

THE WALL STREET JOURNAL.

What's News

Business & Finance

The U.S. dollar is in the midst of a once-in-a-generation rally this year, a surge that threatens to exacerbate the global growth slowdown and put further pressure on central banks around the world. **A1**

◆ **U.S. utility** customers, faced with some of their largest bills in years, are set to pay even more this winter as natural-gas prices continue to climb. **A1**

◆ **China installed** almost as many robots in its factories last year as the rest of the world, accelerating a rush to automate and consolidate its manufacturing dominance. **A1**

◆ **A group of Biden-appointed** bank regulators is considering new rules to require large regional banks to add to financial cushions that could be called on in times of crisis. **A1**

◆ **Starbucks chief** Schultz said he wants to ensure the strategic revamp plan he and other executives developed is on track before he exits and said he “desperately” wants to get back to China. **B1**

◆ **The battle for** the stablecoin market is heating up as interest rates rise and the largest players jostle for market share. **B1**

◆ **Elevated commodity** prices have helped mining companies including South32, Glencore and Rio Tinto raise hundreds of millions of dollars from sales of royalties. **B1**

World-Wide

◆ **The Biden administration** is revamping its effort to close the Guantanamo Bay prison, for the first time appointing a senior diplomat to oversee detainee transfers and signaling it won't interfere with plea negotiations that could resolve the long-stalled prosecution of alleged 9/11 mastermind Khalid Sheikh Mohammed and four co-defendants. **A7**

◆ **Russia is intensifying** a campaign of long-range missile strikes targeting Ukraine's key infrastructure after facing major setbacks on the battlefield that have raised concerns about further escalation from Moscow. **A8**

◆ **The top U.S. military** commander visited a military base in Poland and reviewed security measures for U.S. forces supporting Ukraine. **A8**

◆ **The EU ramped up** financial pressure on Hungary's nationalist prime minister just as it needs his support to extend sanctions on Russia over its invasion of Ukraine. **A8**

◆ **The Pentagon is intensifying** efforts to decouple U.S. defense companies' sprawling global supply chain from China, executives and department officials said. **A3**

◆ **Trump confidant** Thomas Barrack goes on trial beginning this week on charges he illegally pushed U.S. officials to support policies favoring the U.A.E. **A4**

JOURNAL REPORT

C-Suite Strategies: The performance review is back. **R1-12**

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Hurricane Fiona Hits Puerto Rico With Flooding, Blackout



DELUGE: Hurricane Fiona made landfall in Puerto Rico on Sunday, knocking out the power grid and causing flooding in Cayey, above, and throughout the island. President Biden approved an emergency declaration to provide relief. **A3**

Electric Bills Rise Nationwide As Natural-Gas Prices Climb

By KATHERINE BLUNT AND JENNIFER HILLER

U.S. utility customers, faced with some of their largest bills in years, are set to pay even more this winter as natural-gas prices continue to climb.

Natural-gas prices have more than doubled this year because of a global supply shortage made worse by the war in Ukraine, and they are expected to remain elevated for months as fuel is needed to light and heat homes during the winter. The supply crunch has made it

substantially more expensive for utilities to purchase or produce power, and those costs are being passed on to customers.

From New Hampshire to Louisiana, customers' electricity rates are increasing. The Energy Information Administration anticipates the residential price of electricity will average 14.8 cents per kilowatt-hour in 2022, up 7.5% from 2021. The agency forecasts record gas consumption this year amid surging prices, in part because power producers are limited in their ability to burn coal instead due

to supply constraints and plant retirements.

Electricity prices have surged in many parts of the country alongside natural-gas prices as exporters ship record amounts of the fuel abroad because of supply shortages in Europe, which is working to slash its reliance on Russian supplies. Natural-gas producers, hamstrung by pipeline constraints and investors pushing for austerity, haven't increased production enough to alleviate the pressure.

The U.S. consumer-price in-

dex for electricity in August climbed 15.8% over the same month a year ago, the biggest such 12-month increase since 1981, according to a report from the U.S. Bureau of Labor Statistics.

The strain is particularly acute in New England. The region is investing heavily in renewable-energy sources, but many of those projects aren't yet operational, and it still re-

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◆ **Putin's energy war** with Europe falters..... **A8**

When EVs Sped Up, Makers Fell Behind

Rising interest in electric vehicles sends manufacturers scrambling for supplies

By MIKE COLIAS

Auto makers racing to turn out electric vehicles have generated long wait lists. Now they must try not to disappoint customers like Louie Figueroa.

Mr. Figueroa put down a \$100 refundable deposit on an F-150 Lightning soon after Ford Motor Co. unveiled the electric pickup in May 2021, eager to use it for his construction job. But there is a long backlog, and it isn't clear when he'll be able to actually order one.

"Now I'm thinking, 'Can I afford to keep waiting for this?'" said Mr. Figueroa, who lives near San Bernar-

dino, Calif.

A few years ago, auto executives weren't sure there would be enough buyers for plug-in electric models. Now, they worry they can't build them fast enough, while they intensify a multibillion-dollar rush to accelerate timelines and bring factories online.

EVs account for only about 6% of overall U.S. vehicle sales. But that percentage has tripled in the last two years, while sales of other types of vehicles have declined, according to research firm Motor Intelligence. General Motors Co., Ford, Rivian Automotive Inc. and other auto makers say they have

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China Turns to Robotics As Plant Workforce Shrinks

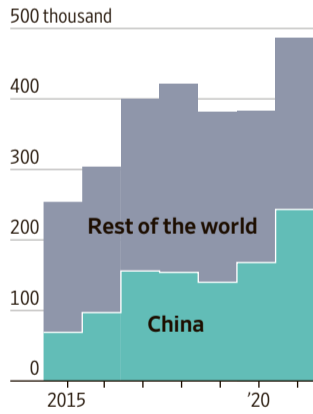
By JASON DOUGLAS

China installed almost as many robots in its factories last year as the rest of the world, accelerating a rush to automate and consolidate its manufacturing dominance even as its working-age population shrinks.

Shipments of industrial robots to China in 2021 rose 45% compared with the previous year to more than 243,000, according to new data viewed by The Wall Street Journal from the International Federation of Robotics, a robotics industry trade group.

China accounted for just under half of all installations of heavy-duty industrial robots last year, reinforcing the nation's status as the No. 1 market for robot manufacturers worldwide. The IFR data show China installed nearly twice as

Industrial robot installations



Source: International Federation of Robotics

many new robots as did factories throughout the Americas and Europe.

Part of the explanation for China's rapid automation is that it is simply catching up with richer peers. The world's

second-largest economy lags behind the U.S. and manufacturing powerhouses such as Japan, Germany and South Korea in the prevalence of robots on production lines.

The rapid automation also reflects a growing recognition in China that its factories need to adapt as the country's supply of cheap labor dwindles and wages rise.

The United Nations expects India to surpass China as the world's most populous country as soon as next year. The population of those in China age 20 to 64—the bulk of the workforce—might have already peaked, U.N. projections show, and is expected to fall steeply after 2030, as the population ages and birthrates stay low.

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◆ **Chinese firms try new angles** to control costs..... **B3**

New Zealand Tries to Ban Jargon. Generated Outcome Is Suboptimal.

Lawmakers want to simplify documents; critics warn of 'plain-language police'

By MIKE CHERNEY

During a recent session of New Zealand's parliament, government lawmaker Sarah Pallett rose to recite "I Wandered Lonely as a Cloud" by William Wordsworth, a poem that used literary language to describe going for a walk and seeing daffodils.

"Good old Wordsworth," Ms. Pallett said. "But that is the place for flowery, inaccessible language—in poetry and literature, and not in government legislation."

a law promoting the use of simple language in New Zealand's government documents is proving complicated. For one thing, no one can quite agree on what plain English actually means.

Nearly 70 citizens and groups have made written comments. Officials put together a 53-page report, and a legislative committee needed 19 pages to explain and present an amended version of the bill. Lawmakers have quoted "Chronicles of Narnia" author C.S. Lewis, American linguist Julia Pe-

A push to pass A bitter quill Please turn to page A10

INSIDE



SPORTS
The Las Vegas Aces defeat the Connecticut Sun for WNBA championship. **A14**

BUSINESS & FINANCE
Private-equity firms are courting family businesses for buyouts. **B1**

Regional Banks Face Tighter Regulations

By ANDREW ACKERMAN

WASHINGTON—A group of Biden-appointed bank regulators is considering new rules to require large regional banks to add to financial cushions that could be called on in times of crisis.

The steps under consideration include requirements that the regional firms raise long-term debt that can help absorb losses in case of their own insolvency, according to people familiar with the matter, extending a slimmed-down version of requirements that at present apply only to the largest U.S. banks.

The most likely path for achieving these new requirements is through a formal rule-

making process led by the Federal Reserve, the prospects for which banks and their trade groups are already beginning to fight on the grounds that the measure is unneeded and that their costs outweigh any benefits.

At issue are concerns among the Biden administration and its top regulators that the steady growth of the nation's largest regional banks, a group that includes firms such as U.S. Bancorp, Truist Financial Corp. and PNC Financial Services Group Inc., has introduced new risks to the financial system. While these firms might lack the vast trading floors and international operations of megabanks like JPMorgan Chase & Co. and

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U.S. NEWS

THE OUTLOOK | By Tom Fairless

Inflation Link to Wages Questioned



Even as some prices such as gasoline signal tentative easing of inflation pressure, the Federal Reserve and other central banks remain preoccupied with one that shows the opposite trend: the price of labor.

Soaring pay growth, officials worry, could prompt businesses to keep raising prices to offset higher labor costs, producing a wage-price spiral.

Bank of England Gov. Andrew Bailey this year urged U.K. workers not to ask for big pay raises in an effort to cool inflation that is running at 9.9%, prompting criticism from labor unions. U.K. wages are currently rising by 5.5% a year, up from about 3.5% in 2019.

But some economists say the concern is misplaced. They say the lesson of the past few decades is that while higher prices lead to higher wages, as workers try to claw back lost purchasing power, the reverse isn't true. If so, high wage growth won't stand in the way of getting inflation down.

"I am concerned that this point may not be fully appreciated by some policy makers," said Stefan Gerlach, chief economist at EFG Bank in Zurich. "Inflation and wages tend to move together, but that may be largely due to wages responding to past inflation, not inflation re-

sponding to past wages."

Labor makes up the bulk of firms' total costs in the U.S. and Europe. That means over time, rising wages should lead to higher prices, after adjusting for increases in workers' output per hour. Otherwise workers would claim an ever-larger share of the economic pie at the expense of business owners.

In the U.S., hourly wages of private-sector workers were up 5.2% in August from a year earlier, a slower increase than 5.6% in July but much faster than around 3% before the pandemic. A different measure compiled by the Federal Reserve Bank of Atlanta, which isn't affected by shifts in jobs between high- and low-paying industries, put wage growth at 6.7% in July and August, the fastest in at least a quarter-century. Both, however, are lagging behind consumer prices, which rose 8.3% in the year through August.

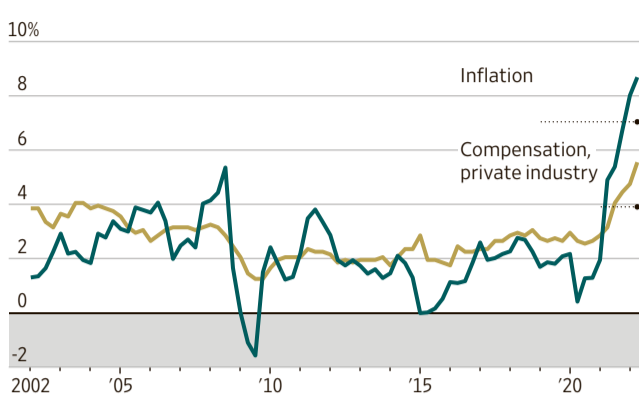
In the eurozone, hourly labor costs climbed by 4% in the three months through June from a year earlier, and the European Central Bank this month announced a 0.75 percentage point interest-rate increase. ECB chief economist Philip Lane warned last week that faster wage growth contributed significantly to higher inflation.

But a variety of studies have found that over the past few decades increases in labor costs haven't been passed through fully or at all to prices.

Economists at the Federal

Reserve Bank of New York found, in a 2020 paper, that U.S. manufacturing firms had largely stopped raising their prices in response to wage increases over the past two decades. Federal Reserve Board economists found little evidence in 2017 that changes in labor costs had a material effect on price inflation in recent years.

U.S. wage and price inflation, quarterly



Source: Federal Reserve Bank of St. Louis

The shift likely reflects growing international trade and rising market power of businesses since the turn of the century, as well as a general decline in inflation, according to research.

The argument goes like this: As foreign competitors moved in, some domestic firms shut down. The firms that survive have higher profit margins, making it possible for them to at least partially absorb higher wages without passing them to their customers and avoid losing market share to foreign competitors.

Crucially, though, inflation was generally low and stable in the period these papers examined. If businesses now expect wages and other costs to rise strongly and persistently, they might be less willing to absorb them. In Europe,

some recent surveys suggest that consumers and investors expect inflation to remain high.

Research published last month by the New York Fed found that before the Covid-19 pandemic, for goods and services that are traded internationally, wage increases didn't filter through to prices at all. That changed in 2021, when a 10% increase in wages was associated with a 1.4% rise in producer prices.

Some companies are citing higher labor costs for why they are raising prices. In February, Amazon.com Inc. Chief Financial Officer Brian Olsavsky cited rising wage costs as a reason behind an increase in the price of Prime membership in the U.S. to \$14.99 from \$12.99 a month—the first price increase since 2018. If pay growth is passing through more strongly to prices, wages and inflation could spiral upward together, requiring aggressive action by central banks to break the cycle.

The tight labor market represents an opportunity for workers to grab a bigger slice of the economic pie, after decades of globalization and weakened labor unions shifted leverage to business owners. If workers are successful, wages could rise strongly even as inflation slows.

Still, businesses retain considerable market clout at a time of strong demand, economists say, and are unlikely to give up their share of the pie without a fight.

ECONOMIC CALENDAR

Monday: Japan's Statistics Bureau releases annual inflation data through August. **Consumer prices in Japan** rose 2.6% in July from a year earlier, exceeding the Bank of Japan's 2% target for four straight months.

The National Association of Home Builders releases its **September housing-market index**. In August, the index declined for the eighth consecutive month amid supply-chain challenges, rising interest rates and worsening home affordability.

Tuesday: The Commerce Department releases August figures on **house construction and building permits**. Housing starts fell 9.6% in July from the month before and building permits fell 1.3%.

Wednesday: The **Federal Reserve** announces its latest interest-rate decision on the heels of an inflation report showing that underlying price pressures strengthened in August. Officials will release updated projections of interest rates, inflation, unemployment and economic growth, and Chairman Jerome Powell holds a news conference.

The **Bank of Japan** announces its latest monetary-policy decision as inflation exceeds its targeted 2% threshold.

Thursday: The **Bank of England** announces its latest monetary-policy decision. The central bank raised interest rates by the most in a quarter-century in its previous meeting.

The Labor Department releases the number of workers' filings for **unemployment benefits** for the week ended Sept. 17. Initial jobless claims have declined for five consecutive weeks.

Friday: S&P Global releases **September surveys of purchasing managers** from around the world. The August surveys pointed to a sharp slowdown in economic growth that month.

Regional Banks Eyed For Risks

Continued from Page One

Bank of America Corp., the big regionals' balance sheets are so large that it could be difficult to wind down such a firm in an orderly manner should one fail, top regulators have warned in recent years.

Michael Barr, the Fed's new point man on financial regulation, signaled in a Sept. 7 speech that he is eyeing large regional banks "as they grow and as their significance in the financial system increases." In his first public comments since taking office in July, he said he would work with other banking regulators to boost regional banks' living wills, or plans for lenders to wind themselves down without a government bailout.

Bankers and their trade groups said extending long-term debt rules to regional firms is unwarranted, forcing banks that typically fund their operations through deposits to



Fed Vice Chairman Michael Barr said he would work to boost plans for regional banks to wind down without a government bailout.

instead issue public debt that would ultimately increase costs for consumers and business borrowers.

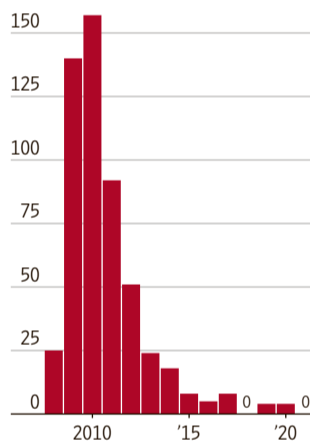
"The agencies have yet to articulate a clear or meaningful benefit that would offset these significant costs for end users and the financial system," said Lauren Anderson, senior vice president and senior associate general counsel at the Bank Policy Institute.

The work to address perceived risks posed by large regional banks is in its early stages and would have to be approved by the full Fed board.

The Federal Deposit Insurance Corp., which typically oversees bank seizures after regulators have determined that a bank is in a perilous financial situation, has also been involved in the discussions, along with a third banking regulator, the Office of the Comptroller of the Currency.

Though any requirements that regional firms hold more long-term debt could be slimmed down from what megabanks are required to raise, they could still require regional firms to issue billions of debt over several years.

Bank failures by year



Source: Federal Deposit Insurance Corp.

The focus on regional lenders comes on top of work regulators are separately weighing for the biggest U.S. banks, as they broadly review capital and other requirements. Mr. Barr said banks have emerged from the pandemic in strong financial shape, but he signaled he might move to boost overall bank-capital levels. "Is capital in the system strong enough?" Mr. Barr said at the Sept 7 event. "It's strong. I think the question is, 'Is it strong enough?'"

After the 2008 financial crisis, regulators imposed

tougher rules on firms whose failure could threaten the financial system because of their size, complexity and global reach. Those measures included stepped-up planning to unwind operations amid catastrophic losses and requirements to stockpile additional capital.

Large regional banks were exempt from some of the rules. Their growth in the past decade—often through acquisitions—has given regulators a reason to rethink that decision.

The precise group of large banks in question is unclear. Firms with at least \$100 billion in assets, but excluding the biggest "systemically important" U.S. banks, collectively hold about \$3.7 trillion in deposits, or about a quarter of the deposits in the U.S. banking system, according to FDIC data.

U.S. Bancorp, Truist and PNC, three of the largest regional firms in question, had assets of about \$591 billion, \$545 billion and \$541 billion, respectively, as of June 30, according to the Federal Financial Institutions Examination Council. That is far smaller than the \$3.8 trillion held by JPMorgan, the largest bank.

U.S. Bancorp and PNC de-

clined to comment. A Truist spokesman didn't respond to a request for comment.

Even as the industry prepares to fight any rules to emerge, the process could bring a sense of relief to a small group of regional banks with merger deals awaiting regulatory approval.

Michael Hsu, acting comptroller of the currency, said in April he was concerned that a recent wave of bank mergers risked creating more too-big-to-fail firms. Blocking those deals, though, would also shield the largest banks from competition, he said. He suggested that pending merger deals could be conditioned upon the merged bank agreeing to hold more "total loss-absorbing capacity" in the form of long-term debt, as well as other commitments.

Banks and their lobbyists resisted those calls, saying it wasn't fair to apply rules selectively. Officials at the Fed and at other agencies generally agreed, the people familiar with the matter said, viewing the issue as part of a major policy that should be addressed through a transparent rule-making process, albeit one that might take years to complete.

Electricity Bills Surge Across U.S.

Continued from Page One

lies heavily on natural gas for electricity production. The region has limited pipeline capacity and imports large volumes of liquefied natural gas, which are in shorter supply as a result of European demand.

Eversource Energy, a utility company that serves about four million electric and natural-gas customers in Connecticut, Mas-

sachusetts and New Hampshire, implemented last month an unprecedented price increase for customers in New Hampshire. Rates more than doubled from about 10.67 cents to 22.57 cents a kilowatt-hour and will remain at that level through January.

James Daly, Eversource's vice president of energy supply, said rate increases appear especially steep in New Hampshire because regulations require the company to contract for supplies less frequently than in other states, where price increases are more gradual as a result. He said wholesale electricity prices have roughly tripled since 2020, reaching \$130 a megawatt hour during periods of peak demand.

"We're still seeing the effects of the war in Ukraine on liquefied-natural-gas prices, and that affects our winter supply situation," he said.

Donald Kreis, who works on behalf of utility customers through New Hampshire's Office of the Consumer Advocate, said his office has lately seen a sharp increase in the number of calls from customers concerned about their ability to handle the jump in electricity prices. The costs of natural-gas and fuel-oil delivery have jumped as well, making home heating more expensive as it gets colder.

"People are really freaked out because winter looms," he said.

The National Energy Assis-

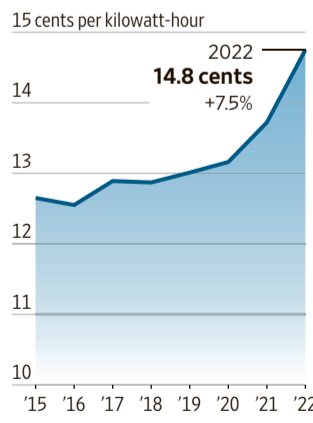
tance Directors Association has forecast the highest winter heating season in a decade—a 35% jump to an average of \$1,202 from two seasons ago—and a likely shock to consumers.

"For families with limited discretionary income, this is a very significant burden because we've had a long period of very affordable home energy," said Mark Wolfe, executive director of the group, which represents state directors of the federal program to help low-income people behind on energy bills. Around 1 in 6 U.S. families are already behind on utility bills, NEADA estimates.

Duke Energy Corp., a North Carolina-based utility company that supplies electricity and natural gas in parts of seven states, has been working to manage gas-price volatility with hedging strategies. The company recently warned residential customers in Florida, where regulations restrict hedging, to expect bills to increase by an average of 13% starting in January.

"The spot prices that we see for natural gas are very scary," said Nelson Peeler, Duke's senior vice president for transmission and fuels strategy. He said that fuel costs can account for at least 30% of a monthly bill with prices at such high levels.

Average U.S. residential price of electricity



Note: 2022 is a forecast. Source: U.S. Energy Information Administration

In Louisiana, where power generation skews heavily toward natural gas, rising fuel costs are coming on top of recovery fees charged by utilities to pay for damage from a relentless series of storms that have battered the state. An especially hot June and July meant people used more air conditioning than usual.

"Not only did we have higher rates as a result of those high natural-gas prices, we also had higher usage," said Phillip May, chief executive of Entergy Corp.'s Louisiana business. "It's coming at a time when they're seeing higher grocery prices

and higher gasoline prices."

In Louisiana, Entergy recovers fuel costs monthly, which meant customers felt a spring increase in natural-gas prices in June bills.

"Louisiana saw the effects of these gas prices immediately, faster than just about any other state, but those price changes are coming to every state," Mr. May said.

Entergy's fuel charges soared 91% in July over the same month last year, according to a report from the state's utility regulator. Overall bills rose about 38%, Entergy Louisiana said.

A \$150 monthly jump in her utility bills to around \$320 prompted Chrystal Simon Boutte to use two white poster boards purchased at Dollar General to create a Halloween costume that looks like a giant Entergy bill. "Bringing the frights," she wrote in a Facebook post in August of herself in costume—head poking out through a circle cutout—that got 1,400 likes and was shared 700 times.

"It is a legit fear when I get my email alerts that my Entergy bill is ready. I would rather have Michael Myers knocking on my door right now," said Mrs. Boutte, referring to the villain from the "Halloween" movies.

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CORRECTIONS & AMPLIFICATIONS

Thomas Graham is a distinguished fellow at the Council on Foreign Relations. A Review article on Saturday about the war in Ukraine incorrectly identified him by his previous affiliation as managing director of Kissinger Associates Inc.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.

U.S. NEWS

Housing Slowdown Weighs on Retailers

BY HARRIET TORRY
AND JENNIFER MALONEY

Falling home sales are rippling through the economy, providing a window into how rising interest rates can cool spending, hiring and growth.

When people buy new homes, they typically buy a lot to go inside, including furniture, curtains, lighting fixtures and appliances.

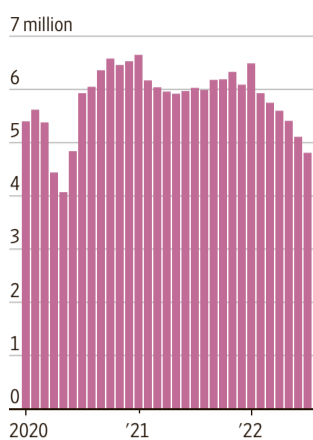
Such spending has slowed or fallen this year as many home buyers moved to the sidelines in the face of climbing interest rates and a shortage of homes to buy, according to government data and businesses.

Sales declined in August from a year before by a seasonally adjusted 1.6% at furniture and home-furnishing stores, and by 5.7% at electronics and appliance stores, according to the Commerce Department.

Furniture businesses have been cutting jobs in recent months, according to the Labor Department.

"It's very bad if you're involved in the housing market" or a retailer of the kind of products people purchase when they move into a new home, like appliances, said Ian Shep-

U.S. existing-home sales*



*Seasonally adjusted annual rate. †Seasonally adjusted. Sources: National Association of Realtors (existing-home sales); Labor Department via St. Louis Fed (workers); U.S. Census Bureau via St. Louis Fed (retail sales)

herdson, chief economist of Pantheon Macroeconomics. "All these things are triggered by transaction volumes, and I'm pretty confident that they're all going to take a pounding," he said.

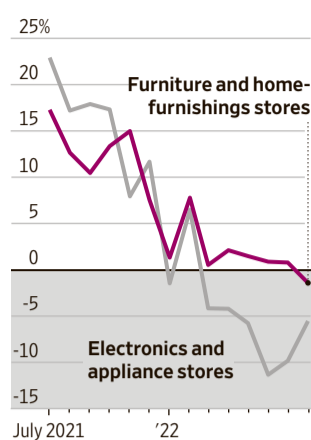
This is bad for the sellers and their employees but is exactly the domino effect the Federal Reserve expects when it raises borrowing costs to combat high inflation. The central bank has lifted its bench-

U.S. furniture workers[†]

mark interest rate this year at the fastest pace since the early 1990s and is likely to lift it this week and in coming months to restrain spending, investment and hiring.

Mortgage rates have soared in response. The average rate on a 30-year fixed-rate mortgage climbed to 6.02% last week, up from 2.86% a year ago, mortgage giant Freddie Mac reported Thursday.

U.S. existing home sales fell

Retail sales, change from a year earlier[†]

in July for the sixth straight month, the longest streak of declines in more than eight years. They dropped 20.2% from a year ago.

Inflation is proving stubborn so far. Although sales are down, prices for household furnishings and supplies—which includes furniture, bedding, curtains and carpets—rose 1.1% in August from July, the fastest monthly pace since January, and were 10.6% higher than a

year before, according to the Labor Department. One exception in the category is appliances: Their prices fell in August from the prior month by the most in nearly two years.

More prices could decline or rise more slowly if the sales trends continue.

RH, the high-end furniture seller formerly known as Restoration Hardware, said this month that it expected its sales to keep falling at least through January because of housing-market weakness over the next several quarters, the Fed's anticipated rate increases and the comparison with its record sales in 2021.

RH said it expected its net revenue to drop by between 15% and 18% in its next quarter, which ends Oct. 29.

"People keep saying, are we going to be in a recession? We're in a recession. Anybody who thinks we're not in a recession is crazy," RH Chief Executive Gary Friedman said on a conference call with analysts. "The housing market is in a recession and it's just getting started. So it's probably going to be a difficult 12 to 18 months in our industry."

Some of the falling spending on goods related to home sales

reflects factors other than the housing market. RH and other home-goods companies such as Wayfair Inc. and Williams-Sonoma Inc., owner of Pottery Barn and West Elm, have been facing a reversal of fortunes after the pandemic initially helped fuel increased spending on home furnishings.

Now, many consumers are tapped out or shifting spending to groceries because of inflation, as well as to services they missed during the pandemic, like dining out. Meanwhile, retailers now have inventory glut.

"From when we reopened in 2020 to the end of 2021, business was going crazy good, you were selling everything you had," said Jared Simon, owner of Simon's Furniture, Mattresses & Appliances in Franklin, Mass.

Now, "most dealers are over-inventoried; our inventory is up 55% from pre-Covid levels," he said.

Prices are starting to come down, he said, with manufacturers offering incentives like discounts for customers who buy a whole package of appliances, such as for a new kitchen—a trend he hasn't seen since 2019.

Pentagon Presses To Limit Use of Chinese Supplies

BY DOUG CAMERON

The Pentagon is intensifying efforts to decouple U.S. defense companies' sprawling global supply chain from China, executives and department officials said.

The Defense Department said it has started using artificial intelligence to improve the way it analyzes whether aircraft parts, electronics and raw materials used by U.S. military contractors originate in China and other potential adversaries.

Defense contractors, encouraged by the Pentagon and lawmakers, have said they are weaning themselves off microelectronics and specialized metals from China, one of the biggest global suppliers. In the U.S., new facilities are under development to process rare-earth minerals, most of which remain widely sourced from China.

The Pentagon has identified China's rapidly expanding military as its main threat driving policy and, by extension, the Pentagon's own spending. China's defense budget has

A big concern is the U.S.'s reliance on China for 80% of rare-earth elements.

climbed 72% between 2012 and 2021, according to the Stockholm International Peace Research Institute.

That growth is helping drive increased U.S. spending on high-end weaponry including long-range missiles and nuclear submarines, and Defense Department leaders have said the U.S. is losing its technological advantage in key areas such as satellites and missiles. U.S. defense companies also expect additional military spending in coming years, in part because of the arms shipped from Western countries to help Ukraine.

Relying on China for circuit boards or Russia for titanium makes no sense if sanctions or conflict cut off supplies, Pentagon leaders have said. The recent heightening of tensions over Taiwan has added to the unease.

The Defense Department earlier this month stopped accepting new F-35 combat jets made by Lockheed Martin Corp. after being informed they contained magnets sourced from Honeywell International Inc. with metal alloys produced in China.

Honeywell disclosed to the Pentagon in recent weeks that engine components it made for the jets contained two alloys sourced from China that were turned into magnets.

The company said it had identified an alternative supplier but didn't give details. Honeywell said it remains committed to supplying high-quality products, and Lockheed Martin said production continued at its plant in Fort Worth, Texas. The Pentagon said it expects a waiver will be issued to allow F-35 deliveries to resume.

Bill LaPlante, the Pentagon's acquisition chief, said a continuing probe is expected to show that the use of the Chinese alloys—stretching back over a decade—doesn't affect the security or airworthiness of the F-35. However, he said, the incident has highlighted vulnerabilities in the defense supply chain.

"Any company that says they know their supply chain is like a company that says it hasn't been hacked," Mr. LaPlante said at a media briefing on Sept. 9.

The F-35 incident was a setback for the Pentagon's efforts to manage contractors' supply chains and identify potential vulnerabilities. Air Force and Army acquisition officials had said in recent months that efforts to minimize or eliminate Chinese content hadn't interrupted any programs.

Pentagon leaders have for years recognized potential vulnerabilities arising from Chinese-supplied raw materials and microelectronics. Those concerns gained prominence during the Trump administration, with a number of Pentagon studies identifying increasing reliance on China and other overseas suppliers. Pentagon officials said the Covid-19 pandemic exposed how fragile supply chains have become, even for high-end weapons, and the extent to which China remains the source for materials and components, including computer chips and rare-earth minerals used to make magnets and the chemicals used in explosives.

One of the biggest concerns, said Pentagon and industry leaders, is with the U.S. reliance on China for 80% of rare-earth elements, sometimes called technology minerals, which are used in magnets for weapons-guidance systems as well as commercial applications such as electric-vehicle batteries. China has invested heavily in mining and refining rare earths over the past decades, and dominates the global supply chain.

Defense contractors and lobbyists said they agree with the broad thrust of the Pentagon's efforts to boost domestic production and require traceability of all materials. However, some said they have reservations about the added cost of compliance and how long the effort will take.



People clear a fallen tree from a road after Hurricane Fiona struck Yauco, Puerto Rico, above. A flooded street in that city.

Hurricane Fiona Strikes Puerto Rico

BY GINGER ADAMS OTIS

Hurricane Fiona made landfall in Puerto Rico on Sunday, after the storm's strong winds and pounding rain knocked out the island's power grid, caused rivers to overflow and created flash-flood conditions.

"Remain sheltered!" the National Weather Service of San Juan urged on social media as the eyewall of the storm gathered off the southern coast about midday.

It made landfall in southwestern Puerto Rico at Punta Tocon at 3:20 p.m. local time, with sustained winds reaching 85 mph, according to the National Hurricane Center.

Luma, the company that provides power to much of the island, said the hurricane caused an islandwide blackout even before it made landfall. Teams were out trying to



restore service but it could take several days, the company said. Nearly 1.5 million customers were without electricity, according to power-outage.us, which tracks power interruptions.

