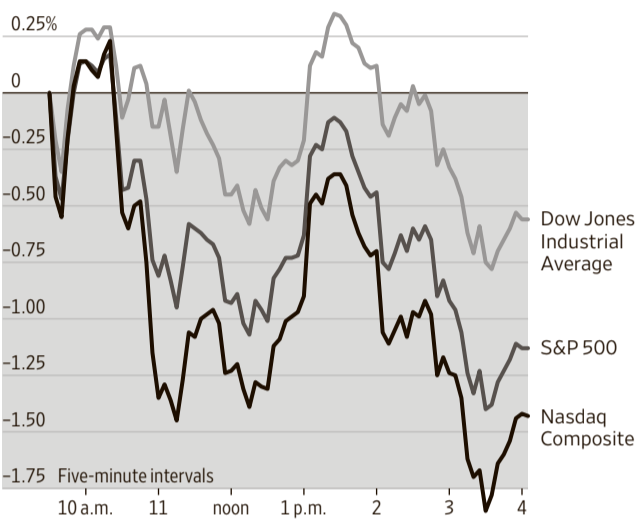
"That's a helpful thing for active managers," he said. "Instead of money just flooding into equity markets and pushing all assets higher, you're starting to see some differentiation."

Over the long run, few funds manage to beat their benchmarks.

Over the 20 years through June, only about 5% of large-cap U.S. funds beat the S&P 500, according to the S&P report. Just staying in business was an accomplishment, with about 26% of funds surviving over that time.

At the end of 2021, \$71 trillion was indexed to the S&P 500 in passively managed funds, while \$8.5 trillion was benchmarked to the index in actively managed funds.

Index performance Thursday



Source: FactSet

Major Indexes Fall As Traders Expect An Aggressive Fed

By Joe Wallace and Paul Vigna

Stocks dropped, with investors considering how this week's inflation report likely cements the Federal Reserve's path to continue raising interest rates aggressively.

The three major indexes fell at the open, rose briefly at midmorning and then fell again in erratic trading. The S&P 500 fell 44.66 points, or 1.1%, to 3901.35 after data showed a strong economy that could encourage the Fed to keep raising interest rates at a rapid pace.

THURSDAY'S MARKETS

Composite dropped 167.32 points, or 1.4%, to 11552.36. The Dow Jones Industrial Average fell 173.27 points, or 0.6%, to 30961.82.

The market is going to be choppy between now and the Fed meeting next week, said Ava Trade analyst Naeem Aslam. Mixed economic data and stubbornly high inflation make the Fed's job harder, though he said that talk of a full percentage-point interest-rate raise is likely overdone. But another raise of 0.75 percentage point is probable—much to the market's chagrin.

Stocks had stabilized Wednesday after slumping on Tuesday, when the Labor Department reported that inflation had remained stubbornly high in August. The data jolted many investors who had hoped that fewer supply-chain strains and falling commodity prices would enable the central bank to tone down its inflation-taming efforts in the coming months. The S&P 500 on Tues-

day endured its worst day since 2020.

"It looks like central banks certainly have got religion in terms of their inflation-busting mandate and they're unlikely to swing that to stabilizing economic growth," said Edward Park, chief investment officer at Brooks Macdonald.

Nonetheless, Mr. Park said he expects stocks to rise in the coming weeks. Investors have already braced for a 0.75-point increase to the Fed's main rate this month, he said. They are keen not to miss out on a rally that would likely follow data published in October if those statistics show inflation easing, he added.

Expectations that the Fed will keep pushing interest rates higher have knocked government-bond prices, boosting yields. Ten-year Treasury yields rose to 3.458% Thursday, from 3.411% Wednesday. Yields have been rising since early August on expectations of further rate increases and aren't far off their high for the year of 3.482% from mid-June. Trading in interest-rate futures implies a 74% chance that the Fed raises rates by three-quarters of a percentage point at its meeting next week, according to CME Group. Market pricing suggests a 26% chance that the Fed raises its rate target by a full point.

