



WSJ

THE WALL STREET JOURNAL WEEKEND



DOW JONES | News Corp ***** SATURDAY/SUNDAY, NOVEMBER 5 - 6, 2022 ~ VOL. CCLXXX NO. 108 WSJ.com ★★★★★ \$6.00

What's News

World-Wide

Republicans expressed optimism as they headed into the final weekend of the midterm campaign, targeting House seats deeper into Democratic territory than once expected while both parties watched polls in some critical Senate races showing signs of tightening. **A1, A4**

◆ **Trump is preparing** to announce a comeback White House bid by the end of November, people familiar with the discussions say. **A6**

◆ **Russian forces** in the occupied southern Ukrainian city of Kherson appear to be laying the groundwork for a withdrawal, but Ukrainian officials warn that Russia could be seeking to suck precious armored units into debilitating urban combat. **A8**

◆ **The U.S. and its allies** agreed on which sales of Russian oil will be subject to a price cap, racing to flesh out the details of the major new sanctions program before it begins on Dec. 5. **A9**

◆ **Thomas Barrack**, a businessman and ally of Trump, was acquitted of charges that he illegally lobbied the former president and his administration on behalf of the United Arab Emirates. **A3**

◆ **The fall is shaping up** as a rough and unpredictable one for respiratory viruses, as federal health officials warn of an early increase in activity this season. **A3**

Business & Finance

◆ **The U.S. labor market** remains strong but is showing more signs of cooling following the Fed's aggressive interest-rate increases aimed at combating high inflation. Employers added a seasonally adjusted 261,000 jobs in October. **A1, A2**

◆ **Musk capped** his first week as owner of Twitter by carrying out sweeping job cuts while complaining that advertisers have slashed their ad spending on the platform over concerns about how he will handle content moderation. **A1, A6**

◆ **The chip industry** has pivoted hard from a clamor for higher output to cost cutting as it adjusts to a slump for semiconductors that has infected almost all parts of its business. **B1**

◆ **HSBC's top shareholder**, China's Ping An Insurance, called for a radical reorganization of the banking giant to boost its profits and flagging share price. **B1**

◆ **U.S. stocks rose** Friday but posted weekly losses. The S&P 500, Nasdaq and Dow shed 3.3%, 5.6% and 1.4%, respectively, for the week. **B11**

◆ **Exxon is considering** leasing or selling unused office space at its sprawling Houston-area campus, part of a continuing effort to cut billions in structural costs. **B3**

NOONAN

Your Duty Is to Take Voting Seriously **A17**

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KAY NIETELD/PRESS POOL

REAFFIRMING TIES: German Chancellor Olaf Scholz and Chinese President Xi Jinping met in Beijing on Friday, with Mr. Scholz using the trip to sign business deals and announce new areas of cooperation despite growing calls back home to take a tougher stance on China. **A10**

Candidates' Troubles Keep Pennsylvania Race Tight

By Aaron Zitner

GREENVILLE, Pa.—Democrat John Fetterman entered the race for U.S. Senate during a challenging time for his party, with Republicans in Pennsylvania racking up gains in voter registration after decades as a distant second. Republican Mehmet Oz, a political newcomer who faces Mr. Fetterman in Tuesday's election, has his own problems. During the primary sea-

son, his GOP opponents so effectively branded him as an out-of-state opportunist that many voters, including in his own party, now view him unfavorably.

Neither man has been able to escape his trouble and, with only days left, polls suggest the race is essentially tied. That leaves each campaign grappling for the smallest advantage in one of the nation's most consequential elections. Both parties see Pennsylva-

nia as key to their fight for control of the Senate.

If Mr. Fetterman loses, Democrats will blow their best chance to pick up a GOP seat—one held by Republican Sen. Pat Toomey, who is retiring.

If Mr. Oz loses, Republicans will have to pick up at least

Please turn to page A4

- ◆ Campaigns sprint into the final weekend..... **A4**
- ◆ Trump is preparing to unveil White House bid..... **A6**

Clock Changes Wind Up Protesters

* * *

Semiannual shift has some fed up enough to quit

By James Hookway

BARCELONA—There's a rupture in the fabric of time, or in how we set our clocks, anyway.

The end of daylight-saving time in the U.S. on Sunday, a week after Europe, brings the annual confusion of turning the clocks back. Some people are fed up with the whole process. A few refuse to take part in it at all.

Stefano Pavone from Swindon, England, lives year-round on Greenwich Mean Time, the original standard time. He wears a watch on each wrist as a protest when the U.K. shifts to daylight-saving time from spring until fall. He says

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EXCHANGE



TAKING OFF

The story of TikTok's rise, from those who lived it. **B1**

\$300 Million Sneaker King Comes Undone

Reselling sneakers afforded Michael Malekzadeh a gold-plated lifestyle until unfilled orders brought his business to a halt

By Inti Pacheco

Self-described sneakerheads bidding up prices for limited-edition kicks sold online have created profits for tens of thousands of entrepreneurial kids and adults.

In nine years, Michael Malekzadeh outpaced the crowd to become an American sneaker celebrity. He made more than \$300 million in the sneaker resale market, where scarcity and cool have driven runaway prices.

Mr. Malekzadeh was known as one of the largest buyers and sellers of exceptional sneakers, including many he offered before they hit retail stores and some at cheaper-than-retail prices. He could get the rarest Nike Inc.'s Air Jordans, as well as Yeezys, which are expected to see a spike in resale prices after Adidas AG ended its partnership last month with rapper and entrepreneur Kanye West, who now goes by Ye.

Mr. Malekzadeh's apparent success afforded him the kind of insouciant, gold-

Please turn to page A13




Michael Malekzadeh in March 2020.

TODD COOPER/EUGENIE WEEKLY

THE NUMBERS | By Josh Zumbrun

When It Comes to Data, Less Can Be More

The world is moving toward collecting ever more data about nearly every aspect of our lives. This data often improves our ability to analyze the world around us, but there are also situations in which more data makes our decisions and understanding of the world worse, not better.

This insight is the focus of a growing and somewhat counterintuitive field of study, which examines scenarios in which less data leads to better statistical models or better decision making. When actually making decisions with data, oftentimes “less is more.”

“In an ideal world with an ideal person or algorithm processing the data, more data is better,” said Jerker Denrell, a professor of strategy and decision making at the University of Warwick. “However, we’re not always in that world.”

The phrase “less is more” when it comes to making decisions was popularized by the German psychologist Gerd Gigerenzer, whose career has revolved around identifying situ-

ations in which less data leads to better decisions. The conclusions are relevant for both human decision makers and for algorithms.

This field finds that often a small number of data points are extremely useful, and that as data points are added, they become increasingly less useful. Unless used carefully, they can muddle the picture rather than improve it.

A recent paper in the field asked: “To predict who will perform well in a particular job, is it always better for an employer to use as much information as possible about job candidates?” The answer, from authors Felipe Csaszar, Diana Jue-Rajasingh and Michael Jensen at the University of Michigan’s Ross School of Business, is no.

Their paper models the issue of statistical discrimination, an economic theory dating to the 1970s that argued one reason for the persistence of discrimination was that a company seeking to maximize profit as its only goal would use all available information about, say, job candidates. A hiring manager, in pursuit of

that goal, might use race or gender, even if subconsciously, to make the best prediction.

Race and gender are poor predictors of performance compared with skill. But they might be more easily observed, which might lead a hiring manager to overweight them, the authors say. In this case statistical discrimination, which recommends using both types of information to get the best prediction, does the opposite, they say.

Research that shows how human decisions are seldom 100% rational has led to increased reliance on robotic algorithms that attempt to suck in as much data as possible. In some cases, these algorithms work wonders at removing emotion and prejudice. At other times, they codify error. In her book “Weapons of Math Destruction” the mathematician Cathy O’Neil gives examples of emotionless algorithms producing discriminatory or useless results.

There are many instances where less data has proved to be better. In the early 1990s, Dr. Gigerenzer compared two large German cities, one with a professional soccer team and

one without. The city with the team is bigger 87% of the time. People who rely on this simple trick can better guess which cities are bigger than people who try to recall reams of complex urban details. Sports teams, it turns out, are more correlated with population than many things people might know, such as whether a city is a state capital or on a major highway.

89%

How often number of sports teams predicts a bigger city.

(Here’s a U.S. version: Tally a city’s number of pro football, baseball, basketball and hockey teams. Among pairs of the 50 largest cities, 89% of the time, the city with more teams is bigger. A useful tip if you ever need to guess whether Pittsburgh is larger than Nashville.)

Or take a company seeking to predict which customers are still active—that is, interested

and likely to continue buying from the firm—and which customers have lost interest in the company’s products. Researchers have found that an incredibly simple rule of thumb—whether someone purchased from the company in the past nine months—better predicts whether customers are active than cutting-edge complex models.

An example in investing is the 1/N rule, which states that if you want to buy, say, 12 stocks you should give them each a 1/12th allocation in your portfolio. A team from the London Business School compared this to 14 models that use vast amounts of data to try to find superior allocations, and found that none of those 14 models beats the 1/N rule.

Of course, it isn’t always easy to recognize which data points to lop off. Earlier in the pandemic, the Massachusetts Institute of Technology dropped its requirement that applicants submit an SAT (or ACT) score. Critics have long argued such tests are poor predictors of academic success and a barrier for people from

disadvantaged backgrounds.

But after two years, MIT brought back the SAT this spring. The dean of admissions said MIT had discovered the SAT did a better job for “students from these groups relative to other things we can consider. The reason for this is that educational inequality impacts all aspects of a prospective student’s preparation and application, not just test-taking.” The test, it turns out, was better than having the right extracurriculars, letters of recommendation or advanced classes, which tilted even more heavily in favor of more-advantaged students.

Though it isn’t always easy to figure out which data to discard, it is an important area of research as the numbers collected about our lives grow.

“It’s something like a win-win-win that we are showing,” said Dr. Csaszar. “If you use a simpler decision-making process, you become better at making predictions, and you become more fair, because you don’t take into account race or other things that are discriminatory. There’s an alignment between simple, fair and accurate.”

Hiring Is Robust but Downshifts

Continued from Page One month.

U.S. stocks ticked higher Friday but finished the week with losses. The yield on the benchmark 10-year U.S. Treasury note rose.

The labor market is being pulled by two competing forces, said Ian Shepherdson, chief economist at Pantheon Macroeconomics.

On the one hand, employers are still restoring jobs they had cut at the height of the pandemic. On the other, some are pulling back on hiring amid growing uncertainty about how much the economy is going to slow and whether it might slide into recession.

“Late summer, early fall maybe, there’s been a meaningful step down in the pace of hiring,” Mr. Shepherdson said.

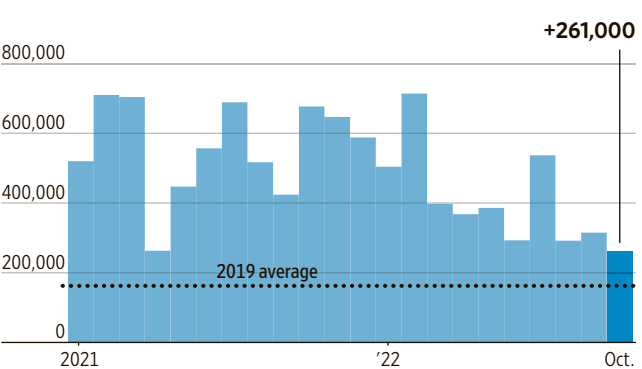
Several prominent tech firms, including ride-hailing company Lyft Inc. and payments company Stripe Inc., announced layoffs this past week, while online retailer Amazon.com Inc. said it would freeze corporate hiring.

The announcements come alongside the strong employment report partly because they reflect those employers’ plans for the future, while Friday’s data provide a snapshot of the situation last month. The report shows job losses in certain occupations—such as warehouse workers—but doesn’t identify them by individual employers. And in a tight job market, workers losing jobs at one company often find new ones quickly elsewhere, resulting in no net reduction in employment overall.

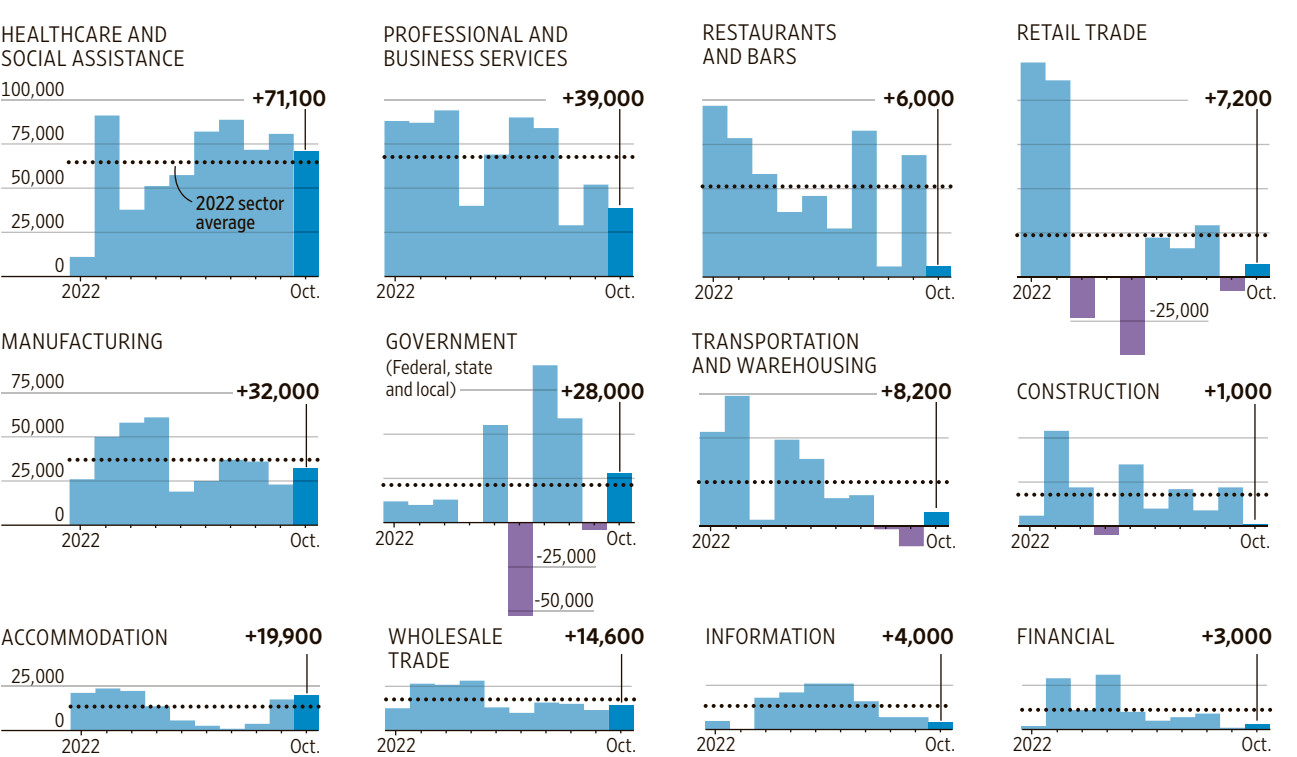
The report showed wage gains quickened last month. Average hourly earnings rose 0.4% in October from the previous month, up from 0.3% in September, the Labor Department said. They slowed on an annual basis, rising 4.7% in

The U.S. economy added 261,000 jobs in October. While healthcare posted strong gains, most sectors had gains below their monthly-change average for the year.

U.S. nonfarm payrolls, one-month net change



Payrolls in select sectors, one-month net change



Note: Seasonally adjusted. Payrolls for September and October are preliminary. Source: Labor Department

October, down from 5% in September. Annual wage gains have been softening steadily since peaking at 5.6% in March but remain well above where they were before the pandemic.

The Fed is trying to cool the economy and bring inflation down from near 40-year highs and will take little comfort from the report, said Augustine Faucher, chief economist at PNC Financial Services

Group. Officials had been looking for a more pronounced slowdown as a sign that interest-rate increases have started to cool the economy.

“Even though the labor market is strong, this means that a recession is more likely rather than less because it means the Fed is going to end up raising rates even more,” he said.

Risks to the economy are growing as the Fed continues to battle high inflation, said

economists surveyed by The Wall Street Journal last month. They put the probability of a recession in the next year at 63%, up from 49% in July’s survey.

Boston Fed President Susan Collins said Friday the jobs report showed the Fed had more work to do to bring down inflation by slowing demand.

“The earnings numbers in these data are still not consistent with 2% inflation,” she

said, referring to the Fed’s target level. “There’s clearly more work to do there.”

Fed officials want to slow the pace of wage increases, which could in turn ease price pressures.

“The labor market’s going from 100 miles per hour to 85,” said Rob Dent, senior U.S. economist at Nomura. “The Fed’s looking for 40, and we’re still not very close to that.”

The report showed that a

sharp hiring slowdown has begun in some industries that are particularly sensitive to interest rates.

Construction companies, which have seen demand evaporate as mortgage rates have risen, added just 1,000 jobs in October, the report showed, down from 22,000 in September.

Employment in the transportation and warehousing industries, which grew rapidly in the recovery from the pandemic, has flatlined since the summer as consumers shifted their spending away from goods and more toward services such as housing, utilities and transportation.

The share of adults holding or seeking jobs—the labor force participation rate—fell slightly last month to 62.2% from 62.3%, which could keep the labor market tight. Notably, participation of prime-aged workers, those between the ages of 25 and 54, has fallen for two straight months.

David Sinkey, chief executive of Boulder Creek Neighborhoods, a Colorado home builder, said he looked for a chief operating officer and a senior land acquisition executive earlier this year. The company recently decided to put those searches on hold, even though it continues to hire for lower-level roles, he said.

“We basically decided given the uncertainty on the horizon—and those are pretty high compensation roles—if we’re going to potentially be working on a plan to reduce overhead, why would we continue to expand it?” Mr. Sinkey said.

Builders are in a tough spot, Mr. Sinkey added. The sharp rise in mortgage rates means they will see less demand in the future. At the same time, they are racing to complete existing orders before the end of the year.

“People are still trying to fill roles they’ve been trying to fill for the last two years,” he said. “They’re also thinking: come January, February, March, am I actually overstaffed? It’s a real mind bender.”

—Nick Timiraos contributed to this article.

CORRECTIONS & AMPLIFICATIONS

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Job Report Stays Strong Despite Tech Layoffs

By SARAH CHANEY CAMBON

Several large tech companies are cutting jobs, while employers overall are still adding them at a strong clip, contributing to other apparently mixed signals about the U.S. labor market.

Both trends can coexist as companies make different staffing decisions in a cooling economy and as the government tries to track the changing picture.

Tech companies’ fresh batch of layoff announcements this week followed layoffs over the summer by other tech firms amid rising interest-rate increases and recession fears.

U.S. employers overall, however, boosted their pay-

rolls by a net 261,000 jobs in October, the U.S. Labor Department said Friday. That was a robust monthly increase, but also the smallest in nearly two years.

The differences reflect three main factors: a lag between real-world events and government data, an indistinct categorization of technology jobs in the report and the continued strength of the broader labor market.

First, there is a time lag between the companies’ statements and the data captured in the department’s jobs report. Layoff announcements from ride-hailing company Lyft Inc. and payments company Stripe Inc. both came on Thursday—in November—and

so weren’t counted in the October employment report.

Second, the department doesn’t break out employment in the tech industry as a separate category in the monthly jobs report, meaning cuts at tech corporations are scattered throughout the report in a variety of industries such as professional and business services, information and finance.

Third, layoff announcements at large tech companies might be headline-grabbing, but they account for a small portion of job activity. Employers across most industries are still hiring as their demand for labor well exceeds the pool of available workers.

Companies in e-commerce slightly lowered their head

count last month and hiring in computer systems design has slowed in recent months, Friday’s jobs report showed. But more broadly, the data reflects an economy in which employers are still hiring at a solid but slightly slowing pace as they seek to catch up with the sharp rise in demand for their goods and services following the pandemic downturn.

Notably, manufacturers added jobs at a strong clip in October despite a confluence of economic challenges, including a stronger dollar, waning demand for durable goods and rising interest rates.

The healthcare sector hired 53,000 employees last month, with nursing facilities and hospitals adding workers.

U.S. NEWS

Flu Season Worsened By Other Viruses

BY BRIANNA ABBOTT

The fall is shaping up as a rough and unpredictable one for respiratory viruses, as federal health officials warn of an early increase in activity this season.

The Centers for Disease Control and Prevention Friday recommended that healthcare providers offer flu and Covid-19 shots to patients, use diagnostics to guide patient management and provide treatments as early as possible.

Covid-19 cases and hospitalizations are simmering at a sustained level, with new Omicron subvariants and the coming holiday season threatening to drive them higher. Other viruses including influenza and respiratory syncytial virus, or RSV, are surging earlier than usual, after two years of unusually low or sporadic transmission.

And the viruses will likely interact with each other in ways that researchers can't fully anticipate.

"It does appear to be that there is some viral competition that goes on," said Aubree Gordon, an associate professor of epidemiology at the University of Michigan School of Public Health.

Mitigation measures such as distancing, masking and reducing travel during the Covid-19 pandemic had a marked impact on other respiratory viruses, which are making a comeback as fewer people are taking precautions and likely have less recent exposure compared with prior seasons.

Studies and past epidemics also suggest that the spread of some viruses could inhibit or shift the spreading of others for a period of time, even without stricter control precautions in place. That could potentially be because of how part of the immune system responds to the first pathogen it encounters, medical experts said.

"Even in the absence of those types of interventions in the past, we also sometimes see reductions in other respiratory viruses during a pandemic," said Dr. Gordon.

But she added that during this past season in Nicaragua, where she does research, the peaks for Covid-19 and flu cases completely overlapped, leading to significant disease burden and a number of co-infections that suggested limited virus-virus interference.

Infections with common respiratory viruses and especially RSV are already straining pediatric hospitals across the U.S. Doctors and health officials said that if cases of Covid-19, flu and RSV peak simultaneously, it could put further pressure on healthcare systems.

"The respiratory virus season is right now unpredictable," said Tina Tan, a pediatric infectious-disease doctor at Ann & Robert H. Lurie Children's Hospital of Chicago. "It's really going to be a really severe stress on all the hospital systems if all these start to peak at the same time."