Fiona, currently a Category 1 hurricane, was upgraded from a tropical storm earlier Sunday, as forecasters warned

its torrential rainfall could continue into Monday.

"Hurricane Fiona may produce 12 to 18 inches with a local maximum of 30 inches in Puerto Rico, particularly across the eastern and southern portions of the island," the National Hurricane Center said on Twitter. "These rainfall amounts will produce cata-

strophic, life-threatening flash floods and urban flooding."

A storm surge caused floods of up to 3 feet along the southeast coast and the islands of Vieques and Culebra, the National Hurricane Center said.

President Biden on Sunday approved an emergency declaration for Puerto Rico, which authorizes the Federal Emergency Management Agency to coordinate all disaster relief efforts with local agencies.

Fiona's arrival comes just two days ahead of the five-year anniversary of Hurricane Maria, a devastating Category 4 storm with 155 mph winds that hit the island on Sept. 20, 2017. It wiped out Puerto Rico's power grid and caused nearly 3,000 deaths.

Officials late Sunday said power would be restored as soon as possible to the island, hopefully within days.

Biden Pronounces Covid Pandemic Over

BY ALEX LEARY

WASHINGTON—President Biden said the Covid-19 pandemic was over, while reiterating comments that U.S. troops could defend Taiwan in the event of a Chinese invasion, during a televised interview that addressed questions about whether he would seek a second term.

"The pandemic is over. We still have a problem with Covid," Mr. Biden said in an interview with CBS's "60 Minutes" airing Sunday. "We're still doing a lot of work on it...but the pandemic is over. If you notice, no one's wearing masks. Everybody seems to be in pretty good shape. And so I think it's changing."

The comments came as the Biden administration is promoting new vaccines to protect against prevalent Covid strains and seeking billions of dollars in new funding from

Congress. The president was criticized in July 2021 after signaling an end to the pandemic only for the U.S. to see widespread deaths continue.

Mr. Biden, 79 years old, said he intended to run for reelection in 2024 but added it "remains to be seen" if that is a firm decision. Some Democrats are openly suggesting he step aside due to his age and weak approval numbers, though Mr. Biden and his team feel confident that he would be a strong candidate should former President Donald Trump seek a rematch.

"Watch me. If you think I don't have the energy level or the mental acuity, then you know, that's one thing," Mr. Biden said. "I respect the fact that people would say, you know, 'You're old.' But I think it relates to how much energy you have, and whether or not the job you're doing is one consistent with what any per-

son of any age would be able to do."

In the interview, Mr. Biden made comments about protecting Taiwan that could anger Beijing at a time of heightened tensions, particularly after House Speaker Nancy Pelosi (D., Calif.) traveled to the island over objections from mainland China. Asked whether U.S. forces would defend Taiwan in the event of an attack, the American president replied, "Yes, if in fact there was an unprecedented attack."

Officially, the U.S. maintains a policy of "strategic ambiguity" regarding Taiwan, under which the U.S. has generally refrained from saying whether it would intervene directly in the event of an invasion by China. The White House sought to clarify the remark to CBS News, saying U.S. policy toward Taiwan hadn't changed.

In May, Mr. Biden sparked uncertainty after he said the

U.S. would respond militarily to defend Taiwan if China tries to take it by force. In August and October 2021, he also suggested a change in U.S. policy toward Taiwan, only to have aides say nothing had changed.

Mr. Biden hit his predecessor, Mr. Trump, over the controversy involving government documents held at Mar-a-Lago resort in Florida. Reacting to a Federal Bureau of Investigation evidence photo showing top-secret documents at the location, the current president wondered how "anyone could be that irresponsible." He said he hadn't been briefed on the material nor given a heads-up on the search, upholding what the White House says is a mandate to maintain independence from the Justice Department.

Mr. Trump and his lawyers have sharply criticized the Justice Department's actions.

U.S. NEWS

Campaigns Spar on Fetterman's Health

By Aaron Zitner
and Julie Wernau

SCRANTON, Pa.—Four months after a life-threatening stroke took him off the campaign trail, John Fetterman, the lieutenant governor of Pennsylvania and Democratic nominee for U.S. Senate, is presenting himself more often to voters as he tries to show that he retains the ability to serve effectively.

His Republican opponent, the celebrity doctor Mehmet Oz, says Mr. Fetterman is shielding his health status from voters, by declining to hold news conferences and by agreeing to appear at only one debate. That debate is scheduled for Oct. 25, two weeks before Election Day and more than a month after Pennsylvania counties are allowed to start early voting.

Mr. Fetterman said at a campaign rally on Saturday in Scranton that he was recovering from a language processing problem caused by the stroke. He spoke for about 13 minutes, making clear arguments but stumbling two or three times over words.

"The only issue is a lingering issue of auditory processing," he said of his health. "Sometimes I might miss a word. Or, sometimes I'll mush two words together and create one that doesn't exist," he said, before tweaking Mr. Oz for posting a video in which the Republican candidate combined the names of two local supermarket chains, Wegmans and Redner's, into one he called "Wegners."

Senate control at stake

The race is one of a handful of highly competitive contests that will determine control of the Senate. Mr. Fetterman has led consistently in public-opinion surveys, with many recent polls showing him with a single-digit lead in a closely divided state.

The two campaigns have agreed that Mr. Fetterman during the debate can view monitors with closed-captioning of the questions and answers in order to help with his language-processing challenge. The Oz campaign says that, given the accommodation, Mr. Fetterman should agree to multiple de-



Pennsylvania Lt. Gov. John Fetterman, the Democratic candidate for U.S. Senate, campaigned in Scranton on Saturday.

bates. Mr. Oz also says that the October debate should last 90 minutes, rather than the 60 minutes the lieutenant governor wants.

"It's totally insulting to the voters to do one debate," said Barney Keller, a campaign strategist for Mr. Oz. "It raises questions about how sick he really is and whether he is able to serve in the Senate."

The Fetterman campaign says that Senate debates in Pennsylvania are typically held in mid-to-late-October and that 83% of ballots were cast after Oct. 25 in the 2020 election.

A recent CBS News/YouGov poll found that 59% of Pennsylvania voters believed Mr. Fetterman was healthy enough to serve in the Senate, while 41% said he wasn't. In Scranton, several supporters in the audience said they noticed a few minor stumbles but described them as no more than typical for many public speakers.

Referring to so-called right-to-work laws, which labor

unions bitterly oppose and are not part of Pennsylvania law, Mr. Fetterman said: "We can never let Dr. Oz vote to go right to work." Such laws forbid labor contracts that require workers to belong to unions.

Tom Gilmour of Mt. Bethel said he was impressed with Mr. Fetterman's presentation and supported his stands on legalized abortion and other matters. "He may be a bit less articulate, but he still stands for what he stood for," said Mr. Gilmour, who works in advertising.

Stroke on May 13

Mr. Fetterman, who is 53, suffered a stroke on May 13, four days before the Democratic primary that he won handily. He watched the results from a hospital room and was absent from the campaign trail for about three months. Since mid-August, he has appeared at about 10 public events, by his campaign's count, and recently began talking to media, sometimes over video using closed-captioning.

Bill Bretz, a Republican state committee member and county commissioner in Westmoreland County, near Pittsburgh, said Mr. Fetterman's health was a legitimate issue but not the most important one. "I think the bigger question is still regarding his record and his personal beliefs," said Mr. Bretz, who says Mr. Fetterman's progressive agenda is a poor fit for his Republican-leaning county.

Mr. Fetterman's campaign said he suffered an ischemic stroke, in which a blood clot or other particle blocks blood vessels to the brain, possibly depriving cells of oxygen. The campaign said he was treated by a procedure called thrombectomy, which can remove the blockage. Doctors said the procedure, if performed quickly after a stroke, can lead to a full recovery.

Mr. Fetterman's team said he is walking several miles each day, and it has pointed to normal results on two tests used to check for cognitive de-

lays as evidence of his cognitive recovery.

The Oz campaign is taking other steps to reshape public impressions of Mr. Fetterman, who has combined an untraditional demeanor—he favors hoodies and shorts over traditional business dress—with a progressive platform to become a prominent figure on liberal cable shows and in social media. The Oz camp and its allies are focusing on Mr. Fetterman's work as chairman of the state Board of Pardons, in which he voted at times to free inmates convicted of violent crimes.

Until recently, Mr. Fetterman hasn't been subject to the same barrage of negative advertising that Mr. Oz had to navigate. The recent CBS poll, for example, found that nearly two-thirds of Republicans in the survey said they wished their party had nominated another candidate, whereas 77% of Democrats said they were glad that Mr. Fetterman is their nominee.

Graham Defends His Bill on Abortion

By Alex Leary

WASHINGTON — Sen. Lindsey Graham (R., S.C.) defended his proposal to ban doctors from performing abortions after 15 weeks of pregnancy, even as concerns continued to rise among fellow Republicans worried about the proposal's impact on the midterm elections.

"I'm pro-life, even in an election year," Mr. Graham said on "Fox News Sunday." "And to those who suggest that being pro-life is losing politics, I reject that. So, listen to what I'm saying and you decide today who you're with."

In June, the Supreme Court ended the federal right to an abortion, leaving the matter to the states and setting off a flurry of new abortion-related laws in state capitals to restrict or protect access. The ruling came as Republicans are hoping this fall to win back the Senate, currently split 50-50 and controlled by Democrats. About a dozen seats are considered competitive in the November contests. Mr. Graham introduced his bill on Tuesday, and it swiftly drew criticism from Democrats, who have rallied around

Sen. Graham's proposal would ban abortions after 15 weeks of pregnancy.

abortion access following the court's ruling and termed his proposal a national abortion ban. Some antiabortion Republicans also gave the bill a chilly reception, saying that the proposal, which has no chance of passage, simply served to motivate Democratic voters and that Congress should stay out of the matter for now.

Last week, several top Republicans including Senate Minority Leader Mitch McConnell said abortion policy should be left to the states. Sen. Mike Rounds (R., S.D.) echoed those comments Sunday. "I think right now we should allow the states to explore the different possibilities about the appropriate way," he said on CNN's "State of the Union."

The intensity of the abortion-access issue for Democratic voters has posed a problem for GOP candidates, many of whom want to emphasize the economy, crime and immigration instead.

Mr. Graham's announcement last week was seen as a distraction from the release of worse than expected inflation numbers, which sent the stock market tumbling.

A new poll out Sunday from NBC News showed Republicans with big advantages among voters on the economy, crime and border security, while Democrats were heavily favored on abortion and healthcare.

Any abortion bill would require 60 votes to advance in the Senate. Mr. Graham, who had previously said the matter should be left to the states, said his bill was needed as a response to legislation passed earlier this year by House Democrats that would ensure a right to an abortion through fetal viability, or around 21 to 24 weeks. That, too, lacks votes for passage in the Senate.

Mr. Graham, who previously wrote legislation banning abortion at 20 weeks, defended his effort to pass federal laws.

"I'm not inconsistent," he said. "To suggest that I'm new to the game opposing late term abortion is ridiculous."

Mr. Graham has said his bill wouldn't apply the ban to situations involving rape or incest or when a mother's health is at risk.

A Wall Street Journal poll conducted in August found that 57% of voters opposed a ban on abortions at 15 weeks that included an exception only for the health of the mother. The survey showed opposition from 38% of Republicans, 55% of independents and 77% of Democrats.



The former president's friend Thomas Barrack, seen in July 2021.

Trump Ally Heads to Trial In Foreign Lobbying Case

By James Fanelli
and Rory Jones

A confidant of former President Donald Trump goes on trial beginning this week on charges he illegally pushed U.S. officials to support policies favoring the United Arab Emirates, a case that could detail the small Gulf state's back-channel connections and outsize sway in Washington.

Thomas Barrack, the former chairman of investment firm Colony Capital Inc., is accused of acting as an agent of a foreign government without prior notification to the U.S. attorney general.

Federal prosecutors allege Mr. Barrack worked with a former colleague and an Emirati citizen to influence the Trump administration and U.S. officials at the direction of high-ranking Emirati officials. At the same time, Mr. Barrack solicited and received about \$374 million in capital commitments from Emirati sovereign-wealth funds, they say.

Mr. Barrack, who was charged in July 2021, is also accused of obstruction of justice and making false statements during a 2019 interview with agents from the Federal Bureau of Investigation. Jury selection is set to start Monday in a Brooklyn federal court. The trial is expected to last about a month.

Mr. Barrack has pleaded not guilty. His lawyers declined to comment. They said in previous court filings that Mr. Barrack never acted as an agent of a foreign government, nor did he try to conceal his ties to Emirati officials. Mr. Barrack disclosed his interactions with the Emiratis to the U.S. State Department, Mr. Trump and Mr. Trump's closest allies, the lawyers said.

Mr. Barrack's defense team also criticized prosecutors for waiting two years—and until after Mr. Trump left office—to charge him, questioning whether "the government in-

tionally delayed bringing this case for political reasons or tactical advantage."

A U.A.E. official said the country won't comment on Mr. Barrack's case out of consideration for the U.S. legal process. "As a matter of principle, the U.A.E. respects the sovereignty of states and their laws and regulations," the official said.

A spokesman for the U.S. attorney's office in Brooklyn declined to comment.

The case against Mr. Barrack is part of a broader push by the Justice Department to crack down on foreign influence in the U.S. The trial could sharpen the lines between illegal foreign influence peddling and private individuals' lawful use of Washington connections to relay views from foreign governments.

Thomas Barrack is charged with illegally pushing policies favoring the U.A.E.

Former Trump campaign chairman Paul Manafort pleaded guilty in 2018 to failing to register with the Justice Department as an agent of Ukraine. Mr. Manafort, who has faced an array of legal problems, received a pardon from Mr. Trump in late 2020. In May, the Justice Department sued casino mogul Steve Wynn civilly to force him to register as a lobbyist in connection with his 2017 efforts to obtain a diplomatic favor long sought by Chinese authorities.

The trial also could be sensitive for the U.S.-U.A.E. relationship, as the two countries work to mend ties after a turbulent few years of disagreements about U.S. strategy in the Middle East.

The Emiratis have expressed concern over the re-

strained U.S. response earlier this year to missile strikes by Iran-backed Houthi militants in Yemen against the oil-rich U.A.E. President Sheikh Mohammed bin Zayed Al Nahyan, then crown prince, also declined a U.S. request to speak with President Biden after oil prices soared following Russia's invasion of Ukraine.

In July, Mr. Biden met in Saudi Arabia on the sidelines of a conference with Sheikh Mohammed, who became president in May after the death of his half brother, and the U.S. leader has formally invited the Emirati to the White House at an unspecified future date.

Mr. Barrack emerged as a key figure in Mr. Trump's first presidential bid, raising more than \$30 million for the campaign by June 2016, and served as an informal adviser on the Middle East to his campaign and during Mr. Trump's presidential transition. He also chaired Mr. Trump's 2017 inaugural committee, which was the subject of a federal investigation that began in 2018 into its spending and donations. It couldn't be determined whether the probe is still active.

Mr. Barrack stepped down last year from his role as executive chairman of Colony Capital, the investment firm he founded in 1991. Colony rebranded itself as DigitalBridge Group Inc.

A representative for DigitalBridge declined to comment. Representatives for Mr. Trump didn't respond to a request to comment.

The indictment against Mr. Barrack doesn't directly identify Emiratis, only listing six unnamed U.A.E. officials involved in the alleged influence campaign. According to people familiar with the matter, two of them are Sheikh Mohammed, at the time crown prince of the Gulf capital Abu Dhabi, and his brother, national security adviser Sheikh Tahnoun bin Zayed.

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Sato Pharmaceutical to advertise on the home plate rotating signage at Yankee Stadium

Sato Pharmaceutical sponsors T-shirt giveaway with the New York Yankees

During tonight's game (Tuesday, Sept. 20), the New York Yankees and Sato Pharmaceutical will partner for a "Yankees T-shirt Night," giving away free T-shirts to the first 15,000 guests attending the game against Pittsburgh. The T-shirt contains the logos of both the New York Yankees and Sato Pharmaceutical. Sato Pharmaceutical's loveable mascot characters, Sato-chan and Satoko-chan, will don the Yankees' uniforms to meet and greet fans at Yankee Stadium. Sato Pharmaceutical, a Japanese pharmaceutical company with over 100 years of history, has advertised on the home plate rotating signage at Yankee Stadium during the first inning since 2013. Since 1915, the company has supplied safe and high-quality pharmaceutical products as part of its commitment to making the world a healthier place for all.







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U.S. NEWS

IRS Faces Tight Job Market as It Staffs Up

By RICHARD RUBIN

WASHINGTON—The Internal Revenue Service now has plenty of money. Its next challenge: finding people.

The tax agency received \$80 billion from Congress this summer to overhaul aging computer systems and strengthen enforcement so the U.S. collects more unpaid taxes. The Biden administration wants the IRS to provide better, more-modern service and take a tougher approach to high-income households and large corporations.

Meeting the objectives will require a top-to-bottom transformation and expansion of the agency, a shift to be accomplished with a yearslong hiring binge for tens of thousands of workers after a long period of agency attrition.

The bulk of the hiring will be specialized accountants and technical professionals, though the agency is adding lower-paid customer-service workers in the short term. The IRS will need to sustain hiring over several years while offsetting expected retirements of its aging workforce.

Completing the hiring will be difficult, outside observers said. The IRS human-resources offices are understaffed, government pay scales can be limiting and the tax agency is entering a historically tight labor

market. The unemployment rate in the finance sector was 1.3% in August, below the 3.7% overall unemployment rate. The IRS's own, more-intense activity to increase audits will create more demand for the same skills at private accounting firms and companies.

Laurie Chamberlin, head of recruiting services at staffing firm LHH, said the IRS's long hiring process and difficulty telling its own story might cause the agency to struggle. "It really is going to be tricky for the IRS to hire this many people," she said.

A Treasury Department proposal last year called for hiring 87,000 people by 2031. That is

larger than the current IRS workforce of nearly 79,000, but some new hires will replace retirees. The ultimate amount also depends on where Congress sets the annual IRS budget.

The first wave of hiring will come quickly as the IRS staffs customer-service telephone lines and taxpayer-assistance centers for the 2023 tax-filing season. Treasury Secretary Janet Yellen said Thursday that the agency aims to hire 5,000 customer-service representatives, part of an attempt to use the new money to demonstrate quick results for beleaguered taxpayers. Such jobs are relatively easy to fill: The pool of potential call-center workers is

large, and the government offers competitive salaries at that level.

"While all the improvements won't be done overnight, taxpayers can expect to feel real

The agency plans a yearslong hiring binge for tens of thousands of workers.

differences during the next filing season," Ms. Yellen told IRS employees at a federal building in suburban Maryland.

Hiring then gets tougher, because most of the \$80 billion is dedicated to enforcement and information technology. In those areas, top private-sector performers can command salaries several times what the government pays. That creates stiff competition for front-line tax-enforcement workers, the revenue agents who conduct audits and the revenue officers who collect unpaid taxes.

"What can the IRS offer other than perhaps a different lifestyle?" said Todd Simmens, technical practice leader of tax policy and legislation at the accounting firm BDO. "Getting good tax folks is just not super easy."

For their part, government recruiters emphasize stability, reliable work hours, benefits and connections to policy issues workers might care about such as climate change and healthcare.

Politics will continue to shape the IRS's future, especially if Congress changes hands and Republicans try to rescind enforcement funding or change the base budget so the IRS must use some of the \$80 billion for maintaining operations instead of expanding them. Republicans all voted against the new law, and Sen. Rick Scott (R., Fla.) has urged Americans not to take IRS jobs.

U.S. WATCH

WASHINGTON, D.C.

Ginsburg Collar Gets \$176,775 at Auction

An auction of items belonging to Ruth Bader Ginsburg raised over \$500,000 to support one of the late Supreme Court justice's favorite charities.

A gold judicial collar sporting glass beads was the priciest item, fetching \$176,775 in the online auction that ended Friday—smashing the \$3,000 to \$5,000 estimated sale price.

More than 100 personal items of the late jurist, who died two years ago Sunday at age 87, were sold through auction house Bonhams. The items had been given to children's charity SOS Children's Villages after Justice Ginsburg's 2020 death.

The charity decided to auction them off to create the RBG Endowment Fund, which will donate the money to SOS's programs that support children's education and other causes.

—Ginger Adams Otis

NEW YORK

After Ruling, School Cancels Club Activities

Yeshiva University canceled all student-club activities in response to a Supreme Court ruling effectively requiring it to formally recognize an LGBT student club.

The Orthodox Jewish school said in a message to students on Friday that it will "hold off on all undergraduate club activities while it immediately takes steps to follow provided by the US Supreme Court to protect YU's religious freedom." The email cited the coming Jewish holidays as part of the decision for delaying club activities.

In a 5-4 decision, the Supreme Court on Wednesday denied Yeshiva's emergency request to block a state court order that would require it to recognize the YU Pride Alliance, a student club for lesbian, gay, bisexual and transgender students.

Several students and the YU Pride Alliance sued Yeshiva in state court last year after administrators refused to grant official club status to the group. A trial judge determined Yeshiva was violating New York City's Human Rights Law and ordered it to recognize the club as it does other student groups; when state appellate courts declined to block the order during appeal, the school filed an emergency motion asking the Supreme Court to intervene.

—Melissa Korn

ARKANSAS

Sanders Has Surgery, Says Now Cancer-Free

Sarah Huckabee Sanders, the Republican gubernatorial nominee for Arkansas, had surgery on Friday to remove her thyroid after a cancer diagnosis.

"By the grace of God I am now cancer-free," Ms. Sanders said. "I look forward to returning to the campaign trail soon."

—Ginger Adams Otis

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U.S. NEWS

Dollar Spells Trouble

Continued from Page One since 2020. Japanese officials, who had previously stood aside as the yen lost a fifth of its value this year, began to fret publicly that markets were going too far.

The ICE U.S. Dollar Index, which measures the currency against a basket of its biggest trading partners, has risen more than 14% in 2022, on track for its best year since the index's launch in 1985. The euro, Japanese yen and British pound have fallen to multidecade lows against the greenback. Emerging-market currencies have been battered: The Egyptian pound has fallen 18%, the Hungarian forint is down 20% and the South African rand has lost 9.4%.

The dollar's rise this year is being fueled by the Fed's aggressive interest-rate increases, which have encouraged global investors to pull money out of other markets to invest in higher-yielding U.S. assets.

Recent economic data suggest that U.S. inflation remains stubbornly high, strengthening the case for more Fed rate increases and an even-stronger dollar.

Dismal economic prospects for the rest of the world are also boosting the greenback. Europe is on the front lines of an economic war with Russia. China is facing its biggest slowdown in years as a multidecade property boom unravels.

For the U.S., a stronger dollar means cheaper imports, a tailwind for efforts to contain inflation, and record relative purchasing power for Americans. But the rest of the world is straining under the dollar's rise.

"I think it's early days yet," said Raghuram Rajan, a finance professor at the University of Chicago's Booth School of Business. When he served as governor of the Reserve Bank of India last decade, he complained loudly about how

Fed policy and a strong dollar hit the rest of the world. "We're going to be in a high-rates regime for some time. The fragilities will build up."

On Thursday, the World Bank warned that the global economy was heading toward recession and "a string of financial crises in emerging market and developing economies that would do them lasting harm."

The stark message adds to concerns that financial pressures are widening for emerging markets outside of well-known weak links such as Sri Lanka and Pakistan that have already sought help from the International Monetary Fund. Serbia became the latest to open talks with the IMF last week.

Widening stress

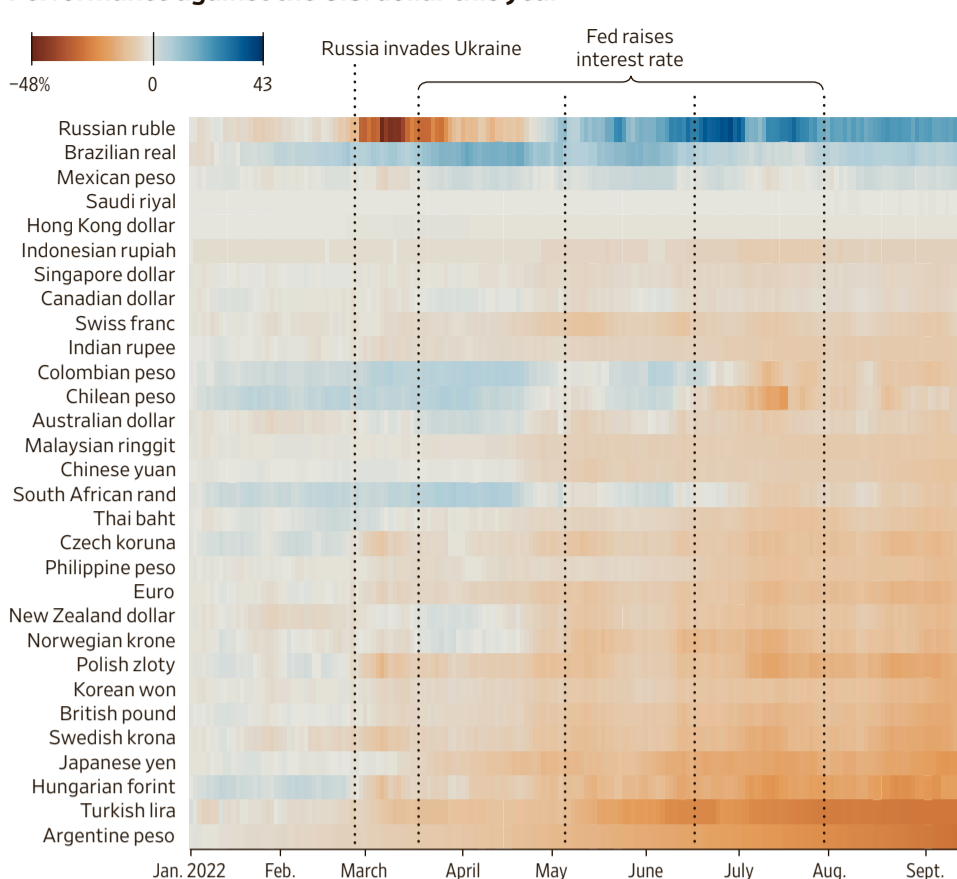
"Many countries have not been through a cycle of much higher interest rates since the 1990s. There's a lot of debt out there augmented by the borrowing in the pandemic," Mr. Rajan said. Stress in emerging markets will widen, he said. "It's not going to be contained."

A stronger dollar makes the debts that emerging-market governments and companies have taken out in U.S. dollars more expensive to pay back. Emerging-market governments have \$83 billion in U.S. dollar debt coming due by the end of next year, according to data from the Institute of International Finance that covers 32 countries.

"You have to look at this through a budgetary lens," said Daniel Munevar, an economist at the United Nations Conference on Trade and Development. "You enter into 2022 and all of a sudden your currency goes down 30%. You're going to probably be forced to cut back expenditure on healthcare, on education to meet those [debt] payments."

The currency's rise has compounded pain in smaller nations by making crucial food and fuel imports priced in the U.S. dollar more expensive. Many have tapped into stockpiles of dollars and other foreign currencies to help finance imports and stabilize their

Performance against the U.S. dollar this year



Note: Currencies shown are those in the WSJ Dollar Index and the most widely traded emerging-market currencies, as identified by the Bank for International Settlements. Prices as of Sept. 15.
Source: Tulliett Prebon

Aziz Sunderji and Nate Rattner/THE WALL STREET JOURNAL

currencies. And while commodity prices have retreated from their highs in recent months, that has done little to ease pressure on developing countries.

"If you get more dollar appreciation, it will be the straw that breaks the camel's back," said Gabriel Sterne, head of emerging-markets research at Oxford Economics. "You're already getting frontier markets on the tipping point toward crisis, the last thing they need is a strong dollar."

Emerging-market central banks have taken drastic steps to rein in depreciation in their currencies and bonds. Argentina raised interest rates Thursday to 75% as it seeks to curb spiraling inflation and defend the peso, which has lost nearly 30% against the dollar this year. Ghana also surprised investors last month by lifting rates to 22%—but its currency continues to decline.

It isn't just developing economies struggling to cope with weaker currencies. In Europe, the euro's weakness is amplifying a historic increase in inflation brought on by the war in Ukraine and a resulting surge in gas and electricity prices.

Euro troubles

At the European Central Bank's meeting on Sept. 8, President Christine Lagarde expressed concerns about the euro's 12% slide this year, saying it has "added to the buildup of inflationary pressures." The ECB is signaling a more aggressive policy stance, with investors now projecting rates to rise to 2.5%. But that has done little to help the currency's value.

The ECB is powerless against the dollar's strength, said Frederik Ducrozet, head of macroeconomic research at Pictet Wealth Management.

"Whether the ECB turns more hawkish, whether there's some improvement on the economic outlook, whatever happens, it's generally offset by further dollar strength," he said.

U.S. Treasury Secretary Janet Yellen acknowledged that the appreciation of the dollar could pose challenges for emerging economies, particularly ones with large dollar-denominated debts. But she said in July that she wasn't worried about a self-reinforcing cycle that could slow economic growth globally.

The dollar's strength has rippled across Wall Street, weighing on the profits U.S. companies make abroad and keeping a lid on investments tied to commodities such as gold and oil.

"The strong dollar has created a headwind for about every major asset class," said Russ Koesterich, co-head of Global Asset Allocation at

BlackRock. "It's another aspect of tighter financial conditions and that affects everything."

Investors and economists are raising the prospect of global action to help weaken the dollar—though they caution the chance of such a step remains small. In 1985, the U.S., France, West Germany, the U.K. and Japan launched a joint effort, known as the Plaza Accord, to drive down the dollar's value amid concerns it was weighing on the global economy.

Global intervention

"There could be some justification for a coordinated intervention to weaken the dollar," said Paresh Upadhyaya, director of currency strategy at asset-management firm Amundi US. "Outside the U.S., a strong dollar is now becoming a massive negative headwind for central banks."

China's central bank has attempted to shore up the yuan by releasing more dollar liquidity into the market. It has cut the amount of reserves banks need to hold against their foreign-exchange deposits and has consistently set the daily fixing—a benchmark point for the currency—stronger than market expectations.

Chinese regulators' heightened sensitivity to the yuan's decline might stem from their worries that a weak yuan has the power to further dampen consumer confidence, said Tommy Xie, head of Greater China research and strategy at OCBC Bank.

In Japan, policy makers fear the yen's fall to a 24-year low against the dollar is hurting businesses. Bank of Japan Gov. Haruhiko Kuroda said this month that the yen's steep depreciation "will likely make companies' business strategy unstable."

The yen's weakness helped drive Japan to its biggest single-month trade deficit on record for August—¥2.82 trillion, equivalent to about \$20 billion—as the value of imports increased 50% due to higher energy prices and the currency's decline.

—Julia-Ambra Verlaine contributed to this article.

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U.S. NEWS

New Push to Shut Guantanamo Bay Prison

Biden looks to fulfill pledge to close facility now holding 36 people, tries to avoid backlash

By JESS BRAVIN

WASHINGTON—The Biden administration is revamping its effort to close the Guantanamo Bay prison, for the first time appointing a senior diplomat to oversee detainee transfers and signaling it won't interfere with plea negotiations that could resolve the long-stalled prosecution of alleged 9/11 mastermind Khalid Sheikh Mohammed and four co-defendants.

After taking a low-profile approach to the matter for the first year of his term to avoid political controversy, President Biden is moving closer to fulfilling a campaign promise to shut the facility, people familiar with the matter said.

The facility at the U.S. Navy

base in Cuba was set up in January 2002 to house alleged foreign terrorists captured overseas. Guantanamo has held nearly 800 men since then; only 36 detainees remain at the facility today, after hundreds were returned home or resettled in third countries by the George W. Bush and Barack Obama administrations. The newest detainee arrived in 2008; some of the men have been held for two decades.

Nine of the remaining detainees are defendants in military commission proceedings, including five accused of conspiracy, murder in violation of the law of war, hijacking or hazarding a vessel or aircraft, and terrorism in the Sept. 11 case.

Abd al-Rahim al-Nashiri has been charged with perfidy, murder in violation of the law of war, terrorism, conspiracy, and hazarding a vessel in planning attacks on three vessels, including the 2000 bombing of the USS Cole that killed 17 sailors.



Sen Dick Durbin (D, Ill.) said holding people without charge or trial for years is inconsistent with the values the U.S. espouses.

Three other detainees have been convicted by military commissions, including two via plea bargains. One, Abd al-Hadi al-Iraqi, pleaded guilty to conspiracy and violation of the law of war and is awaiting sentencing. A second, Ali Hamza al-Bahlul, is serving a life term for providing material support for terrorism, solicitation and conspiracy.

A third, Majid Khan, made a deal with prosecutors to plead guilty to conspiracy, murder in violation of the law of war, attempted murder in violation of the law of war and spying, and became a government cooperator and completed his sentence in March.