On the economic front, retail sales rose 0.3% in August, the Commerce Department said Thursday, showing the resilience of U.S. consumers amid high inflation. U.S. applications for unemployment benefits declined for the fifth consecutive week as employers held on to their workers in a persistently tight labor market.

In corporate news, Adobe fell \$62.39, or 17%, to \$309.13 after the company agreed to buy collaboration-software company Figma for about \$20 billion, in the technology giant's largest acquisition. Railroad stocks fell even after the White House said a tentative agreement had been reached to avert a shutdown on railways. Union Pacific edged higher by 41 cents, or 0.2%, to \$218.36. CSX fell \$1.06, or 3.4%, to \$30.17.

Early Friday, Japan's Nikkei 225 was down 1.1%, Hong Kong's Hang Seng Index was down 0.9% and the Shanghai Composite was down 1.1%. S&P 500 futures fell 0.7%.

HSBC Bets Rising Rates Will Help With Long-Awaited Turnaround

By Josh Mitchell

LONDON—HSBC Holdings PLC, Europe's largest bank, is counting on rising interest rates to help revive its share price after a sluggish decade—and to fend off an attack from its biggest shareholder.

The British bank has for years asked investors for patience as it retrenches from some major markets and sharpened its focus on Asia. That strategy kept the bank's finances steady—but it kept a lid on profits and depressed its stock. HSBC's share price in Hong Kong remains roughly a third of its 2007 peak.

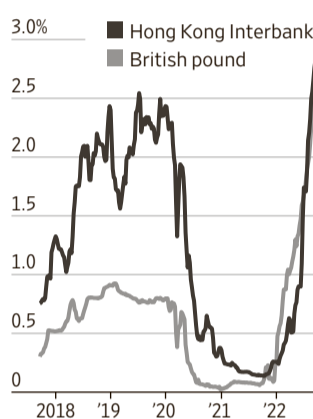
Now, HSBC says business is primed to take off, mainly because rising rates will boost its earnings.

But there's "a fundamental disconnect" between the optimism among HSBC executives and shareholders' unease, said John Cronin, a banking analyst at Goodbody Stockbrokers. "I think the share price is telling you the market is very, very worried about recession risks."

This year, central banks including the Federal Reserve, European Central Bank and Bank of England rapidly raised rates to tamp down inflation. That is generally bad for corporations and households. But it is good news for banks like HSBC, which can make more money on loans.

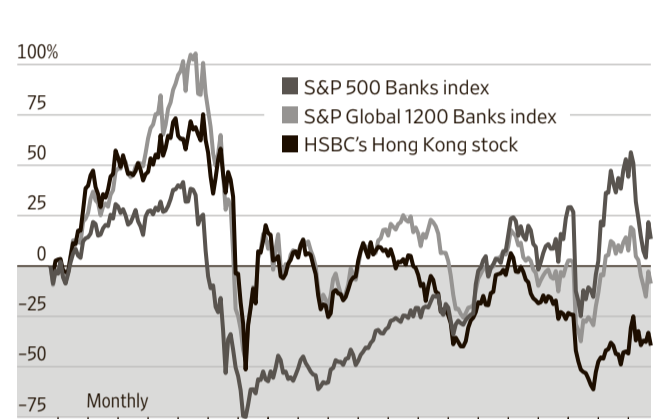
HSBC says that development—coupled with retail branch closures, office downsizing and other cost cutting—will return a key measure of profitability to its highest level in a decade by next year.

Three-month interbank offered rates



Source: Refinitiv

Stock-price and index performance, past 20 years



It said in August that for each percentage-point jump in market-based interest rates, the money it earns annually from interest would rise by about \$4.7 billion.

"It's revolutionary," for HSBC that rates are rising back toward historical norms, said Alastair Ryan, a Bank of America banking analyst. "HSBC's business model was just structurally really disadvantaged by that period of zero rates."