On Friday, the European Commission approved a new drug, Beyfortus, which was co-developed by Sanofi SA and AstraZeneca PLC and designed to prevent RSV disease in infants from birth through their first RSV season.

The increase in RSV cases came weeks earlier than normal, doctors and public-health officials said, and the flu season is off to a fast start.

Barrack Is Acquitted in Lobbying Case

BY JAMES FANELLI AND CORINNE RAMEY

Thomas Barrack, a businessman and ally of Donald Trump, was acquitted Friday of charges that he illegally lobbied the former president and his administration on behalf of the United Arab Emirates.

The verdict, which also found Mr. Barrack not guilty of lying to federal investigators, handed another blow to the Justice Department, which has faced a series of setbacks in its yearslong push to address what it sees as hidden foreign influence in U.S. politics.

Matthew Grimes, Mr. Barrack's former assistant and co-defendant in the trial, was found not guilty of the two charges against him relating to acting as a foreign agent of the U.A.E.

The verdict came on the third day of deliberations by a federal jury in Brooklyn, N.Y., after a six-week trial.

"God Bless America, the system works," Mr. Barrack said in a statement thanking the jury.

Abbe Lowell, a lawyer for

Mr. Grimes, said his client "is very grateful that we have a system where the truth and his innocence can be shown." However, Mr. Lowell said the case was an example of prosecutors overcharging and overreaching.

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

Mr. Barrack, the former chairman of investment firm Colony Capital Inc., served as an informal adviser to Mr. Trump's campaign and chaired the former president's inaugural committee.

Federal prosecutors alleged that starting in 2016, Messrs. Barrack and Grimes and an Emirati citizen conspired to act at the direction of high-ranking U.A.E. officials to influence the Trump campaign and his administration on decision-making and government appointments. At the same time, Mr. Barrack solicited and received about \$374 million in capital commitments from Emirati sovereign-wealth funds, prosecutors alleged.

Mr. Barrack testified in his own defense at trial. Over



Thomas Barrack on Friday

several days, he told jurors that his job involved meeting with world leaders about investment deals. He acknowledged his access to Mr. Trump distinguished him from other business people seeking money from U.A.E. President Sheikh Mohammed bin Zayed al Nahyan, then crown prince, and his brother, national security adviser Sheikh Tahnoun bin Zayed al Nahyan. But he never took direction from Emirati officials, he said.

Mr. Barrack told the jury that even after federal investigators interviewed him in

2019 about his interactions with the U.A.E., he never sought a pre-emptive pardon from Mr. Trump. Making the request never occurred to him, he said.

"I never did anything wrong," he said.

Mr. Barrack said his connections to Mr. Trump ultimately proved disastrous for his business, testifying that government leaders in the Middle East raised concerns with him about some of the former president's rhetoric and controversial campaign proposals, including a ban on Muslims entering the U.S. Mr. Barrack said at the time he believed he could serve a unique role in helping Arab leaders understand Mr. Trump's point of view.

The prosecution of Messrs. Barrack and Grimes was part of a broader push by the Justice Department to address concerns of foreign governments interfering in U.S. elections and policy-making. The results have been mixed.

The Justice Department sued casino mogul Steve Wynn in May to force him to register as a lobbyist in connection with

his 2017 efforts to obtain a diplomatic favor long sought by Chinese authorities. In October a federal judge dismissed the civil lawsuit, saying the government doesn't have the power to retroactively compel such a disclosure.

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 2019, a Washington, D.C., federal jury acquitted Democratic attorney Greg Craig, who was charged with making a false statement to the Justice Department unit that enforces foreign agent laws.

That same year, a federal judge overturned the conviction of Bijan Kian, who had been a business partner to ex-Trump national security adviser Mike Flynn and was found guilty of acting as an unregistered agent of Turkey. The case has seen several twists since and Mr. Kian's fate remains unresolved.



With only about half of employees in downtown St. Paul back at their desks, some parts of the city's Skyway, which runs between buildings, feel desolate.

St. Paul Grapples With Keeping Its Skyway Safe

BY JOE BARRETT

ST. PAUL, Minn.—This northern city is trying to bring back workers, small businesses and a sense of security after the Covid-19 pandemic, not only to its downtown streets, but to a parallel world one flight up: a 5-mile warren of glassed-in bridges and passages through private buildings called the Skyway.

"We've got two levels—and twice as much area that we need to make sure gets revitalized," said Joe Spencer, president of the St. Paul Downtown Alliance in the city of about 320,000, which built the Skyway to allow people to get around downtown without going outside in Minnesota's frigid winters.

With only about half of downtown employees back at their desks, Mr. Spencer said the Skyway system feels a bit too quiet and can leave one feeling uneasy—prompting discussion over access, hours and security between city officials, residents and building owners.

One recent day at lunchtime, the center of the complex hummed with office workers moving from the marble lobbies of banks and high rises to salad joints, Indian takeout spots and other eateries. But other areas of the Skyway—some passing through public transit hubs and subsidized housing or going by closed-down indoor malls—were more desolate.

"You'll go through chunks where you won't bump into another person the whole way through," said Tommy Arntsen, a 32-year-old state office worker. "You do see lots of bored security people. It feels like downtown is just waiting for the people to come back."

Jim Crockarell, who owns 22 buildings downtown and has been embroiled in a fight over Skyway access through one of his buildings, wants a stronger police presence in the Skyway to keep businesses from leaving the area. "The skyways are just not safe for the tenants that live downtown. It's not safe for the office workers downtown. Now if all of them came back and we had a critical mass, like before Covid, they would be much safer at that point," he said.

Police acknowledge there was a rise in crime during the pandemic. "Here in St. Paul, and all across the nation, we've all seen a spike in crime," said St. Paul Police Department Sgt. Mike Ernster. "We're trying to work with all of our partners and try to alleviate that as much as we can."

Still, they say it is difficult to compare crime statistics pre- and post-Covid because of a federally mandated change in how crimes are reported. As workers have returned over the past year, crimes against people have generally been flat, with 217 assaults in downtown so far this year, compared with 204 in 2020, while aggravated assaults fell

by one to 118 this year. The city doesn't keep separate statistics for the Skyway itself.

At this point, there are no plans to add more police, officials said, but they point to a relatively new program by the Downtown Alliance that employs uniformed street ambassadors, who add extra eyes on the street and Skyway. The downtown district has 21 police officers and three sergeants, with officers at times patrolling on Segways, in patrol cars, by bike and on foot, police said. The department is also adding a three-wheeled electric vehicle that is much faster than a Segway and can also be used on city streets.

Back in the 1960s, when the first sections of the Skyway were built, city leaders envisioned them as a way to not only combat the city's subzero winter temperatures, but to keep retailers from fleeing to suburban malls.

The St. Paul Skyway has always occupied an uncertain space between public right of way and private buildings. The city built and owns the bridges, while private landowners are required by law to secure and maintain the routes that go through their property—and abide by hours of operation set by the city.

At one point, developers bet big on drawing shoppers to the Skyway, constructing three vertical malls connected to it. But eventually all three were closed along with Macy's—long before the pandemic sent

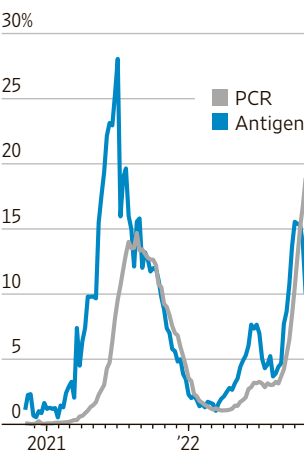
office workers scattering in March 2020.

Today, many other businesses have closed their doors, but the Skyway still boasts intriguing outlets, like a homemade chocolate and coffee shop, a light-filled bridal store, a martial arts studio with a boxing ring and a fine arts high school.

Brenda Cornelius, a 70-year-old administrator with a

mental-health firm, says she walks with her husband in the Skyway twice a day, for a total of 20,000 steps. The couple drive the two blocks to an entrance because they feel safer in the Skyway than on the street. They enjoy the exercise and the random group of people they see each day in their journey. "There's just like a quirky kind of community in there," she said.

Share of tests for RSV that were positive



*As of Oct. 29; data for the last two weeks may be less complete
Source: CDC

multaneously, it could put further pressure on healthcare systems.

"The respiratory virus season is right now unpredictable," said Tina Tan, a pediatric infectious-disease doctor at Ann & Robert H. Lurie Children's Hospital of Chicago. "It's really going to be a really severe stress on all the hospital systems if all these start to peak at the same time."

On Friday, the European Commission approved a new drug, Beyfortus, which was co-developed by Sanofi SA and AstraZeneca PLC and designed to prevent RSV disease in infants from birth through their first RSV season.

The increase in RSV cases came weeks earlier than normal, doctors and public-health officials said, and the flu season is off to a fast start.



The city owns Skyway bridges, while private landowners must secure and maintain the routes.



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Campaign Sprints Into Final Weekend

By John McCormick

Republicans expressed optimism as they headed into the final weekend of the midterm campaign, targeting House seats deeper into Democratic territory than once expected while both parties watched polls in some critical Senate races showing signs of tightening.

The frenetic final weekend will play out on the ground as well as on the nation's airwaves, cable channels and online screens, with ad-tracker AdImpact estimating that more than a quarter-billion dollars will be spent from Saturday through Election Day on local, state and federal races.

The spending, along with door-to-door efforts, campaign rallies and appearances by big-name surrogates like former presidents Donald Trump and Barack Obama, is meant to turn out voters who have yet to cast ballots, including the sliver of the electorate that remains undecided.

In competitive House and Senate races from coast to coast, Democrats are working to confront polls that show deep voter unhappiness over both the direction of the nation and the economy, while showcasing their willingness to protect abortion and voting rights. Republicans are trying to capitalize on a favorable political environment as they present their opponents as responsible for rising crime and soaring inflation.

Inside Elections, a nonpartisan elections-analysis firm, said Thursday that it expects Republicans to gain between 13 and 30 seats in the House after shifting ratings of several seats in the GOP's favor. Republicans need a net gain of five seats to secure the majority in the chamber.

The election, well under way with 33 million votes cast by mail and early in-person voting, could upend Washington's balance of power for the second half of President Biden's first term. Governors races in 36 states could also significantly reshape policy.

A large portion of the final

burst of ad spending will be targeted at the most competitive Senate races in the battle for control of a now 50-50 chamber that is controlled by Democrats because Vice President Kamala Harris can cast tiebreaking votes.

Pennsylvania's contest between Democratic Lt. Gov. John Fetterman and celebrity surgeon Mehmet Oz is expected to see the highest dollar amount spent on advertising during the closing days of the campaign, more than \$11 million. Polling averages show a statistical tie.

On Saturday, Messrs. Biden and Obama are expected to appear together in Philadelphia to promote Mr. Fetterman and other Democratic candidates in Pennsylvania.

The stop in Pennsylvania, the state where Mr. Biden was born and has close ties because of his longtime Senate representation of neighboring Delaware, will be a rare battleground visit in the campaign's closing days. Mr. Biden's low

Democrats are working to confront polls that show deep voter unhappiness.

approval ratings have meant that his own party's candidates have sometimes been hesitant about appearing too close to him.

Mr. Trump, meanwhile, will hold a campaign rally in western Pennsylvania on Saturday night with Mr. Oz and Republican gubernatorial nominee Doug Mastriano.

Georgia's Senate race, between Democratic Sen. Raphael Warnock and Republican ex-football star Herschel Walker, is projected to have the second-highest level of spending in the closing days of the campaign, with about \$10 million booked from Saturday through Election Day. Polls show a statistical tie there as well.

Arizona's Senate race is projected to have the third-highest campaign ad spending in the campaign's final four days, with more than \$8.1 million booked to be spent by the candidates and their allies.

Earlier this week in Arizona, Libertarian candidate Marc Victor dropped out of the Senate race and said he is backing Republican Blake Masters. While Mr. Victor was pulling a small amount of support, his decision could boost Mr. Masters in a state that had the second-narrowest outcome in the 2020 presidential election.

Democratic Sen. Mark Kelly is one of a handful of incumbents targeted by Republicans this year, and polls show the race tightening after the incumbent enjoyed wider margins during the summer and early fall. On Saturday, first lady Jill Biden will travel to Arizona for a series of political events, including two to promote Mr. Kelly.

Democrats got some positive news on the Senate front this week in Wisconsin, when the state's most closely followed poll showed the race there had tightened to within the margin of error. Among likely voters, the Marquette Law School Poll showed Republican Sen. Ron Johnson backed by 50% and Democratic Lt. Gov. Mandela Barnes with the support of 48%.

On the House side, the top congressional super PAC for Republicans was trying to expand the map of competitive races by adding late advertising spending in several media markets that cover Democratic-held seats considered not very competitive earlier this year.

The Congressional Leadership Fund has \$1.3 million booked for the final four days of the campaign in Illinois' 6th Congressional District, which includes Southwest Side neighborhoods in Chicago and several southwest and western suburbs. The House Majority PAC, linked to House Democrats, is booked to spend about \$850,000 during the same period.

The district is represented by Democratic Rep. Sean Casten, who is facing a challenge from Republican Keith Pekau, a suburban mayor. Mr. Biden is expected to make an appearance in the Chicago area on Friday to try to boost Mr. Casten and other Illinois Democrats, while Vice President Harris is expected to do the same on Sunday.



The Pennsylvania Senate race between Democrat John Fetterman, above, and Republican Mehmet Oz, below, will draw big advertising money and high-profile campaign appearances in the final days.



Fetterman, Oz in a Dead Heat

Continued from Page One

two other Democratic-held seats to have a shot at taking control of the Senate, which is now split 50-50, with Vice President Kamala Harris the tiebreaking vote.

President Biden and former President Obama plan to campaign Saturday for Mr. Fetterman in Philadelphia, where Democrats need to boost turnout by generating excitement among Black, Latino and young voters. Former President Donald Trump that day will campaign for Mr. Oz in a county outside Pittsburgh that has swung heavily toward the GOP.

On Thursday, Oprah Winfrey said she backed Mr. Fetterman. The endorsement was particularly pointed: Ms. Winfrey helped launch Mr. Oz's TV career.

The voting margins in Pennsylvania are slim. The last two presidential races split by less than 1.2 percentage points, with Mr. Trump winning in 2016 and Mr. Biden in 2020. That reflects a sharp erosion in the Democratic advantage in party registration that for decades made the state a party stronghold.

Mr. Trump in 2016 was the first Republican presidential candidate to win Pennsylvania since 1988.

Since the 2020 election, the Democratic Party's lead has slipped by more than 136,000 voters, which is more than the 82,000-vote margin that gave Mr. Biden his victory in the state, records show. From the start, Mr. Fetterman, the state's lieutenant governor, has had to contend with the shrinking numbers.

Mr. Oz, the physician and

TV personality, has his own troubling numbers: While his image has improved since the primary, many polls find that half or more of voters still view him unfavorably. In a Fox News poll released Wednesday, 37% of Mr. Oz's supporters said they backed him enthusiastically, compared with 57% of Fetterman voters who cited their enthusiasm.

Mr. Fetterman in May suffered a stroke that impaired his communication skills and kept him from campaigning for three months. Some voters said they had been open to backing Mr. Fetterman but were dissuaded by his verbal stumbles during last month's debate with Mr. Oz.

"I was almost there with Fetterman. I thought he was for the working class," said Ed DeCarmin, a manufacturing plant worker and Trump supporter. The debate changed his

mind. "Once I heard him talking, I just told myself there's no way he can do the job."

Kenneth Ammann, a former Mercer County commissioner who sits on the executive board of the county's Democratic committee, pointed out that Mr. Fetterman's lead in polls has tightened since the debate.

"If it wouldn't have been for the stroke, I think he'd still be quite a bit ahead," he said. "But some of the undecideds—that made them question where they stand."

Mr. Oz won the state primary by only about 950 votes. Campaign ads against him focused on his longtime residence in New Jersey, as well as statements from his TV career that suggested he had only recently taken conservative positions on gun rights and abortion.

Many voters said they

didn't understand why Mr. Trump endorsed him.

To reach conservative voters, Mr. Oz has appeared with some of his party's most assertive partisans, while giving little time to the local or national media.

At the same time, Mr. Oz has tried to draw voters in the political center by portraying himself as a unifying figure. In one TV ad, he said that "we need more balance and less extremism in Washington."

One confounding factor has been another Republican on the ballot, Doug Mastriano. The GOP nominee for governor is a prominent promoter of Mr. Trump's unfounded election-fraud conspiracies, which may complicate Mr. Oz's appeal to centrists and independents.

In a break from Mr. Trump, Mr. Oz has said he would have voted to certify Mr. Biden's win in the 2020 election if he

had been in the Senate.

Republican Jeff Becker, a political consultant in Harrisburg, Pa., said, "I don't know that people are necessarily pro-Oz as much as they are pulling away from Fetterman."

Mr. Fetterman and allies of Mr. Oz have acknowledged the potential effect of the governor's race on the Senate contest.

Josh Shapiro, Pennsylvania's Democratic attorney general, holds a substantial and steady lead over Mr. Mastriano, a state senator, by 10 percentage points or more in some polls.

Some of Mr. Oz's allies are working to prevent Mr. Shapiro's popularity from giving a boost to Mr. Fetterman. One ad from a pro-Oz group features a woman who said, "Fetterman's way more radical than Shapiro."

Mr. Fetterman, meanwhile,



Counties in Pennsylvania can choose whether to help fix errors.

ference of State Legislatures.

In Pennsylvania, counties are permitted to choose whether to help voters fix errors such as a missing or incorrect signature on an envelope, an incorrect

date or a missing inner privacy envelope. But the issue has remained controversial.

A total of 1.4 million mail-in ballots were requested by voters in Pennsylvania this year,

with more than three times as many Democrats as Republicans requesting ballots.

Jim Wertz, chairman of the Democratic Party in Erie County, said ballot curing could benefit Democrats statewide.

Election officials in Westmoreland County in the southwest corner of the state and Lancaster and York counties in the southeast said they weren't contacting voters about problems with mail-in ballots.

Bill Bretz, chair of the Westmoreland County Republican Committee, said he thought ballot curing could favor urban voters over rural ones who have to travel further to a courthouse to fix a ballot.

Other counties that will continue to cure ballots include Allegheny County where Pittsburgh is located, Montgomery County, outside Philadelphia, and Erie County in the northwest corner of the state. In all three counties, registered Democrats outnumber Republicans.

—Kris Maher

seeks to persuade voters that Mr. Oz is allied with his party's more conservative and controversial candidate for governor. "You roll with Doug Mastriano," he told Mr. Oz in their televised debate.

Two days later, the Fetterman campaign posted a video on social media of Mr. Mastriano's delighted reaction. "I like that: Let's roll together," Mr. Mastriano said.

Mr. Fetterman, who supports legalized abortion, was trying to link Mr. Oz's views on the procedure with Mr. Mastriano's.

Mr. Mastriano, who would have power as governor to sign abortion regulations into law if passed by the Republican-controlled legislature, proposed a bill that would ban essentially all abortions, with no exceptions.

Mr. Oz has said he opposes abortion, with exceptions in cases of rape, incest and where the mother's life is at risk.

Some Democratic officials say Mr. Mastriano will help Mr. Oz by drawing people who vote chiefly to support Mr. Trump and so might sit out a midterm election when he is not on the ballot.

That could give the GOP an edge via rural voters. Though Pennsylvania includes the urban centers of Philadelphia and Pittsburgh, the state has one of the largest rural populations in the nation.

The counter argument is Mr. Mastriano will make the Republican Party less attractive to voters in the political center.

"He's going to pull out a lot of the Trump voters, no question," said state Rep. Pam Snyder, a rare Democrat elected to office in the heavily rural and Republican southwest corner of the state.

"But I don't think he's going to pull out the numbers that Donald Trump did. It's not the same atmosphere" as in the 2020 presidential race," she said.



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U.S. NEWS

Trump Readies 2024 Campaign

Former president is said to be preparing to announce candidacy by end of November

By ALEX LEARY

WASHINGTON—Former President Donald Trump is preparing to announce a comeback White House bid by the end of November, people familiar with the discussions say, moving him to the center of attention as Republicans work to capitalize on momentum ahead of Tuesday's midterm elections.

"In order to make our country successful and safe and glorious, I will very, very, very probably do it again," Mr. Trump said Thursday night at a rally in Iowa, one of four events he is holding before Tuesday. "Get ready, that's all I'm telling you. Very soon. Get ready."

Mr. Trump has teased the possibility of another campaign in recent months and had considered an announcement over the summer. But he was dissuaded by advisers who cautioned it could make him a distraction for Republicans in an otherwise favorable political climate. The exact timing is still a subject of debate among his advisers.

Two years after his loss to President Biden, Mr. Trump remains the GOP's clear leader and he has sought to further influence the party with dozens of endorsements in the midterm elections, some of which have roiled other party leaders. If Republicans perform strongly Tuesday in their bids to control Congress, Mr. Trump may feel especially bullish about his prospects.

"I don't think there's any question—it's his nomination for the asking," said Trump pollster John McLaughlin. "The Republican base has not moved on from Trump. Every day in hindsight he looks better and better among those voters."

Some Republicans have been hoping Mr. Trump, 76 years old, decides against a run. They want to turn the page from his tumultuous personal style that motivated Democrats and turned off many independents and moderate Republicans. Mr. Trump continues to dwell on the



Former President Donald Trump, seen at a rally Thursday in Sioux City, Iowa, has a clear lead in hypothetical 2024 GOP primary polls.

2020 election and is involved in numerous legal entanglements.

"The question as to whether or not he is good for the party was already answered in 2018 and 2020," said GOP strategist Mike DuHaime, referring to electoral losses the party sustained when Mr. Trump was in office.

An announcement could also complicate a host of investigations Mr. Trump faces, including the Justice Department's criminal probe into sensitive government documents he stored at Mar-a-Lago in Florida. Some Republicans wonder if Mr. Trump's official entry into the race would make prosecutors less likely to pursue charges against him.

"Indict a candidate for president? Better have the goods," said Republican strategist Scott Reed. "We are sailing in uncharted waters."