Four detainees are being held indefinitely without charge because authorities consider them a security risk. Twenty others have been cleared for transfer by a review board including defense, intelligence and law-enforcement officials, but moving the men out has proven harder than the Biden team expected, the people said.

The White House is seeking to avoid the kind of backlash that stymied Mr. Obama's plans after his calls to shut the prison down. Congress responded to the Obama administration's effort to close the prison in 2010 by passing a ban on the transfer of Guantanamo detainees to the U.S.

"The administration doesn't want to look like it's soft on terrorism and is awaiting a political consensus," said Harvey Rishikof, a former head of the military-commissions apparatus who helped draft a recent report on closing the facility from the University of

Pennsylvania's Center for Ethics and the Rule of Law.

Twenty-one years after the attacks of Sept. 11, 2001—and a year after the U.S. withdrew from Afghanistan—critics are pushing the administration to move faster in shutting down the offshore prison. "Holding people without charge or trial for years on end cannot be reconciled with the values we espouse as a nation, and has deprived the victims of 9/11 and their families of any semblance of justice or closure," said Senate Judiciary Committee Chairman Dick Durbin (D, Ill.).

Some Republican lawmakers have opposed any actions that could lead to detainees leaving Guantanamo. "The Biden administration wants to free more terrorists, and we know, to an absolute, metaphysical certainty, the results of that will be more Americans murdered," Sen. Ted Cruz (R., Texas) said in December at a Judiciary Committee hearing on Guantanamo.

FROM PAGE ONE

China Steps Up Push For Robots

Continued from Page One

By embracing more robots, China's factories can plug a widening labor market gap and keep costs down, making it less advantageous for Western companies to shift production to other emerging markets or their own home countries.

Since China can no longer rely on an expanding workforce to drive economic growth, automation represents the surest way, according to many economists, for it to enhance the productivity of the workers it has, which is essential if China is to escape the ranks of mid-

dle-income countries.

Data from the Conference Board show that output an hour worked in China in 2021 was a quarter of the average of the Group of Seven advanced economies and a fifth of the level in the U.S. Moreover, China's productivity growth has slowed in recent years. After rising at a 9% annual pace on average between 2000 and 2010, output an hour worked in China grew 74% a year in the subsequent decade.

Despite trade tensions with the U.S. and increasing Western anxiety over a perceived overreliance on Chinese manufactured goods, China is still the world's factory floor, accounting for 29% of global manufacturing, according to U.N. data.

Many younger workers are shunning factory work for more flexible jobs in China's expanding services sector, and the country's long boom in internal migration is ending.

There were around 147 million people employed in China's manufacturing sector in 2021, according to estimates from the International Labor Organization, down from a 2012 peak of 169 million. Over the same period, services-sector employment rose 32% to an estimated 365 million, according to the ILO.

In addition to helping to resolve pressures from those shifts, automation can help Chinese factories focus more on higher-end manufacturing tasks that require more precision than most humans can manage, while the robots themselves are becoming cheaper and more adaptable.

Dobot, a Shenzhen, China-based maker of small robot arms used in industry and education, developed a robotic system for a customer in China that manufactures cordless earphones for Apple Inc.

The system uses robot arms to install magnets in the earphone case, a process that used to involve four people. The human team could complete around 650 cases in an hour; the robot arms can manage 800, said Xie Junjie, product director at Dobot. "Automation is an inevitable trend," he said.

Automation is seen as the surest way for the country to lift worker productivity.

The IFR data show industrial-robot installations worldwide rose 27% in 2021 from 2020, to 486,800. Growth in shipments in 2020 was little changed compared with the previous year, as the pandemic

dented investment.

While the term "industrial robot" encompasses a range of products, the machines must be programmable, multipurpose devices used in automated industrial applications to be included in IFR's statistics.

The preliminary data from China show installations by electronics manufacturers rose 30% in 2021 as exporters sought to keep up with booming Western demand for consumer goods. Other sectors that are significant investors in robotics include auto makers and manufacturers of plastics, rubber, metals and machinery. Robot installations in China's automotive sector were up almost 90% last year, IFR data show.

Xuzhou Construction Machinery Group Co., a state-owned maker of construction machinery such as loaders and excavators, began experimenting with large-scale automation

as early as 2012, said Liu Hui, manager of smart manufacturing at the company's earth-mover machinery business.

A big reason for the company's automation drive has been the growing difficulty of attracting workers, said Zou Yajun, the unit's manufacturing director.

Making a loader before automation required teams of 11 people working two 10-hour shifts to sort around 10,000 components. Now, two workers supervising a robot can do the same job in a single shift, Mr. Liu said.

The number of workers on the production line is down 56% from before automation, while daily overall production capacity is 50% higher.

The workers that remain are better paid because they are more skilled, Mr. Liu said.

—Grace Zhu in Beijing contributed to this article.


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WORLD NEWS

Russia Hits More Civilian Infrastructure

Ukrainian battlefield success spurs greater long-range missile use, fueling broad concerns

By Isabel Coles

Russia is intensifying a campaign of long-range missile strikes targeting Ukraine's key infrastructure after facing major setbacks on the battlefield that have raised concerns about further escalation from Moscow.

The U.K.'s Ministry of Defense said on Sunday that Russian strikes had increasingly picked out civilian targets over the past week, even when no immediate military benefit could be perceived. The aim, it said, is to "undermine the morale of the Ukrainian people and government," which has been buoyed by the success of a recent offensive in the northeast of the country.

The Ukrainian breakthrough in the Kharkiv region compelled Russian forces to relinquish more territory in a matter of days than they had gained in months of grinding combat, dramatically altering the momentum of the war.

Since then, Russian missiles have hit a dam, threatening to flood the city of Kryvyi Rih days after electricity in much of eastern Ukraine was knocked



Workers on Sunday exhumed a body in Izyum, Ukraine, where investigators uncovered evidence of what they say are war crimes.

out by a strike that disabled the main power station in the country's second-largest city of Kharkiv. A sustained Russian effort to destroy Ukrainian power stations, dams, bridges and pipelines could over time severely degrade the country's ability to function.

The General Staff of the

Ukrainian armed forces said Sunday that over the past 24 hours, the Russian military launched six missile strikes and 28 airstrikes at both military and civilian targets. It said infrastructure in more than 30 settlements was damaged, near the front lines and often further into Ukrainian-held territory.

Speaking during a regional summit in Uzbekistan on Friday, Russian President Vladimir Putin said Russia had launched several warning strikes in response to Ukraine's offensive, in which Kyiv reclaimed some 3,500 square miles of territory, and there could be a more serious

response in the future.

The recent strikes came as Ukrainian investigators uncovered evidence of what they say are war crimes in and around the city of Izyum after Russian forces were expelled from most of the northeastern Kharkiv region. Ukrainian authorities also found what they described as

Milley Visits Troops At Base in Poland

WARSAW—The top U.S. military commander visited a military base in Poland on Sunday and reviewed security measures for U.S. forces supporting Ukraine amid uncertainty about how Russia could respond to its biggest battlefield losses of the war.

Army Gen. Mark Milley, the chairman of the Joint Chiefs of Staff, has said that since Ukraine reclaimed roughly 3,500 square miles of its territory from Russian forces, Moscow has been on the defensive, particularly around Kharkiv and Kherson.

"And because of that, we have to very closely watch what Russia's reactions to that will be," Gen. Milley said.

—Nancy A. Youssef

torture chambers there. The work of exhuming more than 400 graves continues, Deputy Prime Minister Iryna Vereshchuk said, adding that some of the victims have been identified. Investigators have hesitated to assign causes of death, but have said some bodies showed traces of torture.

Putin's Energy War With Europe Falters

By Stephen Fidler

Vladimir Putin's economic campaign to force European governments to abandon support for Ukraine by sharply curbing their natural-gas supplies looks to be faltering as gas prices fall, Russian government finances deteriorate and the continent sets plans to ease the pressure on households and businesses.

Russia's long-term success in the economic fight with Eu-

rope is seen as critical by both sides in deciding the outcome of the conflict in Ukraine. But signs that Mr. Putin's economic strategy is struggling are coinciding with serious reverses on the battlefield as Ukrainian forces regain swaths of Russian-occupied territory and as the Russian president has been forced to acknowledge the concerns of the Chinese and Indian leaders about the invasion.

European governments say Mr. Putin's gambit is to cut nat-

ural-gas supplies to inflict pain on European households and businesses so populations turn against current government policies of sanctions against Russia and support for Ukraine with weapons and financial aid.

Russia isn't yet sure to lose this economic fight. But a growing consensus among officials, energy specialists and economists suggests that, although Russian actions will cause serious hardship in many places, Mr. Putin will

likely fail and that Europe should ride out the winter without running out of gas. Once this winter is over, Mr. Putin's sway over Europe's energy supplies will have withered critically, they say.

Mr. Putin played his biggest energy card in late August when he stopped shipments of natural gas to Europe indefinitely through the Nord Stream pipeline. "This is his time. This is his point of maximum leverage and he's all in," said energy historian Daniel Yergin, vice chairman of S&P Global.

Ukraine's successes on the battlefield have made it harder for European governments to change course, strategists say. "If people felt that there was sort of an indefinite stalemate, then they'd look for a way out," said Lawrence Freedman, emeritus professor of war studies at King's College London. For now, Prof. Freedman added, "nobody in power is suggesting that the only response to this is to concede" to Mr. Putin.

Russia's energy bonanza deriving from the Ukraine war—when prices of its oil and natural-gas exports surged—appears to be petering out as gas exports have dropped sharply and oil prices have fallen. Brent crude, the global benchmark, is down from more than \$120 a barrel in June to about \$90 a barrel, which means Russia gets about \$65 for each of its barrels.

Russian government data released last Monday showed the government veered into a big budget deficit in August. It reported the budget surplus narrowed to 137 billion rubles, or \$2.3 billion, for the first eight months of the year, from about 481 billion rubles in July since the start of the year.

European governments have succeeded in securing extra natural-gas supplies to replace some of the lost Russian gas. Gas use is also likely to



Russian President Vladimir Putin halted the Nord Stream pipeline.

fall in what economists call demand destruction, or the closure of factories and reductions in household consumption because of high prices.

Last week, the European Union laid out proposals—yet to be agreed to by governments—to ease pressure on consumers, including mandatory curbs on electricity usage.

The coming winter holds the most vulnerability for EU governments.

Some energy specialists worry that direct government subsidies for energy will thwart efforts to curb demand.

The coming winter is the period of maximum vulnerability for European governments. If the season is harsher than usual, leading to increased energy consumption, optimism could evaporate. Maintaining European unity through the winter also might require some countries to share their stored gas with others.

One cost for Russia is its hard-won reputation that goes back to the days of the Soviet Union as a reliable supplier that never used gas as a political weapon. "Now they're using it, not just as a political

weapon, but as a weapon of war...It completely obliterates their credibility as a reliable supplier," Mr. Yergin said.

In a sign that Russian influence is waning, gas and electricity prices, which surged after the Nord Stream announcement in August, quickly reversed.

On Friday, wholesale gas traded at roughly 185 euros—about the same in dollars—a megawatt-hour. That is almost three times as high as a year ago, and more than double the level at the start of June, when Moscow began to throttle supplies through Nord Stream. Still, it is down more than 45% from the record closing high on Aug. 26 and back to levels from late July.

Electricity prices have almost halved from their peak. "It looks like the situation is stabilizing," said David den Hollander, co-founder of Dutch power-trading company DC Energy Trading, pointing to near-full gas stores in central Europe, the closure of energy-guzzling smelters and fertilizer plants, and the installation of import terminals in the Netherlands and elsewhere for liquefied natural gas.

The new terminals are among the steps European governments have put in place to diversify from Russian supplies so that they would never again be at Moscow's mercy.

—Joe Wallace and Georgi Kantchev contributed to this article.

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EU Threatens to Curb Hungary Aid

By Drew Hinshaw and Laurence Norman

The European Union ramped up financial pressure on Hungary's nationalist prime minister just as it needs his support to extend sanctions on Russia over its invasion of Ukraine.

The European Commission on Sunday proposed freezing €7.5 billion, equivalent to \$7.51 billion, in EU payments for Hungary. It said the country's weak democratic institutions could no longer safeguard those funds from corruption, deepening a conflict between Brussels and a government the EU's parliament claimed last week was an "electoral autocracy."

Sunday's decision has been building for years, as the European institutions sought

ways to pressure Hungary over what they see as the undemocratic concentration of power under Prime Minister Viktor Orban, who has led the country since 2010.

Hungary's management of EU spending has frequently been the target of anti-fraud investigations by an EU agency and in 2018, the commission launched a procedure against Hungary that could in theory have ended with funding withdrawn from Budapest. But it was set up in a way that needed the approval of other member states and Hungary was guaranteed protection from the conservative government in Poland, also the target of Brussels' rule of law concerns.

Still, the latest decision represents a significant escalation, hitting Hungary's gov-

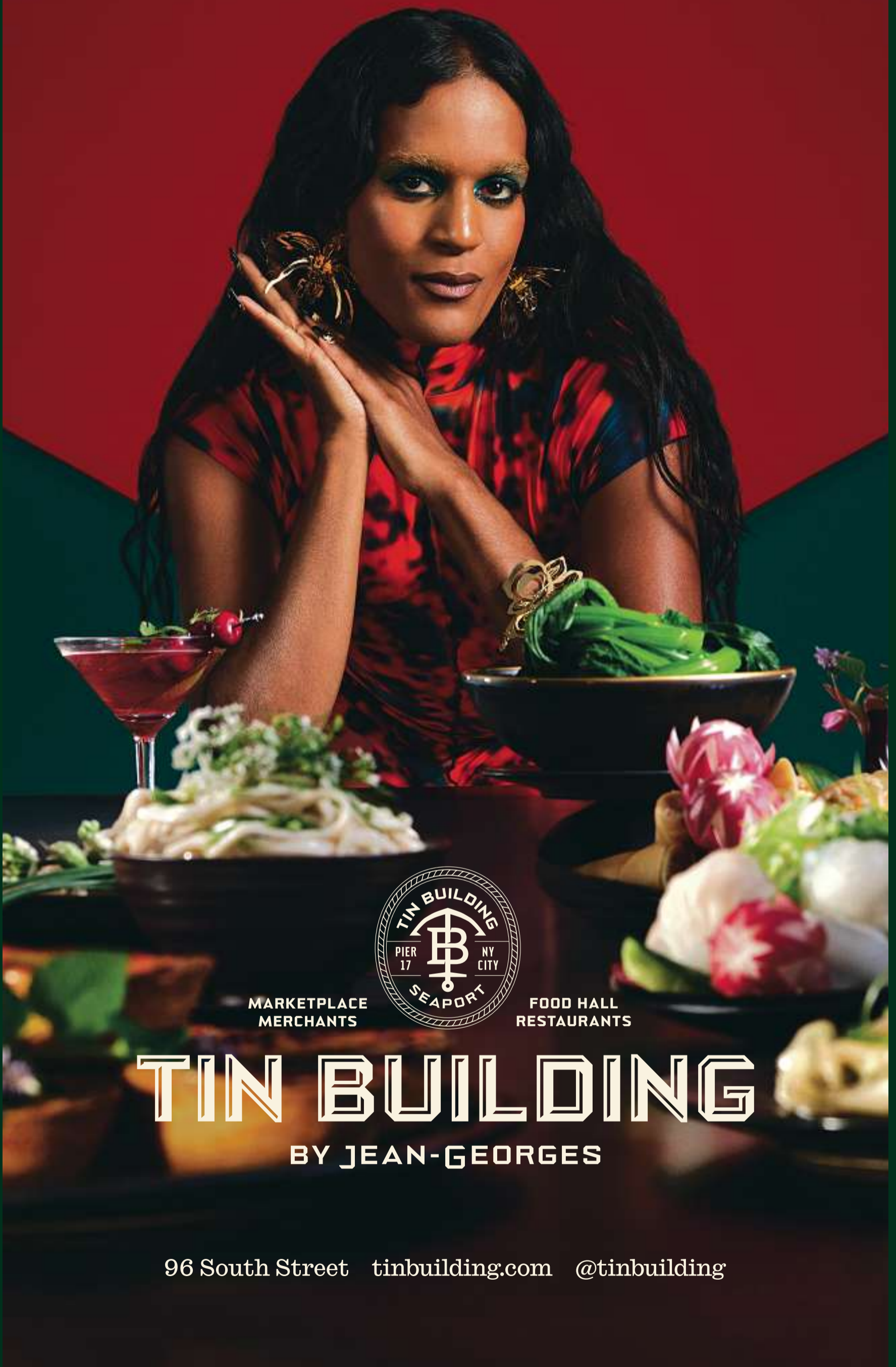
ernment funding and economy, both dependent on financing from the EU.

Mr. Orban, if he wants the money, has until November to pass enough anticorruption measures to assuage the commission's concerns.

"Today's decision is a clear demonstration of the commission's resolve to protect the EU budget," EU budget commissioner Johannes Hahn said. "We are very confident that at the end of the day, we will see significant reforms in Hungary, which indeed will be a game-changer."

Hungarian government spokesman Zoltan Kovacs said the government would "with 100% certainty" fulfil its commitments. "Sunday's decision is a step forward, as it allows for the quick resolution of open questions," he said.

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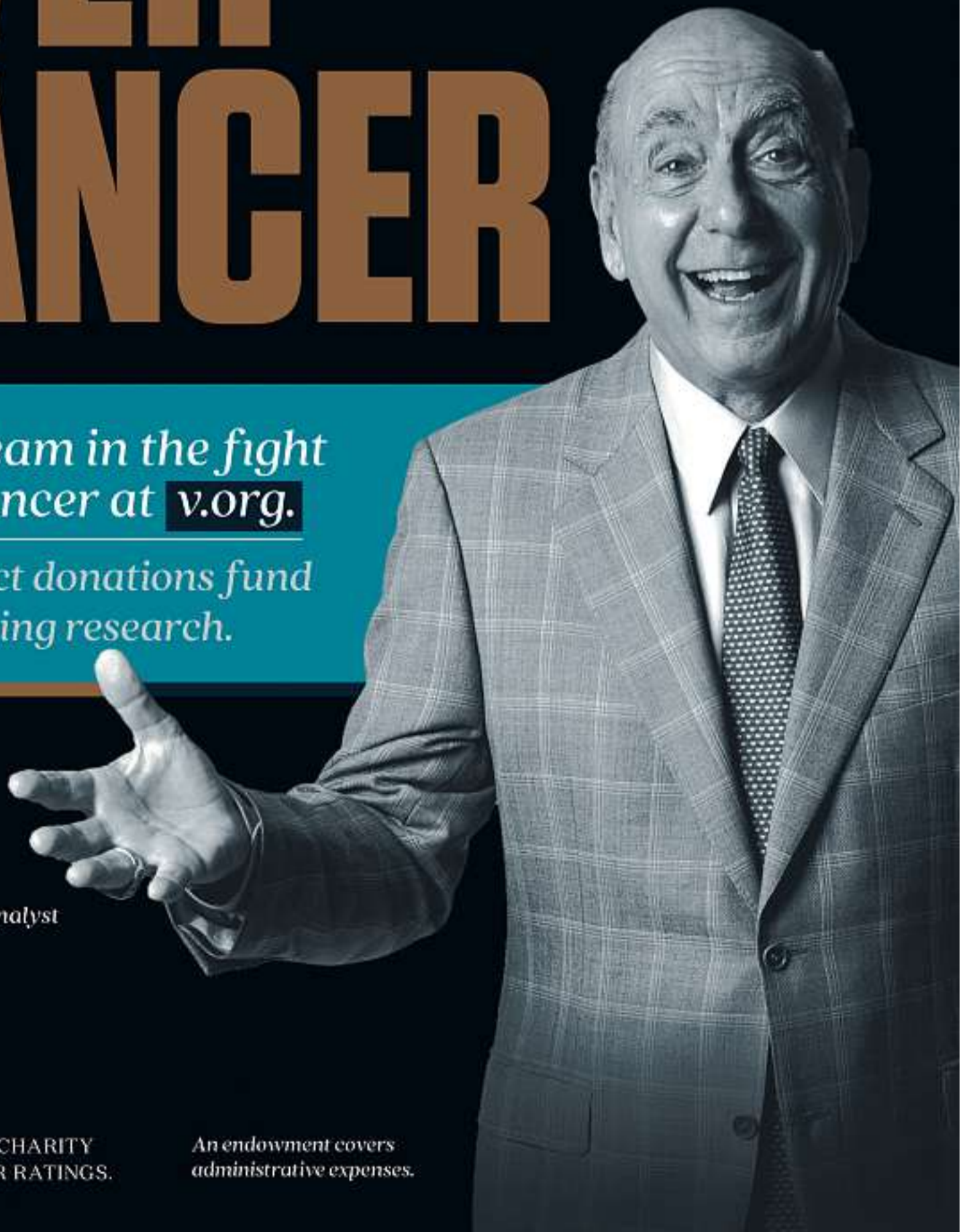
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WORLD NEWS

Queen's Funeral Plans Took Decades to Set

By MAX COLCHESTER

LONDON—A few years ago, officials at Buckingham Palace rented an aircraft hangar to mock up Queen Elizabeth II's lying in state in Westminster Hall, where they paraded around a replica catafalque with no coffin on it to practice for a historic moment that would be witnessed by millions, a former royal official involved in the planning said.

It was just one piece in a vast jigsaw puzzle of preparations for the funeral plan, known as Operation London Bridge, that has seen 10 days of minutely choreographed pageantry, orchestrated by a uniquely British combination of aristocrats, military advisers, palace aides and civil servants. So far, the proceedings to celebrate and mourn the country's longest-reigning monarch have gone off without a hitch.

On Monday, the events will culminate with Queen Elizabeth II's state funeral, the first since that of Winston Churchill in 1965 and a gathering

shaping up as one of the biggest diplomatic set-piece events in British history.

For just over an hour, hundreds of political leaders and dignitaries from across the globe will join in London's Westminster Abbey to celebrate the queen's life. The list of attendees stretches from President Biden to French President Emmanuel Macron to Japanese Emperor Naruhito and Empress Masako. Only international pariahs such as Russia, Venezuela or Afghanistan don't get to send a representative. Even Iran's ambassador got an invite.

On Sunday, Mr. Biden and others began arriving in London. Mr. Biden, accompanied by first lady Jill Biden, paid their respects to the late monarch during the queen's lying in state at Westminster Hall. Mr. Biden later signed a condolence book at Lancaster House. After writing his message, he described the queen as "decent, honorable and all about service."

On Monday, outside the abbey, as many as a million peo-

ple are expected to cram the roads of central London to mark the passing of the nation's monarch.

"I don't think anyone will have seen anything like it," says Patrick Harverson, who previously served as King Charles III's chief communications adviser.

London's Metropolitan Police says it is preparing its biggest-yet single deployment of police officers, eclipsing even the 2012 London Olympics. "We will never be able to compare the like of it, I'm sure in the past but again also the future," said the deputy assistant commissioner of the Metropolitan Police, Stuart Conde.

As one British government official pointed out, the U.K. royal family normally hosts two lavish state visits from foreign dignitaries yearly. Queen Elizabeth II's state funeral will see it host close to 200 in the space of 48 hours.

To avoid diplomatic faux pas, the U.K.'s foreign office has stationed around 300 officials in an area known as the hangar to



Floral tributes for Queen Elizabeth II from the public lay outside Windsor Castle on Sunday.

VICTORIA JONES/ASSOCIATED PRESS

work on the logistics of getting VIPs in from around the globe, according to a government official. Practice military parades have been held on the streets of London in the dead of night. On Monday, Heathrow Airport will suspend flights to minimize aircraft noise during the state funeral. London's iconic red buses have been instructed to pull over during a two-minute silence at the end of the funeral and turn their engines off.

The person in charge of coordinating funeral arrangements to mark the end of the

second Elizabethan age is the Earl Marshal, Edward Fitzalan-Howard, 18th Duke of Norfolk. It is a hereditary position held by the Howard family since 1672. The Earl Marshal is tasked with overseeing state funerals and coronations.

Since taking over two decades ago, the current Earl Marshal has held an annual meeting in the throne room in Buckingham Palace to fine tune the Operation London Bridge plans. It started off with 20 people; by April it had reached 280, he told the Times newspaper recently.

Three religious ceremonies will mark the queen's passing: a state funeral in Westminster Abbey; a more intimate committal service at St. George's Chapel at Windsor Castle; and a private burial in the King George VI memorial chapel.

"It is our aim and belief that the state funeral and events of the next few days will unite people across the globe and resonate with people of all faiths," the Duke of Norfolk said.

—Catherine Lucey
contributed to this article.

Wikipedia's 'Deaditors' Turn the Page With Updates

By ALYSSA LUKPAT

When the British royal family announced that Queen Elizabeth II had died, a global band of editors raced to update her Wikipedia page. Within two minutes, someone had already written that she was dead.

A week later, these editors are still moving fast. And while their speed isn't unprecedented, the breadth of the work is. The queen had a sprawling realm, leaving Wikipedia editors with reams of digital pages to manage.

A group of volunteer editors has taken turns running a 24-hour operation much like a

newsroom. They created a task force to keep track of developments around the royal family, with to-do lists that include updating and creating pages about Queen Elizabeth, the new king and the Commonwealth.

One of the newest pages is called "The Queue," detailing the line of mourners waiting to file past the queen's coffin in London.

These Wikipedia editors are all volunteers. Their newsroom is a remote Wild West, spread out over an international web of devices. Most of them have never met in person and only know each other

by their Wikipedia aliases. They communicate on discussion pages hidden in the backchannels of the online encyclopedia.

A group of volunteer editors has taken turns running a 24-hour operation.

The result is crowdsourced pages that come together much like a picked-over Google Doc.

Editors who spring into action when someone dies are called "deaditors."

They mobilize whenever someone notable passes away, but their work since the queen died on Sept. 8 has appeared particularly coordinated.

The editors made hundreds of changes within minutes. They created a new page about her funeral arrangements. They swapped "is" for "was." They changed the queen's picture, a Wikipedia tradition on a notable person's page when they die.

That custom sparked a day-long argument, as dozens of editors debated among 13 pic-

tures of Queen Elizabeth, discussing the merits of pictures of her looking young or old.

"People were very divided," said Ilyas Lebleu, a 21-year-old Wikipedia editor who lives in Arcueil, France.

Other squabbles broke out on discussion pages about which pages to update and—before King Charles III's title was announced—what to call the new monarch.

"It was like literally a feeding frenzy," said John O. Anderson, a 34-year-old Wikipedia editor who updated the queen's page in the minutes after she died.

Mr. Anderson said he was

already editing Queen Elizabeth's page in his office when her death was announced. He manages utilities at Texas Woman's University in Denton, Texas.

Wikipedia editors pushed out conflicting edits that violated policies or had to be overridden—including one of the first people to write that the queen died, an editor who goes by the alias "Sydwhunte."

Mr. Anderson said he removed Sydwhunte's initial edits because the editor wrote that the queen had died without attributing the information to anyone—a cardinal rule on Wikipedia.

In London, 'The Queue' Takes On a Life of Its Own

By CAITLIN MCCABE

LONDON—It's now just called The Queue, with capitals. It has drawn soccer star David Beckham and even a visit from King Charles III and his son Prince William.

For days, hundreds of thousands of Britons and visitors have joined the long line, known in the U.K. as a queue, to see the coffin of the late Queen Elizabeth II. They have come from around the country—some from even around the world—braving sleepless nights, cold temperatures and a wait that at one point hit more than 24 hours.

But what started as a way for visitors to grieve and pay their respects to the country's longest-reigning monarch has now taken on a life of its own. The Queue is being studied by researchers. It's been the subject of countless online jokes, while #LongLiveTheQueue has proliferated on Twitter. News channels keep breaking away for updates about the line, and BBC Weather this weekend put out its own forecast for The Queue, as if it were its own city.

In a city filled with tourist attractions, The Queue has become an attraction in itself, drawing thousands of locals and tourists alike to walk up and down the River Thames and marvel at the line.

"It's become a phenomenon in and of itself," said Rob Johns, a professor of politics at the University of Essex, who has been conducting a survey of people in the line to better understand their demographics and motivations. "I'm sure while people say the moment of [seeing the queen's coffin] is hugely important, I think they'd say that queuing is not just a means to an end."

In a country that lost an empire during the queen's reign and faces perhaps its toughest economic times in a generation, there hasn't been a lot for Britons to feel cheerful about lately. The death of a beloved monarch made it seem worse, the last living thread to a bygone era.

But The Queue has given many here a source of unex-



Mourners line up in London to see the coffin of Queen Elizabeth II.

pected inspiration in a nation that prides itself on forming an orderly line. It isn't just about the line, of course, but what it says about British society: for many a rare moment of coming together and setting aside differences, of bearing up under hardship. The line has drawn together people from all walks of life and created unlikely friendships.

"I don't particularly care either way about the Queen," wrote one Twitter user, @curiousiguana. "But the queue? The Queue is a triumph of Britishness. It's incredible."

Paddy Farrell, 18, echoed that view as he stood in the line on Saturday: "It's the most British thing ever, queuing for such a beloved monarch." Well-wishers have continued to turn out in droves even though the government temporarily paused new entrants into the line on Friday because it was getting too long. Rather than abandoning their plans, Britons did what they do best: They entered a separate queue to join The Queue.

The line reopened later Friday. By Sunday night, just after 10:30 p.m., the U.K.'s Department for Digital, Culture, Media and Sport announced that the queue was at capacity and no longer accepting new entrants.

"It felt like the English thing to do," said Gillian St. John, a 57-year-old from London, who had entered the queue with a friend shortly after midnight on

Friday night, and quickly struck up friendships with the strangers around her. Plodding along together, the group took brief respites in folding chairs that they shared and wrapped themselves in blankets that were distributed to those waiting in line.

"We're never going to see something like this again," Ms. St. John said around noon on Saturday, nearly 12 hours after she had entered the queue, but still nearly a mile and a half from Westminster Hall, where the queen is lying in state. "I love the queen. And we've met such nice people."

Some 85% of adults surveyed in a YouGov poll this month believe Queen Elizabeth II was good for Britain. But queuing for such a beloved monarch isn't for the faint of heart.

In a moment of desperation, some, like 18-year-old Maddie Bentham of central England, grabbed a little shut-eye on the embankment of the Thames.

"I did have a bit of a nap on the wall" while her boyfriend waited in line, Ms. Bentham said. Still, she said, her grandparents deeply admired the queen, making it important to her to be there. "It's nice to be part of the younger generation to do it."

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FROM PAGE ONE

Nation Attempts to Ban Jargon

Continued from Page One

nelope and former British Prime Minister Margaret Thatcher on the importance of being clear and concise.

Supporters say the law is needed to make sure citizens understand how to access public services and keep tabs on what the government is doing. Critics say that the law will create more bureaucracy and paperwork, and that government departments can implement plain-language policies without legislation.

"Let me speak with extremely plain language," Chris Bishop, an opposition lawmaker, said during the parlia-

mentary debate on the law. "This bill is the stupidest bill to come before parliament in this term."

The debate in New Zealand is the latest in a decadeslong campaign by plain-language advocates to get governments around the world to simplify their communications. Mrs. Thatcher is often quoted as saying that plain English must be the aim of all who work in government. Some activists mark Oct. 13 as International Plain Language Day. In 2010, the U.S. Congress went so far as to pass the Plain Writing Act, which requires federal agencies to communicate clearly.

What's not plainly obvious is whether plain-language laws make a difference. There are 776 plain-language laws across the U.S., but academics haven't studied the effects of most of them, one scholar wrote in the University of Miami Law Review earlier this year. Some

advocates are concerned the laws don't include strong enough penalties for failing to comply.

There are some encouraging signs for the enemies of jargon. In the U.S., the Center for Plain Language, which grades federal agencies on how well they follow the Plain Writing Act, found last year that two-thirds of agencies surveyed earned an A for their compliance with the law, which includes staffing, training and reporting requirements. But the average writing grade was B-, unchanged from the previous year.

In New Zealand, 56-year-old Amanda Nally recently tried to help her elderly mother change the bank account where her government pension is deposited. She couldn't find the answer anywhere on a government website.

"We're making it really, really hard for a lot of people to actually interact with government departments," said Ms.

Nally, who supports the bill. "A lot of the stuff I see is full of jargon."

New Zealand's plain-language advocates give out annual awards for the best and worst government and private-sector communications. Simon Hertnott, who teaches writing courses and has served as a judge, recalled one government job description for a business process coordinator that was particularly indecipherable. It had only 16 full sentences over about 1,700 words and included dozens of bullet points.

"Smart people would have gone, I need to avoid this," he said.

Plain-language advocates frown on long sentences, passive verbs and unexplained acronyms, and say writing basics such as word choice and document structure can make all the difference. In one example, the title of a New Zealand police form for background checks used the potentially confusing

term "vetting service."