After the 2008 global financial crisis, HSBC cut back in various areas, exiting its U.S. home-lending business. It expanded in offering insurance—particularly in Hong Kong, its biggest market—and facilitating trade. HSBC has relied less on businesses such as investment banking and credit cards that generated big returns for peers like JPMorgan Chase & Co.

Now that rates are rising, HSBC will continue to have a

big source of cheap capital—the customer accounts that pay depositors little or no interest—that it can use to fund lending that generates higher returns, such as mortgages. Also, HSBC has a huge pile of cash reserves at the Bank of England for which it will be paid more in interest.

HSBC said in August that the amount it earns in interest—net interest income—is set to rise 15% this year and another 19% next year, to \$37 billion.

"You're going from a decade of unacceptably low profitability to a period of quite reasonable profitability," Mr. Ryan said. "It's going from a bank not working for shareholders to one that should be working pretty well."

HSBC's top shareholder, China's Ping An Insurance, has pushed to revamp the company in a way that would isolate its Asian operations from its opera-

tions elsewhere, in a bid to boost its share price.

HSBC, in a rebuttal, said in August that higher interest income is one reason it expects its return on tangible equity—a key measure of profitability—to reach 12% next year, its highest level in a decade. The bank said a restructuring would disrupt that progress.

Rising rates carry risks for banks. The central-bank moves are designed to cool the economy by slowing demand. If loan demand weakens and borrowers default on loans, banks like HSBC stand to suffer losses.

The stakes are higher in this rate cycle because rocketing inflation is forcing monetary authorities to act forcefully even when economies aren't in great shape. In August, the Bank of England warned that Britain—one of HSBC's biggest markets—could be headed for a recession that would last five quarters.

Muni-Bond Investors Squeezed

Continued from page B1

Mutual-fund managers lined up to buy the debt after tax changes left wealthy households craving munis. High-yield municipal-bond mutual funds held \$114 billion as of August, double their assets in 2016, according to Refinitiv Lipper. Even outflows triggered by the March 2020 Covid-19 market crash were short-lived. By that June, money was flowing back in.

Now, bond prices are plummeting, construction and labor costs are soaring and risky deals are faltering. The New Jersey mall and theme park defaulted last month.

The conduit issuer that sold the Bell Bank Park bonds, the Arizona Industrial Development Authority—which collected a fee of more than \$1 million—said through a spokesman that it "defers to the lending institution to complete due diligence on the feasibility of repaying the loan."

The park was a dream of Phoenix-area entrepreneur Randy Miller. Mr. Miller and his son Chad stepped down as directors of Legacy Cares in February 2020. That way, Legacy Sports USA, the for-profit company they run with Randy Miller's other son Brett, could manage the development and operation of Bell Bank Park without jeopardizing the tax-exempt status of



A spike it volleyball tournament at Bell Bank Park in Mesa, Ariz.

the bonds, according to records and interviews.

Legacy Cares sold a combined \$280 million in unrated municipal debt in two deals in August 2020 and June 2021 underwritten by B.C. Ziegler and Co. The bonds offered 30-year yields as high as 7.8%, equivalent to a taxable yield of around 13% for investors in the top tax bracket, according to data from Nuveen LLC.

Mutual funds bought almost all of them, according to data provider FactSet. Investment firm Vanguard Group currently holds \$98 million. A video of the park's ribbon-cutting ceremony shows Chad Miller thanking "Vanguard, our anchor investor, who believed in this vision."

Little of the debt has changed hands during the recent bond selloff. Some 30-year bonds traded this week at 100 cents on the dollar, down from 114 cents in June, while others traded at 95 cents in August.

Vanguard's head of municipal credit research, Nathan

Will, said that the firm's "municipal bond fund lineup is broadly diversified with each portfolio comprising thousands of securities."

For Mesa, a city of half a million, Bell Bank Park was a significant addition, part of the southeastern expansion of the Phoenix metro area. Mesa spent \$1.2 million on a section of highway that serves the park and nearby developments.