His advisers deny the investigations are a factor in his decision-making, given he has long talked about running, though they give him another point of attack against Mr. Biden. "They raided Mar-a-Lago, can you believe it?" Mr. Trump

Fundraising Has Been a Key Focus

Former President Donald Trump has raised money incessantly since leaving office. His Save America committee had roughly \$70 million cash on hand as of October. He recently formed a new

political-action committee called Make America Great Again Inc. which received \$20 million in startup cash from Save America. Much of that has been used on ads for Senate races.

Mr. Trump could shift more money to MAGA Inc., which faces fewer restrictions and could be used to further his campaign goals.

said in Iowa Thursday to boos.

Mr. Trump has been assembling what could be a campaign team in waiting. Among those working for his recently formed political-action committee, Make America Great Again Inc., are executive director Taylor Budowich, Mr. Trump's communications director; pollster Tony Fabrizio; and strategist Chris LaCivita, who ran a pro-Trump PAC in 2020 funded by the late GOP donor Sheldon Adelson.

Susie Wiles, who oversaw Mr. Trump's winning Florida campaigns in 2016 and 2020, is also expected to have a top role in any campaign.

Mr. Trump's aides calculate that an announcement soon would deter other Republicans who have signaled interest, but they don't expect to clear the field. The chief threat is Florida Gov. Ron DeSantis.

While Mr. Trump retains a clear lead in hypothetical 2024 GOP primary polls, the No. 2 in surveys is Mr. DeSantis, who built a national profile battling the Biden administration on Covid-19 policies and corporations such as Walt Disney Co. on cultural issues.

Some polls have shown GOP loyalty to Mr. Trump has declined since he left office, which is encouraging challeng-

ers to make forays into early voting states.

If Mr. Trump can't have the primary field to himself, his advisers would rather a larger group of Republicans run, feeling it would diffuse support among those candidates while he maintains his core base. Other potential candidates include former Vice President Mike Pence, former Secretary of State Mike Pompeo, former U.N. Ambassador Nikki Haley and Virginia Gov. Glenn Youngkin.

Mr. Trump has become convinced he can beat Mr. Biden, aides say, and got more serious about the idea during the current administration's chaotic withdrawal from Afghanistan in summer 2021. That moment along with missteps on handling Covid-19, high gasoline prices and persistent inflation have weakened Mr. Biden, who turns 80 this month and faces questions in his own party whether he is best suited to run again.

The president has indicated he will seek another term and thinks he can defeat Mr. Trump again.

—Lindsay Wise contributed to this article.

Lindell's Bid to Get Phone Is Rejected

By JOSEPH DE AVILA

A federal judge rejected MyPillow Inc. Chief Executive Mike Lindell's motion to have his phone returned, after it was seized by the FBI in connection with a criminal investigation.

U.S. District Judge Eric Trostrud also denied on Thursday Mr. Lindell's request to bar the Federal Bureau of Investigation from using any information retrieved from the phone. Mr. Lindell's motion seeking access to the affidavit filed by federal investigators to obtain the search warrant to seize the device was also rejected.

Mr. Lindell, who hasn't been charged with a crime, said in a complaint filed in September in federal court in Minnesota that the FBI violated his constitutional rights when federal agents took his phone at a Hardee's drive-through. Mr. Lindell, who has spread false claims that the 2020 presidential election was stolen from former President Donald Trump, was also questioned by agents for about half an hour about various matters, including Tina Peters, a county clerk in Mesa, Colo., according to court records.

Ms. Peters was indicted in March on charges related to her alleged involvement in a voting machine security breach. She pleaded not guilty to the charges in September.

Judge Trostrud said Mr. Lindell failed to provide an adequate justification for returning the phone or blocking the FBI from using it in the course of its criminal investigation.

Andrew Parker, a lawyer for Mr. Lindell, said they intend to appeal the court's decision. Mr. Parker said the court-approved search warrant was overly broad and allowed investigators unfettered access to the business and personal information stored on Mr. Lindell's phone.

The FBI's Minnesota office and the U.S. attorney's office in Minnesota didn't respond to requests for comment.



Baron Capital CEO Ron Baron, left, interviewed Tesla CEO and Twitter owner Elon Musk on Friday.

Musk Says Subscriptions Would Improve Twitter

By ALYSSA LUKPAT AND MEGHAN BOBROWSKY

A week after Elon Musk completed his \$44 billion deal for Twitter Inc., the billionaire said he wants people to focus on what the social-media platform could be in the future.

Speaking at an investment conference in New York on Friday, the same day mass layoffs started at Twitter, Mr. Musk spoke about advertisers pulling out, concerns about hate speech, getting users to pay and his plans for longer-form video on the platform. He acknowledged that the price he paid for Twitter was "on the high side" and made a joke referencing the movie "The Godfather," noting he tried to get out of the deal but "they pulled me back in."

He said Twitter has made no changes to its operations on content moderation but that advertisers have pulled dollars nonetheless.

Mr. Musk, who is also Tesla Inc.'s chief executive, was interviewed for almost an hour by billionaire investor Ron

Baron at Lincoln Center. Mr. Baron has long been a Tesla shareholder.

Some of the investment professionals in the crowd stood up and cheered for Mr. Musk as he walked on stage. He made a surprise appearance, with some attendees saying they had found out the night before that he would be there.

Mr. Musk didn't address the widespread layoffs at Twitter Friday in detail, instead saying that Twitter had revenue challenges even before he acquired it. He talked at length about his plans for a subscription business model and for addressing hate speech.

In response to a question from Mr. Baron about blocking anti-Semitism and hate speech on Twitter, Mr. Musk said he agreed this type of speech wasn't acceptable.

Mr. Musk added that Twitter immediately removed hate speech that people had posted during recent targeted attacks.

"I want to be clear: Content moderation policies have not changed at Twitter," he said. Mr. Musk talked about why

he wants people to spend \$7.99 a month for a verified Twitter account, saying users would get "a lot more than just the blue check mark."

He said he planned to expand the Twitter Blue subscription to include long-form videos and podcasts. He also said users who subscribe would have their content shown at the top of feeds, above spam tweets.

The price would also cut down on fake accounts, he said.

He said that after buying Twitter, he now worked around 120 hours a week instead of his usual 70 or 80. All he did was sleep and work seven days a week. Still, he said, "once Twitter's set on the right path, it'll be much easier to manage than SpaceX or Tesla."

Watch a Video



Scan this code for a video on Elon Musk discussing his plans for Twitter.

Musk Cuts Staff 50% At Twitter

Continued from Page One

ecutive removed most of the previous leaders, brought in staff from elsewhere in his business empire, and pushed to raise the price of Twitter's subscription service in a bid to be less dependent upon ads.

Meanwhile, several big-name advertisers, including food companies General Mills Inc. and Mondelez International Inc. and drug maker Pfizer Inc. have temporarily paused their Twitter advertising, The Wall Street Journal has reported.

Twitter, by early Friday, began notifying employees about their future employment status, according to documents viewed by the Journal. In the layoff emails, Twitter said employees assigned "non-working" status would continue to receive compensation and benefits through a separation date, which for one person was designated as early February and for another early January.

The company told employees they could expect to receive one month's base pay in severance approximately 45 days after the termination date, in addition to providing instructions for returning company property such as laptops. Twitter didn't say whether employees should expect to receive year-end bonuses, which current and former employees said have historically been based on individual and company performance.

Staffers retaining their roles were informed that they are still Twitter employees and that Mr. Musk is looking forward to communicating with them about his vision for the company soon, according to an email seen by the Journal. The email added that Twitter's offices will reopen on Monday. In Thursday's email about pending head-count reductions, Twitter had said its offices were being temporarily closed and asked

employees to go home.

The constant drumbeat of news and change created anxiety among workers there, with some responding with humor.

Parker Lyons, a senior financial analyst at Twitter, fired off a series of gallows-humor tweets late in the week joking about LinkedIn recruiters circling and about angst over checking his email.

On Thursday night, with staff awaiting layoff news, he tweeted: "do I check my work or my personal email tomorrow?"

The next morning, he tweeted a meme about a restaurant on fire from the TV cartoon "SpongeBob SquarePants," likening it to Twitter. He captioned the image: "back to work."

A lawsuit accuses Twitter of not providing enough warning on layoffs.

Signs of pushback against Twitter's actions emerged in the wake of the dismissals. In a federal lawsuit dated Thursday, a handful of Twitter employees accused the company of violating federal and California law in failing to provide enough warning of a mass layoff.

The lawsuit, filed in California federal court by five former employees of Twitter who said they were terminated this week, said the company's layoffs violated the federal Worker Adjustment and Retraining Notification Act and its California equivalent, which require giving 60 days of advance written warning of dismissing a large number of employees of a company at once.

The lawsuit asked the court to issue an order blocking Twitter from its alleged violations of the acts.

Twitter didn't immediately respond to a request for comment about the lawsuit or layoffs.

At the company, more than 100 people who worked in design and research roles were

laid off, the communications team has been shrunk to just a few members from about 80, and the roughly 15 people who worked across two teams to provide resources for employees with disabilities and platform tools for disabled users were among those let go, the people said. The legal, revenue product and machine-learning teams were also among those impacted.

The billionaire spelled out some of his vision at the New York investment conference. The goal, he said, is to create a super app called X.com, building on plans he hashed out more than 20 years ago when he helped build what is now PayPal Holdings Inc. Such super apps like WeChat, which has a large user base in China, allow users to message others and send people money, among other features.

Mr. Musk also further discussed his plan developed over recent days, at times through interactions he had on Twitter, to raise the price of Twitter Blue, a subscription service, from \$4.99 a month to \$7.99, and to give people who sign up for it the ability to post long-form videos and podcasts, among other features. Twitter doesn't currently allow videos longer than two minutes and 20 seconds.

Subscribers would also have their accounts verified, he said, a status Twitter so far has granted only to users it deems as notable at no cost to them.

He said users who subscribe to the service would have their content shown at the top of feeds, above spam tweets. Currently, he said, it costs less than a penny to create a bot. But with the Twitter Blue subscription model, "it's too expensive now to have 100,000 fake accounts." That might discourage bot account operators from paying to be verified.

"Our goal is with Twitter, how do we get 80% of the public to join a digital town square and voice their opinion and exchange ideas and once in a while change their mind?" he said.

—Meghan Bobrowsky and Alyssa Lukpat contributed to this article.

U.S. WATCH

NEW JERSEY

Threat to Synagogues Mitigated, FBI Says

The Federal Bureau of Investigation mitigated a threat to New Jersey synagogues, the agency and state officials said Friday.

The FBI's office in Newark said it located "the source of the threat who no longer poses a danger to the community." The update comes less than a day after the agency first detailed the threat.

"We know this remains a tense time for our Jewish communities who are facing a wave of anti-Semitic activity," New Jersey Gov. Phil Murphy said Friday. "We will not be indifferent. We will remain vigilant."

The FBI said the threat was made against "an unspecified synagogue" in the New Jersey area. It didn't provide additional details on the threat or the source behind it.

The Anti-Defamation League of New York and New Jersey said officials told the organization early Friday morning that a suspect was in custody.

The national Anti-Defamation League has said the number of anti-Semitic incidents in the U.S. hit a record high last year. Most of the reported incidents, which include assaults, vandalism or harassment, occurred in New York, followed by New Jersey and California, according to the ADL.

—Jennifer Calfas

CDC

Alcohol Deaths Soared in Pandemic

Alcohol-related deaths in the U.S. rose during the first year of the Covid-19 pandemic, according to a new federal report.

The report, published Friday by the National Center for Health Statistics, examined deaths caused by alcohol by sex and age groups for 2020, when the spread of Covid-19 upended everyday life. Studies have shown the level of binge drinking increased during this period.

The rate of alcohol-related deaths has steadily increased over the past two decades, with increases of up to 7% each year between 2000 and 2018. That figure jumped 26% between 2019 and 2020, from 39,043 to

49,061 deaths.

Alcohol use increased over the year, which may have affected alcohol-induced mortality rates, according to the study.

"It was a confluence of lots of negativity happening at the same time," said Margie Skeer, a professor at Tufts University School of Medicine who studies addiction.

Dr. Skeer, who wasn't part of the NCHS report, said isolation, uncertainty, financial strains and higher chances of job loss may have contributed to people's stress levels, which led to an increase in mental-health problems and an increase in drinking.

Liquor stores were considered an essential business at the time in many states, and were kept open when other places weren't, Dr. Skeer said of the possible reasons for the increase in consumption. To-go alcohol was also allowed, to help keep a stream of income for struggling businesses. And those who were already struggling with addiction before the pandemic saw a severe disruption in their recovery or therapy, she said, which may have contributed to an increase in deaths.

—Tatal Ansari

FEDERAL RESERVE

Official Backs Slower Pace to Raise Rates

A Federal Reserve official signaled support for continuing to raise interest rates but at a somewhat slower pace than the central bank has moved this year to avoid risks of too much tightening.

The Fed raised its benchmark federal-funds interest rate this week by 0.75 percentage point, or 75 basis points, at its fourth consecutive meeting to a level between 3.75% to 4%. That level is high enough to slow economic activity, and the question now is how much higher rates must go to sufficiently restrain demand to bring down inflation, said Boston Fed President Susan Collins in an interview Friday.

"I don't think we should try to decide right now exactly what the path will look like," she said. Ms. Collins said she was ready to "shift from this really rapid increase to a more measured focus, deliberate focus on what would be sufficient tightening before we hold" rates steady.

—Nick Timiraos

U.S. NEWS

L.A. Mayor Race Tightens As Businessman Makes Gains

By CHRISTINE MAI-DUC

LOS ANGELES—Businessman Rick Caruso has launched back into contention to become the next mayor of Los Angeles, as record spending and a focus on homelessness and crime have tightened his race with longtime Democratic Congresswoman Karen Bass, according to campaign strategists and recent polls.

Ms. Bass bested the mall developer in June's crowded open primary by 7 percentage points, despite his record \$41 million in spending in that round. Polls over the summer showed her leading by double digits and seemingly poised to become the first woman elected mayor of America's second-most-populous city.

Along with his attention to homelessness and crime, Mr. Caruso has sought to tap into anger over a City Hall scandal involving secretly recorded audio of three council members, one of whom made racist remarks. Though she doesn't work in city politics, Mr. Caruso has argued Ms. Bass is part of an existing class of leaders who need to be replaced.

The billionaire's message has been fueled by an additional \$51 million in spending on TV, YouTube and mail.

Ms. Bass's campaign has spent \$3.3 million in the general election. She has benefited from more than \$7.2 million in spending by groups promoting her and attacking Mr. Caruso, while he has received no such support.

"People may be upset with the status of their streets, they may be upset with the status of our politics," said Jeremy Oberstein, a strategist whose clients include the Los Angeles County Democratic Party, which is backing Ms. Bass. "That is what I think Caruso has tapped into."



Rick Caruso, left, has an edge over Democratic Congresswoman Karen Bass among Latinos, older voters and independents.



MARIO TAMAYO/GETTY IMAGES (2)

Ms. Bass has accused her opponent of making promises he can't keep and emphasized her experience working within government to solve complex problems. Top Democratic Party leaders including Barack Obama have endorsed her over Mr. Caruso, who registered as a Democrat for the first time in January.

A poll of likely voters released Friday by the University of California, Berkeley's Institute of Governmental Studies and the Los Angeles Times showed Ms. Bass 4 percentage points ahead of Mr. Caruso, within the margin of error. Another recent poll, by the Los Angeles Daily News, also showed them in a statistical dead heat.

Justin Wallin, who conducted the Daily News poll, said Mr. Caruso's career developing luxury shopping malls and the fact that he was a registered Republican as recently as 2019 normally wouldn't play well with L.A.'s left-leaning electorate.

"We'd expect him to be getting his butt kicked," Mr. Wallin said. "He's performing well because he's talking about issues that matter."

If he prevails, Mr. Caruso would follow the path of other businessmen elected to lead large cities, such as Michael Bloomberg in New York in 2001 and Richard Riordan in L.A. in 1993.

Polls have suggested Mr. Caruso has an edge among Latinos, older voters and independents. Ms. Bass has done well among Black voters and younger voters.

Like virtually every political

Rick Caruso has focused his campaign on crime and homelessness.

race in Los Angeles, the contest for mayor has centered largely on homelessness. The homeless population grew 25% between 2018 and 2020, and some 41,000 Angelenos sleep on the streets, according to government data.

Mr. Caruso has said he would build 30,000 homeless-shelter beds in his first year in office. He has also said he

would add 1,500 officers to the Los Angeles Police Department to address violent crime, which is up 10.9% this year compared with the same period in 2020, according to police statistics.

At a recent fundraiser, Mr. Caruso said the problems facing the city require an outsider with executive experience. "What our elected officials have allowed to happen is just inhumane," he told supporters. "If you're part of the system, no matter how good your intentions are, it's impossible to fix at this point."

Frauke Hogue, a Democrat who lives in the wealthy coastal neighborhood of Pacific Palisades, said she plans to vote for Mr. Caruso because she is desperate to see progress on homelessness. "Something needs to be done, and I think we as normal citizens have rights, too, not to see the trash and all the tents," said Ms. Hogue.

Ms. Bass has said a hard-line approach won't solve homelessness and that the LAPD's ranks could be bolstered by reassigning officers currently on desk duty. She has also criticized Mr. Caruso for his past donations to Republican politicians. "With me, what you see is what you get," Ms. Bass said at a rally last week with Vermont Sen. Bernie Sanders. "A lifelong pro-choice Democrat who has always been on your side."

In the audience was Naseeha Hussain, a 33-year-old graduate student at the University of Southern California.

"I realized that a lot of the time we pay attention to presidential politics, when local races affect our lives much, much more," said Ms. Hussain, adding that she plans to vote for Ms. Bass because she likes her proposals to address homelessness.



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WORLD NEWS

Nearly 500,000 Kyiv Homes Lose Power

America is exploring what can be done to help repair Ukraine's electrical system

By IAN LOVETT
AND BOJAN PANCEVSKI

KYIV, Ukraine—Nearly half a million homes in the Ukrainian capital were without electricity Friday morning, as Russian attacks on energy systems increasingly strain basic services across Ukraine.

The number of Kyiv residents without power Friday was up 1.5 times from the previous day, according to Vitali Klitschko, the city's mayor, who said the shutdowns were the result of "overloading of the central node of the country's power system."

"I appeal to all residents of the capital: save electricity as much as possible, because the situation remains difficult!" he wrote on Telegram.

Since Moscow began targeting Ukraine's power grid in the past month, striking dozens of power stations with cruise missiles and Iranian-made kamikaze drones, more than a third of the country's power-generation capacity has been knocked out.

White House National Security Council spokesman John Kirby said Friday that the U.S. is looking to see what can be done in the short term to help Ukraine repair the damage done to its electrical infrastructure and the grid itself.

The Biden administration is in talks with regional allies that have similar electrical infrastructure to Ukraine about whether they can provide spare parts and technical assistance, he said.

"We're obviously continuing to work with allies and partners about the provision of fuels to Ukraine—alternative sources of fuels in the Ukraine—for the long term," he said.

Ukrainian authorities are preparing for a winter with se-



The number of Kyiv residents without power Friday was up 1.5 times from the previous day, according to Vitali Klitschko, the city's mayor.

verely limited electricity. They are buying generators, setting up heating stations and asking those who fled the country earlier not to return until spring.

"We are considering various scenarios of the development of events," Mr. Klitschko wrote on Telegram earlier this week. "The worst is when there will be no electricity, water and heat supply at all. For this occasion, we are preparing more than a thousand heating points in our city."

Ukrainian President Volodymyr Zelensky responded to findings of the United Nations nuclear atomic agency.

The International Atomic Energy Agency said that recent inspections at three facilities in Ukraine found no evidence of activities or nuclear material that hadn't been declared by Kyiv, rebuffing recent Russian allegations that the country was working on a dirty bomb.

"We have clear and irrefutable evidence that no one in

U.S. Pledges More Aid, Including Tanks

Jake Sullivan, President Biden's national security adviser, met with President Volodymyr Zelensky and other top Ukrainian officials in Kyiv on Friday, the White House said, as the U.S. announced another \$400 million in security aid to Ukraine for future weapons systems.

For the first time, the U.S. aid package included tanks.

The 90 T-72 Soviet-era tanks are from the Czech Republic. The U.S. will pay to refurbish half the tanks and the Netherlands will pay to update

the other half, the Pentagon said. Pentagon spokeswoman Sabrina Singh couldn't say what variant of the T-72 tank allies were providing to Ukraine.

The aid package also included roughly 1,100 Phoenix Ghost drones. Ms. Singh wouldn't say when all of the tanks or drones would reach Ukraine. In all, the U.S. has provided \$18.9 billion in security assistance this year, the Pentagon said.

The U.S. military also said it is establishing a headquarters in Wiesbaden, Germany, "to coordinate our efforts," Ms. Singh said. She didn't say who would command the new headquarters.

Putin said 318,000 people have been mobilized for the war effort, and 49,000 of them have been deployed in Ukraine, according to the state news agency Tass.

Mr. Putin also pledged to rebuild Mariupol, a midsize port city on the Azov Sea, swaths of which were completely destroyed by Russian forces after a monthslong siege.

Russia's armed forces have likely started using what are called blocking units that threaten to shoot deserters or troops who refuse to advance in battle, the British Ministry of Defense said Friday.

The tactic of shooting deserters or reluctant fighters plagued by low morale or poor discipline has been a trademark of Russian and Soviet armies in the past. Russian generals likely wanted their troops in Ukraine to maintain defensive positions to the death, the U.K. ministry said.

All troops fighting in Ukraine will receive a one-off payment of 195,000 rubles or just over \$3,100, according to a decree passed by Mr. Putin.