Lynda Harris, chief executive of Write Ltd., which offers plain-language consulting and training, believes the bill has a good chance of passing. The Covid-19 pandemic, during which clear government communication became crucial to public health, has focused attention on the importance of plain language, she said.

To determine what exactly that constitutes, Ms. Harris suggested lawmakers turn to the appropriately named International Plain Language Federation, which believes readers should be able to "easily find what they need, understand what they find, and use that information."

Others have argued that even the term "plain language" is subjective, and recommended the bill use "clear communication" instead.

An early version of the bill suggested that government

documents be easily understood after one reading. Lawmakers decided that was impractical, especially for more technical documents. The proposal now says communications should be appropriate for its intended audience.

The recent parliamentary debate was heated. Rachel Boyack, a government lawmaker who sponsored the bill, said her constituents, particularly immigrants, often bring in important forms or letters from government agencies that they don't understand.

The opposition was critical of a plan to task so-called plain-language officers with monitoring the writing of each government department.

"These plain-language police will become busybodies," said lawmaker Simeon Brown.

In the end, the parliament advanced the bill, 77 to 43. More discussion and voting will be required before it can become law.



Rivian's electric-vehicle factory in Normal, Ill., above; Ford's F-150 Lightning assembly in Dearborn, Mich., right.

Makers Try To Ramp Up EVs

Continued from Page One

waiting lists of longer than a year for their new electric models.

In July, five of the six fastest-selling vehicles in the U.S. were electrics or plug-in hybrids, which pair a battery with a gas engine, according to data from consumer site Edmunds.com. EVs sold in 19 days on average in July compared with 47 days a year earlier—and went four days faster than internal-combustion vehicles, Edmunds data show.

"With EVs, right now it's like, 'You build it, and they come,'" said Steven Center, operations chief for Kia Corp.'s U.S. business. He has been surprised by strong demand for the Korean auto maker's recently released electric SUV, the EV6 SUV, which has a backlog of three to six months. "We're trying to electrify the lineup as quickly as possible."

Federal and state tax breaks have helped stoke consumer demand for EVs. The recently signed law dubbed the Inflation Reduction Act extends until 2032 a \$7,500 federal tax credit, in place since 2009. It expands availability of the subsidy to some buyers while imposing income and price caps to qualify, as well as domestic-manufacturing requirements.

The pressure is on many auto makers to grab EV market share early and narrow the gap with front-runner Tesla Inc. Executives from GM, Ford and VW have all said they believe they can pass Tesla. Over the summer, Volkswagen AG ousted Chief Executive Herbert Diess in part for stumbling on a software strategy that delayed some EV rollouts.

Car companies find themselves behind in the supply-demand balance in part because many lowballed early EV production volumes, hesitant to go big on a technology that carries skinnier profit margins than internal-combustion vehicles. When EV demand took off during the pandemic, it caught many auto executives off guard.

The industry is rolling out its first significant slate of EVs, including pickup trucks, sporty SUVs and off-roaders, which that have appealed to buyers to a greater degree than the small, utilitarian EVs of the past decade. Rising gasoline prices have also stirred interest.

But it can take more than a year to boost factory production beyond original targets, often requiring new equipment and getting thousands of suppliers to line up more parts.

And auto makers found

themselves hampered by insufficient supplies of critical parts. Electric cars use more computer chips than internal-combustion-engine vehicles and are especially affected by a chip shortage that has hobbled the auto industry. "There was an assumption that, 'If EVs end up selling well, we can ramp up our production,'" said Mark Wakefield, managing director at consulting firm AlixPartners LLP. "That hasn't been possible in the last two years."

Batteries are another bottleneck for auto makers straining to increase EV output. Locking in contracts for battery cells on short notice from among a handful of global cell manufacturers presents a big challenge, said Darren Palmer, Ford's head of EV programs. When Ford decided last year to double Lightning production, it had a task force scouring the world for supplies, he said.

GM has marketed a new slate of models that its executives say will quickly give it the broadest electric portfolio in the U.S. market. But the launch of the first two of those entries—the GMC Hummer pickup truck and Cadillac Lyriq SUV—has been slower than comparable new vehicles from rivals. The company has been making both the Hummer and Lyriq at rates of less than a dozen a day, people familiar with the matter said, despite waiting lists that stretch into the tens of thousands.

Output at the Detroit factory where the Hummer is made, and at GM's Lyriq plant, in Tennessee, has been constrained by battery supplies, a GM spokesman said. The batteries needed to increase vehicle production should flow with the recent opening of an Ohio battery factory GM built with partner LG Energy Solution, he said.

"Unfortunately, the production isn't there because we're ramping up the supply chain," GM finance chief Paul Jacobson told analysts in August.

Chasing Tesla

Auto makers' pivot toward battery-powered cars coincided with the meteoric rise of Tesla's valuation, which is more than twice that of Toyota, VW, GM and Ford combined. Tesla accounted for about 70% of all U.S. EV sales in the first half of this year, research firm Motor Intelligence estimates.

Makers also are responding to tougher tailpipe-emissions standards globally and the influence of green-conscious investors.

But some executives from traditional car companies acknowledge they were too cautious on their early plans for electrics. "We sat around and said, 'Who really wants an electric truck? We don't know,'" said Mr. Palmer, adding that Ford determined manufacturing targets around three years ago.



FROM LEFT: KAMIL KIZACZYNSKI/REUTERS; FORD MOTOR COMPANY/GETTY IMAGES

Ford in 2020 completed a relatively small factory alongside its oldest plant, near its Dearborn, Mich., headquarters, to produce about 40,000 Lightning pickups a year. Executives doubled the target last year as the wait list grew. In January, they doubled it again, to a planned annual rate of about 150,000 trucks by summer 2023.

"The cement had barely joined to some of the walls," Mr. Palmer said, "and we were already expanding."

VW's Mr. Diess, during his four-year tenure, had outlined big plans for VW's shift to electrics, earmarking tens of billions of dollars for EV technology. Mr. Diess marveled publicly at Tesla's progress and hosted Tesla Chief Executive Elon Musk last year to speak via videoconference to a few hundred VW managers.

But VW suffered delays in getting some new EV models out, partly because of problems with new software. The snags raised doubts among some VW board members about his ability to execute the company's transition—and led to his departure—the Journal has reported.

At GM, CEO Mary Barra has been pressing her team to accelerate several EV programs from earlier plans, including the recently launched Cadillac Lyriq SUV and a plug-in version of its top-selling gas vehicle, the Chevrolet Silverado pickup truck, she has said. "Every vehicle I look at, I'd like it to be out faster," Ms. Barra said in a June interview.

Startup EV makers such as Rivian and Lucid Group Inc. have had an especially tough time launching new models. Rivian cut its production forecast earlier this year, citing parts shortages. CEO RJ Scaringe in August told Wall Street analysts that the company's lone factory, in Illinois, hadn't been able to schedule full work shifts because of trouble getting components, saying output would improve through the year. A Rivian spokeswoman said the company has stood by its reduced forecast since March despite continued supply-chain challenges.

Lucid, with an electric sedan

that some reviewers have compared favorably to Tesla's Model S, has said it has at times been unable to secure parts that normally are in ample supply, such as carpet and glass. Lucid in August halved its estimate for 2022 produc-

Many auto makers feel pressure to narrow the gap with front-runner Tesla.

tion, to between 6,000 to 7,000 vehicles, the second time this year the company reduced its forecast. Lucid declined to comment.

Battery arms race

Long-term, a big challenge will be batteries, say analysts who predict that shortages of battery raw ingredients could curtail auto makers' production plans as early as mid-decade. In this sense, too, the rest of the industry is chasing Tesla, which has spent more than a decade developing a battery supply chain and jointly operates a factory with partner Panasonic Holdings Corp.

Within the past year, GM, Ford, Toyota Motor Corp. and others have signed deals to build more than a dozen new U.S. battery factories. Panasonic Holdings Corp. is eyeing Oklahoma for a roughly \$4 billion battery-cell plant after outlining plans for a similar facility in Kansas, The Wall Street Journal reported in August.

Much of the battery-cell production and processing of key minerals is done in China and elsewhere in Asia. While provisions in the Inflation Reduction Act aim to shift more of that activity to the U.S., it will likely heighten the competition for supplies, car executives and analysts say.

Prices for nickel, lithium and other battery raw materials have shot higher in the past year, prompting some auto makers to raise prices. Some are striking deals with mining companies to extract and process raw materials—a significant departure for auto makers, which for decades have had little involvement that far up the supply chain.

Ford is investing about \$7 billion into construction of three battery plants, two in Kentucky and another in Tennessee, where it's also building an EV truck factory. In July, it outlined prospective deals with

battery-material suppliers, from Australian mineral processors to a Louisiana graphite producer.

Ford CEO Jim Farley in July warned that only half of the battery raw materials the auto industry needs to achieve its long-range EV sales targets are available today. "This is why speed to securing supply is so critical and strategic," Mr. Farley told analysts during a July conference call.

GM has struck deals with a Korean company to jointly build a factory in Canada for battery raw materials, and signed a supply agreement to extract lithium from a California lake.

GM's EV plan is central to the investment strategy at Dallas-based Frontier Investment Management Co., which owns about 2.8 million GM shares, said Richard Sowden, principal at the firm: "We believe that the manufacturing expertise of existing large auto companies like GM gives them a huge advantage."

Hurdles to broader adoption, Mr. Sowden said, include a lack of affordable EVs and availability of chargers. EV prices have risen more sharply than the broader car market. Ford recently increased the price of its most popular electric vehicles—the Lightning and Mustang Mach-E—by as much as 18%. Rivian raised prices earlier this year and recently dropped its least-expensive model.

U.S. buyers paid about \$66,000 for an electric vehicle on average in July, up 28% from a year earlier, according to research firm J.D. Power. The average price paid for non-EVs rose 12% in that period, to about \$45,000.

Earl Stewart, a Toyota dealer in Florida, said there is strong customer interest in the recently introduced Toyota Bz4x electric SUV but scant availability. He said mass-market adoption of EVs will require more models, including affordable ones. He drives a Tesla Model S Plaid, he said.

"Until they bring the prices down," he said, "it will just be people like me who can afford to buy EVs and who want to be the first on the block to drive one."



GM CEO Mary Barra announcing a \$300 million investment in an assembly plant for electric and self-driving vehicles in 2019.

BILL PUGLIANO/GETTY IMAGES

Is a Bra a Shirt? These Women Say Yes

Bikini-inspired tops, designed to be worn on the street, appear regularly on celebrities and at New York Fashion Week



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When Barbara Eden played a kittenish genie in the 1960s TV series "I Dream of Jeannie," she wore a seductive bra-like top, but kept her belly button covered. NBC executives, willing to go so far as a risqué bra, bolero and harem pants, considered revealing the navel to be one step too far. Now, 50 years after Jeannie paved the way for bra tops in public, non-bottle-dwelling women of all ages and shapes are trying the style. Some are even showing their belly buttons.

"The bra top is the new T-shirt," said Eli Mizrahi, the designer of Paris brand Mōnot, which launched in 2019 and makes sleek bra tops that first became an unexpected hit during the pandemic.

The piece has indeed become foundational like a T-shirt for some; celebrities such as Zoë Kravitz, Kaia Gerber, Gwyneth Paltrow and Florence Pugh, as well as regular women like a particularly with-it Brooklyn barista I met this year, are using bra tops as building blocks in their wardrobe for both day and night. (A subtlety: These are garments designed specifically as bra tops, made to be exposed and with more structure and substance than lingerie or your typical flimsy nude triangle bra.) They're worn under blazers, under button-ups, and sometimes, daringly, with no other cover at all.

At New York Fashion Week earlier this month, designers continued to stoke the flames of this scorching style, with show after show (and front row after front row) featuring at least one woman in a bra top. Downtown brand Sandy Liang showed a series of '90s Prada-evoking looks featuring tailored bras and straight skirts. Michael Kors, not one to jump on fleeting trends, offered a few including a dressed-up one paired with slacks in lime green. Tom Ford, a master of bringing sexy

back since his days designing for Gucci, closed out the week of shows with enough bra tops to keep Julia Fox outfitted for at least a week.

Speaking of Julia Fox, the actor and provocateur is to the bra top what Mark Zuckerberg is to the hoodie: its ambassador. Since she became something of a paparazzi star earlier this year after attending the couture shows in Paris with brief paramour Kanye West, she's very rarely been seen in a shirt. Her bra tops have taken the form of a bandeau, strings and even, this September, what ap-



A \$30 Nike bra top or sports bra with a cardigan over it is a good trial for beginners.

peared to be a strip of duct tape.

While Ms. Fox is taking bra tops to the extreme, they had earlier crept onto the paparazzi circuit in August 2019, when Katie Holmes wore a cashmere bra top by the New York brand Khaite out shopping in New York. In taupe cashmere with a matching cardigan, and only fractionally visible,



Clockwise from top: Actor Julia Fox; a model at Michael Kors's New York Fashion Week show; Katie Holmes, whose cashmere sweater set in 2019 helped kick off the craze.

Style magazine, "I have been in this business for quite some time. We both know you have ups and downs. It's been a really exciting time because of the cashmere bra."

Variations on Ms. Holmes's bra top continue to be big sellers for Khaite. Jodi Kahn, vice president

of luxury fashion at Neiman Marcus, attributed the trend's continued success to that Khaite bra, saying that it's now a "go-to for many designers." She pointed to some more grown-up ways of wearing it, such as in tailored, sequined form from Italian designer Brunello Cucinelli. Ms. Khan also noted that at Neiman Marcus, the bra top sees the most success when it's sold as a matching set with a skirt or trousers.

Bra tops do have the capacity to bring the party. Maryam Nassir Zadeh, the founder and creative director of her eponymous New York brand, wore a purple sequined Moschino swim top to her 44th birthday party this year. Over the years, she's collected vintage bra tops from Prada, Miu Miu and Dolce & Gabbana.

She's also made them a standard feature of her avant-garde ready-to-wear collections, even in wool and suede. At her show this past week on Manhattan's Lower East Side, bra tops were layered under and over tops in various states of transparency, and on their own. Ms. Zadeh said they sell well among her experimental and playful customers. "People are celebrating things that are beautiful outside the norm. That goes hand in hand with people sharing private body parts and embracing it," she said. "It's not a big deal to show a little bit of boob or a little bit of nipple."

For those of us who are not quite there yet, Los Angeles stylist Kat Gosik said that a \$30 Nike bra top or sports bra with a cardigan over it is a good trial for beginners. For the more advanced, look to one of her clients, Christine Quinn of the Netflix reality show "Selling Sunset," who wore a Jacquemus bra top, miniskirt and piles of diamond jewelry during the couture shows in Paris this summer.

Ms. Gosik said she had noticed a lot of bra tops at the Coachella music festival this year, including a \$3,390 crystal-encrusted Saint Laurent example that has been worn by Ms. Kravitz. Even as they're now widespread, she said they still have the power to shock. "I think it definitely can raise eyebrows," she said, "but I don't necessarily think that's negative."

Costly Mortgages Revitalize ARMs

By JULIA CARPENTER

Mortgage rates rose above 6% this past week, pushing already pricey homes further out of reach for many borrowers.

Discouraged buyers might choose to hold off, betting that prices and rates will drop in the years ahead as the market cools and inflation slows, as some economists predict. For those who want to move sooner, an adjustable-rate mortgage is one way to do so, buying with lower payments now and refinancing when rates are better.

The average rate on a 5/1 ARM, one of the most popular adjustable-rate loans, was 4.93% last week, more than a full percentage point lower than the 6.02% average rate for a 30-year-fixed loan, according to Freddie Mac. A 5/1 ARM has a lower fixed rate for the first five years and a variable rate, based on one of several market indexes, for each of the remaining years of the loan.

These loans are riskier, but they could help make up for the decline in affordability in 2022, especially if rates fall.

This time last year, homeowners were getting mortgage rates as low as 2.86%. Rates rising means bigger monthly payments for home buyers: A monthly payment on a \$300,000 30-year-fixed loan is roughly \$1,250 at 3% and about \$1,800 at 6%, a 44% increase.

House hunters also face low inventory, which drives up prices. As of July, the median home price was around \$403,800, according to the National Association of Realtors. Together with rising rates, housing affordability remains at its lowest level since 1989.

"We've hit this affordability ceiling," said Nicole Bachaud, senior economist at Zillow Group Inc. "People can't afford to buy anymore, but they still want to. They think, 'If something comes available, I'm going to do anything I can to get into a home.' And the ARM might be a tool in the toolbox that helps them cross that threshold."

Use of adjustable-rate loans surged in recent months. As of August 2022, more than 9% of all mortgage applications were for ARMs, according to the Mortgage Bankers Association, up from 3.3% this same time last year.

Adjustable-rate mortgages carry more risk, but rates are expected to fall in the next five years. Lower rates would cause the ARM's monthly payments to drop. Homeowners could also refinance to lock in a better rate long term.



Housing affordability remains at its lowest level since 1989.

ARMs are better regulated than those of the past, said Taylor Marr, deputy chief economist at Redfin Corp., a real-estate firm. In 2008, lenders made loans with extremely low "teaser rates" to lure in subprime borrowers. These days, Mr. Marr said, borrowers have more information, and he advises house hunters to do the math and consider the worst-case scenario before moving forward.

A recent analysis from Zillow found that when compared with borrowers overall, ARM borrowers in 2022 had bigger down payments and higher incomes. They used the low ARM rates to move into more highly valued properties. These borrowers are using the mortgage in a "savvier" way, Ms. Bachaud said.

For higher-income households, the ARM allows them to save hundreds or thousands of dollars over the first five years of the loan. These households are also better positioned to handle the rate change after that first five years, said Ms. Bachaud. Should their rate decrease, they are saving even more money; should it increase, however, these households are more likely able to shoulder the increase without significant strain.

Still, home buyers should do the math.

4.93%

Average rate last week on the most popular adjustable-rate mortgage.

Fannie Mae expects the average rate on a 30-year-fixed mortgage will fall to 4.5% by the second quarter of 2023. Adjustable-rate mortgages are predicted to see an even bigger drop, according to Fannie

Mae, with rates falling to 3.9%.

Mortgage rates aren't guaranteed to fall from current levels and housing economists caution homeowners from overstretching their budgets.

"In my view, it's all about uncertainty," said Len Kiefer, deputy chief economist at Freddie Mac.

Should a homeowner score an ARM at a lower rate and then find themselves in a high-rate environment five years later, they might no longer be able to make the mortgage payment at the new rate, leading to foreclosure.

PERSONAL JOURNAL.

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Wider, Young Audiences Lap Up Closed Captions

On-screen words facilitate multitasking, add layer of entertainment

Closed captions are cool now. Just ask anyone under 40.

More viewers, especially younger ones, are using tools that transcribe dialogue in the content they're watching online, from Netflix movies to TikTok videos. This isn't just about watching "Squid Game" drama in Korean with English subtitles.

Closed captions—which display text in the same language as the original audio—have been crucial for a long time for many people with hearing loss. They're now a must-have for plenty of people without hearing loss, too, helping them better understand the audio or allowing them to multitask.

Recent surveys suggest that younger generations are viewing content with captions more than older generations, despite reporting fewer hearing problems.

In a May survey of about 1,200 Americans, 70% of adult Gen Z respondents (ages 18 to 25) and 53% of millennial respondents (up to age 41) said they watch content with text most of the time. That's compared with slightly more than a third of older respondents, according to the report commissioned by language-teaching app Preply.

"I can't think of a time in the past couple of months or years that I haven't had subtitles or captions on," says 23-year-old Ayem Kpenkaan, who also creates his own comedy videos. While he doesn't have any hearing issues, he says it helps him focus on what's happening on-screen, even with the sound on.

In recent years, Apple, Google and other tech companies expanded on-device auto-captioning options, while Netflix found creative ways to describe audio (not just dialogue) to viewers who are deaf and hard of hearing. The innovations—as well as the rising popularity of captions on social media—have helped eliminate some of the stigma associated with hearing loss, advocates say.

"People are hesitant to ask for accommodations in the workplace because they don't want to stand out or make waves," says Barbara Kelley, executive director of non-profit Hearing Loss Association of America. As more people adopt captions, she adds, it becomes easier to ask for those aids.



Subtitles add color

Netflix now provides more colorful play-by-plays. Its new vampire slayer film "Day Shift" added colorful subtitles at certain parts of the movie. In the latest season of "Stranger Things," subtitles amused viewers with rich descriptions such as "tentacles squelching wetly." The number of people accessing captions and subtitles has more than doubled since 2017, a Netflix spokeswoman says.

People turn on subtitles and captions for many reasons—to learn a language, perhaps, or decipher a heavy accent or muttered dialogue. A lot of people complain about background music making it harder to hear dialogue. Captions can also facilitate multitasking and allow

70% of adult Gen Z and 53% of millennial survey respondents said they watch content with text.

people to watch content in shared spaces without disturbing others.

Rachael Knoth, a 23-year-old artist in Dothan, Ala., says she has used captions for as long as she can remember. She says she hasn't been diagnosed with hearing loss. Still, she finds it so hard to view anything without captions that if a video doesn't have them, she won't watch it.

"In class, when they play videos and they don't have the captions on, I have to pay really close attention," Ms. Knoth says. If she doesn't, it's common for her to misunderstand the speakers for a minute or two, she adds.

Improving accessibility

The first prerecorded closed captions appeared in the U.S. in 1980. A decoder box was needed to view the TV captions until the 1990s.

Initially, people had to manually transcribe the audio. More recently, artificial intelligence has helped put automatic captions in apps such as YouTube and Facebook. TikTok launched its auto-generated captions last year,

while Instagram followed earlier this year.

Scarlet May, a deaf content creator with 6.5 million followers on TikTok, says when she first joined, she could only watch content from creators who used sign language. Now, captions have exposed her to a whole new world of content.

"I can enjoy the app like everyone else," says Ms. May, 21.

Many creators filled the accessibility gap by adding their own captions manually. Mr. Kpenkaan, who makes comedy videos, is among those who still do. These are "open captions"—they can't be turned off. He sees inclusivity as a way to reach more viewers, and believes the open captions help more people get his jokes.

"Captioning is just another medium to be creative," he says.

The first TikTok Mr. Kpenkaan made with captions—a funny clip of him and a friend on a romantic swan-boat ride—remains his most popular TikTok video, with more than 36.6 million views.

How to turn them on

For those looking for captions to help them in their everyday lives, such as when you're having trouble hearing your device in a noisy environment, one of the latest technologies comes from Apple.

Its Live Captions feature, available with MacOS Ventura and iOS 16 on the iPhone 11 and newer, lets users turn on a live transcript for any audio, whether it's during FaceTime calls, in a streaming-video app or just picked up by the device's microphone.

Live Captions uses machine learning and keeps everything on your device, rather than sending it to Apple's servers for processing. You can find it under Settings > Accessibility.

Google has a similar app for its Pixel phones, and this year's Samsung TVs can automatically place captions on the screen in locations that won't disrupt the view.

Social-media apps such as Instagram generate captions on uploaded videos by default, and make them available to turn on within the videos. (Creators can choose not to have captions, or to add their own open captions instead.) Snapchat users can turn on auto-generated subtitles for the app's Discover page, and as of last year they can also use auto captions in their own recorded snaps.

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Instagram Parenting Guru Tackled Toddler Tantrums, and Now Potty

BY ELLEN GAMERMAN

Becky Kennedy is promoting her parenting brand in places that are conventional—like the "Today" show and NPR—and places that are not, like the bottom of a children's potty.

The clinical psychologist, "Dr. Becky" to the desperate parents who found her child-rearing advice during their late-night Instagram scrolls at the height of the pandemic, has just released her first book, "Good Inside: A Guide to Becoming the Parent You Want to Be." It is a road map for parents that gives priority to connection with children over punishment and rewards.

In the next couple of weeks, Dr. Kennedy will unveil her first product partnership, an "all-in-one potty kit" from Miami company Frida. A caricature of her face in gentle pastels appears with tips on a printed guide tucked inside the toilet that parents remove from the bowl to read. The product, which incorporates Dr. Kennedy's preferred term "potty learning" instead of "potty training," will be sold at retailers including Walmart, Target and Amazon.

Dr. Kennedy sells \$54 workshops and \$23-a-month subscriptions on her website, or "community," as she calls it. The platform, slickly designed by a former product manager from fashion site Rent the Runway, features video tutorials and suggested scripts for tough conversations with children. It launched five months ago and has nearly 15,000 members.

Dr. Kennedy, 39, who lives with her husband and three children, ages 10, 7 and 5, on Manhattan's Upper West

Side, sees an untapped market. If people are willing to hire personal trainers, she argues, they should feel OK about paying for a parent coach, too.

The 1.4 million followers on Dr. Kennedy's "Good Inside" Instagram account include celebrity moms such as Gigi Hadid, Jennifer Garner and Eva Mendes. Dr. Kennedy is planning Instagram Live spots with author Katherine Schwarzenegger, who is mar-

ried to actor Chris Pratt, and Meena Harris, niece of Vice President Kamala Harris.

Every decade, an Alpha parent seems to emerge. The 1980s introduced Heidi Murkoff's "What To Expect" empire of mom-to-mom advice. (Sing to your baby in the womb!) In the 1990s, it was Dr. William Sears and "Attachment Parenting." (Let babies sleep in their parents' beds!) In 2001, the baby whispering method was the gospel. (Find your baby's personality type!) In 2011, it was Amy Chua, author of the bestselling "Battle Hymn

of the Tiger Mother," which had Americans trying to raise children with the discipline and high expectations of Chinese parents.

Dr. Kennedy's style focuses largely on empathy, curiosity and play. (Pretend you're having a meltdown and regulate it! Act out solutions with stuffed animals when your child is rude!)

Her Instagram account took off when working adults were trapped at home with their children during Covid. Moms and dads felt an urgent need for help and had the time to attempt her self-aware scripts, which hold that their kids are good people having a hard time. "Remember, our kids are always absorbing the versions of themselves we reflect back," she cautions in the book.

Many adults raise their children as their own parents did, Dr. Kennedy writes, which is to say, they treat the job like animal training. The result, she argues, is parenting that fails to teach life lessons and raises future adults more likely to struggle with shame, lack of self-confidence and an inability to trust their own instincts.

Now parents are back in the office, kids are in school, and more third-party disciplinarians are delivering timeouts and demands for apologies, the exact opposite of Dr. Kennedy's method.

"People do often say that this parenting style takes time, but I think really it's just a matter of how we spend our time," Dr. Kennedy says. "Either we spend our time connecting to our child, or we spend our time managing resistance, power struggles and our own parent-guilt spirals."



Psychologist Becky Kennedy, aka Dr. Becky

ARTS IN REVIEW



ART REVIEW

Sacred Patterns, Celestial Images

At the Hood Museum, a show uses nearly 90 works to illuminate one of a continent's indigenous cultures in new ways

By JUDITH H. DOBRZYNSKI

Hanover, N.H.

'MADAYIN: EIGHT DECADES of Aboriginal Australian Bark Painting From Yirrkala" presents artworks that are largely unknown in the U.S. While recent decades have cast light on the "dot paintings" made by Aboriginal people in Australia's western deserts, these works from northeast Arnhem Land in Australia's Northern Territory—also patterned, abstract, occasionally figurative, but visually very different—have had much less exposure. "Madayin" is the first major show devoted to them outside Australia, and is rightly proclaimed by Dartmouth's Hood Museum of Art as the "most important exhibition of Aboriginal Australian art mounted in the western hemisphere in over 30 years."

Nearly 90 works, painted on the inside bark of eucalyptus trees, line the galleries, grouped by each of the 16 clans represented here. As the wall texts explain, the artists are from the Yolngu people, and their paintings are considered to be family, part of a kinship system called *gurrutju* and linked by *raki*, which connects the land, sea, plants and all creatures. Within the Yolngu relational system are two complementary groups, called *moleties*, and people must marry someone from the other group. When they make art, each clan uses its own, distinct *miny'tji*, the design traditions that go back many millennia and that are deemed Madayin—both sacred and beautiful.

Perplexed? Don't worry. While these and other concepts are critical to Yolngu art, the curators offer help. Noting that they are sharing the paintings to provide an understanding of their world, Wukun Wanambi—a recently deceased artist who was part of the exhibition's large curatorial team—says

The first major exhibition devoted to Aboriginal bark painting outside of Australia.

in the opening wall text, "Like the surface of the water, beneath is an ocean of knowledge. We can only show you the surface."

The surface is spectacular. Ranging from 19 inches to 12 feet tall, these vertical paintings are rendered almost entirely in natural shades of white, ocher, gray, maroon, beige and black. Their fascinating designs draw in viewers, and their meanings—as inscrutable as they may be—cause observers to wonder and to linger.

At the simplest level, "Diamond" (2018) by Wurrandan Marawili depicts a dominating diamond created from small diamonds and, within them, tinier diamonds, arranged in lines and curves in a pat-

tern that seems random. The motif is intended to analogize the infinite layers of meaning in the rhomboid form, which often has sacred connotations. But it's probably not that simple.

"Dugong at Baraltja and Yathikpa" (2017) by a fellow "Madarra" member, Napuwarri Marawili, similarly confounds. To Western eyes, it's an appealing abstraction conjoined from grays, tans and white—swirls, diamonds and curved lines that suggest nature. But as the label explains, it's actually a style of painting known as *buwayak* that hides figurative elements beneath traditional designs, with nary a clue for outsiders. When the initiated view "Dugong at Baraltja and Yathikpa," they will see 34 hunters of dugong, the marine animals that live in nearby seas.

It might be frustrating to fail to see these stories if their designs weren't so alluring. "Fish Trap at Gangan" (1996) by Gawirri Gumana and "Fire Story" (1969) by Wukuthi Marawil swarm with fish, ducks, tortoises and snakes, surrounded by rushing waters. "Naypinya" (1963) by Mithinari Gurruwiwi shows a speckled mother snake and her snakelets splashing in the water. "Rainforest I" (2017) by Mulkun Wirrpanda goes into the dense wilds to portray the edi-



Naminapu Maymuru-White working at the Buku-Larrnggay Mulka Centre in 2021, above; view of 'Madayin: Eight Decades of Aboriginal Australian Bark Painting From Yirrkala,' top

ble flora that have always sustained the Yolngu.

Two beautiful works by Naminapu Maymuru-White gleam and pulsate with diamond-shaped stars. Both are titled "The Milky Way," which refers to the galaxy as well as to a river in Arnhem Land. In one (2003), the stars occupy a central, wavy band that resembles a river, with cross-hatched borders and angled branches flowing to the bark's edges. Ms. Maymuru-White's kin know the celestial Milky Way as the place to which souls ascend upon death, joining

other creatures and manifesting as stars. Thus this work reflects on death and spirituality.

Her other "Milky Way" (2019) is an all-over design, with large and small stars set against light and dark bands of gray, which might be the night sky or maybe the river, that convey the depth of the universe (or the river).

Attentive visitors to this exhibition may notice that this exhibition on view seems to come in bursts—in the '60s, the mid-'90s, the late aughts. But the dates are misleading. In each of those periods, the

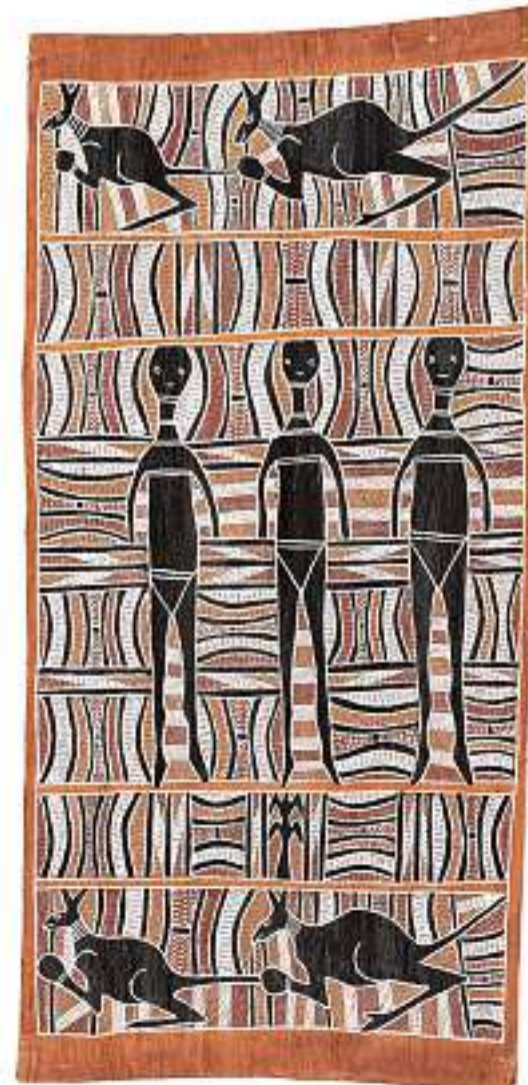
Yolngu's rights to their ancestral lands were especially endangered, by mining interests, assimilation policies, sea-right claims or war. Believing that their art is the most powerful way to document that they have lived on their land since the dawn of creation, they chose to show it and sell it to Westerners to disseminate that message, and the Yolngu curators had those contentious times in mind. Henry Skerritt, curator at the Kluge-Ruhe Aboriginal Art Collection of the University of Virginia, which organized "Madayin" with the Buku-Larrnggay Mulka Centre in Yirrkala, said he watched ruefully as certain works were weeded out because of their dates.