Mr. Moss said supply-chain problems, high labor costs and Covid-19 cancellations delayed completion of the park and its 24 soccer and football fields, 69 volleyball courts, 24 baseball fields and 19 basketball courts. He noted that the USA Gymnastics Development Program held its championships at the park in May.

"We did a demand and market analysis for the project," Chad Miller said. "There was a significant need."

Budget documents now anticipate full-year revenue of \$48 million, down 60% from the original projection, and rely

on an \$8 million cash donation to cover a January bond payment. Mr. Moss and Chad Miller said that money may come from Legacy Sports USA.

In the first half of 2022, the park collected \$15 million in revenue, bond filings show. Investors peppered management with questions on a June conference call during which a Legacy Sports USA official said the team couldn't have expected a labor shortage.

"Myself and several other creditors were asking about [labor issues] in January," Pimco head of the municipal credit research Sean McCarthy said. "Can we stop with the hyperbolic comments about tremendous growth, tremendous interest? Let's be more specific because these numbers are a bit disappointing."

Stephen Griffin, an investor in the business of youth sports and a former certified public accountant who isn't affiliated with Bell Bank Park, said he contacted the SEC in July because he was concerned about the feasibility of the project and the completeness of the bond disclosures.

Mr. Griffin has since answered questions from the SEC Enforcement Division's Public Finance Abuse Unit about the park's revenue projections, feasibility studies and facility-use agreements. He also shared documents with the SEC and registered as a whistleblower, according to interviews with him and emails he provided to The Wall Street Journal.

An SEC spokesman said the agency doesn't comment on the existence or nonexistence of a possible investigation.

AUCTION RESULTS

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

FOUR-WEEK BILLS

Table with 2 columns: Bid type and Amount. Applications: \$137,776,422,000; Accepted bids: \$52,766,172,000; \* noncompetitively: \$1,897,671,500; \* foreign noncompetitively: \$100,000,000; Auction price (rate): 99.792333 (2.670%); Coupon equivalent: 2.713%; Bids at clearing yield accepted: 83.06%; Cusp number: 912796VE3

The bills, dated Sept. 20, 2022, mature on Oct. 10, 2022.

EIGHT-WEEK BILLS

Table with 2 columns: Bid type and Amount. Applications: \$121,456,966,900; Accepted bids: \$47,489,466,900; \* noncompetitively: \$505,273,500; \* foreign noncompetitively: \$292,000,000; Auction price (rate): 99.545000 (2.925%); Coupon equivalent: 2.979%; Bids at clearing yield accepted: 73.75%; Cusp number: 912796VQ6

The bills, dated Sept. 20, 2022, mature on Nov. 15, 2022.

# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## Ford Is a Favorite Detroit Stock for Now

Investors may be paying too much attention to vehicles available to consumers now, rather than what is in the pipeline

When it comes to the Detroit auto makers, investors seem overly focused on the few electric vehicles available for sale today. As anyone who visits the city's car show can observe, tomorrow will be different.

**General Motors, Ford and Stellantis** are by far the biggest exhibitors at the North American International Auto Show, which launched Wednesday with a media day that included a visit from President Biden. On neighboring stands, Ford's F-150 Lightning faces off against its GM peer, the Chevrolet Silverado EV. At one end of the hall, Stellantis makes much of Jeep's electric four-wheel-drive technology, which helped make the Wrangler the best-selling U.S. plug-in hybrid vehicle.

The stock market has a clear view on who is winning this competition. Ford trades for roughly seven times expected earnings, GM for six and Stellantis for three times. Ford is the only Detroit auto maker that features among the five most popular stocks on Robinhood.

In a sector fixated on the outside

valuation of **Tesla**—another top-five Robinhood stock—one explanation for such divergent ratings among the Detroit Three is what all-electric products they have available. Ford's F-150 Lightning is already for sale, albeit with limited production and long waiting lists. GM's mass-market EVs, including the Chevrolet Equinox EV unveiled last week as well as the electric Silverado pickup, will be first delivered to customers next year. Stellantis is further behind in the North American market, with the first all-electric Jeeps due to start production in 2024 and not featured at the show.