Russia has given several and at times contradictory

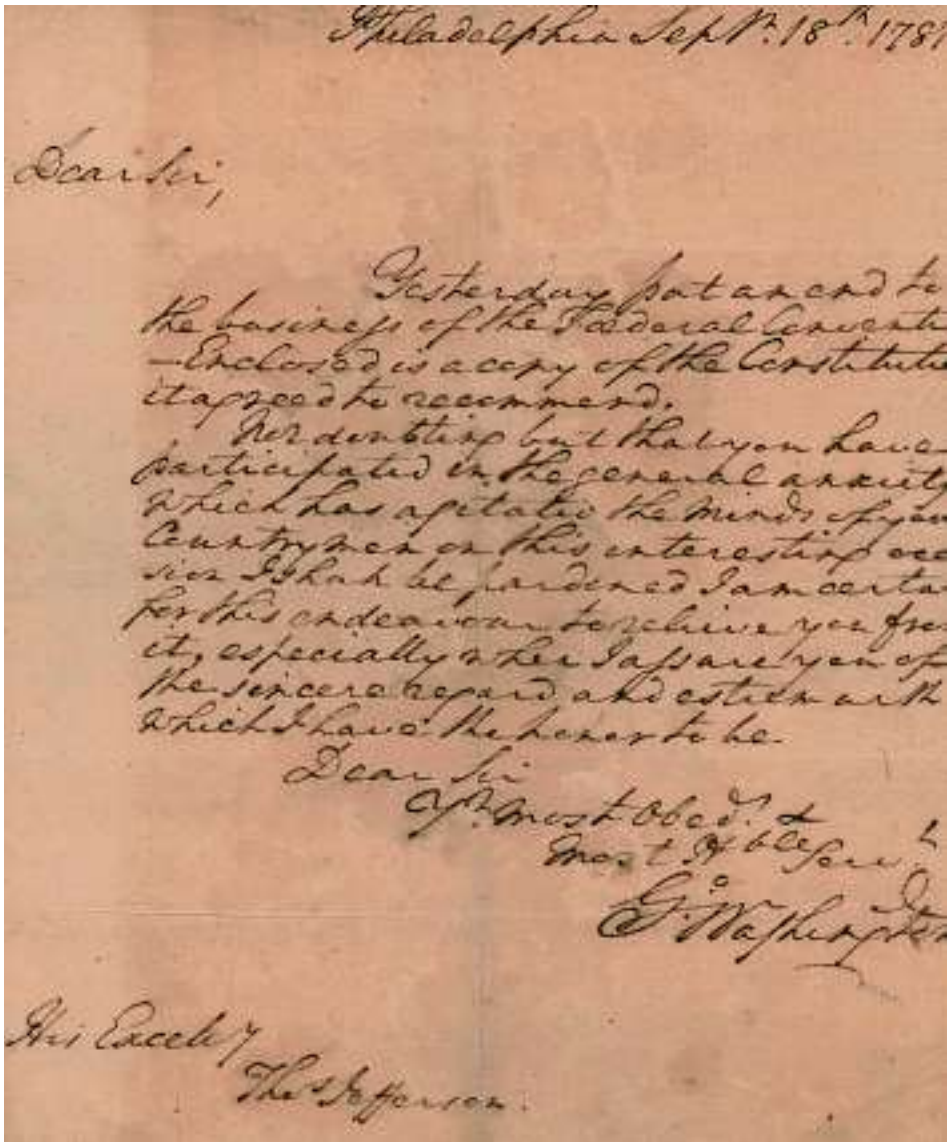
reasons for its invasion: to prevent Ukraine from joining the North Atlantic Treaty Organization; to topple what it falsely describes as a Nazi regime in Kyiv and disarm the country; to protect Russian speakers abroad; or to reclaim what the Kremlin considers Russian territory.

On Friday, the deputy head of Russia's powerful Security Council wrote in an essay that Moscow was waging a war of conquest in Ukraine on the back of its historical claims over its people and territory.

"We are fighting for our people, for our land, for our thousand-year history," Dmitry Medvedev said in a short essay published on the occasion of Unity Day.

He noted that the ancestors of today's Russian people lived in Ukraine, which was therefore "sacred" to Moscow today.

—Vivian Salama
in Washington
contributed to this article.



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Ukrainian troops fight Russian forces in the south. They are battling village by village toward Kherson.

Battle for Kherson Likely Will Be Long, Officials Say

By MATTHEW LUXMOORE

VELYKE ARTAKOVE, Ukraine—Russian forces in the occupied southern Ukrainian city of Kherson appear to be laying the groundwork for a withdrawal, but Ukrainian officials warn that their enemy could be seeking to suck precious armored units into debilitating urban combat.

As Ukraine's forces press toward Kherson, one of the biggest prizes Russia seized after invading in February, Moscow's military wants to sap their strength while avoiding the kind of chaotic withdrawal it recently carried out in the northeast.

The question is how long Moscow aims to hold Kherson. There are signs Russian forces are preparing to leave the city, moving residents and personnel onto the far bank of the Dnipro River, replacing elite forces with mobilized troops, and abandoning some checkpoints while digging in elsewhere.

Signaling that heavy fighting might lie ahead, Russian President Vladimir Putin called Friday for civilians to be evacuated from Kherson.

"They're building fortifications in a hurry," said Natalia Humenyuk, spokeswoman for

the Ukrainian military's southern command. "We're sure they're going to fight for Kherson."

A Western official said Russian planning for a withdrawal was well advanced and that Moscow likely gave priority to a temporary bolstering of forces in the area to cover the retreat. The bulk of Russian commanders withdrew across the Dnipro, the official said, and Russia was seeking to reinforce a new defensive line on the eastern bank.

"They've probably made a strategic decision to withdraw over time," said Michael Kofman, an expert on the Russian military at defense-research organization CNA. "They're likely trying to make the seizure of Kherson costly for the Ukrainian armed forces."

But Ukrainian and Western officials and analysts said Russia would seek to wear down advancing Ukrainian forces as much as possible before withdrawing, if necessary.

At a farmhouse barracks near the front line, the soldiers of a Ukrainian tank battalion were repairing equipment and resting from battles that, after weeks of relentless fighting, have drained their energy.

"Most of us have been fighting since February with no breaks

or days off," said the battalion's 52-year-old deputy commander. "It's a very long time, too long, to endure such conditions."

Ukraine's military is fighting village by village toward Kherson, but soldiers from several units said they are short on armored vehicles.

In mid-October, Moscow-installed officials in Kherson announced an evacuation of civilians from the western bank of the Dnipro and Russia's military leadership warned that "difficult decisions" might be necessary to preserve lives.

If the Russians leave with most of their forces intact, Mr. Kofman said, they can consolidate defensive lines on the Dnipro's eastern bank and shift sizable forces elsewhere. Ukraine will have taken most of the low-hanging fruit in terms of offensive operations, but it would face Russia along a more entrenched front to the north and northeast, he said.

Several factors complicate Ukraine's advance. Winter is coming, and it will bring not only frozen ground but greater exposure for troops on both sides as foliage disappears from trees used to provide cover for armor and the tracks of vehicles remain visible in snow.

WORLD NEWS

West Sets Price-Cap Rules on Moscow’s Oil

By Andrew Duehren

WASHINGTON—The U.S. and its allies agreed on which sales of Russian oil will be subject to a price cap, racing to flesh out the details of the major new sanctions program before it begins on Dec. 5.

Each load of seaborne Russian oil will be subject to the price cap only through its first sale to a buyer on land, the U.S. and its allies have determined, meaning resales of the same oil on land won’t have to fall under the cap, according to people familiar with the matter. The cost charged for transporting Russian oil also won’t be subject to the cap, the people familiar with the parameters of the plan said.

Intermediary trades of Russian oil that occur at sea must still fall under the cap, the people said. If a load of Russian oil has been refined into petroleum products such as gasoline, then it can again be traded at sea without being subject to the cap, the people said. If the Russian oil hasn’t been refined or significantly altered after it is unloaded onshore, then it would still be subject to the cap if it were again traded at sea, they said.

Under the price-cap plan, the Group of Seven advanced democracies and Australia are planning to bar firms in their countries from providing key maritime services—such as insurance—for the shipment of Russian oil unless the oil is sold below a set price.

Because much of the world’s maritime services are based in G-7 countries and the European Union, the Western partners are aiming to effectively dictate the price at which Russia can sell some of its oil on global markets.

The U.S. and its allies have yet to set the actual price for

the plan, and they are hoping to set a specific level in the coming weeks. Delays in finalizing the plan have left some oil-market participants concerned that shipments of Russian oil at sea on Dec. 5 could suddenly face new sanctions. To try to address those concerns, the Treasury Department this week said that Russian oil shipped before Dec. 5 would be exempt from the cap if it is unloaded at its destination by Jan. 19.

Russian officials have threatened to cut their oil production in retaliation for the price cap, though U.S. officials say they believe Russia won’t risk damaging a critical industry.

Oil traders had been asking the Treasury Department about whether the price cap would apply only to the first sale of the

The limit will only apply to the first point of sale that takes place on land.

oil, and the new parameters may make it easier for middlemen to buy Russian oil under the capped level before reselling it.

The U.S. has sought to make the price cap a relatively light burden on the banks, insurers, shippers and traders that help make Russian oil available on global markets.

Beyond cutting into the profits Russia earns from its oil sales, the U.S. has hoped to keep global markets supplied with Russian oil to keep energy prices steady.

The foreign partners working with the U.S. on the plan are also still finalizing details of how they will enforce the program.

Sanctions Hurt Russian Economy

By Ann M. Simmons

MOSCOW—Russia’s economy is suffering from Western sanctions, falling energy prices and a costly troop mobilization, with recent data showing a sharp economic contraction this fall.

Russia’s Ministry of Economic Development said this week that the economy contracted by 5% year-over-year in September and by 4.4% in the third quarter compared with the year-earlier period.

The economic outlook bodes poorly for President Vladimir Putin’s ability to fund Russia’s military campaign in Ukraine, which is in its eighth month and with no quick end in sight, analysts say.

Moscow has relied on its multibillion-dollar oil and natural-gas windfall to help ease the pain of economic sanctions imposed by the West for Russia’s invasion of Ukraine.

High energy prices triggered by the war initially created huge revenues for Russia, but have since led to a widespread slowdown in demand for oil, forcing Moscow to sell its oil below the price needed to balance the budget. Russia has also cut off much of the natural gas it supplies to Europe.

New data also show a decline in workforce numbers following Mr. Putin’s troop mobilization in September to help fight the war in Ukraine. Hundreds of thousands of draft-age men have either been called up for service or have left the country to escape the mobilization.

The Russian Union of Industrialists and Entrepreneurs reported this week that a survey taken in October of more than 100 companies—most of them large firms—showed a decline in their workforces because of the troop mobilization. Most said their revenues had, nonetheless, remained steady during that time.



Shoppers at a Moscow store. Russia is set for the deepest recession of any large economy this year.

More than a third of the companies reported that the draft has had “a negative” or “extremely negative” impact on their personnel numbers, and more than half of the respondents expressed pessimism for the future.

The financial-ratings and analytics firm S&P Global reported that Russian manufacturers saw employment fall for October for the seventh time in the past nine months.

“The decrease in workforce numbers was solid overall and the quickest since April,” the company said in its survey published Tuesday. “A number of firms suggested that the decline in staffing numbers was due to labor shortages.”

In September, Prime Minister Mikhail Mishustin said Russia’s budget deficit in 2023 would be about three trillion rubles, the equivalent of \$48.1 billion and equal to 2% of gross domestic product.

Mr. Mishustin also said the

government should expect to run a budget deficit for at least the next three years.

Last month, he ordered the Finance Ministry to take the equivalent of roughly \$16 billion from the country’s sovereign-wealth fund to cover this year’s budget shortfall.

Russia is set for the deepest recession of any large economy this year, according to new forecasts last week from its central bank that predicted a drop in gross domestic product of between 3% and 3.5% this year.

The projected decline for this year is less than what had been forecast shortly after the start of the conflict, when the bank reported that it expected the economy to contract between 8% and 10% in 2022 and by as much as 3% next year. It now expects GDP to contract between 1% and 4% next year.

The Russian economy is struggling with inflation that is above levels in the West, as

well as shortages that are causing large declines in production.

On Thursday, the S&P Global Purchasing Managers’ Index for Russian services declined sharply to 43.7 in October, from 51.1 in September, marking the lowest reading since March, the firm said.

“Business activity deteriorated amid a slump in client demand, a reduction in the size of customer base following sanctions and a drop in purchasing power of clients,” according to S&P Global, adding that a renewed fall in new orders and the contraction of foreign client demand for the eighth successive month, contributed to the reduction in business activity.

This week, Russia’s Federal State Statistics Service reported that retail net sales in September amounted to 3.5 trillion rubles, which is 9.8% less than the corresponding period for the previous year.

Nuclear-Power Cuts Likely in France

By Nick Kostov

PARIS—EDF SA warned of lower power generation this year across its nuclear reactors in France, dealing a setback to the country’s efforts to ride out Europe’s energy crisis amid a spell of unseasonably warm weather.

EDF, the world’s largest owner of nuclear plants, said its French fleet of reactors are expected to produce between 275 and 285 terawatt-hours of energy in 2022, compared with a previous estimate of between 280 and 300 terawatt-hours.

The reduced outlook follows a spate of strikes by nuclear-plant workers that delayed maintenance work at some of its reactors during the fall, as well as prolonged outages at

reactors under repair for corrosion problems, EDF said.

For now, Europe is benefiting from warm temperatures that are lowering demand for energy. It was the warmest October in France since records began in 1900, according to national weather agency Météo France. Tourists continued to flock to the seaside during the second half of the month.

The agency said the most likely scenario for the next three months was “the predominance of anticyclonic conditions, with calm and dry weather, on the European continent.” France had a 50% chance of experiencing temperatures in line with seasonal norms, the agency said. It placed its chances of continu-

ing to experience higher-than-average temperatures at 30%.

Warm weather is helping blunt the impact of Russia’s decision to cut the flow of natural gas to Europe, a move European officials regard as an act of economic war. Storage levels of gas across the continent have remained high without the immediate need to turn up the thermostat.

EDF is one of Western Europe’s most important power companies. Its fleet of reactors normally exports large quantities of low-cost nuclear power to neighboring countries, helping stabilize prices across the region. EDF estimates that nuclear output for 2023 and 2024 will remain at 300 to 330 terawatt-hours and 315 to 345 terawatt-hours, respectively.

The situation changed drastically this year, when France swung from being one of Europe’s largest exporters of electricity to a net importer because of issues with its reactors. The outages worried officials that France and the broader region might run short of electricity in the winter, when power demand in Europe peaks.

EDF has absorbed huge losses this year because the company was forced to buy replacement power on Europe’s wholesale market, where prices have soared, for sale to retail clients at much lower prices. The government of President Emmanuel Macron launched a tender offer last month to buy the 16% of EDF shares that the state didn’t already own.



Cooling towers in the Tricastin nuclear-power plant operated by Electricite de France in Saint-Paul-Trois-Chateaux.

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WORLD NEWS

Scholz, Xi Strengthen Relations

The focus of the German chancellor's meeting was economic cooperation with China

By SHA HUA

Germany and China struck business deals and reaffirmed a once-cozy relationship that has come under strain as Beijing has adopted a harder-edged stance in its dealings with the West and as political pressure has mounted within Germany to lessen economic dependence on China.

On Friday, Chinese leader Xi Jinping welcomed Olaf Scholz to Beijing as the German chancellor largely brushed aside calls to keep a distance from China, prioritize human-rights concerns and squeeze Beijing on its unwillingness to condemn Russia's war in Ukraine.

Instead, Mr. Scholz used his whirlwind 11-hour visit to sign business deals and announce new areas of cooperation, harking back to the days when the bilateral relationship was largely centered on commerce and other exchanges—ties that Mr. Scholz has sought to sustain, despite growing calls back home to take a tougher stance on China.

Mr. Scholz said Friday that China had agreed to approve BioNTech SE's Covid-19 vaccine for foreign residents, and would discuss a pathway for the vaccine to be administered to the broader population. Chinese regulators had abruptly halted plans last year to approve domestic distribution of the German-developed shot, without explanation.

China also signed an order to buy 140 Airbus SE jetliners for about \$17 billion, according to a statement from the Chinese state agency that purchases aircraft. An Airbus spokesman said the agreement covers pre-existing orders, without elaborating. In July, China placed a large order on behalf of three of its biggest airlines for 292 Airbus jets.

"It's good and right that I'm here in Beijing today," said Mr. Scholz, who also unveiled new collaborations on public health and climate.

Mr. Scholz's visit is part of a flurry of diplomacy by Mr. Xi following a closely watched Communist Party meeting last month, where Mr. Xi secured a fresh five-year term in power. The Chinese leader also welcomed counterparts from Vietnam, Pakistan and Tanzania this week. Later this month, Mr. Xi will head to a summit of the Group of 20 major economies in Indonesia, where he could meet with President Biden.

The visit by Mr. Scholz is the first by a European Union leader since Russia's invasion of Ukraine, which has strained ties between Western European capitals and Beijing. Mr.



China's President Xi Jinping and Germany's Chancellor Olaf Scholz attend a meeting in the Great Hall of the People in Beijing.

China Warns Putin Against Nuclear Use

China has warned Russia against threatening to use nuclear weapons in the conflict in Ukraine, in a rare departure from its usual tacit support for Moscow's positions.

The warning came during talks on Friday between Chinese leader Xi Jinping and German Chancellor Olaf Scholz in Beijing, according to Mr. Scholz and the Chinese state news agency Xinhua.

Messrs. Xi and Scholz agreed to oppose the use or threat of use of nuclear weapons, said Mr. Scholz and a report by Xinhua, which normally echoes Beijing's official positions.

The international community should "oppose the use of or the threat to use nuclear weapons, advocate that nuclear weapons cannot be used and that nuclear wars must not be fought, and prevent a nuclear crisis in Eurasia," Mr. Xi said according to Xinhua.

The comment, the first rebuke of its kind attributed to the Chinese leader since Russia invaded Ukraine in February, marks a change in tone for Beijing after the government there said last week that it would deepen its cooperation with Russia at all levels, experts said.

"Beijing genuinely does not want a nuclear attack or war," said Francesca Ghirelli, an analyst with the Mercator Institute for China Studies in Berlin.

"Opposing the use of nuclear weapons and threats is a

low hanging fruit and low-cost statement to achieve international approval and positive spillover for the German-China relationship, and perhaps that with the EU, too," she added.

While Mr. Xi's comments would be noted in Moscow, said Jude Blanchette, the Freeman Chair in China Studies at the Center for Strategic and International Studies, they shouldn't be read as meaning China would be willing or able to influence any decision by the Kremlin to escalate the war by using nonconventional weapons.

"The brutal reality is if Putin gets to the point where he is willing to use nuclear weapons, Beijing's leverage over him is close to zero," he said, referring to Russian President Vladimir Putin.

—Bojan Pancevski

In a reminder of China's reluctance to loosen pandemic containment measures, elaborate Covid-19 requirements were imposed on the visitors, who had to undergo PCR testing upon arrival and await negative test results before their meetings, according to German officials. Mr. Scholz was tested by a German doctor aboard the plane.

Those on the ground in Beijing meeting with the Scholz delegation, including German embassy staff and Chinese business executives participating in round-table meetings, were subjected to a quarantine and will have to self-isolate in a hotel and then at home for 10 days after the visit.

The Chinese business delegation included executives from car maker Geely Automobile Holdings Ltd., artificial-intelligence company SenseTime Group Inc. and Bank of China Ltd, the people said.

In the meetings, which were attended by Mr. Scholz and outgoing Chinese Premier Li Keqiang, German business representatives pushed China to relax its stringent Covid policy, especially for incoming travelers, the people said. They also criticized what they saw as a regression in China's market overhauls and hurdles to cross-border data transfers created by China's cybersecurity law, the people said.

Mr. Scholz said he had expressed concern that access to China's market had become increasingly difficult amid China's increased push for economic self-sufficiency.

Mr. Scholz's visit is a sign to some observers that the chancellor is willing to pursue what Beijing calls an independent policy.

Turkey Pressed To Ratify NATO Candidates

By JARED MALINS

ISTANBUL—The West is putting pressure on Turkey to ratify Finland and Sweden's accession to NATO as Turkish officials signal they still want the two Nordic countries to do more to clamp down on alleged Kurdish militants.

NATO Secretary-General Jens Stoltenberg held talks with President Recep Tayyip Erdogan in Istanbul on Friday as part of an effort to urge the Turkish government to give final approval to the two countries joining the alliance. Mr. Erdogan told Mr. Stoltenberg that the speed and timing of the approval process "will be determined by the steps these countries will take," according to a statement from the Turkish president's office.

Turkey, Finland and Sweden signed an agreement in June that was intended to pave the way for the historic expansion of the North Atlantic Treaty Organization following Russia's invasion of Ukraine, while addressing Turkey's concerns about the presence of what it says are members of Kurdish armed groups in the two countries.

Now Turkey is arguing that Finland and Sweden must do more to implement the agreement, including extraditing alleged members of a Kurdish militant group. The renewed demands have set up another impasse between Ankara and its NATO allies that threatens to drag on for months.

"It is time to welcome Finland and Sweden as full members of NATO," Mr. Stoltenberg said Thursday evening during a news conference with Turkey's foreign minister. "In these dangerous times, it is even more important to finalize their accession to prevent any misunderstanding or miscalculation in Moscow."

He also said Finland and Sweden had delivered on the promises they made in June. The Turkish foreign minister said that the two countries needed to take "concrete steps" to implement the deal without adding details.

Hungary signaled this week that it would send ratification of the accession to Parliament by the end of the year, which would leave Turkey as the only holdout. All existing members of the alliance must agree to allow in any new members.

Mr. Erdogan's hard-line stance against Finland and Sweden is politically popular in Turkey, where he is facing a difficult reelection race next year.

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G-7 Envoys Warn Iran on Arming Russia

Top diplomats from the Group of Seven nations warned Iran against providing drones and further military support to Russia in its war in Ukraine, as

By *Laurence Norman*
in Berlin
and *Warren P. Strobel*
in Münster, Germany

Kyiv and other Ukrainian cities face a worsening energy crisis after Moscow switched tactics to target civilian infrastructure.

At the end of a two-day meeting in the German city of Münster, where officials discussed the war and the West's relations with China, the officials warned they would take further measures against Russia and countries that are assisting its campaign in Ukraine.

"We will continue to impose economic costs in Russia and on other countries, individuals or entities providing military support for Moscow's war of aggression," the group said Friday.

The U.S. and its G-7 allies pledged to continue supporting Ukraine economically and militarily, and introduced a new system to help Ukraine "repair, restore and defend its critical energy and water infrastructure."