It's hard to imagine more captivating works. Such revelatory exhibitions deserve to travel, and fortunately this one begins a nationwide tour after its time at the Hood. Watch for it; it's enthralling.

Madayin: Eight Decades of Aboriginal Australian Bark Painting From Yirrkala

Hood Museum of Art, through Dec. 4

Ms. Dobrzynski writes about art for the *Journal* and other publications.



Mithinari Gurruwiwi's 'Naypinya' (1963), right; Gonybi Ganambarr's 'Garrapara' (2018), right center; Mithili Wanambi's 'Wuyal at Yanawal' (c. 1972), far right

SPORTS

Las Vegas Aces Win the WNBA Title

Led by first-year coach Becky Hammon, the team clinched the best-of-five series over the Connecticut Sun in Game 4

By RACHEL BACHMAN

The Las Vegas Aces beat the Connecticut Sun on Sunday to clinch their first WNBA title and secure the city its first championship in a major professional team sport.

Riquana Williams came off the bench to give the Aces the late lead in the sometimes-sloppy game at Connecticut's Mohegan Sun Arena as Las Vegas won 78-71 in Game 4 to take the best-of-five series 3-1.

Williams hit back-to-back jumpers to give the Aces a 75-71 lead. She finished with 17 points and Chelsea Gray continued her stand-out postseason play to lead the Aces with 20 on 9-of-13 shooting.

"I saw excellence and I wanted to be a part of it," first-year Aces coach Becky Hammon said. "They're just big-time players. They love big moments. I just get to reap the benefits of being their coach."

The Aces powered through the season on the strength of three stars—Kelsey Plum, Gray and A'ja Wilson—and Hammon, a former WNBA player turned NBA assistant turned WNBA head coach who took a very good team and made it great.

Plum led the Aces with 20.2 points a game during the regular season. Gray was nearly unguardable for much of the playoffs. And Wilson was the league's strongest force on both ends of the floor: the WNBA's 2022 MVP and defensive player of the year. She grabbed 14 rebounds to go with 11 points while playing all 40 minutes Sunday.

Late last year, Aces owner Mark Davis made a big gamble—and a big investment—in hiring Hammon away from the San Antonio Spurs, where she had been working as an assistant under Gregg Popovich.



A'ja Wilson, left, and the Las Vegas Aces celebrate after a 78-71 victory in Game 4 to clinch the best-of-five WNBA Finals against the Connecticut Sun.

Some people believed Hammon could succeed Popovich to become the NBA's first permanent female head coach.

Instead, Davis, who also owns the NFL's Las Vegas Raiders, offered Hammon \$1 million a year to coach the Aces, more than any WNBA

player could make in salary. Hammon delivered.

The win also brings the city of Las Vegas—which only recently landed National Hockey League and National Football League teams—its first championship in a major professional sports league. Davis, a

longtime women's basketball fan before buying the Aces, was in Connecticut for Game 4 instead of in Las Vegas, where his Raiders hosted the Arizona Cardinals.

The Aces didn't start their championship run from nothing. They reached at least the league semi-

nals in each of the past three seasons under previous coach Bill Laimbeer, losing in the 2020 finals. But they had struggled to finish the job. Hammon seemed to coax the best out of her players, pushing good players to be great and great ones to be transcendent.

The Dodgers' Love-Hate With the Postseason

By TIM BROWN

Los Angeles

Andrew Friedman has become one of the locals in the city where he built baseball's most fearsome machine. He's raising his children next to them, inching along the freeway beside them, rationing water and paying \$7 for a gallon of gas.

And then it's that time of year again. Almost October. And it's time for the Los Angeles Dodgers president of baseball operations to ponder one more bit of L.A. stuff alongside his neighbors: Why the postseason Dodgers aren't as dominant as the regular-season Dodgers.

"I have a love-hate relationship," Friedman says, "with October baseball."

April to September baseball has been very kind to him. Entering Sunday, the Dodgers are 733-443 in nearly eight full regular seasons

with Friedman as their president, since the start of the 2015 season. That's 33 more wins than the Houston Astros, second in Major League Baseball in that time, 56 more than the New York Yankees and 80 more than the St. Louis Cardinals. They won their 100th game of 2022 on Saturday.

For those who wondered how the lucid intellect and desperate creativity required in Tampa, where he helped turn the prostrate Devil Rays into the robust Rays, might look when infused with the sort of money that launches rockets, the Dodgers last week won their seventh National League West title in eight seasons. In the outlier season of 2021, they won 106 games and finished second.

Backed by Guggenheim Partners, an \$8 billion TV deal and the highest attendance in the league for nine years in a row (not counting 2020, when the pandemic emptied

ballparks), the Dodgers also have committed about \$1.8 billion to payroll in the Friedman era, \$200 million more than the New York Yankees.

MLB can be a get-what-you-pay-for league, as well as an answer-for-what-you-pay-for league, even a regret-what-you-pay-for league. For

They have endured the pressures, whims and downright evil of October baseball.

the Dodgers, over the better part of a decade, that has translated into massive expectations come October. They have played every bit to their potential for six months, season after season. They have endured the

pressures, whims and downright evil of October with varying results—once with a championship trophy, more often than not, somebody else raising the banner.

They stand again on the familiar precipice in the third week of September, when it's too hot in Los Angeles. Friedman sits in the home dugout, in the shade. He is not sweating. His face is slightly flushed. The Dodgers are again the best team in the game, which was the goal six months ago. It's always the goal.

The boy GM has gray in his hair now. He's no longer a general manager, but a president. He's taken up pickleball, which is to say he has a court in his backyard and the occasional scuff on a knee or elbow. He sometimes returns work calls from the sidelines of youth soccer practices. He does not surf or drive an electric car. He has three kids and a wife, Robin, who has dedicated her

career to the education of underprivileged children.

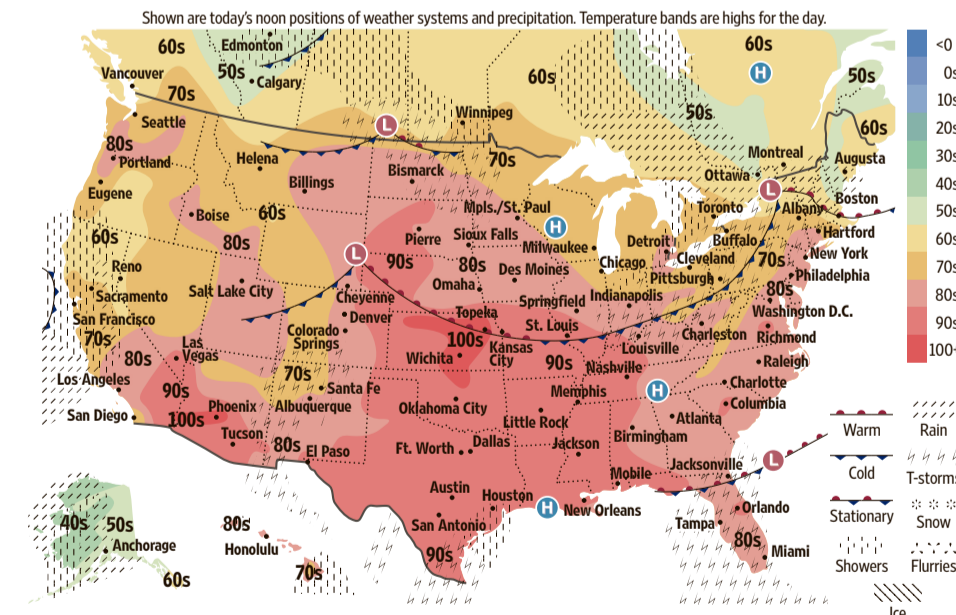
He has one World Series championship. In his seven years in L.A., the Dodgers' playoff record is 46-31. Friedman and his lieutenants have used their theories, experience, analytical devices, scouts, guts and wealth to tease as much randomness from the regular season as they can.

Then October starts. Friedman welcomes the ride. These Dodgers are good, if light in the starting rotation and, potentially, on the back end of their bullpen. Statistically, they are the best offensive team in the league. They lead the league in ERA.

"There's a little bit of that gambler's mentality in all of this," Friedman says, "in that professional gamblers love to win, obviously, but they also almost like to lose, where it makes you feel more alive. Even the bad things."

Weather

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

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

Table with 3 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists major cities and their weather forecasts.

International

Table with 3 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists international cities and their weather forecasts.

Table with 3 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists international cities and their weather forecasts.

The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with numbers and letters.

PIRATE PROGRAM | By Gary Larson

- Across: 1 Ear part, 4 Test the weight of, 8 Make blank, 13 Indefinite article, in Arles, 14 Painter who did portraits of Washington and Jefferson, 15 Abuja replaced it as Nigeria's capital, 16 "Far out!" in dated slang, 17 Sort shirts in a pirate clothing store?, 19 Welcoming committees where pirates dock?, 21 Frontiersman Daniel, 22 Opposition vote, 23 Mediterranean fruit, 26 Relatives of Inc.'s, 27 "Something to Talk About" singer Bonnie, 30 Wacky, 31 Coarse-haired hunting dog, 33 Like capital gains, 34 Flex muscles in a pirate gym?, 37 Slack-jawed, 40 Warning at closing time, 44 Sweat source, 45 Untrue, 47 Not at home, 48 Winner's take, 49 Part of some email addresses, 50 Cutting edge, 51 Overdraft protections for a pirate checking account?, 55 Holding cells on a pirate ship?, 58 ___ volente, 59 Capital on the Nile, 60 Start, 61 Historical period, 62 Prod, 63 Witnessed, 64 Unproven ability

- Down: 1 Responsive to treatment, 2 Winning, 3 Solid foundation, 4 Wife of Zeus, 5 Nobleman above a viscount, 6 Jolly Roger, for example, 7 Lease signer, 8 Mournful poem "Aw, shucks!", 9 Before now, 11 Soak up, 12 Twisty curve, 14 Make roads, 18 Flying pest, 20 Fit, 23 Cunning creature, 24 Bar staple, 25 ___ willing (translation of 58-Across), 27 1921 robot drama, 28 Santa ___, California, 29 Pastoral poem, 30 Milan opera house, 32 Mine find, 33 Explosive letters, 35 Hydrogen or helium, 36 Play for a sap, 37 Phone download, 38 Sticky stuff, 39 Sculptor's field, 41 Oscar winner, for example, 42 Firefighting equipment, 43 Old-fashioned cleaner, 45 Cavalry base, 46 Midsize Oldsmobiles, 49 Fiery felony, 50 Boom's opposite, 51 Start for dynamic or nautical, 52 First-rate, 53 Gift on "The Bachelor", 54 Feds, 55 High card, 56 Cloth scrap, 57 Make ready for sailing

Previous Puzzle's Solution

Grid showing the solution to the previous crossword puzzle.

The contest answer is FUNDS. Each of the starred answers has a synonym that's another grid answer plus IOU: APOPLECTIC/FURIOUS, FLIPPANT/UNSERIOUS, HARMFUL/NOXIOUS, SCHEMING/DEVIIOUS, FRAUDULENT/SPURIOUS. The first letters of those words spell the contest answer.

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

OPINION

A Faraday Is Worth 1,000 Faucis



INSIDE VIEW
By Andy Kessler

The public's trust in scientists is way down this year, according to the Pew Research Center. Ya think? "Fifteen days to slow the spread" and "flatten the curve" may have something to do with it. Some airlines still hand out disinfecting wipes as you board—to combat an airborne virus. Real scientists, like Michael Faraday (1791-1867), whose birthday is this week, would be rolling their eyes.

What did Faraday do? Well, if there was no Faraday, there would be no modern economy. A former bookbinder who studied magnetism, in 1820 he noted that electricity applied to a loop of wire could get a magnet to move through it, an insight that produced the electric motor found in every fan, vacuum cleaner, washing machine and electric car. Faraday then turned his own thinking inside out. In 1831 he invented the dynamo, an inverse motor. Moving a loop of wires around a fixed magnet can induce electricity. Place a dynamo next to running water, like Niagara Falls, and you can generate reliable electricity.

No Faraday, no communications. By running electricity down a long wire to an electromagnetic relay switch, you can ring a bell.

This innovation became the telegraph, telephone and today's wireless devices, which are all based on Faraday's induction.

No Faraday, no computers. The 1945 Eniac computer used those same electromagnetic relays, open representing zero and closed representing one. While today's semiconductors are based on the quantum effect—thank theoretical physicists Niels Bohr and Max Planck for that—they need gobs of electricity for power, which Faraday's work helps generate.

The inventor of the dynamo would have plenty to say about our scientific 'experts.'

Faraday took science seriously: "Conclusions are drawn from data, and its principles supported by evidence from facts." Facts! Imagine that.

Why is science so maligned these days? To me, the turning point came in 1984, with (fictional) Columbia professor and ghostbuster Dr. Peter Venkman, played by Bill Murray, who when questioned said, "Back off, man. I'm a scientist."

Venkman's false claim of authority surely influenced Al Gore to claim during his 2007 congressional testimony on climate change, "The science is settled." Wait, wasn't that perjury? Science is never

settled. Faraday was ahead of this, saying, "A man who is certain he is right is almost sure to be wrong."

Same for Anthony Fauci, who was wrong on masks, social distancing and school closings, and who claimed his detractors were "really criticizing science, because I represent science." Back off, man.

Faraday's many great quotes are reminders of how scientists should act. He was skeptical of theories lacking real-world proof: "I could trust a fact and always cross-question an assertion." He also embodied science's constant questioning: "He is the wisest philosopher who holds his theory with some doubt."

Sadly, bad science has permeated society. My sons' high-school biology classes spent more time designing a model recycling center than teaching mitosis and meiosis. Math classes in California for six million students are being "reimagined" to focus on equity and fairness. Even though the Bureau of Labor Statistics is projecting 8% growth in STEM jobs by 2029, schools aren't teaching what is needed. Science is becoming a squishy mess.

Maybe it's because the label "science" has been so watered down. The author George Gilder once told me that anything with science after its name isn't really science. Behavioral science? Nope. It often draws its conclusions from studies that can't be replicated. Climate science? Ha, good one. It

uses computer models that are too broad and can't figure out what to do with clouds that reflect sunlight, as Steven Koonin's 2021 book, "Unsettled," shows. Yet gazillions of dollars are shoveled toward green goodies to placate the goblins of global gloom. Computer science isn't really a science either; it's more engineering.

Here's the latest science hypocrisy. President Biden gave a speech last week in Boston on his "cancer moonshot" initiative, which will require lots of biology and chemistry. Yet his administration's Federal Trade Commission tried to block DNA sequencer Illumina from buying and ramping up artificial-intelligence-enabled cancer-screening company Grail to find cancer early. Unscientific policy kills scientific advancement.

Can trust in science return? Sure, trust will trickle back so long as real scientists working in obscure labs continue to turn out things seemingly too good to be true: new mRNA drugs, battery technology or energy sources. Faraday knew this: "I have far more confidence in the one man who works mentally and bodily at a matter than in the six who merely talk about it." Faraday was an eternal optimist, rightly so given his two-century track record. He said, "Nothing is too wonderful to be true, if it be consistent with the laws of nature." Disagree with that? Back off, man.

Write to kessler@wsj.com.

BOOKSHELF | By Angelina Torre

A Tale of Fire And Family

Five Floors Up

By Brian McDonald

(Grand Central, 303 pages. \$29)

Chief William "Bill" Feehan kept a photo on his desk at the FDNY headquarters in Brooklyn. He and his young grandson Connor stand beaming in the photo on a fireboat in New York Harbor. The chief's burly hands rest on Connor's shoulders and the two brace a gust of wind that has made the boy's hair into a wild nest. Both wear FDNY memorabilia with logos prominently displayed. The sky is a bright blue, with only a few clouds to shadow the New York City skyline. The twin towers of the World Trade Center are behind them.

The fabric of the Feehan family has been closely interwoven with that of New York's fire department for more than a century, and the journalist Brian McDonald has been entrusted with their stories. The resulting "Five Floors Up: The Heroic Family Story of Four Generations in the FDNY" is his deeply researched, intimate look into the lives of "New York's Bravest." This is not a novel pursuit for Mr. McDonald, whose memoir, "My Father's Gun," chronicled his own family's NYPD tradition. A similar theme of devoted service runs through this history of fires and those who fought them, one replete with department legends, love stories and fallen buildings.

The first paid fire service in New York City was established after state politicians made a strategic decision to consolidate a patchwork of volunteer departments into a unified force. The volunteer companies had become highly territorial and the subsequent rivalries bore more chaos than the fires themselves. "All classes of the community," huffed a letter to the New York Times in 1865, "are shocked and disgusted by the horrible scenes of disorder attendant on every fire in New York—the shrieking, yelling, hallooing, confusion, absence of all discipline and subordination." Within a year of that letter, the modern New York City fire department was born.

The root of the Feehan firefighting tradition lies with Chief Feehan's father—also named William. The tales of the elder Feehan's antics "could fill a binder and have been told so many times since in the Feehan family that they're rounded at the edges," writes Mr. McDonald. William was the youngest of 10 children in an Irish Catholic family, an ethnic identity shared in the late 1880s by 75% of New York City's fire department. (The FDNY remains a workforce dominated by white men, and Mr. McDonald does not shy away from discussing the racism and sexism that has sullied the force in the past.) In February 1926, at the age of 34, William started the job that would weather his bones but sustain his spirit for the next three decades.

The trailblazing Feehan was likely older than the other probationary officers of his year, but the "bear of a man with a broken nose from an amateur boxing career and a balding head" was no less tough—perhaps too tough for his own good. William's line of work left his wife, Catherine, in near-constant anxiety. Worry over the safety of their husbands would prove a familiar state for most married Feehan women, with good reason. At the time of Mr. McDonald's writing, there had been 1,157 line-of-duty deaths in FDNY history. In a 1991 speech, William's son, Bill, underscored the inevitable risks: "No matter how well we train, no matter how good our equipment is, no matter how hard we try" that number will continue to grow.

The trailblazing Feehan was likely older than the other probationary officers of his year, but the "bear of a man with a broken nose from an amateur boxing career and a balding head" was no less tough—perhaps too tough for his own good. William's line of work left his wife, Catherine, in near-constant anxiety. Worry over the safety of their husbands would prove a familiar state for most married Feehan women, with good reason. At the time of Mr. McDonald's writing, there had been 1,157 line-of-duty deaths in FDNY history. In a 1991 speech, William's son, Bill, underscored the inevitable risks: "No matter how well we train, no matter how good our equipment is, no matter how hard we try" that number will continue to grow.

When he died at the World Trade Center, Chief Bill Feehan took a special place in his family's long history of firefighting courage.

In a creative display of both support and concern for her husband's career, Catherine once called upon her brother and part-time FDNY chaplain, Father Jim Cashman, to pull strings for her husband's transfer to a firehouse in a less-perilous neighborhood (William instead arranged on his own to move to even riskier rescue work). Father Jim's distinct characterization makes one believe Mr. McDonald when the author claims that the FDNY is itself like one big family, complete with "black sheep, crazy uncles, wise-ass little brothers, [and] precocious sisters." The 5-foot-2-inch local celebrity "in silk underwear and old scotch" might qualify among the "crazy uncle" variety. He was, of course, uncle to William and Catherine's son Bill.

Chief Bill Feehan, like his father, William, before him; his son-in-law, Brian, after him; and grandson Connor after that, proudly wore the fire department's patch on his shoulder. (One almost wishes an illustrated family tree had been included for repeated reference.) Bill was the only officer in FDNY history to hold every rank, including fire commissioner. Mr. McDonald devotes the most space in "Five Floors Up" to an account of Bill's career trajectory and home life—from his relationship with his vivacious but ailing wife, Betty, to moonlighting as a security guard for an ungrateful aristocrat, to his battles with raging fires during the "Bronx is burning" arson epidemic of the 1970s—and, ultimately, to his heroic death.

It only makes sense that "Five Floors Up" starts and ends with the catastrophe of Sept. 11, 2001. On that morning, Chief Feehan and 342 firefighters alongside him sacrificed their lives in the race to save those caught in the World Trade Center before the collapse. Mr. McDonald's first chapter details a short, rather distant account of the harrowing day from a gathering in the backyard of Bill's grown daughter Tara. These early pages of "Five Floors Up" are jarring and a bit disorienting, for you aren't yet familiar with the cast of characters and are unsure of where to place your dismay.

But in the latter pages Mr. McDonald manages a gut-wrenching firsthand minute-by-minute, decision-by-decision description of the morning of 9/11. With skilled interviewing, the last hours of Chief Feehan's life are pieced together, starting from his routine coffee and over-easy eggs at Flushing's North Shore Diner to his refusal to leave Ground Zero minutes before the North Tower fell.

"Five Floors Up" is an homage to the families who absorb the aftermath of such courageous choices and a tribute to those whose job is much more than a career. It is a resurrection of firefighters fallen in battle with the "red devil" and a celebration of those who have picked up the hose in their stead.

Ms. Torre is a Robert L. Bartley Fellow at the Journal.

Biden's Other Mexico Problem



AMERICAS
By Mary Anastasia O'Grady

Secretary of State Antony Blinken flew to Mexico last week for a closed-door meeting with President Andrés Manuel López Obrador. A State Department release said the two discussed fentanyl production and trafficking, migration and "shared economic interests." Mr. Blinken "noted his continued appreciation for collaboration with Mexico" on these and other issues.

Such diplo-speak from Foggy Bottom is designed, no doubt, with the Biden administration's immigration woes in mind. In real life, though, it's hard to think of a time in the last three decades when the U.S. interests in a stable and growing Mexico were in greater danger.

Last week AMLO—as the Mexican president is known—got another step closer to militarizing Mexico's civilian government, a project that he has been working on since he took office in December 2018. He may fall short but the latest developments are chilling.

In his first full year in office, AMLO created a new National Guard, put it under military command until March 2024, and dispatched a good part of it to Mexico's Guatemalan border.

U.S. law forbids the use of its armed forces in domestic law enforcement. Yet President Trump celebrated AMLO's expansion of military

power. The American president believed migration and drug flows could be contained if only Mexico put more little green men down on the Suchiata River.

Three and a half years later, an endless stream of poor and huddled masses continues to flow to the U.S. southern border and cartels roam Mexico with impunity. The promise of an effective deployment of the National Guard, under military command, never materialized. Yet AMLO now seeks to extend this "temporary" arrangement until March 2028.

Institutions in a democracy—including the military—require transparency and accountability to check corruption. But AMLO prefers to characterize the rule of law, decentralization, pluralism and institutional independence as mere trappings of an elite that stands in the way of his messianic mission. This is manifest in his efforts to control the judiciary and restore the monopolies of the state-owned oil and electricity companies. He has reduced federal transfers for local and state law enforcement.

The military is now in charge of key infrastructure projects like the Mayan train on the Yucatán and the international airport serving Mexico City as well as formerly civil-service functions like customs and air-traffic control. These are plum assignments, which, under a national-security exception, allow military brass to skip environmental reviews, auditing and disciplines

for procurements.

The corrupting nature of such privilege is obvious and could harm the country's last line of defense in dealing with foreign adversaries.

AMLO's disregard for the rule of law is hurting the outlook for Mexico, as the State Department said in its 2022 "investment climate" statement, noting that "uncertainty about contract enforcement, insecurity, informality,

President López Obrador is further militarizing his country's government.

and corruption continue to hinder sustained Mexican economic growth." The same report noted that investors in Mexico "are increasingly concerned the administration is undermining confidence in the 'rules of the game,' particularly in the energy sector, by weakening the political autonomy" of independent regulatory agencies.

Both the Bank of Mexico and the International Monetary Fund have downgraded their estimates for Mexican growth to below 3% this year, an anemic rate for a developing country.

Also troubling is recent support from the Institutional Revolutionary Party, or PRI, in the lower house, which stepped up to help the president last week by voting in favor of a transitory constitutional amendment to give the

military control over the National Guard for almost six more years.

Until now the PRI had been causing with the National Action Party and other smaller parties to contain AMLO's ambitions. If that coalition is breaking apart, it's more bad news for Mexican democracy.

It's an open question whether the shift in PRI voting had anything to do with the attorney general's investigation of PRI president Alejandro Moreno, a former governor of the state of Campeche who also has been accused of corruption by members of his own party.

One PRI-ista told me that many in his party voted for the amendment because they see it as the best hope of providing security to a nation ravaged by organized crime and violence, and to do it before election year 2024. Given the immense power of the cartels financed by American narcotics demand, the idea has popular support.

Yet the risks of militarizing the country while an authoritarian wannabe resides in the presidential palace seem to outweigh the advantages. It isn't clear why lawmakers didn't instead propose a change in the guard's chain of command so that it would become answerable to civilian codes of justice and auditing.

The amendment now goes to the Senate, where it is hoped that PRI dissidents will kill it—and Mexican democracy will hang on.

Write to O'Grady@wsj.com.

God Save Our Fundamental Freedoms

By Lois McLatchie

I can't understand why anyone would heckle a hearse. Then again, I'm a Scot who loved the queen. My country is holding a vote next October for independence from the U.K., but I thought Elizabeth II was great. She knew what was required of a 21st-century monarch. She respected the space for the public discourse of her people. She couldn't, and wouldn't, cry, "Off with their heads!" History has hardly been kind to hereditary rulers of such an approach.

Ironically, it was the democratically elected Scottish government that cracked the authoritarian whip last week. Moments before Charles III was proclaimed king in Scotland's capital on Sunday, a 22-year-old woman was arrested on the street for holding an antimarchy sign that

included an obscenity. The next day, as the royals walked somberly behind the late queen's coffin, only a single voice in the crowd called the notorious Prince Andrew a "sick old man." Barely a week ago, that would have likely been met by a thundering cheer.

Scotland has been cracking down on free speech for some time.

Was it morally appropriate, at that moment, to heckle a grieving procession? Probably not. Was it legally appropriate for the police of the state to throw the heckler to the ground and arrest him? Absolutely not, if the fundamental right to freedom of expression is of any weight and relevance.

For a country famed for its ancient cry of freedom from English rule, the incident could not have better highlighted the ironic authoritarianism of our current government. It's hardly plausible that our nationalist ruling party was so overcome with reckless enthusiasm for the British sovereign that it sanctioned the arrests on an ideological vendetta. Rather, our mechanics of policing have become so scrupulously censorial that this was the instinct of a police officer faced with a view deemed to be at risk of causing offense.

Our political culture has been trending against free speech for some time. In 2021 the Scottish government passed legislation that would censor discussions on sensitive topics such as marriage, gender and religion, even around family dinner tables. And only last week, the gov-

ernment announced support for criminalizing words that merely "influence," specifically, when spoken by pro-life volunteers near abortion facilities. The proposal could ban even silent prayer on a public street. The threshold for forbidden speech is vanishingly low.

A nation unable to allow offense is a weak one. An idea unable to withstand criticism is an inadequate one. And a police force unable to protect fundamental freedoms is a failing one.

It isn't the role of the state to police the opinions of citizens. This might astound those who railed against King George III. But our Scottish authorities can learn a thing or two about democracy from our late hereditary monarch, Elizabeth II.

Ms. McLatchie is a communications officer for ADF UK.

OPINION

REVIEW & OUTLOOK

The Real Midterm Election Stakes

If the election polls are right, Democrats have a good chance of adding to their majority in the Senate and even keeping it in the House. Toward that end they are trying to convince voters that abortion and Donald Trump are the main election issues. But the real issue, by far the most important for actual policy, is whether voters will put a legislative check on the political left.

Mr. Trump isn't even on the ballot this year, and Joe Biden will be President at least through 2024. No national abortion law is likely to pass Congress as long as the 60-vote legislative filibuster rule remains in the Senate. Abortion law could change in many states depending on election results, but probably not in most.

In other words, the Democratic election strategy is a new version of their 2020 campaign bait-and-switch. Joe Biden and Democrats in Congress won by making the election a referendum on Mr. Trump and Covid-19. But once in office they pivoted to advance a far-left labor agenda and enact the biggest expansion of government in modern history. They succeeded on many fronts, and only the opposition of Sens. Joe Manchin and Kyrsten Sinema prevented them from killing the filibuster to do much more.

The Democratic left hasn't given up on any of this, however, as they are admitting if you pay attention. The media are ignoring this as they echo the abortion and Trump narrative. So it's worth laying out what Democrats really have in mind, based on what they tried to do this Congress and are promising for the next.

* * *

Start with targeting the filibuster, which is priority one because a 51-vote Senate majority opens the door to everything the current House has passed. Vice President Kamala Harris made that clear in a recent speech to the Democratic National Committee.

"With just two more seats in the Senate, we can codify *Roe v. Wade*, we can put the protections of *Roe* in law," Ms. Harris said. "With two more seats in the United States Senate we can pass the Freedom to Vote Act and the John Lewis Voting Rights Act. Two more seats."

Democratic Senate candidates in Wisconsin (Mandela Barnes), Pennsylvania (John Fetterman) and Ohio (Tim Ryan) say they'd vote to kill the filibuster. They also favor adding Washington, D.C., as a new state. "50/50 is not enough. We must expand our Democratic Senate majority to abolish the filibuster once and for all. And our campaign is the best chance to do it," Mr. Ryan tweeted in January. And he claims to be a moderate.

Arizona Sen. Mark Kelly and New Hampshire Sen. Maggie Hassan have supported a filibuster carve-out for voting legislation. The H.R.1 voting bill creates a federal right to mail ballots and

Looted in La La Land

You might say Congresswoman Karen Bass was robbed by reality. After her Baldwin Vista home was burglarized the other week, the progressive Democrat running for Mayor of Los Angeles says she can empathize with residents who fret about rising crime. But as mayor, would she do anything about it?

Ms. Bass has moderated her soft-on-crime views somewhat during the mayoral campaign as her opponent Rick Caruso, a real estate developer, pounds the city's public safety problems. Robberies are up 18% so far this year from last year. Burglaries (15%) and motor vehicle thefts (14%) have also increased while arrests have declined 11%.

Yet Ms. Bass has often seemed disconnected from the dangerous reality that Angelenos experience on the streets every day. Asked in a debate this spring to rate how safe she felt walking around her neighborhood on a scale from one to 10, she replied: "I would say a 10." This month after her home was broken into, she walked that back.

"I did feel safe until my safety was shattered,

The DeSantis-Newsom Debates

California Gov. Gavin Newsom wants to debate Florida Gov. Ron DeSantis, even as both are running for re-election in their own states. The challenge is a political stunt by Mr. Newsom, but there's still a lot to recommend it.

"Hey @GovRonDeSantis," Mr. Newsom wrote Friday on Twitter, "clearly you're struggling, distracted, and busy playing politics with people's lives. Since you have only one overriding need—attention—let's take this up & debate."

Mr. Newsom is running for re-election in a one-party state and is expected to win easily against his GOP opponent. Mr. Newsom has plenty of time for distractions as he plots his run for President in 2024 if President Biden decides not to run.

Mr. DeSantis, on the other hand, is running in a far more competitive state, where statewide elections always seem to be close. He won by only 32,463 votes in 2018, and Charlie Crist, his Democratic challenger this year, isn't far behind in the polls. We can understand if Mr. DeSantis prefers to focus on his own re-

overrides state laws banning ballot harvesting. It requires same-day voter registration and up to 15 days of early voting.

House Democrats also passed H.R.4 that would require the Justice Department or D.C. district court to approve election-law changes in states and localities with a putative history of voting-rights violations. The Attorney General would have broad discretion, and you can bet GOP states will be the main targets as they were under Eric Holder before the Supreme Court voided pre-clearance in *Shelby County v. Holder* (2013).

Once the legislative filibuster goes for one issue, the political pressure will be enormous to kill it for much more. The Pro Act will surely make a comeback. That bill would override state right-to-work laws that give workers the choice of joining a union; impose a backdoor card-check procedure that neuters secret-ballot election; impose the Obama-era joint-employer standard that put corporations and contractors on the hook for workers they don't employ but "indirectly" control, and much more.

Democrats also want to pass a CO2 emissions "enforcement mechanism" that failed this year because it violated Senate budget reconciliation rules. Ditto a provision originally in the Inflation Reduction Act that gave the Environmental Protection Agency sweeping power to regulate CO2 emissions under the Clean Air Act.

Build Back Better entitlements including free universal pre-K, child-care subsidies, an expanded refundable child tax credit, paid family leave and Medicare dental and hearing benefits will re-emerge from the grave. Many Democrats are hankering to lower the Medicare age to 60 from 65, and Mr. Ryan co-sponsored legislation in the House.