Speed to market could help Ford win new EV customers that might otherwise have considered its rivals. In many respects, investors' preference for Ford seems shortsighted.

While GM invested heavily in EVs, it focused more on building up its battery ecosystem than getting products to consumers quickly. When GM is ready to increase EV production, it should be able to do so in a way Ford may struggle to



The Chevrolet Equinox EV at the Detroit auto show on Wednesday.

match operationally.

The new Equinox is one illustration: GM wants to sell the EV at a starting price of \$30,000, which is well below that of products in the same category such as the Mustang Mach-E, Tesla's Model Y or the Hyundai Ioniq 5. Ford scrambled to increase output by inking a deal with Chinese battery giant

CATL. The strategy seems hasty in light of Washington's new EV tax credits, which starting in 2024 probably won't be applicable to vehicles using Chinese battery cells.

Stellantis's undervaluation is much more extreme than GM's. Not only is it a laggard with nonhybridized so-called battery-electric vehicles, or BEVs, in North America, but

its plan to catch up has largely been communicated through dry numbers and dates rather than the exciting products investors in the sector seem to need.

But the pitch is changing. The Detroit show presents a Dodge concept "muscle" BEV that Stellantis unveiled last month, and last week the company released the first images of two coming Jeep BEVs.

"We are trying to elaborate a Jeep BEV leadership story, and very soon we are going to do the same with RAM," said Chief Executive Carlos Tavares.

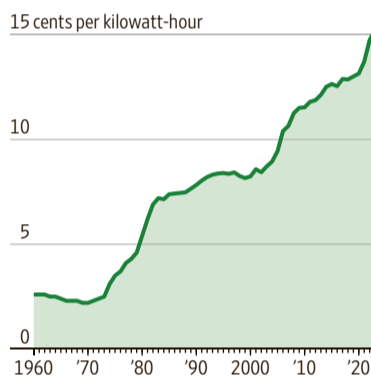
He accepts that the U.S. stock market is "very much product-driven, and this is a good thing because it means people are passionate about the product, which is what we know how to do best."

Based on cars on the road, Ford may appear to be the most credible Detroit challenger to Tesla right now, but this is a long race. It is only a matter of time before the product portfolios at GM and Stellantis catch up, and their valuations should follow. —Stephen Willmot



Retail electricity prices are forecast to increase 7.5% this year.

### U.S. average nominal retail price of electricity



Note: Including taxes; 2022 and 2023 figures are EIA forecasts. Source: U.S. Energy Information Administration

## Adobe Bets It Isn't Big-Enough Tech

For once, **Adobe** can be grateful it isn't **Microsoft**.

The Silicon Valley pioneer behind well-known products like Photoshop, Illustrator and the PDF format has long lived in the shadow of some of its much larger software peers of a similar age. But Adobe is no runt: Projected revenue of a little over \$20 billion for the next fiscal year ranks the company 10th on the S&P 500 Software & Services Group. And Adobe's highly successful transition to a subscription-based business model has made it the largest company on the BVP Nasdaq Emerging Cloud Index by market capitalization, outranking even Salesforce.

That was until Thursday, when Adobe's share price sank 17% after the company's latest results and a surprise deal to acquire a privately held software company called **Figma** for \$20 billion in cash and stock. That is more than four times what Adobe paid for Marketo in 2018, which had been by far the company's largest deal. Analyst Brent Thill of Jefferies noted the price reflects a multiple of about 25 times what Figma's annualized recurring revenue could hit next year if it keeps growing at its current rate. That compares with about 10 times forward revenue Adobe paid for Marketo. In a report on Thursday, Mr. Thill concluded that Adobe's latest move "looks pricey."