With talks on reviving a deal to restrict Iran's nuclear program stalling, Western tensions with Tehran have mounted, and have been aggravated by Iran's supplying of military drones to Russia, which Moscow and



Diplomats from the Group of Seven nations Friday ended a two-day meeting in Germany, where they discussed Ukraine and Iran.

Tehran have denied. Friction has been increased by Iran's arrest of several European citizens as part of a clampdown on protests that erupted across the country following the death in police custody of a young woman in September.

The diplomats expressed "support for the fundamental aspiration of Iran for a future where human rights are respected and protected," and urged Tehran to allow United Nations human-rights officials to access the country.

"This generation of Iranians are demonstrating that their desire to be free and have opportunity will not be extinguished even by the fiercest repression," U.S. Secretary of State Antony Blinken said during a news conference after the meeting.

The group also slammed Iran's "destabilizing activities"

through the delivery of drones, missiles and other weaponry both in the Middle East and to Russia.

The European Union, U.K. and U.S. recently have imposed sanctions on Iran for the crackdown on protesters and for Iran's provision of drones to Russia. U.S. officials also have warned that Iran is preparing to supply Russia with missiles, including possibly ballistic missiles.

The G-7 group said Friday that "Iran has not made the necessary decisions" to revive the nuclear agreement of 2015, despite 18 months of negotiations. The deal imposed tight but temporary restrictions on Iran's nuclear program in exchange for the lifting of most international sanctions.

The U.S. left the nuclear deal in 2018 and Iran has since

undertaken a significant expansion of its nuclear activities. U.S. and European officials say Iran is a few weeks away from having enough weapons-grade nuclear material for one nuclear weapon. Iran says its nuclear program is for purely peaceful civilian purposes.

The diplomats reiterated their determination that Iran must never develop a nuclear weapon, and expressed concern about the "unabated expansion of Iran's nuclear program."

Western officials had hoped the nuclear talks would resume after the coming U.S. midterm elections, but that was before Russia started using Iranian-supplied drones in Ukraine and Tehran's clampdown on street protests.

U.S. officials have said the Biden administration, which set the revival of the 2015 nuclear pact as a top foreign-policy goal, isn't focused on the diplomatic effort, adding that Iran has refused to drop unacceptable demands related to the deal since the start of September.

Iran has said it is still open to concluding the nuclear talks, blaming Washington for the delay in progress.

A G-7 statement made no mention of the sensitive topic of Chinese investment in strategic Western sectors such as ports and telecommunications, saying only that the group would "aim for constructive cooperation with China, where possible and in our interest."

WORLD NEWS

Khan Blames Pakistan Leaders for Shooting

By SAEED SHAH

ISLAMABAD, Pakistan—A day after being shot, former Pakistani Prime Minister Imran Khan alleged the country's leader and a senior military official were behind the attack on him, without offering evidence for the claim, which the government and the army have denied.

Mr. Khan was shot in the leg on Thursday as he stood atop a makeshift stage mounted on a truck, leading a protest convoy to Pakistan's capital, Islamabad. The government has said a lone religious fanatic, who was caught at the scene, has confessed to being Mr. Khan's assailant.

Speaking from a hospital, Mr. Khan leveled allegations over his attack at the prime minister, the interior minister and a major general in the mil-

itary's Inter Services Intelligence spy agency, reiterating a claim he had made via a member of his party on Thursday.

The government has rejected the allegations. "Violence should have no place in our country's politics," Prime Minister Shehbaz Sharif said.

The military late Friday said it requested the government to initiate legal action for defamation and false accusations against Mr. Khan.

A supporter of Mr. Khan's Tehreek-e-Insaf party was killed in the attack and 13 others were injured.

"I want you to come out to protest on the streets until these three resign," said Mr. Khan, referring to the officials he blamed for the shooting. "Your religion requires you to stand against injustice."

Mr. Khan said he heard gunfire he believed came from

a second shooter. No proof of an additional gunman has emerged.

"No evidence is being put forward for these allegations," said Marriyum Aurangzeb, the country's information minister. "The people of Pakistan will not accept your story of lies."

Clashes broke out earlier in the day between Mr. Khan's supporters and police and paramilitary forces in several towns, with tear gas fired and baton charges. Protesters set tires on fire.

Mr. Khan alleges that the military conspired with his political opponents to oust him in April. Mr. Sharif's government maintains he was removed legitimately through a no-confidence vote in Parliament. The army denies it was involved in Mr. Khan's removal from power.

Mr. Khan has gained sharply



The government denied ex-Prime Minister Khan's claims that leaders orchestrated an attack on him.

in popularity since he was removed from office, judging by polls and a series of wins in local elections by his party.

Pakistan is polarized between Mr. Khan's supporters and almost all the other major political parties, which are in the coalition government.

The shooting has made the battle lines in Pakistani politics even more bitter, and has shaken the powerful military.

The military has been Mr. Khan's focus because it is widely believed that it makes and breaks governments, said Ahmed Bilal Mehboob, president of the Pakistan Institute of Legislative Development and Transparency, a think tank in Islamabad.

—Waqar Gillani contributed to this article.

Ukraine War, Energy Crisis Test COP27 Climate Talks

Geopolitical strife and energy market turmoil have upended prospects for reaching a global agreement to accelerate

By Matthew Dalton in Paris and Sha Hua in Singapore

efforts to limit climate change, with many big economies failing to submit faster timetables for emissions reductions ahead of next week's United Nations summit.

With only days to go before world leaders and negotiators convene in the Egyptian resort town of Sharm El Sheikh for COP27, few countries have followed through on the sweeping agreement struck at last year's conference in Glasgow. That accord urged national governments to submit more ambitious plans to the U.N. by the end of this year to wean their economies off fossil fuels and take other measures aimed

at limiting global warming.

"It has been a fairly hostile, complicated global environment in which we're working," said U.S. climate envoy John Kerry.

The absence of tougher emissions targets is a setback in the decadeslong effort, established under the 2015 Paris climate accord, to limit global warming to well under 2 degrees Celsius since the preindustrial era and preferably to 1.5 degrees. National governments agreed in Paris to release increasingly ambitious plans for slashing emissions every five years. In Glasgow, however, governments agreed that timetable was too slow, and current plans put the world on track for 2.5 degrees of warming, according to the U.N.

The summit in Sharm El Sheikh will be a test of whether climate diplomacy can shape the long-term trajectory of global emissions in a time of international up-

heaval. Many of the world's biggest companies, including energy firms and technology giants, aren't sending their top executives to Egypt.

The world's energy map has been redrawn since last year's summit. Russia's decision to

Few countries have followed through on the agreement last year in Glasgow.

invade Ukraine and cut the flow of natural gas to Europe has forced capitals across the world to focus on securing energy supplies.

Europe is now burning more coal and sucking up global supplies of liquefied natural gas to make up for the lost Russian supply, while

higher gas prices are pushing some developing countries to rely more on readily available coal as well. Carbon-dioxide emissions across the European Union rose 4.2% in the first nine months of this year compared with the year-earlier period, according to the data analysis site Carbon Monitor.

"The Ukraine war and the consequent gas crisis has wiped out everything," said former Italian Environment Minister Roberto Cingolani, who helped lead climate talks going into Glasgow.

Years of climate talks between China and the U.S., the second-biggest emitter, have broken down amid tensions over Taiwan. China, by far the world's biggest emitter, has refused to update its emissions plan. Beijing wants to focus on hitting current targets, which call for its carbon-dioxide emissions to stop rising before 2030.

"We believe that empty slogans aren't ambitions, and only real ambitions can be demonstrated by implementing goals," Li Gao, director of the climate change department at China's Ministry of Environment and Ecology, said at a recent news conference.

Energy market turmoil has the potential to speed the longer-term transition to cleaner technologies, analysts have said. Surging fossil fuel prices have pushed some of the world's major economies to increase investment in low-carbon energy in the name of national security.

China is installing renewables on a massive scale, positioning Beijing to hit its 2030 target of 1,200 gigawatts of wind and solar capacity five years early. Europe has raised its renewable energy targets as part of a race to wean itself off Russian gas, and the U.S. this summer passed legislation

that provides \$385 billion over the next decade to fight climate change.

The International Energy Agency last week said the Ukraine war has accelerated the shift to renewable energy and that global fossil-fuel demand would start falling later this decade if governments make good on new policy goals they have unveiled during the crisis.

The Glasgow summit in November 2021 yielded several deals that Western officials hailed as a breakthrough. Governments agreed to phase down coal burning that didn't also capture the carbon-dioxide emissions for storage. They also agreed to phase out fossil fuel subsidies deemed to be inefficient. It was the first time that a U.N. climate agreement mentioned fossil fuels, ending a long-running concession to big producers such as Saudi Arabia.

—Timothy Puko contributed to this article.

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SCAN ME

OBITUARIES

JOAN E. LAPPIN
1943 — 2022

Money Manager
Sailed Own Course

By JAMES R. HAGERTY

Joan Berger, later known by her married name of Joan E. Lappin, was a rarity in the late 1960s as a female investment analyst in New York. Her employer, Equity Research Associates Inc., tried to exploit that novelty with a 1969 ad in Institutional Investor magazine. “What’s a nice girl like Joan doing on Broad Street?” the ad asked. It featured a picture of her in a sleeveless dress and white gloves. She had a cigar in one hand and a drink in the other. The text, describing her as one of the firm’s “most attractive analysts,” said she zipped around in a chartreuse sports car and

Ms. Lappin’s career defied a ‘skimpy list’ of employment choices for women.

was a gourmet cook. A phone number was provided for money managers wishing to meet her. By the time Ms. Lappin founded her own fund-management boutique, Gramercy Capital Management, in 1986, women were less exotic on Wall Street. Newspapers frequently quoted her on stock-market matters. In late 1991, she told The Wall Street Journal that a good investment portfolio required only 10 to 15 stocks. Her strategy had produced annual gains averaging 45% over the past five years. She had \$215 million under management. Ms. Lappin died Oct. 24 of a stroke in Sarasota, Fla. She was 78. Joan Ellen Berger was born Nov. 16, 1943, in Cleveland and grew up mainly in Brooklyn. Her father was a dealer in surplus materials and owned warehouses. She graduated early from high school and at age 16 enrolled at the University of Wisconsin-Madison, where she majored in history. Pressured

by her father, she also earned a teaching certificate and spent a summer at a secretarial school. “The choices for employment for women were from the following skimpy list: bank teller, secretary, nurse, buyer in a department store, librarian, stewardess and office worker,” she wrote later. After briefly teaching school and working as a secretary, she managed to find jobs on Wall Street and studied in the evening at New York University to earn an M.B.A. degree. Before setting up her own company, she was a fund manager at Manufacturers Hanover Trust Co. and Arnold & S. Bleichroeder. In her spare time, she sailed boats on Long Island Sound and to ports in Maine and Martha’s Vineyard. She earned a captain’s license and named one of her boats Joie de Vivre and another Energizer Bunny. Ms. Lappin is survived by two children and three grandchildren. Her marriage to Jack Lappin ended in divorce. He got the couple’s boat as part of the settlement. “I don’t miss my husband, but I miss my boat,” she told friends. She bought her own. On a take-your-daughter-to-work day in 1993, she and her daughter, Jessica Lappin, went to the annual shareholders’ meeting of McGraw-Hill Inc. Joan Lappin scolded the company’s chief executive, Joseph L. Dionne, for what she saw as a poor record of promoting women. “I have been asking you privately for years when you were going to do something about this issue, and I was always told to keep waiting and watching. Well, years have elapsed, and there is no improvement,” she said. Interviewed by a Newsday reporter, Jessica Lappin said, “My mother has shown me that as a woman you have to be vocal. I always sit in the front and ask questions.” Jessica Lappin later served on the New York City Council and now is president of the Alliance for Downtown New York.

In Memoriam For more information: wsj.com/inmemoriam

Antonio Magliocco Jr.



NEW YORK, N.Y. - Antonio Magliocco Jr., known to friends and family as Nino, died on October 25th, 2022 at the age of 69 after a four-year struggle with lung cancer. He leaves behind his wife of 42 years Carla Solomon; children Daniel (Anna Durrett), Katharine (Dan Reagan), and Will—together with three grandsons; brothers John (Pat Magliocco) and Joe (Kristen Creaven); and many cousins, nieces, and nephews. Nino graduated from Yale College and University of Pennsylvania Law School, and remained a dedicated and active alum of both schools. A co-owner of wine and spirits distributor Empire Merchants and Chatham Imports, Nino played an active role in managing and growing both entities throughout his career. Along with his two brothers, Nino was instrumental in restoring Michter’s American Whiskey. Nino was a trustee of Central Synagogue and a former trustee of the Ethical Culture Fieldston School, where he was a parent for twenty-five consecutive years, and served on the board of directors of the Helix Center, whose mission is to facilitate the open exchange of ideas across disciplines in the advancing creative investigation. Along with his family, Nino was also a staunch supporter of NYU Langone Health for many decades. An avid follower of politics and sports—most especially his beloved New York Giants—and a lifelong learner in fields as diverse as classical music and Torah studies, Nino took special pleasure in bringing together family and friends over great food and wine. As much as we will miss his physical presence, in spirit he will always be with us, taking his customary seat at the head of the table. Memorial contributions can be made to support lung cancer research at NYU Langone Health’s Perlmutter Cancer Center. Gifts can be sent to NYU Langone Health, One Park Avenue, 9th Floor, New York, NY 10016, Attn: Grace Ko.

Gary Gastineau

NAPLES, FLA. - Gary L. Gastineau passed away on October 11 in Naples, Florida. Born in Dayton, Ohio in 1940 to Lillian and Amos W. Gastineau, Gary graduated with honors from Harvard College (1962) and was a Baker Scholar at Harvard Business School (1964). He went on to pursue a successful career in finance. Most notably, he was an expert on exchange-traded funds (ETFs), directing product development at the American Stock Exchange; serving as Managing Director of Exchange-Traded Fund Product Development at Nuveen Investments; and co-founding Managed ETFs LLC. Gary contributed numerous books and articles to the literature on finance and investing, including The Exchange-Traded Funds Manual (John Wiley & Sons, 2nd ed., 2010); The Options Manual (McGraw Hill, 1988); and, with Mark Kritzman, The Dictionary of Financial Risk Management (Probus, 1992; 1999). Gary loved to read and was an avid skier. He is survived by his wife of 55 years, Nancy Gastineau; his daughters, Gayle Wholley and Nicole Campos; and four grandchildren.

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GEORGE PAZ
1955 — 2022

Steak 'n Shake Gig Helped Launch a CEO's Career

By JAMES R. HAGERTY

George Paz, the son of a factory worker, couldn’t afford a fancy college. Already married with children in his early 20s, Mr. Paz struggled to balance studies with early jobs driving a truck and managing Steak ‘n Shake restaurants. He finally got himself on track by finding a day job at an insurance company that allowed him to study accounting at the University of Missouri-St. Louis in the evening. The nine years it took him to complete a degree was “a tough row to hoe,” he said, “but it taught me a lot.” He later became a partner at the accounting firm Coopers & Lybrand and in 1998 joined Express Scripts Inc. as chief financial officer. Based near St. Louis, Express Scripts was then a little-known manager of employers’ pharmacy-benefit plans. Benefit managers determine which medications are covered by insurance plans and where people can pick them up. Such firms also can deliver pills from their own pharmacies. Mr. Paz rose to president in 2003 and chief executive officer two years later. His strategy was to gain enough scale to give Express Scripts leverage over giant pharmaceutical companies and drug-store chains. In 2011, he led an acquisition of Medco Health Solutions Inc. for \$29.1 billion, making Express



Scripts one of the industry’s top players. He stepped down as CEO in 2016 and retired as chairman two years later when Cigna Corp. acquired Express Scripts. Mr. Paz died Oct. 23 at his home in Clayton, Mo. He was 67. His wife, Melissa Paz, said he suddenly collapsed and the cause of death hadn’t been determined. When he stepped down as CEO, annual revenue at Express Scripts was about \$100 billion, up from \$2.8 billion when he joined 18 years earlier. Clients included the U.S. Defense Department and Walmart Inc. As CEO, Mr. Paz said his job was to be “the guy that creates change.” He promised to negotiate cheaper prices for drugs with manufacturers and pharmacies while monitoring prescriptions to make sure people were getting the

right medications.

He bucked giant pharmaceutical companies by urging clients to switch from some of the most expensive drugs to generics. The business, Mr. Paz told The Wall Street Journal, was far more than “counting pills and sticking them in bottles.” One Friday afternoon in 2009, Mr. Paz summoned Bob Clark, the head of the construction firm Clayco, for an urgent meeting. Express Scripts needed a 200,000-square-foot building to house automated prescription-filling equipment in St. Louis. Mr. Paz wanted to begin installing the robotic equipment and conveyor belts within four weeks. At the time, “we were just looking at a piece of dirt” on an empty site, Mr. Clark recalled. He told Mr. Paz that the timeline seemed “kind of crazy.” Mr. Paz replied: “Well, can you do it or not?” Clayco accepted the job and completed the project in seven months. Mr. Paz “cut through processes and bureaucracy like a hot knife in butter,” Mr. Clark said. Even after he became a senior executive, Mr. Paz described himself in simple terms. Asked at a social occasion what he did for a living, he said: “I’m a bean counter.” In an interview, he called himself “a pretty dull guy.” Born Aug. 27, 1955, he grew up mostly in O’Fallon, Mo., near St. Louis. His fa-

ther worked at an aerospace plant. Family vacations typically involved road trips in a station wagon to national parks. To save money, the family often slept in the car and ate canned food. Mr. Paz developed a lifelong aversion to road trips and Spam. He was a star manager at Steak ‘n Shake and sometimes said he could always go back there if his financial career didn’t work out. Mr. Paz is survived by his wife, three daughters, 10 grandchildren and his older brother, Jerry Paz. An earlier marriage ended in divorce. His philanthropy included scholarships at the University of Missouri-St. Louis.

Though his golf talents were modest, he loved the game. During a visit to the Lahinch Golf Club in Ireland, friends recalled, he insisted on playing despite slashing rain and wind gusts strong enough to blow drives into neighboring fairways. Hours before he died, he played golf with his wife and was delighted with his score of 82. “That was a phenomenal score for him,” she said. His youngest daughter, Becky McClaney, remembered him as a tough but forgiving father. When she found herself pregnant as a teenager, she dreaded having to tell him—then was relieved by his response: “It’s OK, I love you.”

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WORLD NEWS

Colombia Tax Plan Unnerves Markets

By KEJAL VYAS

BOGOTÁ, Colombia—Colombia is set to increase taxes on wealthy individuals and extractive industries to pay for anti-poverty and rural development initiatives, as the leftist government grapples with a fall in the peso that has outpaced that of most emerging market currencies. Investor concerns over the government’s progressive platform are overblown, Finance Minister José Antonio Ocampo said in an interview Friday. He said critics are generating hysteria that has led to a 20% drop in the peso’s value against the U.S. dollar since President Gustavo Petro took

office on Aug. 7. “There is no reason to fear for Colombia’s macroeconomic stability,” Mr. Ocampo said, adding that the government aims to lower its fiscal deficit to 4.3% of gross domestic product next year from 7% in 2022. “The private sector is responsible for the panic and needs to stop sending negative signals” to the market, he said, calling the peso’s decline unjustified. Colombian lawmakers approved a tax overhaul late Thursday that will raise about \$4 billion in additional revenue in 2023, or 1.2% of GDP, mostly from higher duties on coal, oil and gold-mining companies.

Proponents of the measure called it the most sweeping tax reform in at least three decades in Colombia, Latin America’s fourth-largest economy. During that time, conservative fiscal management has helped achieve steady economic growth despite volatility in commodity markets and Colombia’s chronic conflict with drug-trafficking and rebel groups, according to the World Bank. The latest overhaul, which raises personal income taxes on the top 2% of earners or anyone making at least \$2,000 a month, aims to narrow the wealth gap in what the Organization for Economic Cooperation and Development consid-

ers to be the most unequal of its 38 members. Colombia’s poverty-fighting efforts come as policy makers in emerging markets wrestle with creeping inflation, as well as the knock-on effects of slower global economic growth and rising interest rates in the U.S. In addition to those factors, which have hit economies around the world, Wall Street analysts cite uncertainties around Mr. Petro’s plans to boost spending on social programs, grant credits to poor farmers, and phase out dependence on oil and coal, the country’s top two exports. —Jenny Carolina González contributed to this article.

WORLD WATCH

IRAN

President Slams Biden Over Protests

Iranian President Ebrahim Raisi criticized President Biden for backing a monthslong rights movement that has engulfed the country, as he addressed a pro-regime rally on Friday to mark the anniversary of the 1979 seizure of the U.S. Embassy in Tehran. Large crowds across the country attended anti-American rallies, state television showed. This year, the annual event comes as the regime faces one of its toughest challenges in recent years, to quell the widespread unrest. Mr. Raisi, speaking at the capital’s biggest rally, said, “Iran was freed 43 years ago and is determined not to be captured by you,” responding to Mr. Biden’s comments a day earlier. In a campaign speech Thursday ahead of the midterm elections next week, Mr. Biden said: “Don’t worry, we’re gonna free Iran. They’re gonna free themselves pretty soon.” Iranian officials have repeatedly accused the U.S. and other foreign rivals of orchestrating the anti-government unrest, which erupted after the death on Sept. 16 of 22-year-old Mahsa Amini in custody of the morality police, after she was detained for allegedly violating Iran’s strict Islamic dress code. —Aresu Egbali



TUT CENTENARY: Tourists visited the tomb chamber of King Tutankhamun in the Valley of the Kings on Friday as Egypt celebrated the 100th anniversary of the discovery of the young pharaoh's tomb.