Major tax increases will also be back in play. Ways and Means Chairman Richard Neal recently told a Bloomberg reporter that Democrats will raise individual and corporate tax rates if they keep power. Treasury Secretary Janet Yellen said in a recent speech that the Administration's goal is to return "tax rates for high earners and corporations to historical norms."

How high is "historical"? Mr. Neal's original proposal in 2021 raised the corporate rate to 26.5%, and the individual rate to 39.6% from 37% at \$400,000 in income and 42.6% above \$5 million, and imposed a tax on capital gains at death. With two more Senators, expect those rates to go much higher.

* * *

There's much more we could include here, but you get the idea. If Democrats add seats in the Senate and hold the House, there won't be much of a check on progressive ambitions. If they accomplish this with inflation at 8%, they will be even more emboldened. That is what's really on the ballot in November.

like so many Angelenos," she told a local news station. The burglars ransacked her home and stole two handguns, which she said were registered and locked in a safe box hidden in her closet. Strangely, the criminals didn't take cash, electronics or other valuables.

Though she's a gun-control advocate, Ms. Bass said she kept the "guns for personal safety, as do many people. I think that gun control is extremely important. But I have never believed that people—if they wanted to have guns—should not have them." She can thank the Supreme Court's *Heller* decision for protecting her Second Amendment right to protect herself.

Two men were arrested last week for the break-in and, for a change, they are being held in jail rather than released to quickly rob again. One reason L.A. like other big cities has become more dangerous and disorderly is because criminals often aren't apprehended, and, when they are, they are released back on the streets. Ms. Bass's website says "we've tried arresting our way out of the problem before—it doesn't work." Actually, it does.

election, rather than giving the California Democrat a national forum for his presidential ambitions.

Yet a debate, or better more than one, would also showcase Mr. DeSantis in a way that rarely happens through the state or national liberal media filter. Every move he makes is criticized in the national press, and Democrats are calling him "scariest" than Donald Trump even before the November election. That's even faster than we figured.

Debates would give Mr. DeSantis a chance to explain his policies on Covid, the economy, school choice, immigration and more. Immersed as he is in the Sacramento-mainstream-media bubble, Mr. Newsom might think Mr. DeSantis is an easy mark.

A debate would let voters see the difference between the California and Florida models of governance. Mr. DeSantis gave a fine speech the other day on the "great American exodus" to states like Florida from progressive states. Even if not this fall, this is a debate the country eventually needs to hear.

LETTERS TO THE EDITOR

U.S. Medication Is a Bargain—but for Whom?

Charles Hooper and David Henderson's op-ed "Expensive Medications Are a Bargain" (Sept. 14) is a useful primer on the potentially disastrous effect of the Inflation Reduction Act on drug innovation. The issue is the Centers for Medicare and Medicaid Services' ability to "negotiate" prices with the hammer of an excise tax on 95% of a drug's revenue for drugmakers that reject CMS's dictated price.

The driver of brand-name high drug prices isn't "greedy Big Pharma" but free-riding governments elsewhere in the world that offer take-it-or-leave-it prices. Drugmakers accept them because the U.S. market takes higher prices to fund their development costs.

Didn't the Inflation Reduction Act get the excise tax backward? Suppose it had imposed the tax on U.S. sales of brand-name pharmaceuticals that are priced at a large discount in other developed countries. This would encourage drugmakers to cut off countries that lowball them. If consumers in a wealthy nation were told they could no longer get a drug because their government wouldn't pay a normal price, a backlash would likely cause that government to reconsider its freeloading ways.

DAVID MCCARTHY
Chicago

Messrs. Hooper and Henderson's argument seems to go like this: Meds save or extend lives, therefore they're bargains, regardless of cost. The same could be said of groceries, without which we'd face starvation. Tires and gasoline are also essential because neither drugs nor groceries could be distributed without delivery trucks and gas to run them. Without light-bulbs and flashlights, folks would stumble in the dark, fall and injure themselves, perhaps fatally. Shoes—without them you might step on a nail.

On this twisted logic, almost everything's a bargain. But none of these

"bargains" amount to much if you don't have the money to pay for them.

TOM KISKE
College Station, Texas

Americans shouldn't carry the burden for the rest of the world. Higher drug prices curb our competitiveness. The answer is a transparent and open-market system allowing access to the same medications available from other Tier One counties, such as Canada, Australia, New Zealand, Japan and many in Europe. These countries employ safety standards at least equal to our own.

ALAN GREENSMITH
Roswell, Ga.

The U.S. supports a global trade practice in pharma that would in any other industry be illegal: dumping. It sells product in foreign markets at below-market (and perhaps below-cost) prices. Foreign countries don't complain because they enjoy the free ride.

There's a solution: Medicare should adopt a most-favored-nation pricing policy under which it will pay no more than any other G-20 nation pays for a medication prescribed to Medicare beneficiaries. This will decimate the pharma pricing model because that model relies on the U.S. paying more than everyone else. This would be both painful and, being painful, short-lived. Prices would be pushed up in 19 of the G-20 countries and pulled down in one.

Buyers facing higher prices will be resistant and livid, but what credible argument will they make to defend their unearned and undeserved discounts? In the end, drug companies would likely garner as much—perhaps more—revenue than today. That's the one constant in decades of health reform: After every "reform," more money came into the sector.

CHRISTOPHER E. PRESS
Cincinnati

When Queen Elizabeth Was a Spirited Princess

The headline of Gerard Baker's column, "Queen Elizabeth Didn't Take Her Majesty for Granted" (Free Expression, Sept. 13), may have been true during her reign as monarch, but it wasn't always so. Let me explain.

In 1967 I was visiting the Churchill War Rooms, which are underground beneath the Treasury in London's Whitehall. It was before the rooms were open to the public, and I was included in a group of retired Scotland Yard officers who had been stationed there during World War II. Their stories were remarkable.

One officer talked about his first assignment in the 1930s, before the war, when he was guarding then-

Princess Elizabeth in Buckingham Palace. He described how the little girl liked to stand on the high windowsill of her playroom and watch the princess' regiment drilling in the courtyard below. One day, her mother came into the room and the guard lifted her down from the windowsill, saying, "There you are, little lady," to which she answered, "I'll have you know I am not a lady; I am a princess." Her mother then said, "Alas, it's true that she is a princess, but we're hoping to make a lady of her someday."

They succeeded admirably.
HENRY I. MILLER
Redwood City, Calif.

Nuclear Power Needs a Constituency of Its Own

In "Our Friendly Neighborhood Nuclear Reactor" (op-ed, Sept. 13), Mark Naida provides insight into the public's shifting attitude toward nuclear power. In looking for the causes of the negative response to nuclear power in the past, there is no shortage of culprits, but the nuclear-power industry must share the blame. It has tried to reassure the public largely with technical data and analysis.

Counsel Against Bigotry Is A Fine Lesson in Parenting

The most important message that William McGurn relates in "We're All Jews Now" (Main Street, Sept. 13) is the one conveyed by his father. It so impressed the young Mr. McGurn that he recalls it to this day. In response to his son's query—"Who are they?"—on seeing Haredi men in their distinctive garb on a street corner in Brooklyn, N.Y., Mr. McGurn's father replied, "They are like us."

What a profound lesson in parenting. The power of parents to impart to their children lessons of tolerance cannot be overestimated. It can embed in a young mind the lifelong capacity to view others without bigotry or prejudice. This is the much-needed lesson that the elder McGurn has now conveyed to all of us.

DAVID KROHN
Teaneck, N.J.

No Biden Flags for a Reason

You quote Liza Featherstone, who bemoans that Democrats "aren't about having fun," comparing them with the partiers in boats with Trump flags ("Notable & Quotable: Parties," Sept. 15). The reason that Democrats don't go around waving Biden flags, however, is that we are not members of a personality cult.

SARA STEVENSON
Austin, Texas

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Pepper ... And Salt

THE WALL STREET JOURNAL



"The worst thing is I can't even blame the media."

OPINION

Crowdsourcing to Find Russian War Criminals

By Jillian Kay Melchior

When Russia-backed separatists in eastern Ukrainian put Stanislav Aseyev in prison in 2017, other inmates warned him to beware of the warden, Denis Kulikovskiy. Mr. Kulikovskiy was “a committed sadist, rapist, executioner, and alcoholic; a psychopath, who read people perfectly, manipulated them masterfully, and possessed a healthy sense of humor,” Mr. Aseyev writes in his new book about his 2½ years in the Donetsk secret prison known as Izolyatsia, or Isolation.

Ukrainians have launched a website that serves as a database and a fundraising center for bounties.

Mr. Kulikovskiy should have been watching out for Mr. Aseyev, a Ukrainian journalist who was captured and imprisoned for reporting in Donetsk for Radio Free Europe/Radio Free Liberty. After he was released in a prisoner exchange in December 2019, Mr. Aseyev began to write about the shadowy prisons run by Russians and their proxies in the occupied Donbas region. As Mr. Aseyev made inquiries, he learned Mr. Kulikovskiy was free and living in Kyiv.

Mr. Aseyev, 32, said information he provided to authorities led to Mr. Kulikovskiy’s arrest last November. Ukrainian authorities declined to comment on Mr. Aseyev’s claims

about his role in the investigation and arrest. But Christo Grozev, executive director of the investigative journalism site Bellingcat, said he worked with Mr. Aseyev to track down Mr. Kulikovskiy and that the Ukrainian journalist tipped the authorities off.

Yuriy Belousov, Ukraine’s lead prosecutor for human-rights violations, said Mr. Kulikovskiy now faces criminal charges for human trafficking, terrorism, war crimes, cruel treatment and illegal deprivation of liberty. If convicted he could be sentenced to some 15 years in prison. Artem Galkin, a lawyer, confirmed he was representing Mr. Kulikovskiy but didn’t provide comment on behalf of his client by deadline.

The Kulikovskiy case inspired Mr. Aseyev to found the Justice Initiative Fund, a nonprofit that crowdsources bounties for war criminals who have committed atrocities in Ukraine. It launched on Sunday. File this one in the annals of ideas so crazy they just might work.

The Justice Initiative Fund focuses its efforts only on war-crimes suspects officially “wanted” by Ukrainian or foreign authorities. It states that it is “against vigilantism” and doesn’t order assassinations of suspects. Instead, it seeks information it can verify and pass along to law enforcement to facilitate an arrest, as well as “previously unknown evidence of the crimes of the wanted person.”

Tipsters can provide information confidentially, and if it checks out and is useful, the Justice Initiative Fund will pay them in whatever legal way they prefer. Crowdsourced contributions will cover the cost of the



Unidentified graves in the recently retaken area of Izium, Ukraine.

EUGENY MAOLEYKA/ASSOCIATED PRESS

bounties, as well as operational and research costs for the nonprofit.

“We expect Russians to provide information,” Mr. Aseyev said. One hangover from the Soviet era is a proclivity to rat out personal or professional adversaries, so some tips could come from within the Russian military and intelligence offices. War criminals’ wives and girlfriends are also prospective tipsters; the Justice Initiative Fund is betting that Russian soldiers who commit atrocities on the battlefield also behave violently in their own homes. The reward money adds another incentive to inform on a colleague or lover.

Initial bounty targets include soldiers wanted for murder, rape and torture in the Kyiv suburb of Bucha; officials accused by Dutch authorities of arranging and delivering the missile system used to shoot down Malaysia Airlines Flight 17 in 2014; and

other alleged Izolyatsia jailers. Many are “low-level soldiers,” Mr. Aseyev said. And even if the nonprofit fails to apprehend anyone, he said, it will serve as a centralized database of those identified as war criminals.

The list grows as the war drags on. In the newly liberated parts of Kharkiv oblast, authorities are learning of war crimes including enforced disappearances, tortures and killings. When Ukraine reclaims occupied territory, “the whole locality is a crime scene,” Ihor Klymenko, head of the National Police of Ukraine, said earlier this summer at an interview at his Kyiv office.

In Irpin, a Kyiv suburb, Ukrainian forensic scientists helped identify a suspect from a fingerprint they lifted from a fish tank in a home, among other evidence. Law enforcement also conducts an investigation when an aerial bombardment or missile strike

hits unoccupied territory. And Ukraine conducts remote probes into war crimes in occupied territories using online content and drone footage.

“There is always danger for our officers,” Mr. Klymenko said. A phone call that interrupted our interview illustrated his point: One of his officers in Sumy, near the Russian border, had just died after being hit by artillery while carrying out his work. Unexploded ordnance abounds, posing another risk to law enforcement.

They carry on despite the risks. “When we are confronted with mass graves with peaceful civilians, when we are getting these victims out of the ground—victims who were shot, burned or blown up for no reason at all—of course we can’t let off our enemy on that,” Mr. Klymenko said.

Ukrainian investigators have identified hundreds of Russians involved in war crimes, he said: “We know their faces, we know their phone numbers, we know the designations of their military units and formation, we know the commanders.”

Unfortunately, solving a case isn’t the same as resolving one. Ukrainian authorities have opened some 32,650 war-crime cases as of Sept. 15, Mr. Belousov said. Yet the majority of suspects remain beyond Ukraine’s reach.

One hope is that some may be apprehended when they travel outside Russia and the territory it controls in Ukraine. Mr. Aseyev hopes the bounty effort can help track them down. “It’s not about revenge,” he said. “It’s about justice.”

Ms. Melchior is a Journal editorial page writer.

When Electric Vehicles Sound Too Good to Be True

LIFE SCIENCE
By Allysia Finley

Last week kicked off the fraud trial of Trevor Milton, founder and former CEO of electric-vehicle startup Nikola. The government alleges that he deceived retail investors about Nikola’s technology. He has pleaded not

guilty, but the evidence from the government’s 49-page indictment will be hard to refute.

To take one example from the indictment, Mr. Milton in 2017 ordered an inoperable prototype of a hydrogen-fueled semi truck to be towed to the top of a hill to tape a promotional video. The brakes were then released, and the truck rolled down the hill. The truck’s door was taped during the shoot to keep it from falling off, and the batteries were removed to prevent it from catching fire.

Yet in January 2018 Nikola posted a video on Twitter of the truck appearing to power effortlessly down a flat road, with the caption: “The Nikola Hydrogen Electric trucks will take on any semi-truck and outperform them in every category; weight,

acceleration, stopping, safety and features—all with 500-1,000 mile range!”

The government will have to prove not only that Mr. Milton lied but that investors relied on his deceptions. Complicating the case, sophisticated investors helped take the company public and promoted it. Based on the evidence in the indictment, they may have been aware Mr. Milton was blowing hot air.

But it’s also possible that they simply failed to look under Nikola’s hood. Either way, retail investors ended up taking the brunt of the alleged fraud’s financial impact. Herein is a lesson about getting into vehicles with so-called socially responsible investors.

Nikola didn’t float public shares the usual way, which requires companies to file registration statements and prospectuses with the Securities and Exchange Commission. Corporate execs are then required to abide by a “quiet period” during which executives can’t promote the company until 40 days after its stock starts trading. These rules are intended to provide a level playing field for investors.

Instead, Nikola merged with the special-purpose acquisition company VectoIQ Acquisition Corp., launched

by Cowen Investments, BlackRock and former General Motors executives. These inside investors received millions of shares in VectoIQ and also floated some to the public at \$10 apiece to raise money to acquire another company.

Nikola announced plans to combine with VectoIQ in March 2020, thereby going public. “Nikola’s vision

The Trevor Milton trial offers a lesson about getting into vehicles with socially responsible investors.

of a zero-emission future and ability to execute were key drivers in our decision,” said Stephen Girskey, managing partner of VectoIQ and a former GM executive.

Cowen boasted that “Nikola, with its vision of a zero-emission future in heavy-duty transportation, is an example of an enterprise that is creating value for all its stakeholders, including society at large.” It’s hard to know whether they believed their own puffery.

At the time Nikola was struggling

to execute its business plan, which Mr. Milton obscured with far-fetched claims. “Up until Nikola came in the market, hydrogen was around \$16 a kilogram, U.S. dollars. Now Nikola is producing it well below \$4 a kilogram,” Mr. Milton said in a podcast. In fact, according to the indictment, Nikola had never produced hydrogen and was buying the fuel at \$16 a kilogram.

The indictment alleges Mr. Milton lied to investors in order to increase the value of his stock holdings. Perhaps. But other investors also stood to benefit from his deceptions. According to the indictment, “certain institutional investors who received Nikola shares as part of the SPAC transaction or the PIPE and had access to more complete information regarding Nikola’s products and technology were able to sell their stock for a significant profit.”

These investors included VectoIQ’s partners, BlackRock and Cowen, Fidelity Management & Research Co. and ValueAct Spring Fund, a socially responsible investment fund. After the completion of its SPAC merger in June, Nikola’s stock catapulted to \$65.90 a share with its market valuation surpassing Ford’s and Fiat Chrysler’s.

GM announced on Sept. 8, 2020, that it was taking an 11% stake in Nikola, which CEO Mary Barra heralded as an “industry leading disrupter.” Two days later, short-selling firm Hindenburg Research published a report exposing Mr. Milton’s deceptions. Nikola’s stock price plunged, and a couple of weeks later Mr. Milton stepped aside from the company. Its stock is now trading at about \$5 a share.

The story of Mr. Milton’s alleged fraud in some ways mirrors that of Elizabeth Holmes, who founded the Silicon Valley blood-testing startup Theranos. When her technology failed to live up to her hype, she concealed its shortcomings. Yet whereas the victims of Ms. Holmes’s fraud were sophisticated, deep-pocketed investors, those in Nikola’s case were retail investors taken for a ride by Mr. Milton and his deep-pocketed backers.

One final observation: Mr. Milton’s alleged deceptions are no different in kind from those of progressive politicians who have sold the country on a fossil-fuel-free future based on technologies that don’t exist. Alas, it isn’t a crime to lie to the American people, no matter how much it costs them.

We Have a Bill to Help Prevent Another Jan. 6 Attack

By Liz Cheney
And Zoe Lofgren

The Select Committee to Investigate the January 6th Attack on the U.S. Capitol began its investigation last year and has conducted nine hearings to date.

Last spring, federal district court Judge David O. Carter reviewed evidence submitted by the committee and reached the conclusion that President Trump “launched a campaign to overturn a democratic election, an action unprecedented in American history.” Mr. Trump “more likely than not” violated two criminal statutes by “corruptly attempt[ing] to obstruct the Joint Session of Congress on January 6, 2021,” and “dishonestly conspiring” to do so.

In the committee’s recent hearings, evidence has demonstrated Mr. Trump was fully informed that his plans to overturn the election were illegal. One element of his plan called for Vice President Mike Pence to refuse to count certain Bi-

den electoral votes, a scheme Mr. Pence has called “un-American.” Mr. Trump knew that scheme would violate both the U.S. Constitution and the Electoral Count Act of 1887.

The committee will have more to say in the months to come about the full extent of Mr. Trump’s plans to overturn the 2020 election, but we also have an obligation to recommend legislation to make sure such an attack never happens again. Evidence from Republican officials in Mr. Trump’s own campaign, his administration’s Justice Department and his White House, and evidence from Republicans throughout the states at issue, has shown conclusively that his allegations of widespread fraud in the 2020 election were false.

Despite this, Mr. Trump continues to make intentionally false election-fraud allegations, claiming that he should be reinstated as president. And current candidates for key offices—who could themselves try to change the outcome of future

elections—also embrace those lies and other groundless conspiracy theories. This raises the prospect of another effort to steal a presidential election, perhaps with another attempt to corrupt Congress’s proceeding to tally electoral votes.

To address this prospect, this week we will propose reforms to the Electoral Count Act to protect the rule of law and ensure that future efforts to attack the integrity of presidential elections can’t succeed. Our proposal will be founded on four fundamental principles:

First, we must reaffirm what the Constitution and existing law already make plain: The vice president (who acts as presiding officer for a joint session of Congress in a presidential election) has no authority or discretion to reject official state electoral slates, to delay the count in any material way, or to issue procedural rulings that have such an effect. The 12th Amendment is straightforward; it simply requires counting: “The President of the Senate shall, in the presence

of the Senate and House of Representatives, open all the certificates and the votes shall then be counted; the person having the greatest number of votes for President, shall be the President, if such

It’s past time to reform the Electoral Count Act to make clear Congress can’t overturn an election result.

number be a majority of the whole number of electors appointed.”

Second, if members of Congress have any right to object to electoral slates, the grounds for such objections should be narrow. Congress doesn’t sit as a court of last resort, capable of overruling state and federal judges to alter the electoral outcome. If any objections are allowed during the joint session, grounds should be limited to the explicit constitutional require-

ments for candidate and elector eligibility and the 12th Amendment’s explicit requirements for elector balloting. Objections would require one-third of each chamber to be entertained and majority votes to be sustained.

Third, governors must transmit lawful election results to Congress; if they fail to fulfill that duty, or another official prevents the lawful results from being transmitted, candidates for the presidency should be able to sue in federal court to ensure that Congress receives the state’s lawful certificate. These suits would occur before Congress counts electoral votes, and should ensure, in all cases where one candidate has the majority of electoral votes, that Congress’s proceeding on Jan. 6 is purely ministerial.

Finally, federal law must make clear that the rules governing an election can’t change after the election has occurred. The Constitution assigns an important duty to state legislatures, to determine the manner in which the states appoint their electors. But this shouldn’t be misread to allow state legislators to change the election rules retroactively to alter the outcome.

Our proposal is intended to preserve the rule of law for all future presidential elections by ensuring that self-interested politicians cannot steal from the people the guarantee that our government derives its power from the consent of the governed. We look forward to working with our colleagues in the House and the Senate toward this goal.

Ms. Cheney, a Wyoming Republican, is vice chair of the Jan. 6 committee. Ms. Lofgren, a California Democrat, is a member of the committee and chair of the House Administration Committee.

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Notable & Quotable: Beyond

Andrew Boucher writing for the
Journal’s website, Sept. 18:

In 2019 Beyond Meat went public amid massive media coverage, and its stock popped. . . .

The question that many investors, cheerleaders or financial analysts apparently didn’t bother to ask: Who’s going to eat this? . . .

With the dot-com booms and busts, we were assured that market share was more important than early profitability, and to an extent that made sense. The competition for eyeballs and brand loyalty was critical. It was a survival-of-the-fittest

sprint in the early days, and the winners of the market-share battles eventually figured out how to turn a profit.

But this isn’t about eyeballs. It’s about stomachs, and we’re not going to see huge numbers of non-vegetarians choosing fake over real meat. The only way this was going to work was if the average omnivorous long-haul truck driver, looking at the snack display at a Flying J, says to himself, “Well, I was planning to grab my regular bag of Jack Links Sweet & Hot Jerky, but I think I’m going to go with this Beyond Meat jerky instead.”

WORLD NEWS

Canadian Village Struggles After Attack

Indigenous community searches for answers in wake of mass stabbing; 'Why did this happen?'

BY VIPAL MONGA

JAMES SMITH CREE NATION, Saskatchewan—On a recent day in this small community on the Canadian prairie, people gathered in the school gym listening to traditional indigenous drums and mournful music at back-to-back funerals. Outside, people huddled in groups, crying and smoking.

It has been two weeks since this territory of 2,000 people became the scene of one of the worst mass killings in Canadian history. Two brothers allegedly went on a rampage that left 10 dead and 18 injured. Locals said there are still many unanswered questions about what triggered the attacks, how they unfolded and why law enforcement failed to track down one of the brothers, a violent offender, after he disappeared in May.

The brothers, Myles and Damien Sanderson, began their stabbing spree the morning of Sept. 4, police said. Damien Sanderson, 31, was found dead on Sept. 5 of wounds police said weren't self-inflicted, and his brother, Myles Sanderson, 32, was located and captured by police two days later. He was pronounced dead at a Saskatchewan hospital after suffering "medical distress," police said.

"It was so horrific, I kept asking my elders, 'What am I supposed to do?'" said Chief Wally Burns, one of the reserve's leaders. "Why did this happen? What is the meaning?"

Chiefs and community leaders said it isn't clear what triggered the violent outburst, and police so far haven't offered a motive. They said Myles Sanderson, who was from the reserve, knew some of his victims—Earl Burns was the father of Myles's common-



Chief Calvin Sanderson, with his wife, Delma, said local officials want to know why they weren't told the main suspect had been at large.

law spouse, Vanessa Burns—but said some of the other attacks were random. Wesley Petterson, a man in the nearby town of Weldon who had no connection to the reserve, also was killed, police said.

James Smith Cree Nation officials also want to know why parole officers never informed them that Myles Sanderson, who had a history of violent and criminal behavior, according to parole documents and people who knew him, was at large, said Chief Calvin Sanderson, leader of the Chakastaypasin band on the reserve. He isn't related to Myles and Damien Sanderson.

James Smith Cree Nation officials also said that there are no police stationed on the reserve, and after the first 911 call, it took 40 minutes for two officers to arrive from the town of Melfort, almost 30 miles away. Chief Sanderson and other

leaders are calling for a tribal police force that could fill the gap when the Royal Canadian Mounted Police, Canada's federal police force, isn't available. They are also asking for funding to establish drug-addiction treatment centers on the reserve and cultural programs to reconnect youths with their traditions.

A Parole Board of Canada document said Myles Sanderson grew up "in an environment involving physical abuse, domestic violence and instability."

The brothers' father, Manny Sanderson, approached through family members, declined to make himself available for comment about his sons or the killings.

The parole board's report said Myles Sanderson had been convicted 59 times. According to the document, he once attacked two people with a fork and beat a man until he

was lying unconscious in a ditch. He threw concrete bricks through the windshield of his common-law partner's car and repeatedly kicked a police officer in the face and in the head while he was handcuffed, the report said.

He was released from prison in February, despite a parole board report that found that there was a good chance he would reoffend. In May, he stopped reporting to his parole officer and disappeared. A spokeswoman for the Saskatchewan RCMP said the police force didn't actively look for Myles Sanderson after he went missing.

A spokesperson for the Parole Board declined to comment on the specifics of Myles Sanderson's release but said it would investigate the circumstances.

Other questions surround Myles's brother, Damien. His body was in the tall

grass just yards from the reserve home of Chief Calvin Sanderson.

The RCMP wouldn't discuss specific details of the case. People who spoke to some of the injured people said Damien tried to stop his brother and may have saved a few lives before he, too, was killed.

The killings shocked a country that in recent years has worked to make amends for its historical treatment of indigenous people. In July, the pope came to Canada and apologized for the Catholic Church's role in the efforts to assimilate indigenous people into white culture by forcing them into so-called residential schools, a practice he said amounted to genocide. That visit was prompted by the discovery last year of more than 200 unmarked graves of indigenous people at a residential school in British Columbia.

Sol Sanderson, who isn't related to the brothers but is a former chief of one of three Cree tribal bands that make up James Smith Cree Nation, said indigenous groups have suffered for decades from entrenched social problems and drug abuse. The ills, he said, are the result of Canada's history of uprooting and trying to assimilate indigenous people.

Since the killings here, well-wishers, volunteers and journalists have descended on James Smith Cree Nation, a territory about the size of the New York City borough of Staten Island and located 300 miles north of Montana. The red and blue Bernard Constant Community School has become the drop-off point for food and supply donations.

In the school's kitchen, local resident Fran Burns, who said she lost three cousins in the attacks, marshaled a team of volunteers to cut the elk and moose meat that was brought in by hunters from the nearby pastures.

She said she had been working herself to exhaustion since the killings to ensure that the people at the wakes and funerals get fed.

"This is our therapy," she said. "We each take a moment for ourselves when we can go outside and have a little cry, but this is really how we help ourselves."

At the reserve, there were tipis set up to provide families space to be together, and tents were being used by therapists to counsel grieving families. An area on the edge of the field had been blocked off for sweat lodges, the sites of healing ceremonies.

Ron Paul, a community elder, said the community has begun to cleanse the killing sites ritually. The people will pay an emotional toll for years to come, he said.

"The physical wounds will heal, but the other ones will last a long time," he said. "Some people will go to their graves before those heal."

Tourism Recovers In Asia, but Slowly

Japan is getting ready to join other top Asia-Pacific destinations in fully reopening to tourism. But the region's beaches, shopping meccas and cultural sites are finding the return to pre-Covid prosperity is slower than in the U.S. and Europe, in part because would-be Chinese tourists are still largely stuck at home.

By Miho Inada in Tokyo, Stuart Condie in Sydney and Feliz Solomon in Singapore

Government officials in Tokyo said Prime Minister Fumio Kishida was preparing soon to lift entry restrictions and put Japan on par with the U.S. and European nations that generally allow short-term tourists to visit freely without Covid-19 tests. Currently, Japan bars individual tourists.

Mr. Kishida is set to speak about his economic plans at the New York Stock Exchange during a visit to New York that starts on Monday.

Beijing has told people not to travel outside of China unnecessarily.

"The time is finally coming," said Masaaki Ono, who owns a kimono-rental business in the Tokyo tourist area of Asakusa. The area features an old-fashioned shopping street leading to a temple that was packed with foreign visitors before Covid-19. Mr. Ono said he recently hired back an interpreter.

The strong U.S. dollar means Americans and others with dollar-linked currencies can get more for their money abroad. A day's kimono rental now costs the equivalent of \$25, compared with the equivalent of around \$33 last year when the yen was stronger. "It would be extremely cheap for them," predicted Mr. Ono.

Still, experience in nations from New Zealand to South Korea suggests it will take several

years more for tourism businesses in the Asia-Pacific region to enjoy 2019-like conditions.

The region's recovery is slower than in Europe, where indicators suggest travel and spending this summer was near the prepandemic peak. In the U.S., travel spending by international visitors recovered to \$7.4 billion in July, 65% of the level in July 2019, the Commerce Department said.

The biggest reason is China, the exception to the opening-up trend. It used to be a top source of tourists throughout Asia. These days, a slowdown in passport issuance and onerous quarantines for those returning to China from abroad mean it is difficult for Chinese people to leave their country. Beijing has told people not to travel abroad unnecessarily, and flights are limited.

Thailand had nearly 40 million visitors in 2019, and tourism accounted for nearly one-sixth of the economy. As of the middle of this year, Thailand and most other Southeast Asian nations have lifted almost all pandemic-related restrictions on tourism.

Officials this year are hoping the visitor number tops 10 million. But the World Bank has projected that even in 2024, Thailand's visitors will reach only 60% of the peak.

Australia ended the nearly two-year closure of its international border in February, hoping to reignite a tourism industry that employed one in 12 Australians and accounted for one in eight of the country's businesses before Covid-19, according to financial-services firm Deloitte. The country welcomed almost 1.1 million overseas arrivals in July, but that was still less than half the level of January 2020.

Lines at Sydney Airport stretched out of the terminal building during the school-holiday period in June, and delays at security checkpoints grew because of staff shortages.

"The passenger recovery is encouraging but it continues to track ahead of the workforce recovery," said Geoff Culbert, Sydney Airport's chief executive officer.

TAIWAN

Powerful Earthquake Kills at Least One

A powerful earthquake struck southeastern Taiwan and reverberated across the island on Sunday, causing building damage, derailing a train and triggering concerns of a tsunami.

At least one death and a few dozen injuries have been reported. The magnitude-6.8 quake hit at 2:44 p.m. local time, according to Taiwan's Central Weather Bureau, which identified the epicenter as being in the southeastern coast of Taiwan, around the county of Taitung.

The earthquake followed several others that began the previous day, including a magnitude 6.4 tremor the previous night.

Taiwanese President Tsai Ing-wen warned of further aftershocks, saying Sunday's earthquake affected all of the island.

Taiwan's semiconductor facilities, a critical link in the global supply chain, appeared to have been unaffected. A spokeswoman for **Taiwan Semiconductor Manufacturing Co.**, the world's largest contract chip maker, said there didn't appear to be any significant impact from the quake.

Taiwan's military said it had dispatched troops, including 110 soldiers, to Hualien County on the island's east coast to direct disaster-relief efforts.

—Joyu Wang

IRAN

Supreme Leader Appears in Public

Iranian media on Saturday published photographs and video of Supreme Leader Ayatollah Ali Khamenei attending a religious ceremony in Tehran, amid speculation about the octogenarian's health among foreign diplomats, on social media and in published reports.

His health has declined in recent weeks, rekindling talk in Iran's ruling circles about a succession plan, an Iranian official and people close to the government said. The 83-year-old leader's medical condition is treated as close to a state secret in Iran. There has been no official confirmation that he has had recent medical problems, but he is known to have had heart and

WORLD WATCH



A migrant was rescued on Sunday in the Mediterranean Sea by the Spanish charity Open Arms.

prostate problems in the past.

No one of his stature is in line to succeed Mr. Khamenei. Iran's top leadership, dominated by hard-line clerics, has been largely purged of moderates and reformers, a lineup some analysts said Mr. Khamenei has arranged to prevent major shifts in the conservative, anti-Western direction he has followed for 33 years in power.