It looks like an established technology giant taking out a growing threat—a risky move in the current regulatory environment. Figma offers cloud-based tools used by software designers in areas like user interface, thus competing with Adobe's XD service. It has grown popular of late: A report by Macquarie Research earlier this year noted that "many designers pull Figma into their organizations like developer tools." A report by CNBC last month said "tens of thousands" of software developers at Microsoft now use Figma—despite the availability of Adobe's tools through an existing business relationship.

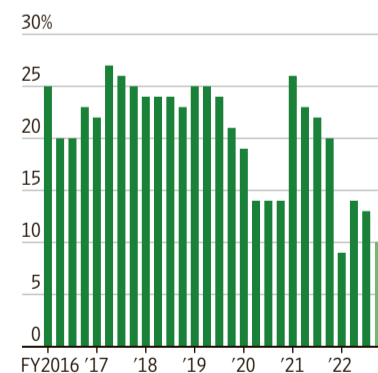
In a conference call Thursday morning, Adobe claimed the overlap isn't as strong as it might seem as two-thirds of Figma's users aren't from the group of designers that make up Adobe's core customer. But the move comes at a time of weakness; Adobe's fiscal third-quarter results Thursday showed a continued deceleration in its growth. Revenue grew by an average of 14% year over year over the past four quarters, compared with an average of nearly 25% over the previous four periods. And Adobe's revenue forecast for the current fiscal quarter ending in November came in below Wall Street's target for the fourth consecutive period on Thursday. Adobe's shares are down 46% so far this year.

Figma on its own might not change that trajectory; \$400 million in annual revenue is about 2% of what Wall Street expects Adobe's revenue to hit next year. And, despite its growing lefthand, Adobe is likely too small to have the deal raise alarm bells with regulators. But investors might be justifiably worried that Adobe dug rather deep to fund an expensive cloud acquisition when cloud companies are cheaper than they have been in years.

The Photoshop maker has its own image to brush up now.

—Dan Gallagher

### Adobe's quarterly revenue, change from a year earlier



Note: Fiscal year ends in November. Fourth quarter of fiscal year 2022 is company's projection. Source: S&P Global Market Intelligence

## Electricity Surge to Help Market

Thanks to cheap natural gas, electricity prices have been a relatively stable part of Americans' budgets for many years. But the commodity's price surge this year could lead to a rude awakening for consumers and a moment of reflection for policy makers.

Consumers spent 16% more on utility payments in August than they had a year earlier, according to Bank of America. The U.S. Energy Information Administration said last week that it expects retail electricity prices to surge 7.5% this year. That would be the biggest percentage jump since 2006, when prices rose 10% in tandem with rising natural-gas prices—the culprit this time, too. The price of natural gas, which accounts for 38% of U.S. power generation, more than doubled so far this year.

The price jump has real potential to hurt wallets: Americans in 2021 spent an average of \$166.50 a month on electricity and gas bills, accounting for about 3% of expenditures, according to survey data from the Bureau of Labor Statistics. Gasoline tends to be a slightly larger cost for the average consumer, accounting for roughly \$179 a month (or 3.2% of expenditures). For lower-income consumers—a group that includes retirees—electricity accounts for a slightly higher share of spending than gasoline, the BLS survey shows.

The degree of that electricity sticker shock will vary by region

depending on two variables: how much the region relies on natural gas for electricity and how its power market is structured. In New England, residential electricity prices are expected to increase by 15% this year, the largest rise among regions tracked by the EIA. New England not only depends on natural gas for 52% of its power but is deregulated at the wholesale level.

In deregulated markets, wholesale power prices are determined by the marginal cost of generation, which tends to be natural gas, whereas in regulated markets they are determined by the average cost of generation, which includes low-marginal-cost sources such as hydroelectricity and nuclear energy, according to Severin Borenstein, energy economist at the Haas School of Business at University of California, Berkeley. The rise in power prices is expected to be much milder in regulated states: The region with the lowest expected increase, 3%, is the so-called West North Central region, which comprises only states that have regulated power markets, including Iowa, Kansas and Minnesota.