INDIA

Capital Pollution Level Is Dangerous

Indian authorities on Friday shut factories and construction sites, restricted diesel-run vehicles and deployed water sprinklers and anti-smog guns to control haze and smog enveloping the skyline of the capital region. The Delhi government closed primary schools and restricted outdoor activity for older students as the air quality index exceeded 470, considered “severe”

and more than 10 times the global safety threshold, according to the state-run Central Pollution Control Board. The haze enveloped monuments and high-rise buildings in and around New Delhi. —Associated Press

HAITI

U.S. Sanctions Two On Alleged Drug Ties

Two Haitian politicians are facing U.S. sanctions over allegations they abused their posi-

tions to traffic drugs in collaboration with gang networks and directed others to engage in violence. The Treasury Department said Friday that it was imposing sanctions on Haitian Senate President Joseph Lambert and former Sen. Youri Latortue. The two are accused of using their official roles to engage in the drug trade for decades. Spokespeople for Messrs. Lambert and Latortue didn’t immediately return WhatsApp messages seeking comment. —Associated Press

FROM PAGE ONE

Sneaker King Takes Steep Fall

Continued from Page One
plated lifestyle that luxury sneakers are thought to reflect. On Instagram, the 39-year-old showed off his Ferraris and a six-figure Girard-Perregaux watch next to a hamburger. He also posted shots of himself riding a \$29,000 Louis Vuitton bicycle inside his million-dollar home in Eugene, Ore.

The business, in real life, was collapsing under the weight of unfulfilled orders, late payments and customer complaints. In May, Mr. Malekzadeh's fiancée—also the company's finance chief—pushed for both of them to come clean, according to people familiar with the situation.

Federal prosecutors a few months later charged the couple with bank fraud and Mr. Malekzadeh with wire fraud and money laundering. Customers claim they paid millions of dollars for shoes that never arrived. A court-appointed receiver is sorting out the remaining inventory of the entrepreneur's company, Zadeh Kicks.

Early last year, Mr. Malekzadeh collected orders for about 600,000 pairs of Air Jordan 11 Cool Grey sneakers months before they hit stores, netting over \$70 million, according to prosecutors. He priced the sneakers between \$115 and \$200 a pair, cheaper than their expected retail price of around \$225, prosecutors said.

Mr. Malekzadeh was able to get only 6,000 pairs.

Prosecutors allege he collected preorder funds from customers while knowing he couldn't fill all the orders. Since at least 2020, he spent more than \$10 million of the company's preorder proceeds on luxury goods, including watches, furs and handbags, they said. In a seizure warrant affidavit, federal authorities al-

Customers claim they paid millions of dollars for shoes that never arrived.

lege the couple also used customer money to help make a down payment on a house and complete about \$600,000 of work to remodel it.

"This is a Bernie Madoff-size scam for the sneaker market," said Michael Schneider, chief executive of Secret Sauce, a sneaker reseller who runs an online community focused on collectibles.

Mr. Malekzadeh and his fiancée, Bethany Mockerman, 39, have pleaded not guilty. They are cooperating with authorities and working to minimize the financial harm to customers, their attorneys said in separate statements.

Thousands of individuals and businesses have filed claims against Zadeh Kicks, including one creditor that reported being owed roughly \$15 million plus interest, according to documents filed by the



FROM TOP: CHANDAN KHANNA/GETTY IMAGES; ANNA POWELL DENTON FOR THE WALL STREET JOURNAL



Above, a pair of limited edition Jordan 1 Retro High Dior displayed at the Got Sole Sneaker Convention in Miami in June. Left, Arnav Kamra with pairs of Nike- and Jordan-brand shoes.

court-appointed receiver. The company had 23,000 customers, the affidavit said, and unfilled orders went back as far back as 2018, according to former customers.

"The Zadeh Kicks thing was the big hit that kind of wiped a lot of people," said Minnat Azad, a sneaker reseller from Boca Raton, Fla. He said, he ordered 100 pairs of Air Jordan 11 "Jubilee" sneakers in October 2020. Even though he got just 50 pairs, he said, he made a profit reselling them.

It was the easiest money he had ever made, Mr. Azad said. "This guy is better than the S&P 500," he recalled thinking about Mr. Malekzadeh.

It was such a good investment opportunity that he paid \$100,000 for another 400 or so pairs of other sneakers. None came, he said.

First steps

Mr. Malekzadeh was born in Eugene, where Nike also took its first steps. In 2010, he worked for a Nike store in the Portland area and was fired for reselling items that he was buying with an employee discount, according to people familiar with the matter.

In 2013, the same year Mr. Malekzadeh began dating Ms. Mockerman, he embarked on his sneaker-reselling career, according to the seizure warrant affidavit. He borrowed about

\$20,000 from his father, records show.

He didn't think it was enough. Prosecutors allege that since 2013, the couple sent at least 15 fraudulent loan applications to banks, using doctored financial and bank statements to net around \$20 million in loans.

Next, Mr. Malekzadeh built a supply chain for in-demand sneakers.

Resale markets have operated on the internet since the 1990s. Early on, sneaker resellers sought a competitive advantage through insider knowledge about inventories and securing pairs through connections at retail stores.

Buying online eventually rivaled the practice of waiting in line at retail stores on the day a highly sought sneaker went on sale.

Images of high-end fashion designers and celebrities in limited-edition shoes flooded social media, elevating sneakers to markers of wealth and prestige. Retail demand soared and expanded the secondary market, where people buy and resell items through eBay and newer platforms such as StockX and Goat.

Nike made \$29 billion in revenue from Nike- and Jordan-branded footwear in the year ended in May.

Buying limited-run sneakers by computer at first gave buyers a fair shot at getting a pair

when sales opened, a moment known as a drop. Some models sell out in less than a minute.

Resellers pay thousands of dollars for software to push them ahead of other online buyers and, at times, to place larger-than-allowed orders.

Mr. Malekzadeh initially relied on deals with store managers at authorized retailers around the country to buy in bulk before sneakers hit store shelves, according to people familiar with that issue.

As supply pipelines began to close in the Covid-19 pandemic, Mr. Malekzadeh turned to buying items in large quantities primarily through StockX, paying for many in-demand sneakers at a significant markup, these people said.

A spokeswoman for StockX said that "no single buyer has ever represented more than 1% of our overall trade volume in a given year."

High jump

2019 was a landmark year for the sneaker market. StockX secured a private market valuation of more than \$1 billion. Sotheby's sold a worn-and-torn pair of one of Nike's first designs for \$150,000 during its first-ever sneaker auction. Nike's Jordan brand also recorded its first billion-dollar quarter in sales.

Zadeh Kicks sales also were on the rise, especially among

other resellers. Some of them posted photos showing bulk orders from the company. Others gave shout-outs for the seemingly unbelievable deals they got. Mr. Malekzadeh left his signs of success across social media, giving the impression that anybody could make a buck reselling sneakers.

For years, the company had accepted money from customers preordering Air Jordans, according to its now-deleted website. As demand increased, so did customer wait times and cancellation fees. Customers were charged a 20% fee if they canceled a preorder, according to policies shown on the website. Later, it was 50%.

Refund rules also changed. In 2018, the company told customers they had to wait as long as 10 months past their order date to cancel without penalty. Instead of cash refunds to every customer, Mr. Malekzadeh offered store credits and gift cards.

Damian Ortiz, of Oakland, Calif., estimated he lost about \$14,000 in unfulfilled orders. He broke even overall doing business with Zadeh Kicks, he said, taking into account his earlier profits.

Missed shot

As luxury sneakers became more popular, the limited releases had the potential for hefty resale profits, especially if the shoes were a collaboration between a brand like Nike and a well-known fashion designer such as the late Virgil Abloh or rapper Travis Scott.

Some sneakers fail to match the hype, and investors lose money. Other times, sneakers drop in value because a shoe company decides to restock the model, killing the lure of exclusivity.

Indiana University finance major Arnav Kamra learned about the market's ups and downs firsthand. He started reselling sneakers in 2020, as a 15-year-old high-school sophomore in Cary, N.C.

One deal in particular caught the teen's attention. Zadeh

Kicks was selling pairs of Air Jordan 1s that Nike released in collaboration with Mr. Scott for \$590. The white leather and brown suede high-tops fetched about \$2,000 in the resale market.

"The ROI was simply insane," Mr. Kamra said, and he paid Zadeh Kicks close to \$18,000 in various orders.

Mr. Kamra said that two days before his 18th birthday in May, he got an email from Zadeh Kicks. He was expecting a new, unbelievable deal from Mr. Malekzadeh. Instead, he said, it announced that Zadeh Kicks had been dissolved and no more orders would be filled, including his.

Mr. Kamra said he was still reselling but has turned his focus to schoolwork.

Early this year, Ms. Mockerman learned more details than she had previously known about significant discrepancies between the amount of money coming in and orders being filled, according to people familiar with that.

After some Zadeh Kicks buyers made threats about unfilled orders, Mr. Malekzadeh and Ms. Mockerman started fearing for their safety, according to people familiar with the situation. The couple sought help from lawyers who directed them to authorities, the people said. In May, Mr. Malekzadeh petitioned to dissolve his company.

Nike representatives have since been working with the court-appointed receiver and law enforcement, evaluating the remaining inventory in the Zadeh Kicks warehouse, according to reports filed by the receiver. A spokeswoman for Nike declined to comment.

Mr. Malekzadeh's assets are being liquidated to cover debts. Close to 60,000 pairs of shoes were found at the company warehouse. The receiver said it had fielded inquiries from customers seeking a share of the remaining inventory: some 48,000 pairs of Nike shoes, close to 8,500 Adidas and about 1,100 pairs in Mr. Malekzadeh's personal collection.

Time's Up For Clock Changes

Continued from Page One
he has slept better since making the switch four years ago. "I just need to remember which one to look at when I have an appointment," he says.

Jay Pea, a retired software developer and amateur astronomer, says he moved to Arizona this year in part because it, like Hawaii, opts out of daylight time and keeps the same hours year-round. "I'm really pleased with myself that every clock is on standard time," he says.

In Barcelona, government officials and sleep experts from across the world gathered last month to make the case for doing away with daylight-saving time, which allows for extra sunlight on summer evenings.

They argue that what they call solar or natural time more closely aligns with the sun, which they say is better for physical and mental health.

"If an extraterrestrial was to visit us, they would be surprised that our time zones aren't geographic but based on political convention," says one of the speakers, Diego Golombek, an Argentine biologist who has researched how sleep patterns and the body's circadian rhythms influence health.

Opinion polls across the U.S. and Europe show that many people would like to dump the custom of springing forward and falling back. Researchers have found the changes disrupt sleep patterns, leading to a higher incidence of heart attacks, strokes and car accidents.

The U.S. Senate this year backed legislation that, if made law, would lock the clock and set the U.S. on daylight time, unless states choose to opt out and use standard time instead.

It wasn't until World War I that countries began moving

the clocks forward in an attempt to save on evening lighting bills at munitions factories. Germany was first, followed by Britain and the U.S.

Things get even more complicated in Spain, where many complain that they've been in the wrong time zone since World War II, when the dictator Francisco Franco moved the clocks forward an hour to impress Hitler.

Studies show that Spaniards now tend to sleep almost an hour less each night than other Europeans, dining and often going to bed much later. Those who can get away with it try to snooze in the afternoons.

"When the cooking show 'MasterChef' is on TV here, it goes on until 1 a.m.," says Ariadna Güell, a public-policy consultant who helped organize the Barcelona conference.

"It's even worse in the summer," says another participant, Ticia Luengo Hendriks, who grew up in Spain. She now lives in the Netherlands, and says daylight-saving time throws her town two hours off its natural time zone. Her three children go to a school where they can start at 10 a.m. to cope.

A number of countries have



Jay Pea has campaigned to stick to standard time.

already given up daylight time, including Turkey, Iran and Russia. Mexico is about to do the same. The European Union in 2019 suggested member states pick a time and stick to it.

Scott Yates, an entrepreneur from Denver, has been campaigning to fix the time in the U.S. since his wife got tired of him whining about the semiannual clock changes and challenged him to do something

about it instead. It was a bit of a lark at first, he recalls. "The comedy is rooted in the human need to control the thing which we have absolutely no control over, which is the march of time," he says.

After crisscrossing the country to testify at state legislatures, he senses many lawmakers are ready to set the clock at daylight time, encouraged by golf enthusiasts, who would

welcome an extra hour's play on winter afternoons, and safety campaigners, who say it can reduce crime and traffic accidents in the evenings.

Mr. Pea in Arizona thinks they have it backward. He founded a group called Save Standard Time and has crossed paths with Mr. Yates at various hearings. Like Mr. Pavone and other campaigners, he says advances in sleep science have shown that humans function better when they are more in sync with the rise and fall of the sun. In permanent daylight time, the sun wouldn't rise until around 8:20 a.m. in New York City in January, with sunset at 5:40 p.m.

He notes how President Richard Nixon tried permanent daylight time during the 1970s energy crisis, thinking it would reduce demand for power. It lasted eight months, withdrawn after parents objected to sending their children to school in the dark.

Mr. Pea has found an unexpected problem now that his clocks stay the same year-round. "For years I've been subtracting an hour in the summer," he says. "Now I have to remember, 'Oh, it's real.'"

OPINION

Utah’s Senate Race Gets Personal

By Faith Bottum

Salt Lake City
If the 235,000 registered Democrats in Utah joined with the 480,000 unaffiliated voters and 93,000 members of minor parties, they still wouldn’t outnumber the state’s 880,000 registered Republicans. Utah was turning into a one-party state even before the Reagan revolution in 1980. Republicans have won every election for governor since 1982 and for U.S. senator since 1970.
Evan McMullin, a former Republican running for Senate as an independent, wants to change that. Once the Democratic Party decided this spring to back Mr. McMullin in lieu of putting up its own nominee, this year’s Senate race in Utah boiled down to a numbers game: Do Democrats, centrist and left-leaning independents, and anti-Trump Republicans add up to more than the populist, conservative and partisan Republicans committed to two-term incumbent Sen. Mike Lee?

Trump is the main issue that divides Sen. Mike Lee and Evan McMullin, his challenger. The campaign is unsurprisingly nasty.

The 2016 election makes such an outcome look possible. Mr. Lee was easily re-elected that year, but Mr. McMullin ran for president as an anti-Trump independent. Although Mr. Trump carried Utah, he received only 45.5% of the vote. Hillary Clinton and Mr. McMullin combined for 49%, with the balance going to minor-party candidates. The 2020 results proved less promising: Mr. Trump beat Joe Biden by more than 20 points.
“I’m running because our politics are broken and our country’s coming apart,” Mr. McMullin said in an interview. For his part, Mr. Lee insisted, “From the time I was 10 years old, I’ve been a student of the Constitution, and whether voters agree with me or not”

about any particular issue, “they know that I know the Constitution.” He added that his “sole purpose is to keep the federal government in its lane.”
Missing in the race is much policy difference. “As I travel the state, I hear about three issues more than all others combined,” Mr. Lee said. “The top one is inflation, and the second one is inflation. And the third one is also inflation. . . . Inflation has hit Utah especially hard.” Mr. McMullin makes the same point: “Economic issues are really the most important. We’re experiencing inflation in Utah that’s worse than most other states.”
On abortion, gun control, student-debt repayment and even immigration, the candidates’ declared positions are similar. To get to any meaningful differences in policy, voters have to move deep into the weeds. In their only debate, in Orem on Oct. 17, Messrs. Lee and McMullin agreed that pharmaceutical prices are too high. They disagreed only about the mechanism for forcing them down. Mr. Lee wants to legalize imports of price-controlled drugs, while Mr. McMullin wants the government to negotiate prices with manufacturers.
The candidates want the election to be about vague political stereotypes—Mr. Lee as a Trumpian insurrectionist and Mr. McMullin as a Biden-loving wolf in conservative clothing. “Lee walks around with his little pocket Constitution next to his heart,” Robert Bishop, a Utah tech executive, griped, “but he trampled it under his feet when he was involved in discussions of how to overturn the election.” Jenny Wilson, mayor of Salt Lake County and one of the few elected Democrats in the state, insisted that ordinary Utahns don’t identify with Mr. Trump, but “Republican political leaders, ones that are active in the political space, including Lee, migrated to him.”
Mr. McMullin has pushed this line, accusing Mr. Lee during their debate of “the most egregious betrayal of our nation’s Constitution in its history by a U.S. senator” for texts he sent to Mr. Trump’s



Evan McMullin and Sen. Mike Lee at their lone debate Oct. 17.

chief of staff about legal ways to overturn the 2020 election results. Mitt Romney, Utah’s other senator, gave only the tepid comment, “I don’t think Mr. Lee has done anything illegal,” and has refused to endorse either candidate.
As for Mr. McMullin, he says if elected he wouldn’t caucus with either party, but his opponents’ supporters don’t believe it. Trent Christensen, CEO of a local venture-capital firm, said Mr. McMullin “would absolutely lean Democrat, 100% lean Democrat. . . . The only times that McMullin has shown up has been to play the foil to a Republican.” Jeff Jennings, a St. George broadcasting executive, insisted Mr. McMullin is “really just a Democrat.” Mr. Lee himself said: “If it walks like a duck, if it quacks like a duck, if it has wet feet like a duck, in this case, it’s a Democrat. He’s a Democrat, just without the D after his name.”
The candidates’ biographies are similar. Both are members of the Church of Jesus Christ of Latter-day Saints; both went to Brigham Young University, the Mormon school in Provo; both served two-year foreign-language missions for the LDS church as young men.
Mr. McMullin went on to be a CIA operations officer before establishing himself as a respected analyst for conservatives, serving the House Republican Conference as chief policy director.

Mr. Lee comes from an old Republican family. His father, Rex Lee, was President Reagan’s solicitor general and founding dean of the law school at BYU. Mike Lee clerked for Judge Samuel Alito on the Third U.S. Circuit Court of Appeals and returned to clerk for a year when Justice Alito joined the Supreme Court. Before election to the Senate in 2010, he served as an assistant U.S. attorney in Salt Lake City and general counsel to then-Gov. Jon Huntsman Jr. (Mr. Huntsman has endorsed Mr. Lee in the current election.)

Both men initially opposed Mr. Trump’s candidacy—Mr. Lee endorsed Sen. Ted Cruz in March 2016. But while Mr. Lee made his peace with the future president, Mr. McMullin quit the party and ran as an independent, attempting to be a spoiler. In the end he received 21.5% of the vote in Utah and he appeared on the ballot in only 11 states, collecting barely 0.5% nationwide. He endorsed Mr. Biden in 2020.
There has been much speculation about Mr. McMullin’s declaration that he will caucus with neither party in the Senate. Mr. Lee said Mr. McMullin “would end up affiliating with the Democrats, because before long he would realize that he couldn’t get a committee assignment.” An old Senate rule seems to guarantee him two assignments on major committees,

but no one is sure how the rule works, and, in any case, two committees is far from the 12 committees and subcommittees that the two parties typically assign to senators.
Attack ads are a flashpoint in the campaign. This spring Mr. McMullin’s campaign put out an ad lambasting Mr. Lee as someone who was “in on the scheme” to overturn the 2020 election. In September, Club for Growth Action put out an ad featuring a clip of Mr. McMullin saying, “The Republican base is racist.” The full quote was, “There is an element of the Republican base that is racist.” Mr. McMullin has filed a lawsuit alleging that the elision is defamatory.
The utility of such ads is unclear in the heavily Mormon Beehive State. Utahns are almost aggressively wholesome, and they recoil when asked about attack ads. They “just make me feel like neither of them are really great candidates,” said Alexander Jackson, an architect from Provo. “Utah has its quirks, but it’s a nice state,” added Lake Hale, a respiratory-therapy assistant, and this kind of ad “turns voters off a little bit.”
But given that the two candidates’ main difference is their attitude toward Mr. Trump, the campaign was probably bound to be personal. Will Utah’s voters accept the caricature of Mike Lee, a distinguished lawyer from a distinguished legal family, as an obedient Trump stooge? Will they accept the caricature of Evan McMullin, a sophisticated CIA operative and senior policy analyst, as a secret Democrat who will abandon every conservative principle he claims to hold?
After summer and early fall polling that showed Mr. McMullin within 3 to 5 points of Mr. Lee, the incumbent seems to be pulling away. Mr. Lee was up 10 points in a late October poll by Emerson University. Voters seem to be sticking with the Republican Party—and the man they elected to the Senate 12 years ago.

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

A Red Wave Could Reach Southern California



CROSS COUNTRY
By Allysia Finley

Irvine, Calif.
Author Wallace Stegner once observed that California is like the rest of America, only more so. California Republicans are benefiting from the same forces propelling the GOP nationwide, only more so. Democratic vulnerabilities, namely high gasoline prices and rising crime, are more pronounced in the Golden State than they are elsewhere.
A decade ago, Republicans held 19 of California’s 53 House districts. A Democratic offensive into GOP strongholds in Southern California suburbs and the rural Central Valley reduced the GOP to 11 seats. Republicans in 2020 won back four House seats that they’d lost in the 2018 midterms, but California’s redrawn Congressional map was expected to make these seats challenging to hold. Now the political winds have shifted and the GOP’s odds of holding those seats, and possibly picking up four others, have improved considerably.
The race with the greatest symbolic importance is the face-off between two-term progressive Rep. Katie Porter and Republican challenger Scott Baugh to represent the 47th Congressional District. The district sweeps Orange County’s coastline but is centered on Irvine, a

heavily Asian-American city of planned communities with well-manicured neighborhoods, parks and shopping centers. Voters here worry about rising crime and public disorder. Homeless people have begun turning up in front of stores and on walking trails.
Ms. Porter is an Elizabeth Warren protégée. Like her mentor, she has developed a following on the left by lambasting CEOs in hearings, which has helped her raise \$22.5 million this election cycle. Mr. Baugh is a former state assemblyman who doesn’t have much campaign money or a compelling biography. But Ms. Porter’s unique vulnerabilities have made the race competitive.
She won election in 2018 amid an anti-Trump wave by campaigning against the GOP tax reform’s \$10,000 cap on the state-and-local tax deduction. But unlike colleagues from New York and New Jersey, Ms. Porter never put up much of a fight in Congress over SALT. In recent weeks, she has tried to rewrite history with ads touting her work “protecting Orange County taxpayers” by opposing earmarks and sponsoring a bill making it illegal to sell gasoline at “an excessive and exploitative price” if the president declares an energy emergency. Earmarks in Congress’s spending bills have passed despite her opposition and her “price gouging” bill never had any chance of passing the Senate.
Lately Ms. Porter’s campaign has

been taking flak for a series of July 2021 text messages in which she berated Irvine Mayor Farrah Khan after a rowdy outdoor town hall. As reported by Fox News Digital, when Irvine cops arrested a male friend of the congresswoman for allegedly punching a protester, Ms. Porter texted the mayor, “Your police force is a disgrace.” A spokesperson said Ms. Porter was upset because the event had been “hijacked by extremists.”