Mr. Khamenei was shown seated alone and wearing a medical mask at a mosque that is part of his residence complex in Tehran before an audience of masked university students. Video excerpts showing Mr. Khamenei addressing the crowd were also broadcast by Iranian media.

Speaking quickly in his familiar style, Mr. Khamenei seemed to allude to well-wishers who had asked about his health: "I give my regards to those who sent their regards to me from afar and wish them the best."

—David S. Cloud

MEDITERRANEAN

Asylum Seekers Rescued at Sea

The Spanish charity Open Arms has rescued 372 people seeking to cross the central Mediterranean Sea to Europe in un-

seaworthy smugglers' boats and recovered the corpse of a man who had been shot by smugglers, officials said on Sunday.

The rescue ship Open Arms Uno remained at sea and is seeking a safe port for the rescued people, including some who need medical attention and many who are suffering from dehydration, said Laura Lanuza, an Open Arms spokeswoman. She said they have made at least two requests for a safe port in Malta.

In all, the ship performed three rescues in 24 hours. In the largest rescue, the Open Arms picked up 294 people, mostly Egyptians, from an overcrowded barge in waters south of Malta in an nighttime operation that spanned nearly five hours before dawn on Sunday. Those rescued said they had been at sea for four days.

—Associated Press

COSTA RICA

Bus Plunge Leaves Nine People Dead

At least nine people were killed and 34 injured when a passenger bus fell off a 250-foot cliff on the Inter-American Highway in Costa Rica.

Authorities attributed the ac-

cident to a landslide caused by heavy rain.

The accident occurred on Saturday in an area known as Cambroner, some 45 miles west of San Jose, on the route that connects the Costa Rican capital to the Pacific coastal province of Puntarenas.

The Red Cross said the landslide pushed two vehicles into the bus, which plunged off the road.

—Associated Press

TURKEY

Anti-LGBTQ Group Marches in Istanbul

An anti-LGBTQ group marched Sunday in Istanbul, demanding that LGBTQ associations be shut and their activities banned, in the largest demonstration of its kind in Turkey.

Several thousand people joined the demonstration dubbed "The Big Family Gathering." Kursat Mican, a speaker for the organizers, said they had gathered more than 150,000 signatures to demand a new law from Turkey's parliament that would ban what they called LGBTQ propaganda.

The demonstration prompted an outcry from LGBTQ associations and other rights groups.

—Associated Press



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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Last Week: S&P 3873.33 ▼ 4.77% S&P FIN ▼ 3.81% S&P IT ▼ 6.12% DJ TRANS ▼ 8.79% WSJ IDX ▲ 0.74% 2-YR. TREAS. yield 3.859% NIKKEI 27567.65 ▼ 2.29% See more at WSJ.com/Markets

Starbucks CEO Sets Agenda Before Exit

Schultz focuses on revamp, return to China, training new generation of leaders

By HEATHER HADDON

Howard Schultz has a bucket list for his remaining six months as chief executive of Starbucks Corp. before exiting for the third and last time—he has pledged—last time.

Mr. Schultz would like to ensure that the strategic revamp plan he and other executives developed is on track, he said in an interview, and he

“desperately” wants to get back to China, the company’s biggest international market, where Starbucks has struggled with a drop in sales given Covid-19 restrictions.

He also aims to imbue the next generation of leaders with Starbucks’s culture and history “so that some of the issues that surfaced the last couple of years, don’t surface again,” he said.

The 69-year-old said he would judge his work a success if employee turnover drops and customer service improves. The company also has to restore the trust of

Starbucks investors, he said.

Mr. Schultz, architect of Starbucks’s rise from a six-location coffee chain to a global brand, made a surprise return in April to again take leadership of the company. His third stint as CEO followed what he said were failures by Starbucks to fully address a big shift in consumer behavior coming out of the Covid-19 pandemic, with lines growing as baristas worked to make often-complex drinks and increasingly serve them via drive-through windows.

Employees weren’t taken into account in the company’s

business decisions, all of which led Mr. Schultz to cancel billions of dollars in stock buybacks earlier this year, he said.

He said this go-round would be his last time leading the company, after he previously stepped down as CEO in 2000 and 2017. He said Starbucks has found the leader it needs in Laxman Narasimhan, CEO of U.K.-based consumer-products company Reckitt Benckiser Group PLC, the maker of Lysol. Starbucks earlier this month named Mr. Narasimhan as Mr. Schultz’s successor.

As Mr. Schultz prepares for the transition, Starbucks has

set ambitious sales and profit targets. The revamp crafted by Mr. Schultz and other executives in recent months will boost its financial performance, the company said last week. While Starbucks prepares to invest billions of dollars in its stores and employees, the company has pledged to return \$20 billion to shareholders through dividends and stock buybacks across its 2023 to 2025 fiscal years.

Investors reacted favorably to the company’s road map, with Starbucks stock ranking as one of the best performers Please turn to page B2

Move by Binance Heats Up Stablecoin Rivalry

By VICKY GE HUANG AND CAITLIN OSTROFF

The battle for the stablecoin market is heating up as interest rates rise and the largest players jostle for market share.

Binance, the world’s largest crypto exchange, said it would automatically convert users’ deposits of several rival stablecoins into its own stablecoin, Binance USD, starting this month. Analysts say Binance’s decision could escalate the rivalries among the largest stablecoin players, such as Tether and Circle, and generate additional revenue for Binance as the market cap of its stablecoin grows.

So-called stablecoins are cryptocurrencies pegged to government-issued currencies on a 1-to-1 ratio. Stablecoin issuers run a lucrative business by investing user deposits in cash and cash-equivalent assets like short-duration U.S. Treasuries. The more deposits a stablecoin issuer has to invest, the more interest income it earns.

Yields on Treasury bills rose sharply this year as the Federal Reserve increased rates to curb decades-high inflation. The yield on the one-month and three-month Treasury bills stood at 2.570% and 3.149%, respectively, on Friday.

The popularity of stablecoins surged over the past two years, accounting for about \$143 billion in market value compared with \$21 billion at the end of September 2020, according to data from the Block.

Circle Internet Financial Ltd., which issues the second-largest stablecoin, USD Coin, held \$40.1 billion in short-term Treasuries as of Sept. 15, according to its website. The Boston company earned \$28.5 million in interest income Please turn to page B7

STREETWISE | By James Mackintosh

Energy, Mining Make the Market Look Too Good



Soaring profits at oil companies and miners are making earnings look

better than the reality of the rest of the stock market, and distorting Wall Street’s favorite valuation tool, the ratio of price to forecast earnings.

Strip out the energy sector and the expected rise in earnings for the S&P 500 this year drops from 8% to just over 1%, according to data from Refinitiv’s IBES. Strip out miners and other commodity players, too, and earnings for the rest of the market are now expected to fall this year.

The same goes for valuations: The S&P 500 is priced at 18 times this year’s expected earnings—hardly a bargain but at least cheaper than the 22 times that pre-

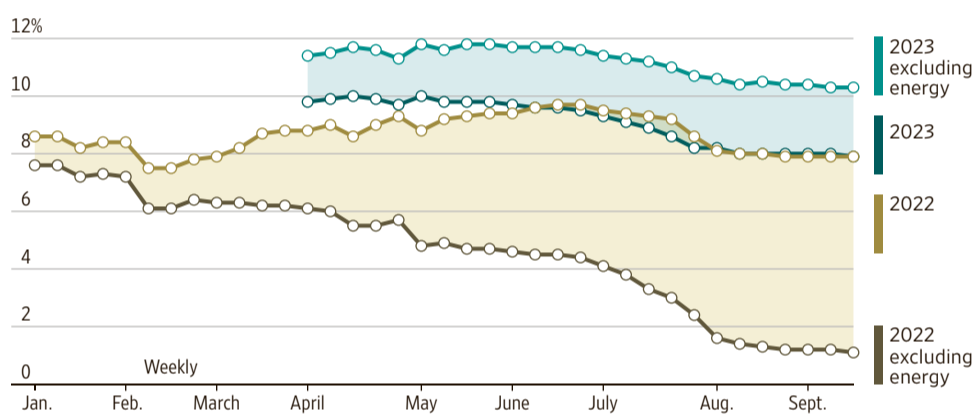
ailed at the start of the year. Take out energy and commodities stocks, though, and the valuation jumps back up to 20 times this year’s EPS, according to Citigroup data—suggesting even less hope for those searching for cheap American stocks.

What’s surprising is that such a tiny sector—energy made up only 2.7% of the S&P by value at the start of the year, and other commodities stocks even less—should be having such a big effect.

There are two reasons. The first is simple: Soaring oil prices pushed up the energy sector to be 4.8% of the S&P by value, making it matter more. The second is more intriguing, and goes to the heart of the question of how to use stock valuations: Oil stocks are by far the cheapest part of the market on price- Please turn to page B2

Strip out the energy sector and this year’s earnings forecasts have collapsed—but next year profits are expected to grow strongly.

S&P 500 forecast earnings growth rate

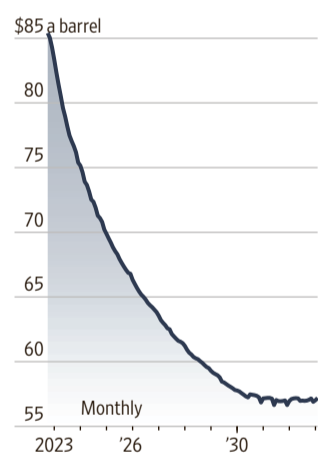


12-month forward price/earnings ratio



*Collapse in oil price during pandemic drove energy sector forward PE ratio to peak of 481; energy data from shaded area removed from chart for clarity. Sources: IBES from Refinitiv (earnings growth rate, p/e ratio); FactSet (oil futures)

West Texas Intermediate oil futures by maturity date



Resources Sector Taps Royalty Market

By RHIANNON HOYLE

ADELAIDE, Australia—A rush of deals for royalties on resources projects is drawing attention to an asset that many investors didn’t even know about.

Elevated commodity prices have helped companies including South32 Ltd., Glencore PLC and Rio Tinto PLC raise hundreds of millions of dollars from sales of royalties that had

long been on the balance sheets but were overshadowed by their vast mining operations.

Owners of royalties get a share of revenue from a mine or oil field, in exchange for an initial investment or as part of a deal, without having to run the operations. A legacy of past investment and deal-making booms, global producers have dozens of royalties on their balance sheets that they believe aren’t valued by the

market much. That is changing as specialist royalty companies tap into a forecast boom for metals such as copper that are viewed as essential to a global energy transition or gold that is a perceived hedge against inflation.

Activity has been intensifying in the energy sector. Sitio Royalties Corp. and Brigham Minerals Inc.—which have made substantial acquisitions in the oil-rich Permian Basin

of West Texas and New Mexico this year—said this month that they agreed to combine to become one of the largest publicly traded mineral and royalty companies in the U.S.

South32 recently sold a package of four base-metals royalties to London-based royalty and streaming company Anglo Pacific Group PLC for roughly \$200 million in cash and stock. The royalties were for a mix of mines and projects owned by copper and nickel companies in the U.S., Australia and Chile.

“To be perfectly honest, these were royalties that probably 99% of our investors didn’t know that we had, nor did they put any value on it,” South32 Chief Executive Graham Kerr said.

The Australia-based miner has another 36 royalties on its books, mostly for base-metals projects, that it could look to sell.

Investors say valuing royalty assets held by large miners is a tough task, in big part because those companies typically say little about them. Matthew Haupt, lead portfolio manager at WAM Leaders Ltd., said South32 was known to own royalties, but not how many or covering what mines.

“So we couldn’t ascribe much value because we effectively Please turn to page B2

Private-Equity Firms Eye Family Businesses

By MIRIAM GOTTFRIED

Neal Rosenthal found a different kind of heir when he set out to craft a succession plan for his wine-importing business a few years ago.

Mr. Rosenthal wasn’t ready to give up the company he started in 1977 out of a liquor store connected to his parents’ pharmacy on Manhattan’s Upper East Side, and his daughter wasn’t interested in taking over. So Mr. Rosenthal sold a stake in the business to a buy-

out firm and stayed on as CEO. “I am confident that if I dropped dead today, my business would continue on without me,” said Mr. Rosenthal, 76 years old.

Private-equity firms are joining America’s family businesses. The industry that made its name taking private big corporations has shifted its focus to smaller targets, snapping up carwashes, pet-food makers and specialized manufacturers, some of which Please turn to page B6



Rio Tinto recently sold a royalty it held on a gold mine in Nevada, owned by Barrick Gold and Newmont.

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MARKETS A whisky boom on a Scottish island has gotten too big, some inhabitants say. B7

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Y	Yantai North Andre Juice.....B3	Yum China Holdings...B3								

BUSINESS & FINANCE

Biotech IPOs Show Signs of Revival

By BRIAN GORMLEY

After largely stalling this year, initial public offerings of biotech firms are seeing glimmers of revived interest, some investors say.

The evidence is slight, but gathering: A solid stock-market debut by **Third Harmonic Bio Inc.** on Thursday, recent acquisitions of biotech firms, and strong clinical-trial data from several drugmakers are whetting investor appetite, which will likely lead to more IPOs, investors and analysts say.

As of Sept. 15, 18 biotech firms had gone public in the U.S., a dismal showing after the 111 that made their debuts last year, according to figures from Nasdaq, the exchange that hosted nearly all of them.

Investors remain wary, but biotech firms with strong management and drugs in clinical trials will have opportunities to go public in the coming months, some said.

"My sense is we'll see the IPO market reopen in earnest in early 2023," said Rahul Chaudhary, senior managing

director and head of healthcare equity capital markets for investment bank SVB Securities.

In 2020 and 2021, growing discoveries and novel procedures in biotech, on top of the Covid-19 pandemic, drew investors to the sector, loosing a flood of IPOs.

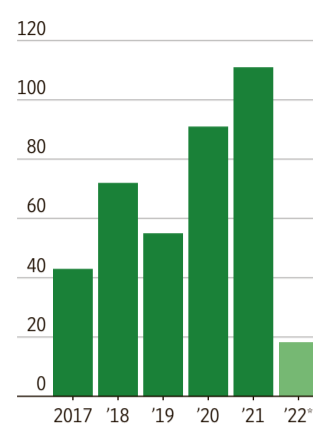
"Biotech was one of the few places investors could seek refuge at a time when most other industries were likely to see hits," said Albert Cha, a managing partner with biotech investor Frazier Healthcare Partners.

This year, however, biting inflation, poor performance at many small public biotech firms and a market slide have curtailed activity. The SPDR S&P Biotech ETF, a fund of biotech stocks, is off about 28% this year.

As IPOs slowed, venture investors gained leverage. Startups this year have had to consider raising venture capital at lower valuations, said Paul Hughes, co-chair of the emerging companies and venture-capital practice for law firm Wiggin and Dana LLP.

Other VCs are considering alternatives to an IPO to finance

U.S. biotech IPOs



*As of Sept. 15. Source: Nasdaq

their portfolio companies.

But some see signs of a turnaround. Recently, large drugmakers have snapped up several biotech companies. Other publicly traded biotech firms have successfully sold more stock after unveiling promising clinical trial data.

The acquisitions signal that biotech share prices have fallen to reasonable levels, which generates interest and

could encourage IPOs, said David Nierengarten, managing director, equity research for Wedbush Securities.

Cambridge, Mass.-based Third Harmonic, for instance, fits the profile investors will be seeking in biotech IPOs this year and in early 2023, analysts say: experienced management, a strong group of venture backers, a drug in clinical trials and the ability to reach near-term milestones that could increase the company's value.

Third Harmonic, whose lead drug could treat conditions such as urticaria, or hives, upsized its stock offering to 10.9 million shares from a 9 million, and went public at \$17 a share, raising \$185 million. The stock closed at \$18 on Friday.

A Third Harmonic spokeswoman declined to comment, saying the company is in a post-IPO quiet period.

Some biotech firms are still choosing to raise venture capital rather than go public. Last week, **Acelyrin Inc.** raised \$300 million to finance late-stage clinical trials of its lead drug for two types of arthritis.

Resources Sector Taps Royalties

Continued from page B1

tively didn't know the details," said Mr. Haupt, whose fund oversees more than \$1 billion in assets and owns South32 stock.

In July, a bunch of royalties held by BaseCore Metals LP, a joint venture between Anglo-Swiss commodities company Glencore and Ontario Teachers' Pension Plan Board, were acquired by **Sandstorm Gold Ltd.**, for \$525 million in cash and stock.

A month later, Rio Tinto sold a royalty it held on the Cortez gold mine in Nevada, owned by a Barrick Gold Corp. and Newmont Corp. joint venture, and the nearby Fourmile project, owned solely by Barrick. It struck the deal with Denver-based Royal Gold Inc. for \$525 million in cash. "This transac-

Competition for royalty assets is so fierce that it risks pricing out buyers.

tion unlocks hidden value from our portfolio and releases cash immediately," Peter Cunningham, Rio Tinto's chief financial officer, said at the time.

Smaller companies have been active. Canada's **Nova Royalty Corp.** this year signed agreements for royalties on operations run by **Lundin Mining Corp.** and **Hudbay Minerals Inc.**

Mining executives say strong commodity prices have encouraged the flurry of deal

activity. Prices for metals including copper notched record highs earlier this year, partly because of supply concerns after Russia, a key metals producer, invaded Ukraine. Recession fears and concerns about China's economy have weighed on prices more recently.

The timing of some deals is linked to operational milestones. Rio Tinto obtained the Cortez royalty when it sold its 40% stake in the operation to Barrick in 2008. The royalty was due to start paying once the site produced 15 million troy ounces of gold from 2008 onward. That is expected to happen soon, Rio Tinto said.

Marc Bishop Lafleche, Anglo Pacific's chief executive, expects more miners to seek to turn legacy royalties and streams into cash. "The market doesn't recognize value with royalties or streams in that context, not because there is no value, but because they are just not daylit in the context of a substantial mining operation," he said.

Competition for royalty assets is proving so fierce that it risks pricing some interested buyers out of the market. One of them is Australia's **Deterra Royalties Ltd.**, which owns a royalty on a BHP Group Ltd. iron-ore operation and has a mandate to buy more in bulk commodities, base metals and battery metals.

"We are seeing a lot of opportunities in that space, but haven't seen the value to support the kind of pricing that's needed to get them done," said Julian Andrews, Deterra's chief executive.

Deterra is betting that rising interest rates lead more miners to set up new royalty arrangements to fund projects or acquisitions, as companies find it harder to raise capital in debt and equity markets. "We think we are getting more traction," Mr. Andrews said.

Starbucks CEO Sets Priorities

Continued from page B1

on the S&P 500 on the Wednesday following its presentation to investors. Wall Street analysts were generally upbeat, though some expressed caution about Starbucks's increasing sales and profit projections while transitioning to a new CEO amid global economic uncertainty.

"Starbucks is unlikely to be accused of setting the bar low for its new CEO," according to an investor note from KeyBank Capital Markets. The company's new projections were on the high end of investor expectations, analysts with the Wall Street firm wrote.

When Mr. Schultz returned to the company as CEO in 2008, the chain's sales had slumped. It took about 17 months to turn things around then, he said. This year, Mr. Schultz returned at a time when Starbucks sales are growing, and he said it would take less than a year to fix the problems he has identified at the company. Kevin Johnson, the Starbucks former CEO who retired before Mr. Schultz's latest return, had no immediate comment.

In China, renewed Covid-19 lockdowns and increased competition are challenging business in Starbucks's second-largest market, which generates around 13% of annual sales. Starbucks said last



CEO Howard Schultz says he aims to imbue the next generation of leaders with Starbucks culture.

week that it aimed to build roughly 3,000 more locations in China by 2025. Mr. Schultz said he hopes to bring Mr. Narasimhan to China as soon as the country loosens Covid-19 policies for visitors.

Analysts question Starbucks's plans to build so many stores in China with the country's economic outlook remaining murky. Investors have more worried over the demand for Starbucks's elaborate coffee drinks with consumer sentiment weakening. The company has said escalating consumer costs haven't hurt demand so far, but executives acknowledged that higher costs are curbing its profit.

Starbucks anticipates its costs for ingredients and other goods to increase next fiscal

year on top of high levels of inflation. The company expects wage increases, which have fueled higher costs among suppliers, to continue.

"We are sitting on record levels of inflation in our business," Chief Financial Officer Rachel Ruggeri said.

This week, Mr. Schultz said, he will visit Starbucks's design studio in New York City, where prototypes are being created for new stores geared toward to-go sales. Starbucks plans to add around 2,000 new stores in the U.S. by its 2025 fiscal year, and 2% of those will have traditional cafe formats. Drive-through locations will dominate the company's new stores, with delivery and pickup-only locations making up the rest.

Mr. Schultz said he told executives assessing Starbucks's store openings and other financial metrics announced last week to take several days to determine whether they felt confident in its guidance, with no retribution if they brought the fiscal targets down. They stuck with the numbers, he said. The plan assumes that inflation continues and China's recovery isn't linear, Mr. Schultz said.

Mr. Schultz said he and Mr. Narasimhan have set a schedule for their travels and goals over the coming months. Around the time of the Starbucks annual meeting in March 2023, Mr. Schultz will turn over the keys to the company to Mr. Narasimhan, Mr. Schultz said.

Mining, Energy Fuel Earnings

Continued from page B1

to-earnings ratios. That means energy-sector earnings make up a far larger proportion of S&P 500 profits—more than a 10th—than their market weight suggests.

And when I say cheap, I mean it. The energy sector trades at just 8 times expected earnings for the next 12 months, and **Marathon Oil** at just six times. These are valuations usually associated with dying companies, not firms making record profits.

By contrast **Amazon** is at 80 times and **Tesla** 56 times, the sort of super-stretched valuations that can only be justified by fabulous growth prospects.

Yet, the oil valuations make perfect sense, because they are almost the inverse of Amazon and Tesla: Profits are at their highest ever but expected to decline in years to come as the elevated oil price drops. The price of benchmark West Texas Intermediate oil futures gets lower the further out they mature, from \$86 for the closest contract until it stabilizes at \$57 in 2030.

Windfall oil profits are welcome to shareholders, but because few believe they



The sharp rise in oil prices has pushed up the energy sector to 4.8% of the S&P 500 by value.

will stay high, investors apply only a low multiple to them.

Such oddities are a reminder to investors that valuation tools are merely tools, not a perfect guide to future returns. Oil stocks might look cheap on the PE ratio, but only because the ratio looks just one year ahead at what are almost certainly temporarily high earnings—further out, the PE ratio is less attractive. It is the inverse of what happened in 2020, when depressed (briefly negative!) oil prices meant the sector traded at very high multiples of then-very-low earnings, something that didn't indicate that oil stocks were expensive.

There are always some companies in such a situa-

tion, but at an index level it usually washes out. Right now it doesn't, because the oil sector is making so much money that it can meaningfully change the valuation of the entire S&P.

The drop in this year's noncommodity earnings estimates shows that some welcome reality arrived in analysts' thinking over the summer as forecasts were cut back. My concern remains that it is far from enough because next year's earnings expectations remain elevated.

The cuts in this year's earnings forecasts really hit in May. Since then, the energy growth rate prediction has been slashed from 5% to 1%. But analysts continue to hope that next year will be fine, penciling in 10%

growth, not far from the 2023 growth expected at the start of this year.

If there is a soft landing in the economy, inflation comes down fast and the Federal Reserve starts cutting rates, a new period of economic expansion might kick off next year and earnings grow that strongly. More likely is that the economy at least flirts with recession and earnings sputter, with a decent possibility that profits are hammered by a proper economic downturn.

If my concerns prove well-founded and earnings turn out lower than expected, it means U.S. stocks are more expensive than they appear. Whatever happens, the forward PE ratio is an even less useful guide to future returns than usual.

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BUSINESS NEWS

Chinese Firms Strategize to Control Costs

Businesses try new approaches as consumer spending slips amid slowdown

By WEILUN SOON

Companies across China are making changes to everyday products and adjusting their business strategies to cope with rising costs and the country's economic slowdown, which is weighing on consumer spending.

Consumer-price inflation in the world's second-largest economy has been relatively subdued this year, in contrast to the U.S., U.K. and other countries, where it recently hit multidecade highs. Weak demand in China has been a key reason, as well as many companies' reluctance to charge more for their goods and services.

Like their global peers, businesses in China are dealing with cost pressures, including elevated prices of oil, grains, meat and other commodities. Rather than raising their retail prices, companies often try to ease the impact of higher expenses by shrinking package sizes or filling containers with less product. Some businesses have simply been absorbing the increases or using creative approaches to keep a lid on costs.

Since the summer, Kentucky Fried Chicken outlets in some Chinese cities have included chicken feet, necks, collarbones and wingtips—parts of the bird that wouldn't look out of place at a Chinese dinner table—in their Superabundant Chicken Bucket. The bucket, which is meant for one person, is made up of 19 small pieces of these bony chicken parts and sells for 29.90 yuan, the equivalent of about \$4.27.

The chain's operator, **Yum China Holdings Inc.**, said using a wider variety of chicken parts helps it lower costs and offer greater value. KFC increased its store count by 342



Like their global peers, food purveyors in China are dealing with higher prices for grains, meat and other commodities.

in China in the first half of 2022, and more than half of those were in less economically prosperous cities. Yum China, which also operates Pizza Hut restaurants, recently said its first-half revenue fell 4.2% to \$4.8 billion, while its net profit dropped 55% to \$183 million.

Hot-pot restaurant chain **Xiabuxiabu Catering Management (China) Holdings Co.** was hit hard by the Covid-19 pandemic as lockdowns reduced foot traffic to its outlets. Rising costs of meat, eggs and vegetables have eaten into its margins.

The company recently rolled out new set menus, priced at the equivalent of \$7 to \$10, which bundle less costly accompaniments such as condiments, rice, noodles and tea with other main dishes, in the hopes that the

practice will increase sales volume.

"Income expectations are weakening," said Tang Jun, a food and beverage sector analyst at Soochow Securities. "If companies raised prices, they would drive consumers away. That's why we see companies trying very hard to minimize costs through revamping their operating models."

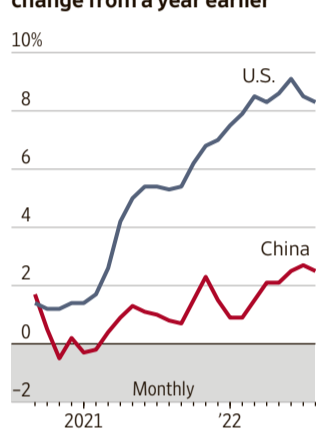
The country's largest producer of soy sauce, **Foshan Haitian Flavouring & Food Co.**, last year raised the retail prices of its products by at least 3%, citing higher material costs.

While that increase contributed to a small boost in first-half revenue this year, the company said its costs continued to rise, hurting profitability.

Last month, Haitian said that despite soybean prices

reaching record highs, it had no plans to raise prices farther. Instead, it said it intends to be less wasteful in using raw materials and will try to find other ways to streamline

operations to counteract cost pressures.



reaching record highs, it had no plans to raise prices farther. Instead, it said it intends to be less wasteful in using raw materials and will try to find other ways to streamline

operations to counteract cost pressures.

China's economy grew just 0.4% in the second quarter from a year earlier, and official data released for July and August has been weak. While Americans have increased spending as the U.S. pandemic has eased, consumption in China has taken a hit from the country's continuing Covid-19 lockdowns, a deep property downturn and high youth unemployment.

The broader slowdown has spilled over to companies in China that sell mainly to wholesalers or other businesses. Earlier this year, one of the country's major juice producers called off a plan to convert a plant into one that would make strawberry, peach and pomegranate concentrates.

The company, **Yantai**

North Andre Juice Co., produces apple and other juices from larger fruits for domestic brands as well as the multinational beverage giants Coca-Cola Co., PepsiCo Inc. and Nestlé SA. Andre Juice said that instead of expanding into more flavors, it planned to use some of the \$25 million designated for that project to double down on its main business of making apple-juice concentrate.

Not all companies in China have had to cut corners or pull back spending. Beer companies, liquor makers and home-appliance makers that sell higher-priced products targeting more-affluent consumers have been able to pass on some of their higher costs by increasing retail prices.

Still, the drag on consumer companies' margins in China is unlikely to go away soon. A decline in global commodity prices could provide some relief, but Beijing remains steadfast in pursuing its zero-Covid strategy. That makes a near-term rebound in domestic consumer demand unlikely.

"Beijing's policies can make an impact on downstream demand...and that could provide a better scope for companies to pass on some of that higher cost to consumers and restore some of their margins," said Aidan Yao, senior emerging Asia economist at AXA Investment Managers.

Alicia García-Herrero, chief economist for Asia-Pacific at French investment bank Natixis, said many consumer companies in China won't do well this year given the poor consumption trends.

"This is a terrible year for them...I don't think that's going to improve anytime soon," she added.

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Caution Over Adobe's Buy

By Aaron Tilley

Adobe Inc., the low-key maker of digital tools to create PDFs and edit photos, pleased investors by reinventing itself as a subscription-software business. Its latest effort to keep pace with the times isn't landing so well.

Adobe this past week unveiled its largest acquisition yet, agreeing to buy Figma, a little-known software startup that specializes in helping digital creators collaborate. The \$20 billion deal price spooked investors and raised questions among analysts about the health of Adobe's business.

Tools to edit and manipulate photos and videos are in hot demand, with people creating visual content like never before. Since the onset of the pandemic, designers increasingly are collaborating remotely, relying on digital tools. That has fueled demand for new applications, giving rise to startups such as Figma and Australia-based Canva.

Adobe, the biggest competitor in the design software market by sales, has struggled to tap into that enthusiasm. The company on Thursday announced quarterly results that showed a continued deceleration of revenue growth and issued guidance that came in below Wall Street's expectations. New annual subscriptions sales connected to the Creative Cloud service that includes functions such as its well-known Photoshop suite was slightly shy of the company's earlier projection.

Adobe products such as Photoshop and Illustrator are almost essential tools for people who design marketing materials and magazines. But some users have complained on social media and elsewhere that the products are difficult to use and lack the collaboration features available with Figma and elsewhere.

"Figma is fast, small and lean," said Daniel Vinci, who runs an independent firm that



Adobe is buying Figma in a \$20 billion deal that some investors worry is too pricey. Its headquarters.

designs websites, saying he and his clients embraced the tools for the ease of working collectively on digital projects. "Anybody can pick it up and start working. No Adobe product works like that," he said.

Adobe said it constantly modernizes its products and has introduced collaboration features in recent years.

Figma's appeal for users like Mr. Vinci helps explain why Adobe was willing to pay 50 times the smaller company's expected annual recurring revenue for 2022, and twice the valuation it received in a funding round last year.

"The purchase is at such a nosebleed level that it raises concerns about what's happening under the covers with the core business," said Brian Schwartz, a senior analyst at investment firm Oppenheimer & Co.

Adobe stock retreated nearly 17% Thursday after the announcement and a further 3.12% on Friday. The stock is down about 47% this year, underperforming the wider market.

Adobe Chief Executive Shantanu Narayen has defended the acquisition as "transformative," adding on an analyst call that large deals

are often viewed with skepticism. The current weak economic backdrop, he said, presented the right moment for the company to act.

"Stronger companies are actually the companies that should be making the moves to position themselves to serve customers for decades," Mr. Narayen said in an interview. "We really believe that the opportunity for us is to usher in this new world of collaborative creativity."

Mr. Narayen's ability to buy Figma at that price in large parts rests on the success he had transforming Adobe a decade ago. He took over the company in 2007 when it sold its software to users, typically on disks. But the software business was morphing as the growing field of cloud computing gave rise to selling such products online, as a service and on a subscription basis.

In 2011, Mr. Narayen embraced the shift, setting Adobe up as the then-rare incumbent software provider to adapt to the emerging sales model that has now become ubiquitous. The company at the time had around \$4.2 billion in annual sales. It now generates more than that in a quarter. Adobe

grew into a software giant with a market value at \$320 billion at its peak last year and its stock had advanced 10-fold over the past decade prior to the Figma deal announcement.

Other software powerhouses were slower to adapt. Oracle Corp., the large provider of database software, for years played down the importance of cloud computing and now is spending heavily to expand those activities. International Business Machines Corp. was slow to transition to the cloud and then spent around \$34 billion in 2019 to acquire Red Hat Inc.

Adobe executives say buying Figma will spark a new era of growth. Figma, Adobe said, would also help it tap a new user base, adding developers and others that typically haven't been Adobe customers.

The deal, which still has to pass regulatory scrutiny and is set to close next year, would add collaboration features to Adobe products the company has struggled to build itself.

Figma users, though, are worried about the combination. Mr. Vinci said he's currently looking at alternatives like Dutch design software company Sketch BV.