Will utility sticker shock lead to any changes? In the years after the 2006 jump, Prof. Borenstein said, there were discussions around the country about switching deregulated markets back to regulated ones. States such as Illinois, Maryland and Maine were among those

considering ways to roll back deregulation. But when natural-gas prices declined sharply starting in 2009, electricity prices fell for deregulated markets, and policy makers' attention turned elsewhere.

Deregulation doesn't have a great record of being consumer-friendly: An April 2022 working paper published by the MIT Center for Energy and Environmental Policy Research found that deregulation in U.S. power markets increased electricity prices for consumers even as costs to produce power in those markets declined modestly. The paper found that markups overrode efficiency gains.

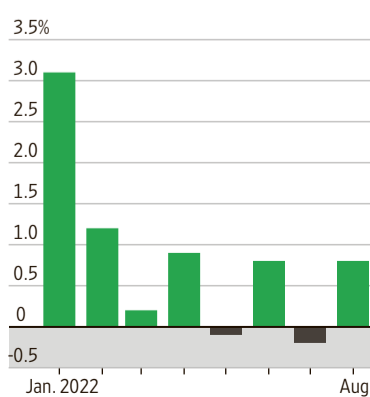
Europe is in far worse shape following Russia's invasion of Ukraine and imposition of gas-supply restrictions. Its next steps—and the lessons that follow—will be a useful reference point for the U.S. The European Commission on Wednesday proposed a temporary revenue cap on lower-cost power generators such as solar, wind and nuclear. Such a cap would prevent low-cost generators from reaping the price at which the marginal producer of electricity (often natural gas) bids. A longer-term cap, however, would risk discouraging investment in renewable energy.

The one silver lining to the utility-bill shock could be that it shines a light on market-design flaws that low natural-gas prices have previously masked.

—Jinjo Lee

## Consumer Spending May Be Better Than It Looks

### Retail sales, excluding gasoline stations, change from the previous month



Source: Commerce Department

The good news is, against economists' expectations, the Commerce Department on Thursday reported that Americans boosted their spending substantially in August. The bad news is that July spending figures were revised substantially lower.

Retail sales rose 0.3% in August from July, adjusted for seasonal swings but not inflation, versus estimates that they would be unchanged. But sales in July are now figured to have shown a 0.4% decline from June; previously they were reported to be flat. And there's more: June sales figures were nudged up.

That makes for a confusing picture of how the mix of strong employment, inflation concerns, falling gasoline prices, rising interest rates

and the continuing shift in spending away from pandemic categories toward services is affecting retailers.

The drop in gasoline prices since June has been weighing on overall sales, although most retailers would count it as a welcome development. Gasoline-station sales fell 4.2% in August from a month earlier after falling 2.3% in July, according to Commerce Department data. There is likely even more to come there, since pump prices are now below their August average, with futures prices foreshadowing further declines. Excluding gasoline stations, retail sales rose by 0.8% in August.

Moreover, for many retailers the better-than-expected August sales growth and lowered July figures net

out to a positive. That is because August is a big month for back-to-school sales—something the Commerce Department's seasonal adjustment process accounts for. If July's adjusted figures were stronger, and August's weaker, it would have amounted to less money coming to retailers over the two months.

Regardless of such fluctuations, it is clear that many retailers that benefited from stay-at-home spending in the earlier stages of the pandemic are now faring worse. Sales at furniture and home-furnishings stores fell for four consecutive months, and were 1.6% below their year-earlier level in August. Adjusted for rising prices, that decline is even more pronounced.

What is difficult to ascertain is how reduced spending on items such as furniture is affecting sales elsewhere. Although the retail-sales report does encompass sales at restaurants and bars, it has nothing to say about other services categories, such as travel, dentist visits and rents. All told, the report accounts for somewhat less than half of consumer spending.

For investors, the danger in the confused spending outlook is that it can turn into something like a choose-your-own-adventure book, with one version saying consumers are in retreat, another that they are redeploying resources elsewhere, and so on. In the end, only one version will prove true. —Justin Lahart