Katie Porter and other Democrats lose their grip on Asian-American and Hispanic voters.

Democrats have a slender voter-registration advantage in the 47th District, and it’s evident from Ms. Porter’s frantic emails in recent weeks that she thinks the race will come down to turnout. Strong Democratic turnout helped catapult her and her direct Democratic neighbor to the south, Rep. Mike Levin, into office. Low turnout this year could as easily sweep them out.
Like Ms. Porter, Mr. Levin is an unabashed progressive who describes himself on Twitter as a “clean energy advocate.” His problem is that he doesn’t know how to do anything other than advocate. “How we wean ourselves off of that

is not to double down on the dirty-energy policies of the past. It’s not to spread misinformation or disinformation about the transition to cleaner energy, but it’s to actually embrace a more sustainable future,” he told seniors at a recent event.
Mr. Levin portrays his GOP opponent, Brian Maryott, as an extremist. But Mr. Maryott favors an all-of-the-above energy policy including fracking and renewables. Barack Obama embraced this strategy not long ago. Now most Democrats support a green-energy-only strategy, which in California has led to the nation’s highest energy prices. This explains why Democrats are in danger of losing contests in which they had been heavily favored in coastal Ventura County and the Central Valley.
Hispanics make up a large share of the Central Valley’s redrawn 13th District, where Democrats have a 14-point voter-registration advantage. No incumbent is running for the seat, yet Democratic state Assemblyman Adam Gray has found himself in an unexpectedly tight race with Republican businessman John Duarte. A big reason is Mr. Gray’s 2017 vote to raise the state’s gasoline tax, which has hit the district’s working-class Hispanics hard. Earlier this year he tried to compensate for his vote by sponsoring a bill to suspend the tax. But after Democratic leaders lobbied against it, Mr. Gray declined to join Republicans in a vote to advance his own bill.

In Ventura County, Democratic Rep. Julia Brownley was first elected in 2012 and cruised to a fifth term two years ago with a 20 point-margin. While Democrats have a 15-point registration advantage in her district, Ms. Brownley is struggling to fend off a challenge from Republican Matt Jacobs, whom she has refused to debate in person. Like many Democrats facing tough re-election fights, she has tried to change the focus from inflation and gasoline prices to abortion. This isn’t a winning issue among Hispanics who make up 45% of the county and tend to be culturally conservative. Ms. Brownley’s focus on abortion this summer, when gasoline prices averaged more than \$6 a gallon, reinforced Republican portrayals of her as out of touch.
This is a nationwide problem for Democrats, but it’s particularly acute in California, where elite liberals live in an echo chamber. With middle-class Americans hurting economically, Democrats appear preoccupied by cultural obsessions like climate and abortion. They don’t want to talk about issues paining middle-class Americans, and when they do, they offer unserious solutions. If Democrats lose House seats in California on Nov. 8, it will be because they have lost touch with economic reality and mainstream voters.
Ms. Finley is a Journal columnist and editorial board member.

Prison-Labor Bans Are About Unions More Than ‘Slavery’

By Chandra Bozelko

I worked in York Correctional Institution’s kitchen for five years. I earned 75 cents a day for the first year, then got a raise to \$1.75 a day. That job was the reason I’m alive. The work was menial, but it provided physical and mental escape from the Connecticut prison cell where I was serving a sentence for larceny, identity theft and improper use of a credit card.
A movement against prison labor seems to be gaining ground. The 13th Amendment outlawed slavery and involuntary servitude, “except as a punishment for crime whereof the party shall have been duly convicted.” The constitutions of 19 states have similar language. On Tuesday voters in five of them—Alabama, Louisiana, Oregon, Tennessee and Vermont—will decide whether to rewrite their charters to

abolish that exception.
Colorado voters led the way by passing a similar ballot measure in 2018; Nebraska and Utah followed in 2020. So far these measures have had no effect on the state’s prison-labor programs, although litigation is pending against Colorado’s. If it succeeds, the state may have to pay prisoners minimum wage if they work at all.
But voters should pay attention to who would benefit from this alleged reform to prison labor. It isn’t the inmates. According to a report from the American Civil Liberties Union, two-thirds of state and federal inmates work and would descend into idleness if courts hold that the new state constitutions require them to be paid. The California Legislature refused to strike the language from its constitution earlier this year because

lawmakers feared that doing so would eventually require the state to pay 65,000 inmates the minimum wage.
Some 80% of prison labor isn’t performed under contract to private companies; it’s maintenance work for the facilities themselves.

What I learned working in the correctional kitchen for 75 cents a day.

If prisons have to pay minimum wage, they will hire more workers who aren’t incarcerated—employees who can be organized into unions. The U.S. Supreme Court has held that inmates can form unions but wardens have far more discretion to bust them than do employers on the outside.

Prison labor has been controversial since President Franklin D. Roosevelt formalized it in 1934, but not always because of the 13th Amendment. Unions took issue with what they viewed as unfair low-wage competition for their members and prospective members. The National Center for Policy Analysis reports that organized labor has closed down prison industries in Arizona, Illinois, Ohio and Texas.
Historically, sympathy for incarcerated workers has heightened when the community around a prison started losing money. In 1879 in Galveston, Texas, townspeople showed little concern for prisoners’ well-being until the prison stopped purchasing goods from local suppliers; then concerns surfaced that inmates were being abused. In 1891 union miners freed the incarcerated laborers working for the Knoxville Iron Co.—only to force the mine to

rehire union members.
It may seem unfair to give jobs to prisoners when law-abiding citizens are out of work, but this argument is less compelling at a time like now, when employers are desperate to hire.
The constitutional language that seems to authorize slavery as punishment is embarrassing, but prisoners aren’t really enslaved—they’re not treated as legal property of the state or anyone else. And work experience is a crucial element to rehabilitation. Utah and Colorado both employ incarcerated inmates in work assignments outside prison to ease tight labor markets. My humble job in the prison kitchen helped prepare me for life on the outside.
Ms. Bozelko is a columnist for the National Memo and author of the blog Prison Diaries.

REVIEW & OUTLOOK

Trump Misses the Pa. Voting Problem

President Trump is again missing the point on election integrity. “Here we go again! Rigged Election!” he wrote Tuesday. Mr. Trump was referring to a claim on the internet that Pennsylvania has 250,000 mail ballots that lack verification of the voter’s identity. Not really, officials say. Pennsylvania does have a voting issue, but it’s not the one Mr. Trump’s cites.

Coincidentally also Tuesday, Pennsylvania’s Supreme Court deadlocked 3-3 on whether mail ballots are valid if voters neglected to date them by hand. In 2020 there were about 8,300 undated ballots in Philadelphia alone, the Associated Press says. For now, the Justices ordered that such ballots be kept separate, which is the right call. But things could get ugly if Republican Mehmet Oz wins the Senate race by a whisker over Democrat John Fetterman.

Registered Democrats account for about 70% of the mail ballots returned in Pennsylvania so far. That means the undated ones will probably break for Mr. Fetterman, who could sue to demand that they be tallied. This might reach the U.S. Supreme Court, with the loser crying that he was cheated.

His claim of unverified mail votes is flimsy. But beware of undated ones.

“less than 7,600 ballot applications statewide that still require voter identity verification.” Its letter suggests other figures are misreadings of the database. Chester County expects fewer than 300 unverified ballots out of 80,000 requested.

It’s classic Trump. Someone questions an obscure corner of the voting system. Mr. Trump shouts that it’s rigged, without bothering to understand the claim first. Is there any evidence that counties aren’t checking ID? “I have no reason to suspect at this juncture that they’re not doing it,” says state Rep. Frank Ryan, the lead signatory on the letter of concern. “We have not seen any nefarious behavior.”

What Mr. Ryan wants is better internal controls so the verification is visible. “To earn trust you have to build trust,” he says. Fair enough. There’s also a case for less reliance on mail ballots. At the polls, it’s verify first, vote second. Mail ballots invert that: Cast a vote today, hope it checks out tomorrow. Even so, it’s irresponsible for Mr. Trump to yell fraud the instant he sees something he doesn’t understand.

* * *

If Pennsylvania has a meltdown, a more likely culprit is undated ballots. The law instructs mail voters to “fill out, date and sign.” After the 2020 election, the state Supreme Court said dates were required. But the swing Justice provided a good-for-one-pandemic exception. As a result, a disputed state legislative seat flipped from a Republican to a Democrat.

After local elections in 2021, the question hit the federal judiciary. The Third Circuit Court of Appeals said a missing date was akin to a paperwork error, so throwing out such ballots would violate the Civil Rights Act. As a result, a disputed judicial seat flipped from a Republican to a Democrat.

In June the Supreme Court declined to block that ruling, over three conservative dissents. The Third Circuit’s view “is very likely wrong,” Justice Samuel Alito wrote. “If left undisturbed, it could well affect the outcome of the fall elections, and it would be far better for us to address that interpretation before, rather than after, it has that effect.” Prescient again, Sam.

Now the state Supreme Court has split 3-3. That tie was possible because Chief Justice Max Baer, a Democrat, died recently. What a mess. Voting should run by settled rules. For two straight elections, Pennsylvania has put itself in the position of having its winners potentially decided by judges after the fact. If Democrats want to shore up democracy, as they keep saying, they can help stop this from happening a third time.

black Americans are disproportionately the victims of the soft-on-crime approach favored by Democratic politicians and prosecutors in crime-ridden big cities. It doesn’t help when the White House tries to pretend that Republicans are the ones trying to defund the police, or when New York Gov. Kathy Hochul argues that claims of rising crime are a “conspiracy” cooked up by Republican “master manipulators” or “data deniers.” She looks hopelessly out of touch.

Democratic pollster Stanley Greenberg is having none of it. In an article Thursday for the American Prospect, he says that the Democratic Party has lost sight of “the priorities and needs of working-class African American, Hispanic, and Asian American voters,” not least on crime. At this point in the election campaign, he says, his best advice to fellow Democrats is to “speak as little as possible or mumble” or “move as quickly as possible to change the subject.” At least that would be an improvement over defunding the police.

A poll shows the party is out of touch with black voters on the key issue.

Crime Doesn’t Pay for Democrats

Lee Zeldin was always a longshot for Governor in Democratic New York. But one issue has given him a real chance: crime. A poll this week from the Pew Research Center underscores why it has become such an albatross for Democratic candidates this year.

The poll reports a healthy majority of registered voters (61%) saying violent crime is very important to their vote, about the same as energy policy (also 61%) but above abortion (56%), immigration (54%) and “issues around race and ethnicity” (34%). As you’d expect, Republican voters (73%) think crime is more of an issue than Democrats (49%) do.

The kicker is the huge racial disconnect in the Democratic Party. As Pew puts it, “Differences by race are especially pronounced among Democratic registered voters. While 82% of Black Democratic voters say violent crime is very important to their vote this year, only a third of White Democratic voters say the same.”

That’s not surprising when you consider that

‘The Big One Is Coming’

Russia’s invasion of Ukraine revealed the fading power of America’s military deterrent, a fact that too few of our leaders seem willing to admit in public. So it is encouraging to hear a senior flag officer acknowledge the danger in a way that we hope is the start of a campaign to educate the American public.

“This Ukraine crisis that we’re in right now, this is just the warmup,” Navy Admiral Charles Richard, commander of U.S. Strategic Command, said this week at a conference. “The big one is coming. And it isn’t going to be very long before we’re going to get tested in ways that we haven’t been tested” for “a long time.”

How bad is it? Well, the admiral said, “As I assess our level of deterrence against China, the ship is slowly sinking. It is sinking slowly, but it is sinking, as fundamentally they are putting capability in the field faster than we are.” Sinking slowly is hardly a consolation. As “those curves keep going,” it won’t matter “how good our commanders are, or how good our horses are—we’re not going to have enough of them. And that is a very near-term problem.”

Note that modifier “near-term.” This is a more urgent vulnerability than most of the political class cares to recognize.

Adm. Richard noted that America retains an advantage in submarines—“maybe the only true asymmetric advantage we still have”—but even that may erode unless America picks up

the pace “getting our maintenance problems fixed, getting new construction going.” Building three Virginia-class fast-attack submarines a year would be a good place to start.

The news last year that China tested a hypersonic missile that flew around the world and landed at home should have raised more alarms than it did. It means China can put any U.S. city or facility at risk and perhaps without being detected. The fact that the test took the U.S. by surprise and that it surpassed America’s hypersonic capabilities makes it worse. How we lost the hypersonic race to China and Russia deserves hearings in Congress.

“We used to know how to move fast, and we have lost the art of that,” the admiral added. The military talks “about how we are going to mitigate our assumed eventual failure” to field new ballistic submarines, bombers or long-range weapons, instead of flipping the question to ask: “What’s it going to take? Is it money? Is it people? Do you need authorities?” That’s “how we got to the Moon by 1969.”

Educating the public about U.S. military weaknesses runs the risk of encouraging adversaries to exploit them. But the greater risk today is slouching ahead in blind complacency until China invades Taiwan or takes some other action that damages U.S. interests or allies because Beijing thinks the U.S. can do nothing about it.

LETTERS TO THE EDITOR

Crime, Mental Illness and New York’s Future

Regarding Peggy Noonan’s “Crime Could Elect a Republican in New York” (Declarations, Oct. 29): Democrats have become the victims of their own cancel culture. If they dare break their silence and openly acknowledge a problem, such as the border, crime or energy prices, their activists will pounce.

ANDREA ECONOMOS
Hartsdale, N.Y.

Ms. Noonan’s thinking on crime seems to match public fears of random injury by sane or insane criminals. But she finishes by critiquing Lee Zeldin, the Republican candidate for governor of New York, for being “growly and grim” during his debate with the unelected Gov. Kathy Hochul. Considering that in the summer Mr. Zeldin had been attacked on stage by a critic armed with a keychain weapon, and that a few weeks ago his twin daughters were at risk from bullets shot into a fence beside their home, growly and grim is more normal than purring and cheery.

DAVID BRYANT
Easton, Conn.

As a physician assistant who has practiced in correctional facilities for

nearly 25 years, I disagree with Ms. Noonan’s implication that the mentally ill are no longer institutionalized in America. They are—in the local jails and adult-detention centers.

Correctional facilities are by no means an ideal location for the housing and treatment of schizophrenics and other mentally ill patients, but they are forced to be. At least in jail, the mentally ill can receive a modicum of care and be stabilized on their medications. Unfortunately, many times on release the mentally ill have no ability for follow-on care in the community. They discontinue their medications, recommit various crimes and end up back in jail.

Jails and detention centers receive intense scrutiny when something goes wrong and a patient is harmed. But day after day, the seriously mentally ill are being cared for compassionately and professionally in correctional facilities. It isn’t what it should be, but it is what it is.

Until more resources are allocated for community treatment of mental illness, correctional facilities will continue to be the repository of America’s mentally ill.

ROBERT DRYDEN
Haymarket, Va.

Jason Gay Gets It: Fishing Isn’t About Fishing

Jason Gay’s “I Hated Fishing. Then Fishing Changed My Life” (Review, Oct. 29) reminds me of how fishing was an adventure and lifetime lesson thanks to my dad. Whether it was fishing off the pier or ice fishing, he always had the gear and the related strategies ready to go. He passed that on to me and my brother, and in turn we passed it on to our offspring.

Dad was a man of few words who managed to tell great stories that connected the pursuit of rainbow trout or northern pike with life lessons. He’d talk about the probability of catching a fish depending on the time of day, or the appropriate depth of the hook depending on the type of fish. Each fishing experience taught us strategies, patience, solitude, serenity and the gift of time. To this day, I have an image of Dad sitting in the boat with his favorite fishing hat surrounded by family and friends, and I am grateful for the fish that called us to that particular spot.

ANNA LAM PILLOTON
Novato, Calif.

Mr. Gay is only in the early stages of fishing life. Like him, I learned to love fishing with my young son. My son wasn’t athletic but could tie about any knot and catch fish while adults watched slack-jawed. But little boys grow up, move away and have sons of their own. This left me to find a fishing mate.

My buddy, Greg, was the perfect fishing pal, but soon he learned he had cancer. For seven years, he fought the disease and fished as much as he could. When we weren’t fishing, we talked about fishing over many long breakfasts. Toward the end, when he was tired, Greg insisted we go fishing.

While others were on the boat deck catching fish, Greg and I sat in the salon (sitting area of an ocean fishing boat for you landlubbers) and talked about life, fishing and death or just sat quietly. Greg died a few weeks ago, and I am heartbroken.

This is the second stage of fishing: Losing your fishing buddy. Fishing isn’t about fishing. It is about being with good people, whom you love. Mr. Gay is correct: “The fish are always out there.” I might add that fishing buddies are not.

RICHARD WEBB
Simi Valley, Calif.

My mother taught me how to tie a clinch knot that I still use to this day. She taught me the different techniques I could use to bait my hook with worms or minnows. Mom is gone now, but each time I get to dip my line, I think of those special times I had with her. Thank you, Mr. Gay, for explaining the unexplainable and giving me the joy of reliving some great memories.

LIN HODGES
Peachtree Corners, Ga.

An End to ‘Huge Fines for Honest Mistakes’

Travis Nix and Tyler Martinez note, “Not every foreign bank account is a vehicle for tax evasion, and the IRS shouldn’t be able to impose huge fines for honest mistakes” (“The IRS and the Eighth Amendment,” op-ed, Nov. 2). While the Supreme Court shouldn’t miss this opportunity to “bring some sanity to an already-bewildering tax

code,” Congress should also take notice. U.S. citizens living abroad have voiced concerns over foreign bank account report (FBAR) requirements for years. Much like the broader reporting under the Bank Secrecy Act, the FBAR requirement punishes Americans not for engaging in criminal activity, but for the possibility that they might be doing so. No matter what the Supreme Court does, it’s time for Congress to re-evaluate the Bank Secrecy Act.

NICHOLAS ANTHONY
Cato Institute
Washington

Will You Trust Your Lying Eyes or Your Common Sense?

In the mid-1960s there were many reports of UFOs, typically near rural bars around closing time (“UFO ‘Mystery’ Shouldn’t Drag On” by Holman Jenkins, Jr., Business World, Oct. 29). Undergraduates at Caltech decided to build their own UFO, a weather balloon with four rotating lights, to see what would be reported.

It was astonishing. Staff at a nearby observatory reported “four UFOs chasing each other end-over-end.” Residents reported UFOs that “played music” or “emitted a strange perfume.” One person wanted to sue Caltech for “trying to set his house on fire.” Not everyone is a good observer.

Here in Nevada, some believe that the government keeps captured aliens in the desert. This is encouraged by people who promote tourism.

BOB PARKER
Galena Forest, Nev.

In the Nature of Government

Before we spend \$80 billion to hire 87,000 IRS agents (“Elect the GOP to Keep IRS Auditors From Knocking on Your Door” by John Thune, op-ed, Nov. 1), let’s upgrade the IRS computer system. Then evaluate whether we need more agents. Once a government job is created, it never goes away.

DOUG GULLING
Urbandale, Iowa

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

Who’s Extreme on Abortion?

Regarding Nicholas Tomaino’s “Michigan Republicans Show How to Lose on Abortion” (Cross Country, Oct. 29): Political ads in Illinois call Republicans “too extreme for Illinois” on abortion. One shows a woman, from the neck down, in a hospital gown, waiting for an abortion. If the same image were of a more-obviously pregnant woman, along with the tagline “too extreme for Illinois,” it might depict the majority opinion better.

TERRI PANTALEO
Darien, Ill.

Pepper ... And Salt

THE WALL STREET JOURNAL



“Rather than last quarter’s graph, these crying emojis are easier to look at.”

OPINION

Your Duty Is to Take Voting Seriously



DECLARATIONS
By Peggy Noonan

William F. Buckley once received a postelection letter from an elderly liberal saying that she wished it were not only the number of votes counted but the weight and worthiness of each. Surely the votes of the thoughtful and informed should be counted more heavily than those of the frivolous and knee-jerk. If we did it that way, she said, the Democrats would have just won in a sweep and not gone down to defeat. Buckley replied that he too wished the votes of the more knowledgeable were given greater weight as this would ensure conservative victories for generations. My goodness they joked around in those days.

If you don't care, admit it to yourself, try to become a better citizen, and cast a ballot next time.

My modest hope as Tuesday approaches is that all ballots be cast only after much thought. It's almost touching to talk this way, to want the quality of each vote to be high, but every time I hear "Vote!" or "If you don't vote you don't get the sticker that says you voted," I realize that the pressure to vote is high, especially among the young. We say that voting is our right and duty and it certainly is our right, enshrined in that old Constitution, but our duty is to take a serious interest in our country, state and city, and be part of an informed citizenry. And then vote.

Maybe you feel pressure to vote, maybe your friends or associates will tease or embarrass you if you don't, but I don't know. If at this point in your life, for whatever reason, you don't care that much and haven't bothered to learn much and get a sense of the candidates—if in your heart you know you're not as committed and informed as the



Voters in Maryland, 2006

neighbors, who are always going out to meetings and helping local groups—then I say it would be honorable to hold off and spend the next few years studying. This would be an act of humility. Democracies can't continue without at least someone being humble.

So if you're serious and take our political life seriously, please go Tuesday to the polls. And if not, admit it to yourself and try to become a better citizen so you can vote in good conscience next time.

May Serious Person turnout be historically high.

I wrote last week of where I think we're going, and why: a very good night for Republicans, with both houses of Congress won and some surprising governorships taken. The wave we are in has been building since the spring and summer of 2020 and the protests and riots sparked by the killing of George Floyd. That period has never been fully appreciated as the time of trauma and disorder it was, with small businesses going up in flames and some downtowns turning into war zones. It was just about that point the Democratic Party made it obvious they'd gone far left on issues of crime and punishment. Then Afghanistan, illegal immigration, inflation and wokeness in the schools. Those things would leave voters turning against a ruling party, and taking from it some of its power. It should be remembered in all the excitement that Congress will still likely be close in both houses, that neither party will have an overwhelming majority. America is still divided.