Abbott Heart Device Has New Competition

By Peter Loftus

A new heart-valve repair device from Edwards Lifesciences Corp. was as effective as the market-leading device from Abbott Laboratories in a clinical study of heart-disease patients, a finding likely to intensify competition in a growing device market.

Edwards said Thursday that its new product, known as Pascal Precision, had been approved by the U.S. Food and Drug Administration for the treatment of a disease called degenerative mitral regurgitation. It will be the first significant competition for Abbott's MitraClip, which has been on the U.S. market since 2013.

"We finally have another option for a less invasive approach for repairing patients' degenerative mitral valve disease," said Dr. Scott Lim, a cardiologist at the University of Virginia Health System in Charlottesville, Va., and an investigator in the study. He has received research grants from Abbott and Edwards.

Mitral regurgitation is a condition in which a valve connecting two chambers of the heart doesn't fully close, allowing blood to leak backward in the valve and impairing blood flow.

The risk increases with age, and it is found in nearly 10% of all people 75 and older. For many years, the primary treatment for severe cases has been open-heart surgery.

Such surgery is risky for

some patients. In recent years, as an alternative to surgery, doctors turned to valve-repair devices that can be delivered less invasively, inserted by catheter through a vein.

Abbott has dominated the market and is projected to book nearly \$1 billion in global sales of MitraClip and another clip device this year, Wells Fargo analysts estimate. They predict the total market for such devices will reach \$2.8 billion by 2026, with Edwards' market share rising to about 44% from 13% this year.

Edwards is better known in cardiology as the leading seller of a different type of heart-valve device, known as transcatheter aortic valve replacement, or TAVR. The company is trying to diversify, and several years ago developed the Pascal mitral-valve system. It was approved by European health regulators in 2019.

An Abbott spokesman said MitraClip is the leading option for mitral-regurgitation patients and is backed by almost two decades of clinical data.

Earlier this month, the FDA alerted doctors about a potential clip-lock malfunction with Abbott's MitraClip delivery systems. The FDA said the malfunctions could reduce effectiveness of the MitraClip and require patients to undergo additional treatments, though most reported malfunctions haven't caused problems. Abbott said it identified the cause and is updating manufacturing to address the problem.



Edwards Lifesciences' Pascal Precision system

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A photograph of two men in business suits. The man in the foreground is a Black man with a shaved head, smiling broadly and looking towards the other man. The second man is a white man, seen in profile from the side, looking back at the first man. They are in an office setting with large windows in the background.

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BUSINESS & FINANCE

Gemini Names New Compliance Chief

Cryptocurrency exchange promotes an insider, Christopher Mariadason, to the job

BY MENGQI SUN

Gemini Trust Co. promoted an insider to the post of chief compliance officer, the latest change in the cryptocurrency

exchange's risk and compliance team in recent months. Christopher Mariadason, who joined Gemini as the head of program governance in June of last year, is its new compliance chief, a spokeswoman for Gemini said Thursday.

Before joining Gemini, Mr. Mariadason worked for more than eight years at Morgan Stanley, including as a money-

laundering prevention officer at Morgan Stanley's private bank, according to his LinkedIn page, which says he took over as Gemini's chief compliance officer in August. He has also worked in the financial-crime unit at credit-card company American Express Co.

His predecessor as Gemini's compliance chief was Elena Hughes, who took the post in

April 2021, according to her LinkedIn profile.

Ms. Hughes didn't reply to an email seeking comment.

The move by Mr. Mariadason is the latest reshuffling of Gemini's risk and compliance team. Gemini's director of business operations and intelligence, who most recently served as its deputy chief compliance officer, as well as its head of risk, have

also departed in recent months.

Gemini in June cut 10% of its staff, citing the effects of the cryptocurrency market downturn.

In a June blog post announcing the layoffs, Gemini's founders, brothers Cameron and Tyler Winklevoss, said the job cuts were a response to a "contraction phase" in the crypto market and a decision

to focus only on products that were absolutely critical.

Gemini's personnel moves come as the cryptocurrency industry faces tumbling prices and increasing regulatory scrutiny.

With interest rates rising and fears about a recession growing, investors have responded by selling more risky assets, such as cryptocurrency.

Family Businesses See Buyouts

Continued from page B1

have been family-owned for several generations.

Family businesses hold particular appeal for buyout firms, and they are throwing out the traditional private-equity playbook to attract them. Management is often left intact. Owners keep big stakes. Buyout firms pledge to retain employees and plow more money into the businesses.

Still, some buyout targets end up carrying heavy debt burdens that can turn a once-profitable company into a money-losing one. Families might cede control when the business is later sold so their private-equity owners can realize gains. Communities and workers can lose personal ties to a company's ownership.

At the same time, the deals help aging business owners ensure a future for their companies after they are gone. Many are finding their children aren't interested in taking over. Those whose children want to remain involved recognize their offspring will need technological and financial know-how.

Even owners who want to keep working are often looking to untangle some of their wealth from their businesses. They are ready to share the risk they shouldered alone for years, but they aren't prepared to cede their legacy to a bigger competitor.

Preserving Ties

For Mr. Rosenthal, a top concern was preserving his decadeslong relationships with winemakers in Italy, France, Switzerland and Spain. After reviewing nine bids, including one from a bigger wine company, he and his wife and co-owner, Kerry Madigan, chose to sell a majority stake last year to Pittsburgh private-equity firm **Incline Equity Partners**.

Since Incline invested, the holding company that owns Rosenthal Wine Merchant has bought one of its distributors and another boutique wine business. Mr. Rosenthal identified both of the targets but said he wouldn't have approached them without Incline's backing. "For 45 years, it's been our capital at risk," he said.

Companies in the same or adjacent businesses looking to bulk up had long been seen as the buyers of choice. They could pay more—mergers of like businesses often generate significant cost savings—and quickly grow sales. Lately, though, deal-hungry private-equity firms have been outbidding these strategic buyers, bankers say.

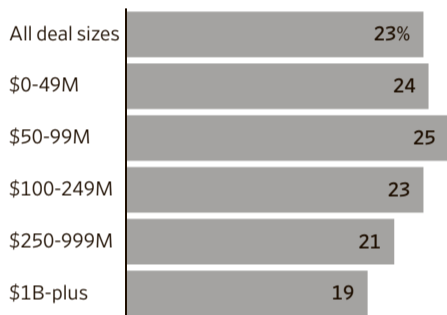
Private-equity firms can pay more when companies they already own do the acquiring, essentially acting as a



L Catterton Managing Partner Andrew Taub, far left, and co-CEO Scott Dahnke, far right, with members of the Lang family in 2018.

Smaller deals have higher median returns...

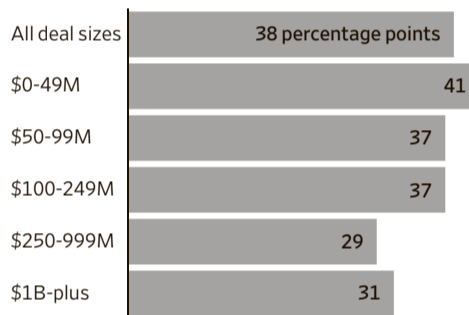
Median returns for buyout deals by equity invested



Note: Buyout deals; fully and partially realized; investment year 2010-2022
Source: DealEdge

...but they are also riskier.

Difference in median returns of top-performing deals and bottom-performing deals by equity invested



strategic buyer. Sometimes they buy up many companies in the same industry and merge them together.

A family business that hasn't been touched by private equity or public shareholders can offer a path to the biggest profits because most of the financial or operational levers that could juice returns—making production more efficient, beefing up contracts, merging with competitors or funding expansion into new markets—have yet to be pulled. Many such businesses carry little debt.

Buyouts involving between \$50 million and \$99 million in equity—the portion of the purchase price that isn't financed with debt—have had median returns of 25.4% since 2010, compared with 19% for deals \$1 billion or higher and 23.4% for all deals, according to DealEdge.

In 2014, some members of the Lang family were approaching retirement and looking to cash out of their 80-year-old pet-food business. L Catterton, a Greenwich, Conn.-based private-equity firm that invests in consumer brands, spotted an opportunity.

Americans' growing obsession with their pets had recently spurred Ainsworth Pet Nutrition LLC to shift its focus to growing its premium offerings under the Nutrish brand, a partnership with celebrity chef Rachael Ray. L Catterton

wanted to bring the brand to the mass market.

But first the firm had to win over the Langs. L Catterton Co-CEO Scott Dahnke trekked to the company's headquarters in Meadville, Pa., which sits about two hours from a major airport, and was grilled for three hours by four family members and the company's CFO.

"It was like a political town hall for them where half of the people are progressives and half the people are conservatives," Mr. Dahnke said. "Somehow I survived that initial meeting."

The family opted to sell a 42% stake at a \$200 million valuation but gave L Catterton free rein to run the company.

Ready for Growth

Ainsworth paid down debt, expanded its marketing budget and cleaned up its contracts. It broadened its product offerings and moved into new distribution channels. The company acquired Triple T Foods Inc., which had manufactured some of its products. By 2018, annual sales of the Nutrish brand had grown sixfold to

\$700 million.

When **J.M. Smucker Co.** bought Ainsworth in 2018 for \$1.9 billion, L Catterton and the Lang family earned a whopping eight times their money based on the value of their stakes when the private-equity firm invested.

"It really is the American dream," said Sean Lang, Ainsworth's CEO when L Catterton invested.

Buyouts can come at different points in a company's life cycle. Some involve taking a public company private; others are meant to prepare a private company to go public someday. Private-equity firms often buy companies from each other, each one nipping and tucking and tweaking the business model to extract more profits along the way. Sellers who retain a stake can also reap huge rewards when the business is sold again.

Bill Clendenen sold his Eugene, Ore., workplace safety company to private-equity firm **Riverside Co.** in 2006. In 2012, Riverside sold Health & Safety Institute Inc. to another firm, DW Healthcare Partners of Toronto, which then sold it

back to Riverside in 2015.

In 2019, Riverside sold HSI to Chicago-based **Waud Capital LLC**. With each subsequent sale, Mr. Clendenen has retained a stake in the company, and each time he has earned more than three times his money.

The company has grown so much that the check Mr. Clendenen received from his less-than-5% stake in the most recent sale to Waud was bigger than what he and his original partner received when they first sold in 2006. While he no longer works for HSI, Mr. Clendenen still owns a small portion of the company and expects to collect another check when Waud sells it.

"It has transformed my life and my family's life," he said. "A lot of people think private equity is there just to slash and burn, but this has been all about growth."

Boost in Risk

Buyouts typically increase risk because a significant portion of the purchase price is financed with debt. Scores of private-equity-backed companies have gone bankrupt under the weight of debt loads they couldn't afford, resulting in the loss of thousands of jobs.

Those risks extend to more workers and communities as private-equity firms buy up more companies, a concern that led to attempts by lawmakers, including Sen. Elizabeth Warren (D, Mass.), to further regulate the industry.

Private-equity firms and private-equity-backed companies employed 11.7 million workers who earned a total of around \$900 billion in annual wages and benefits in 2020, according to a report by consulting firm EY that was commissioned by private-equity industry lobbyist the American Investment Council.

Gary DeAngelo kept a stake when he sold his sunscreen company, Sun & Skin Care Research Inc., to private equity in 2012, but the buyers brought in new management.

The new CEO, who came from a large consumer-packaged goods company, ramped up production with the goal of boosting sales of its No-Ad, Ocean Potion and Bullfrog sunscreens.

The strategy was a flop. Retailers typically buy sunscreen on consignment during the busy summer months and return whatever they don't sell at the end of the season. The company ended up with a glut of inventory. Profits evaporated and losses mounted, said Warren Feder, the company's banker at Carl Marks Advisors, which specializes in advising family businesses.

The company got a new CEO who repaired some of the damage, but by 2015 the weight of its roughly \$30 million in debt proved too heavy. It was forced to pursue a foreclosure sale that allowed it to avoid bankruptcy and prevented it from missing the all-important summer season. Mr. DeAngelo submitted a bid to buy it back but was unsuccessful. He didn't respond to requests for comment.

The new owner, private-equity backed Kik Custom Products Inc., closed Sun & Skin Care Research's Florida factory, putting 130 people out of work.

One Demand

When John McGaffey decided it was time to sell his company, which makes pedestrian signals to help blind people safely traverse crosswalks, he had a demand: no layoffs.

Mr. McGaffey's father had founded the business in 1969. With 80 employees, it is among the larger employers in its hometown of Greenville, Texas.

After a process involving 10 bidders, including six private-equity firms, Mr. McGaffey sold a majority stake in Polara Enterprises LLC to Los Angeles-based **Vance Street Capital** last year. The Vance partners showed up in jeans and polo shirts instead of suits and loafers. They flew commercial. And they agreed not to cut any jobs.

Mr. McGaffey, 64, retired but he kept a seat on Polara's board. His son and son-in-law, both in their mid-30s, remained executives.

"I would have loved to have just left it with my boys, but we felt that we could get a lot further in terms of our technology if we could get an outside investor," said Mr. McGaffey, whose voice can be heard at intersections around the country instructing pedestrians when to cross. "I didn't want to risk all of my own capital."

THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday

Earnings expected
Estimate/Year Ago
AutoZone **38.51/35.72**

Tuesday

Fed 2-day meeting starts

Building Permits
July, previous 1.674 mil.
Aug., expected 1.62 mil.

Housing Starts
July, previous 1.446 mil.
Aug., expected 1.50 mil.

Wednesday

Fed rate-policy meeting Target rate
2.25%-2.50%

EIA status report
Previous change in stocks in millions of barrels
Crude-oil stocks up 2.4

Gasoline stocks down 1.8
Distillates up 4.2

Existing home sales
July, previous 4.81 mil.
Aug., expected 4.68 mil.

Mort. bankers indexes
Purch., previous up 0.2%
Refinan., previous down 4.0%

Earnings expected
Estimate/Year Ago
General Mills **1.00/0.99**
Lennar Corp. **4.86/4.52**

Thursday

Current account
1st qtr., previous \$291.42 bil. deficit
2nd qtr., expected n.a.

EIA report: natural-gas
Previous change in stocks in billions of cubic feet
up 77



Costco Wholesale is expected to post per-share earnings of \$4.17 on Thursday.

Initial jobless claims
Previous 213,000
Expected 214,000

Leading indicators
July, previous down 0.4%
Aug., expected down 0.1%

Earnings expected
Estimate/Year Ago
Accenture **2.57/2.20**
Costco Wholesale **4.17/3.90**
Darden Restaurants **1.56/1.76**
FactSet Research

Systems **3.21/2.88**

Friday

No major events scheduled for the day

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* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ♦ Adjusted for stock split
Note: Forecasts are from Dow Jones weekly survey of economists

MARKETS

Whisky Boom Strains Scottish Isle's Makers

By TREFOR MOSS

ISLAY, Scotland—Inhabitants of this remote Scottish island say its celebrated whisky industry is getting too big as new distilleries open and existing ones expand, placing its communities under strain.

While many locals cherish Islay's distilleries and value the jobs they provide, some warn expansion risks turning the island into a corporate whisky factory where younger residents can't afford to buy houses and local businesses can't hire staff.

"They're carrying on a tradition that is well-loved in Scotland of creating great whisky," resident Jim MacCalman said of the distillers. "But they're making decisions based on the bottom line, not based on what the community needs."

Advocates say the expanding whisky industry offers the island a future. "We have to play to the strengths we have," said Donald MacKenzie, an Islay native who is building a new distillery here. "Islay's is knowing how to make the best single malt in the world."

Islay—pronounced eye-la—has been one of Scotland's whisky heartlands since at least the 1700s. Once a cottage industry, making Scotch here is now big business: Global giants **Beam Suntory Inc.**, **Diageo PLC**, **LVMH Moët Hennessy Louis Vuitton SE** and **Remy Cointreau SA** all operate distilleries on this rugged island off Scotland's Atlantic coast. The island made a fraction of the 1.3 billion bottles of Scotch produced last year, according to the Scotch Whisky Association, but its single malts—known for their smoky,

peated flavor—are highly prized. In July, a cask of rare 1975 whisky from Ardbeg, LVMH's Islay distillery, fetched £16 million, equivalent to \$18.3 million, at auction, smashing previous records.

Until recently Islay was home to eight distilleries, including iconic names like Laphroaig (owned by Beam Suntory) and Lagavulin (Diageo).

A ninth, Ardnahoe, started production in 2018, sparking a growth phase. Three more distilleries are being built, including Mr. MacKenzie's new Laggan Bay, with a fourth awaiting approval from the local council.

Among them is Port Ellen, a fabled distillery that closed four decades ago and is being revived by Diageo. Nearby, LVMH recently doubled production capacity at Ardbeg.

The boom is representative of growth in Scotch amid a trend toward higher-end spirits. Of Scotland's 139 working distilleries, 11 opened in the past five years, the Scotch Whisky Association says, with 20 more being built.

Scotch exports hit a record £4.9 billion in 2019, according to the Scotch Whisky Association, having roughly doubled over the preceding decade.

Exports have since slipped amid the Covid-19 pandemic and a 25% tariff on Scotch imposed by the U.S.—the liquor's top export destination—during a recent trade spat with the European Union. The U.S. removed the tariff in July.

Expansion has roared ahead regardless, with whisky-making a decidedly long-term enterprise. Ardnahoe, Islay's newest working distillery, won't release its first whisky until around 2024, nearly a

decade after its inception, said Scott Laing, its director.

While whisky has become a pillar of the local economy alongside farming and fishing, some locals say its growth is stretching the island's limited resources, chiefly housing.

While thriving distilleries mean it has more jobs than many of its neighbors, locals say young families often leave because they can't afford houses. People from the mainland can afford to pay more, while tourism has swallowed up much of Islay's housing stock for use as vacation rentals.

Several locals launched a Change.org petition in 2019 protesting the industry's expansion, which they submitted to the council.



A cask of rare 1975 whisky from Ardbeg, LVMH's Islay distillery, fetched \$18.3 million, at auction.

Opponents say the whisky industry's expansion on Islay should be frozen until action is taken on housing, including giving locals priority when houses are for sale. They also want improvements to ferry services and roads.

Argyll & Bute Council approved the new distilleries be-

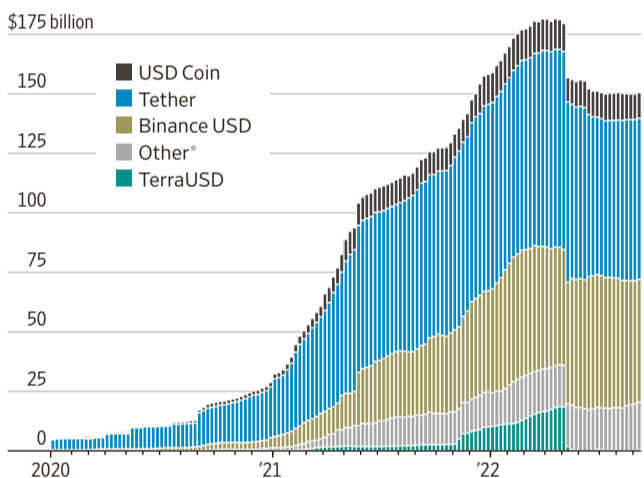
cause they provide "high-quality jobs," a council spokeswoman said. The council aims to improve housing options by building new properties and is encouraging distilleries to do likewise, she said.

Scotch makers said they plan to build houses for workers, and talked up the economic

benefits of distilleries.

Whisky expansion could help keep young people on the island by offering them a career path, said Ewan Andrew, Diageo's president of global supply and procurement. Housing is a problem, he said, pledging to consult with local communities to find solutions.

Market cap of stablecoins



*Combines remaining tokens in top 10 for stablecoins
Note: All figures are a weekly average.
Source: CoinMarketCap

Rates Fuel Battle Amid Stablecoin

Continued from page B1 on USD Coin in 2021 and \$100.4 million for the first six months of this year, according to a recent filing.

Circle estimated it could earn \$438 million in total interest income this year and as much as \$2.2 billion in 2023, it said in a financial outlook presentation in February. USD Coin has a market cap of \$50 billion.

Tether Holdings Ltd., the company behind the largest stablecoin with a market value of \$68 billion, held \$29 billion in U.S. Treasury bills at the end of June, according to its latest attestation. Tether also charges a 0.1% redemption fee for a minimum withdrawal of \$100,000.

"Stablecoin issuers cannot efficiently pass on the interest that they earn because that would be a security," said Matthew Sigel, head of digital assets research at VanEck. "So as a result, the earnings power is quite high."

The market cap of Binance's stablecoin, Binance USD, crossed \$20 billion about a week ago, three years after it launched. The auto-conversion could boost the market cap by another \$908 million, given that the exchange holds 2%, or \$898 million, of USD Coin's supply and 1%, or \$10 million, of Pax Dollar's supply, Bank of America analysts Alkesh Shah and Andrew Moss wrote in a recent research note.

Over the long term, Binance's decision could potentially help USaD Coin increase its market share relative to tether, which is

excluded from Binance's newly unveiled change. On Binance, many tokens and derivative contracts are still quoted and collateralized in tether. Mr. Shah wrote that Binance users may be more likely to withdraw their Binance USD as USD Coin than tether "given the inconvenient inability to convert BUSD to USDT without executing a trade."

Tether said Binance's move could be "aimed at taking out USD Coin's number two spot and replacing it with Binance's own BUSD" stablecoin.

Jeremy Allaire, chief executive of Circle, said via Twitter that he thinks the move would likely benefit USD Coin because the usage of Binance USD is still limited outside the exchange. Indeed, 86%, or \$17 billion, of Binance USD's supply is held on Binance, indicating the stablecoin isn't regularly used throughout the crypto ecosystem and lacks utility, BofA's Mr. Shah said.

Binance said the move would allow "greater trading liquidity and a better user experience." Patrick Hillmann, chief communications officer of Binance, said Binance's auto-conversion move provides a more frictionless trading experience and any shared revenue it earns from Binance USD is minimal.

Binance isn't the first exchange to consolidate some of the stablecoins on its platform.

On FTX, when customers deposit USD Coin, TrueUSD, Pax Dollar and Binance USD, the stablecoins are immediately treated as U.S. dollars in their account. In July, Coinbase unified its U.S. dollar and USD Coin order books, meaning that the exchange treats customer deposits of USD Coin as U.S. dollars. But neither exchange dominates the crypto trading market quite like Binance.

WHERE RISK MEETS OPPORTUNITY

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Sarah Kemp
LPGA Player

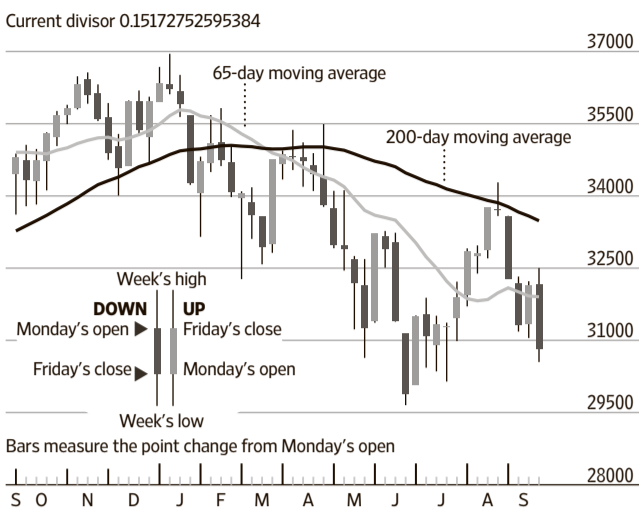
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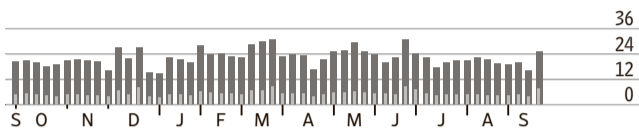
MARKETS DIGEST

Dow Jones Industrial Average

30822.42 ▼1329.29, or 4.13% last week
Trailing P/E ratio 18.15 23.51
P/E estimate * 16.64 18.84
High, low, open and close for each of the past 52 weeks
Dividend yield 2.31 1.85
All-time high 36799.65, 01/04/22



NYSE weekly volume, in billions of shares

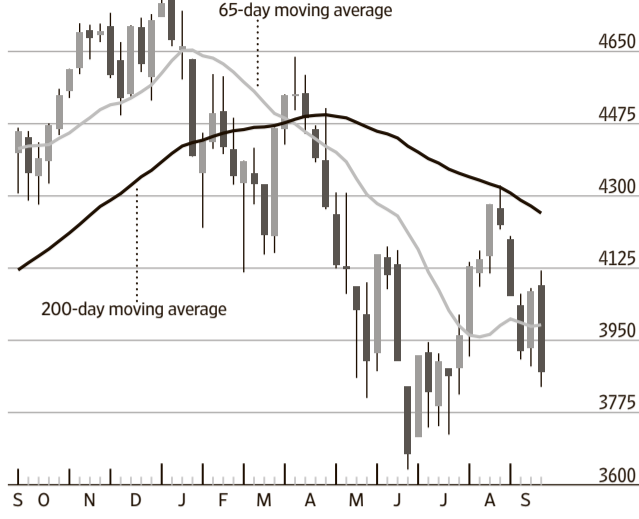


Major U.S. Stock-Market Indexes

Table of Major U.S. Stock-Market Indexes including Dow Jones, Nasdaq Composite, S&P 500, and Russell 2000 with high, low, latest week close, net change, and percentage change.

S&P 500 Index

3873.33 ▼194.03, or 4.77% last week
Trailing P/E ratio * 21.49 31.25
P/E estimate * 17.48 21.95
High, low, open and close for each of the past 52 weeks
Dividend yield * 1.66 1.32
All-time high 4796.56, 01/03/22



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New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Table of IPOs in the U.S. Market with columns for Expected pricing date, Filed, Issuer/business, Symbol/primary exchange, Shares (mil.), Pricing Range(\$), and Bookrunner(s).

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Table of Lockup Expirations with columns for Lockup expiration, Issue date, Issuer, Symbol, Offer price(\$), Offer amt (\$ mil.), Through Friday (%), and Lockup provision.

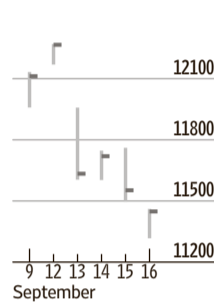
IPO Scorecard

Performance of IPOs, most-recent listed first

Table of IPO Scorecard with columns for Company, SYMBOL, IPO date/Offer price, Friday's close(\$), Offer price, 1st-day close, % Chg From Friday's close, Company, SYMBOL, IPO date/Offer price, Friday's close(\$), Offer price, 1st-day close, % Chg From Friday's close.

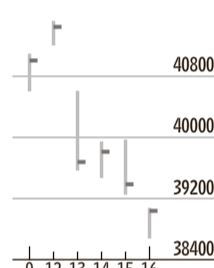
Nasdaq Composite

663.90, or -5.48% last week



DJ US TSM

1967.87, or -4.80% last week



International Stock Indexes

Table of International Stock Indexes with columns for Region/Country, Index, Close, Latest Week Close, % chg, Low, 52-Week Range, High, YTD % chg.

Commodities and Currencies

Table of Commodities and Currencies with columns for Commodity, Last Week Close, Net chg, %Chg, YTD % chg, and Currency, Last Week Close, Net chg, %Chg, YTD % chg.

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year

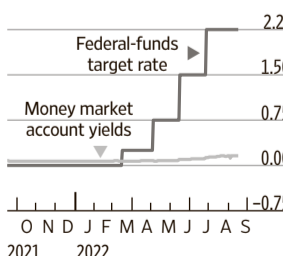


Table of U.S. consumer rates including Federal-funds rate target, Prime rate, Libor, Money market, Five-year CD, 30-year mortgage, 15-year mortgage, Jumbo mortgages, Five-year adj mortgage, and New-car loan.

Selected rates

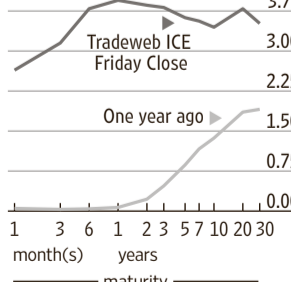
Money Market/Savings Accts

Table of Selected rates for Money Market/Savings Accts from Bankrate.com, Colorado Federal Savings Bank, TAB Bank, CFG Community Bank, UFB Direct, and UFB Direct.

Benchmark Yields and Rates

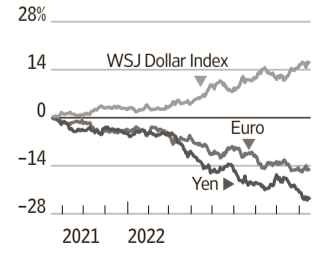
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Table of Corporate Borrowing Rates and Yields with columns for Bond total return index, Yield (%), Spread +/- Treasury, Total Return 52-wk, and Total Return 3-yr.

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table of Currencies with columns for Country/currency, Fri in US\$, Fri per US\$, YTD chg (%), Country/currency, Fri in US\$, Fri per US\$, YTD chg (%).

Advertisement for ChidFund.org with the text 'Let's walk together. It makes things better.' and an image of a woman walking.

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs. Sources: FactSet; Dow Jones Market Data; Bankrate.com

Sources: J.P. Morgan; S&P Dow Jones Indices; Bloomberg Fixed Income Indices; ICE BofA

CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: Lipper

Friday, September 16, 2022

Table with columns: Fund (SYM), NAV, Close, Disc, Yld, Prem, 52 wk Ret. Lists various equity funds like Adams Diversified Eq Inc, Central Secs, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Yld, Prem, 52 wk Ret. Lists various equity funds like J-Han Finl Opptyts, Neuberger Berman MLP & P, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Yld, Prem, 52 wk Ret. Lists various equity funds like DoubleLine Inc Sol, DoubleLine Yld Dps, First Tr H Inc Lng/Strt, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Yld, Prem, 52 wk Ret. Lists various equity funds like Western Asset Mgt Muni, Single State Muni Bond, BlackRock Natl Instl Income, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Yld, Prem, 52 wk Ret. Lists various equity funds like CliffwaterEIFrA, CNR Strategic Credit, Eagle Point Instl Income, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Yld, Prem, 52 wk Ret. Lists various equity funds like AFAMMInst, AFAMMInv, Alternative Credit Inc A, etc.

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 1,329.29 points, or a 4.13%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$25,899, or a loss of 13.67%, on the \$30,000 investment, including reinvested dividends.

Table showing weekly percentage change in DJIA components. Columns: Pct chg, Stock price, Pct chg, Company, Symbol, Close, \$1,000 Invested (year-end '21).

*Based on Composite price. DJIA is calculated on primary-market price. Source: Dow Jones Market Data; FactSet.

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Refinitiv on September 16, and year-to-date stock performance of the company.

KEY: B: beneficial owner of more than 10% of a security class; CB: chairman; CEO: chief executive officer; CFO: chief financial officer; CO: chief operating officer; D: director; DO: director and beneficial owner; GC: general counsel; H: officer, director and beneficial owner; I: indirect transaction filed through a trust, insider spouse, minor child or other; O: officer; OD: officer and director; P: president; UT: unknown; VP: vice president. Excludes pure options transactions.

Biggest weekly individual trades

Table with columns: Date(s), Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value (000s), Close (\$), Ytd (%). Lists trades for Asana, Energy Transfer, Ashland, etc.

Sellers

Table with columns: Date(s), Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value (000s), Close (\$), Ytd (%). Lists sales for Driven Brands Holdings, Advanced Drainage Systems, etc.

*Half the transactions were indirect **Two day transaction p-Pink Sheets

Buying and selling by sector

Table with columns: Sector, Buying, Selling. Lists sectors like Basic Industries, Capital Goods, Consumer durables, etc.

Sources: Refinitiv; Dow Jones Market Data

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

Table with columns: Fund (SYM), NAV, Close, Disc, Yld, Prem, 52 wk Ret. Lists various bond funds like U.S. Mortgage Bond Funds, Investment Grade Bond Funds, Loan Participation Funds, etc.

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table with columns: Category, Rate. Includes Inflation, U.S. government rates, Discount, Federal funds, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. prime rate, Treasury bill auction, Secondary market, Fannie Mae, DTCC GCF Repo Index.

Notes on data: U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective July 28, 2022. Other prime rates are not directly comparable; lending practices vary widely by location. Discount rate is effective July 28, 2022. Secured Overnight Financing Rate is as of September 15, 2022. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal funds rates are Tullett Prebon rates as of 5:30 p.m. ET.

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

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

Table with columns: Commodity, Price. Lists Energy (Iron Ore, Shredded Scrap), Metals (Steel, Bauxite), Fibers and Textiles (Burlap), Grains and Feeds (Barley), Silver, Troy oz., Other metals (LBM Platinum), and Fats and Oils (Degummed corn oil).

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; na=not quoted or not available; P=Soiland Platinum; R=RSI; S=Platts-TSI; T=Goatlock Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 9/15

Source: Dow Jones Market Data