On Wednesday evening the president made his hastily called closing argument. It was aggressive and sloppily divisive. Immediately at the beginning he painted the attack on Paul Pelosi, then went to 1/6 and Donald Trump's Big Lie. All these things were and are terrible and deserve continued thought and attention. But Joe Biden deployed them politically, as a dodge to keep the mind from issues working against the Democrats. His speeches seem tired and pre-masticated. He never seems to think aloud seriously or follow any particular line of logic. He just describes things over and over in what he thinks moving language that will break through. It doesn't because it isn't moving. The path to most hearts is through the brain.

His strategy, I suppose, was to light a fire under the Democratic base. A broader strategy would have been better: Talk to the American people candidly, acknowledge what's not working, don't treat crime and inflation like a third rail you can't touch. At least say, "I hear you, the problems you are facing are real, and I am asking for the right to turn them around."

Would that have worked? No! Nothing will work right now, it's a midterm and voters are mad. So just be as constructive and realistic as you can. There's nothing wrong with seeming beleaguered when you are, or asking for help when you need it.

Here is what is coming: The dread Democratic circular firing squad. Everyone in the party fighting about whose fault it was. Progressives mostly stayed off the

national trail because voters noticed their policies were a large part of the problem. Those policies and their promoters will face some internal fire. So will individual campaigns, and faulty candidates. If, against such odds, a Republican wins the New York governorship for the first time in 20 years, Democrats will accuse the state party of complacency and blindness.

But after a few days most of their wrath will be turned on Mr. Biden, first in sharp, hot not-for-attribution quotes and then very-much-for-attribution quotes. In the coming weeks and months it will become clear the 2024 presidential cycle has begun, and the party's attempt to replace its incumbent. All those Democratic Senate candidates who wouldn't answer the question: Do you want him to run again? They knew what's coming.

Final point: California Gov. Gavin Newsom has it exactly wrong about his party's problem right now. He insisted this week that the Democrats' problem is they got their communications and messaging wrong. "We're getting crushed on narrative." No, you're getting crushed on facts. You're getting crushed by unpopular policies. The answer is to change them, not how you talk about them. How you communicate your feelings about the facts isn't the issue—suburban women don't care about your feelings. They care about real-world things. If you don't understand this you won't be able to dig your way out.

And here a small thought on what we are doing Tuesday, which is choosing political leaders. Politics is a profession, a serious one for serious people, and, for its successful practitioners, one closer to art than we know. Artists try to apprehend the big picture quickly and, at the same time, get to the heart of it. My fear of current leaders now, many of them, is that they came to full adulthood in the past 30 years, in the internet age, and are more about the picture and the video than the book. They are strategic but not reflective. They don't read. They see feeling as more important than thinking. They Instagram their breakfast. They go to the gym a lot and are buff in their skinny suits.

Those serious, thoughtful voters I pine for? I hope those elected next week are worthy of them.

The Lancet's 'Heat Death' Deception

By Bjorn Lomborg

As the United Nations' annual global climate summit, COP27, nears, it's important to look with skepticism at the academic reports many news outlets cite as evidence supporting radical climate policies. Too often, they use highly skewed data that seem to have been carefully selected to support aggressive environmental regulations. One recent and much-cited Lancet report appears deliberately deceptive.

The study offers a frightening statistic: Rapidly rising temperatures have increased annual global heat deaths among older people by 68% in less than two decades. That stark figure has been cited all over, from the BBC and Time to the Washington Post and the Times of India, the world's largest-selling English-language daily. U.N. Secretary-General António Guterres publicized the report, tweeting a link with a grave statement of his own, "The climate crisis is killing us. #COP27 must deliver a down-payment on climate solutions that match the scale of the problem."

The journal claims global warming has killed people but ignores that it appears to have saved far more.

But while their model for heat deaths is based on solid academic research, the report commits an amateur statistical fallacy by blaming the increase in heat deaths on "rapidly increasing temperatures."

Annual heat deaths have increased significantly among people 65 and older world-wide. The average deaths per year increased 68% from the early 2000s to the late 2010s. But that is almost entirely because there are so many more older people today than there were 20 years ago, in no small part thanks to medical innovations that keep us alive longer. Measured across the same time span the Lancet maps heat deaths, the number of people 65 and older has risen by 60%, or almost as much as heat deaths. When the increase in heat mortality is adjusted for this population growth, the actual rise that can be attributed to rising temperatures is only 5%.

It is hard not to see the Lancet study's failure to adjust this figure as a deliberate act of deception. Any academic who works with statistics would know to adjust the deaths to account for population growth. I've actually raised this issue to the Lancet before. Last September the journal published a study with the same fallacious argument, and I sent the editor a detailed letter explaining the problem. The Lancet never corrected it and here it is, over a year later, committing the same error.

This year's study also cherry-picks data by discussing only heat deaths. Around the world, far more people die each year from cold than heat. In the U.S. and Canada between 2000 and 2019, an average of 20,000 people died from heat annually and more than 170,000 from cold. This omission matters even more because cold deaths are decreasing with rising temperatures. Modeling from the Global Burden of Disease replicates the relatively small increase in heat deaths shown by the Lancet, but shows a much larger decline in cold deaths from rising temperatures. Based on today's population size, the current temperatures cause about 17,000 more heat deaths in older people, but also result in more than half a million fewer cold deaths. Reporting one finding without the other is misleading about the true effect of climate change.

This dishonesty leads to worse policy outcomes. While activists push for extreme and expensive climate policies that threaten economic growth, those aren't the only or even the best ways to help. Temperatures rose throughout the 20th century, but the U.S. nonetheless saw a decrease in heat deaths, largely thanks to air-conditioning. Policies that focus on lifting people out of poverty and providing affordable, reliable sources of energy would allow the rest of the world to reduce heat deaths and live more comfortable lives. They would also help stave off the much greater threat of cold deaths.

Climate change is a real problem, but academics do themselves and their readers a gross disservice when they put activism above honest scientific inquiry.

Mr. Lomborg is president of the Copenhagen Consensus and a visiting fellow at Stanford University's Hoover Institution. His latest book is "False Alarm: How Climate Change Panic Costs Us Trillions, Hurts the Poor, and Fails to Fix the Planet."

To End the Ukraine War, Shut Up About Negotiations



BUSINESS WORLD
By Holman W. Jenkins, Jr.

A good idea months ago would have been pushing aside Russia's gossamer, largely hypothetical military blockade of Ukraine's ports. The West finally had a chance this week when Vladimir Putin sought to revive the illusion of a blockade in Western minds by backing out of a U.N.-sponsored grain-shipping agreement. Result: He climbed down when other parties decided the ships would sail anyway.

Lesson: Pay due regard to Mr. Putin's well-honed capacity for retreat.

Elon Musk and progressive Democrats have also learned a useful lesson lately. Nothing is more personally gaseous than to be heard calling for negotiations when the moment is unripe.

Most interesting is the fallout from a now-withdrawn letter by House progressives urging negotiations on the Biden administration. Our elites aren't as incompetent as they seem. Ninety-nine percent of the people in Washington know their jobs well enough to know the letter was a bad idea.

The same is true of House Republican Leader Kevin McCarthy's unnecessary statement that Ukraine won't get a blank check, not that anybody advocated a blank check. Nothing in the letter or Mr. McCarthy's statement needed to be said now or at all. The episodes served only as a signal to Mr. Putin to keep doing what he's doing because it's working—a signal that collective Washington came together to rescind.

That said, an ugly deal still may

be coming. It may be more or less ignominious. It may be more or less favorable to Ukraine's interests. To those who fret about a wilting of Western resolve under energy or inflationary pressure, one comfort will be: No settlement now can save Mr. Putin from being deeply underwater on his Ukraine venture. It's been a debacle. Nobody envies his position, admires his judgment or thinks his military is competent.

An ugly deal is probably coming but learn the right lessons from the Cuban missile crisis.

Joe Biden wonders what off-ramp Mr. Putin sees for himself, as if the Russian leader could hope to pull a real-world rabbit out of a real-world hat. He needs a TV rabbit and TV hat, ones he can present back home as a resolution, likely involving some cosmetic concession to the Kremlin's varying and inconsistent claims about how Ukraine endangers its vital interests.

Mr. Biden perplexingly also suggested that any use of a nuclear weapon must lead to Armageddon. In reality, nobody is obliged to do any particular thing if Russia were to detonate a nuke in Ukraine. And depending on the details, the right response might be to keep on keeping on. Though interpreting Mr. Biden remarks is risky, he may have sent a useful signal to Mr. Putin that, no, detonating a nuke won't get you negotiations on terms you will like.

Mr. Putin's situation is not Hitler's; invading armies aren't laying

waste to his country, looking to drag him back to Stalin for interrogation and show trial.

Ukraine understandably might wish to see Russia transformed, broken up, subjected to a revolution—but a Ukrainian army won't be rolling into Moscow to make it happen.

Nothing in the present scenario points to nuclear war between superpowers as much as many find it useful to invoke the risk of nuclear war as negotiations begin to shimmer in the distance.

Perhaps less than serendipitously, a fairly conventional new history of the Cuban missile crisis by Max Hastings has been landing in pundit inboxes. Spare a moment for last year's account of the same episode by Ukrainian historian Serhii Plokhy. It contains a fetching account of dealings between Bobby Kennedy and the KGB's Yuri Barsukov in the 1960 election, which later had Khrushchev bragging to a scientific delegation that he elected JFK.

The book shows, with accidents and confusion happening all around them, the protagonists still trying to understand each other's political needs as the missile crisis unfolded. Recall that Kennedy controlled the

Notable & Quotable: Diversity

David Lat writing at Substack.com, Nov. 1:

My Asian-American cousin and her white husband talked to an "admissions consultant." The consultant told them that elite preschools value "diversity." My cousin excitedly told the consultant that she's from the Philippines, her husband's from Australia, and their son at his tender age had already lived in multiple countries and been exposed to many different cultures and languages.

"I'm sorry," the smiling consultant said to them about their white-looking son, "but that's not what these schools are looking for. Your child does not offer visual diversity."

Visual diversity. That sad, shallow, hollowed-out vision of "diversity" is exactly the kind of diversity that Harvard, UNC, and other educational institutions are obsessed with. That's the kind of diversity these schools are seeking by giving pluses to applicants who "check the box." Checking the "Black" box doesn't guarantee a "Black" experience: the descendant of former slaves, the child of the Nigerian tycoon, and our son Harlan have had very different life experiences, and as a result, they

probably hold very different worldviews too. But here's the one thing that all three of them can reliably deliver, thanks to their darker skin: visual diversity.

So in the end, what Harvard and UNC are arguing is that visual diversity is a compelling state interest. Having classrooms and admissions brochures that look like Benetton ads can justify resorting to racial classifications that we have justifiably banned in pretty much every other area of American life. The idea would be laughable if it weren't so wrong. . . .

Giving white applicants a preference over Asians does make sense once you remember that the schools are looking for visual diversity. Having a class that's 43 percent Asian American, even if those Asian-American students have life experiences that are as diverse or even more diverse than their white peers, is terrible for visual diversity. The fact that many of us have dark hair and dark eyes—i.e., we don't have the greater visual diversity of white people, who have more variation in hair and eye color as a matter of biological fact—just makes things worse.

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AN ORAL HISTORY:

TikTok's Stratospheric Rise

Ten insiders recount its wild path to becoming the world's most popular app. 'The more people interact with it, the smarter it gets.'

By Meghan Bobrowsky,
Salvador Rodriguez,
Sarah E. Needleman
and Georgia Wells

In just five years, TikTok has exploded into a pop-culture phenomenon as well as a geopolitical flashpoint. It is the world's most popular app, used by two-thirds of American teens. Its uber-catchy—some would say addictive—short-video format has left Silicon Valley scrambling to catch up and made instant fame more accessible than ever.

Just as remarkable: Its future remains uncertain, as U.S. officials from both parties see the Chinese import as a national-security threat and advocates for protecting children online warn that TikTok has negative effects on its millions of young users.

One thing is certain: The world has never seen anything quite like TikTok. Here's how it took off, from interviews with those on the inside and others who have been along for its short, turbulent ride.

Please turn to page B4

Chip Makers Retrench

Slump in demand leads to less hiring, spending

By ASA FITCH

The chip industry has pivoted hard from a clamor for higher output to cost cutting as it adjusts to a slump for semiconductors that has infected almost all parts of its business.

Chip companies in recent weeks have instituted hiring freezes and layoffs, slashed capital spending plans, reduced factory output and warned investors of a stark reversal in their customers' buying habits.

Qualcomm Inc., a major mobile-phone chip maker, joined the cost-cutting chorus on Wednesday, saying it was curtailing spending in some areas and pausing hiring after giving a pessimistic outlook for its current quarter. "We are prepared and committed to making further reductions to operating expenses as needed," Chief Executive Cristiano Amon said.

Intel Corp. in late October said it would lay off an unspecified number of staff as part of a dramatic effort to reduce costs by as much as \$10 billion a year by 2025.

The company also said it would run some factories less aggressively and, while it moves forward on building plants due to come online in a couple of years, it will defer some of the most costly equipment spending until demand warrants those investments. Intel rival **Advanced Micro Devices** also said it was cutting costs.

Please turn to page B2

Big HSBC Shareholder Presses Bank For Overhaul

Ping An seeks cost cuts, shifts, possible spinoff

By JOSH MITCHELL

LONDON—**HSBC Holdings** PLC's top shareholder called for a radical reorganization of the banking giant—including possibly selling a chunk of its business—to boost its profits and flagging share price.

Ping An Insurance Co. of China called for slashing the bank's costs and accelerating a shift in capital and personnel to Asia, in comments distributed to media outlets Friday. The insurer—which owns 8.3% of HSBC shares, more than any other investor—also said it would potentially support spinning off part of the company.

The public comments mark an escalation in Ping An's monthslong campaign for change at HSBC. The Chinese institution initially made its case anonymously and hasn't previously laid out its stance in detail publicly.

The company had previously proposed, through external consultants, splitting HSBC's Asian units—which would include its U.S. business.

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PHOTO ILLUSTRATION BY TYLER COMRIE. GETTY IMAGES

SCIENCE OF SUCCESS | BEN COHEN

One Company's \$800 Billion Plunge



You know what's cool? A trillion dollars.

That was the market capitalization of **Facebook** just over a year ago, right before the company decided to rename itself Meta. It has since declined by roughly \$800 billion.

Eight hundred billion dollars! That's more than the market cap of almost every company in the S&P 500. It's more than Exxon Mobil. It's more than Berkshire Hathaway. It's more than Tesla and a parking lot of Tesla cars.

The recent tech selloff has shrunk Amazon, Alphabet and every giant but Apple, wiping out trillions of dollars across Silicon

Valley with a brutal efficiency that only an engineer could appreciate. But no company looks as dismal these days as the one whose stock price is down 75% since September 2021. The good news for Meta is that many of the biggest losers in recent market history learned how to win again. The bad news for Meta is that it doesn't have much else in common with them.

Many companies change strategies because they lost money. Meta is losing money because it changed strategies.

It has been almost exactly one year since chief executive and co-founder Mark Zuckerberg made the bold maneuver of rebranding Facebook as Meta Platforms before the company's stock price plummeted.

Please turn to page B6



MITCH BLUNT

When Facebook renamed itself Meta, it made one of the riskiest bets any corporation has ever made.

THE SCORE

THE BUSINESS WEEK IN 7 STOCKS

PFIZER INC.

▲
PFE
3.1%

Pfizer predicts a pipeline of promising drugs will inject new life into its sales. The drug company raised its revenue projection for the year, even as overall demand for its Covid-19 shot declines. Sales fell 5.8% in the third quarter due to an 87% drop in its vaccine sales outside the U.S. Pfizer said. Over the next 18 months, Pfizer expects to receive regulatory approvals for new products or additional indications for existing products, including a vaccine for a common respiratory virus and a treatment for the hair loss condition known as alopecia. Pfizer shares **increased 3.1% Tuesday**.

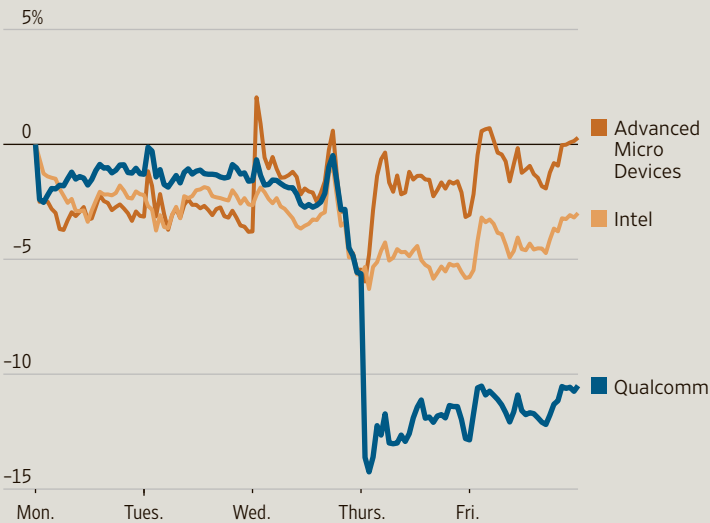
UBER TECHNOLOGIES INC.

▲
UBER
12%

Uber is picking up speed. The ride-hailing giant announced revenue and adjusted earnings gains as its customers spent more on rides and food delivery. Despite inflation and recession concerns, Chief Executive Dara Khosrowshahi said the company is still seeing strong demand for rides even from its customers in lower-income groups. Meanwhile, growth has cooled in recent quarters for the company's food-delivery arm, Uber Eats, which saw surging business during the pandemic as Covid-19 lockdowns and restrictions limited in-person dining. Uber shares **soared 12% Tuesday**.

PERFORMANCE OF CHIP STOCKS THIS PAST WEEK

Source: FactSet



QUALCOMM INC.

▼
QCOM
7.7%

Demand for semiconductor chips is powering down. That was the message from Qualcomm as the mobile-phone chip supplier gave a bleaker-than-expected sales outlook while slashing its smartphone shipment forecast. Other chip makers are also pulling back. Advanced Micro Devices Inc. predicted a further drop in sales, while Intel Corp. is cutting costs and beginning targeted layoffs. Qualcomm shares **fell 7.7% Thursday**.

PARAMOUNT GLOBAL

▼
PARA
12%

Tom Cruise couldn't save Paramount's bottom line. The media company on Wednesday reported a drop in third-quarter profit on higher costs. Paramount added 4.6 million subscribers to its namesake streaming service Paramount+, and its film business saw a 48% jump in revenue as "Top Gun: Maverick" continued its theater run and was released digitally. But its traditional TV offerings saw a 5% decline in revenue. Increases in political advertising spending failed to counteract a decline in viewers and the effects of a stronger dollar. Paramount shares **plunged 12% Wednesday**.

ROBINHOOD MARKETS INC.

▲
HOOD
8.2%

Robinhood is showing it can dodge some arrows. The on-line brokerage posted better-than-expected third-quarter results, cutting losses after a steep drop in expenses helped offset declining revenue and lower user numbers. Robinhood's September monthly active user count fell 35% from a year ago, the lowest level since the fourth quarter of 2020. Robinhood is struggling to keep the investors it signed up earlier in the pandemic. The company is also paring expenses, and has made two rounds of layoffs this year. Robinhood shares **gained 8.2% Thursday**.

AMAZON.COM INC.

▼
AMZN
3.1%

The outlook for the tech industry got bleaker. Amazon.com said it will freeze hiring for months across its corporate workforce. Ride-hailing company Lyft Inc. and payments company Stripe Inc. both announced major layoffs. Lyft co-founders John Zimmer and Logan Green said the company would cut 13% of staff, and Stripe outlined layoffs that will target 14% of staff. The stream of news came as the Federal Reserve has moved again to raise interest rates to combat inflation, signaling greater risk of a recession. Amazon shares **declined 3.1% Thursday**.

STARBUCKS CORP.

▲
SBUX
8.5%

Starbucks is staying hot. The coffee giant said its sales hit a record in its most recent quarter, as consumers maintained their appetite for its drinks despite higher menu prices. What cut its profits was a planned multimillion-dollar investment in new cafe equipment and higher wages, a revamp designed partly to resolve frustrations among baristas. Interim CEO Howard Schultz said Starbucks's investments are beginning to pay off, with employee retention and speed of service improving. Starbucks shares **rose 8.5% Friday**.

—Francesca Fontana

THE INTELLIGENT INVESTOR | JASON ZWEIG

What Is Your Financial Adviser Hiding?

The person giving you investing advice may have skeletons in the closet. Learning about them is difficult.



Stocks and bonds crumbled again this week, and inflation seems unstoppable. Maybe it's time to hire a financial adviser.

After all, for years people like me have been telling you that advisers have to disclose much more about themselves than stockbrokers do, so you can make better-informed decisions about their services and integrity.

As I've learned to my shock in recent weeks, however, that isn't always true. In some ways, financial advisers have to disclose less than brokers do—and what they don't tell you could hurt you.

That's truer than ever given how the advisory business has boomed. More than 14,800 SEC-registered advisers managed over \$128 trillion for 65 million clients at the end of last year. That's up from 10,500 advisers running \$55 trillion for under 20 million clients in 2012, according to ComplySci, a regulatory-compliance firm, and the Investment Adviser Association. (These dollar amounts include some double-counting across firms.)

What's the potential problem? Consider Vantage Consulting Group, an investment adviser in Virginia Beach, Va., that manages more than \$2 billion in assets, mostly for pension and profit-sharing plans but also for at least one wealthy individual, according to a regulatory filing.

Like all financial advisers registered with the Securities and Exchange Commission, Vantage is required to provide clients with a standardized disclosure form called an ADV brochure.

Vantage's latest brochure, filed on March 31, says the firm must "disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management."

The document adds, reassuringly, that Vantage and its management "have no reportable disciplinary events to disclose."

Nowhere does the brochure tell you Vantage was sued for \$4 million in U.S. district court in April 2021 over civil claims of fraud and misrepresentation after private funds it recommended to clients allegedly lost millions of dollars.

According to a court filing, some money in those funds had been run "for a period of time" by an outside portfolio manager who has since been sentenced to nine years in prison for running a \$100 million Ponzi scheme.

In court, Vantage said no losses occurred from that former manager's transactions, although investors haven't been able to withdraw any money from the funds since March 2020 and two years of one fund's financial statements can't be relied upon.

Vantage didn't respond to requests to comment. Its court filings deny any misconduct in the case, which is still before the court, with a possible settlement pending.

If Vantage were a brokerage firm, it would be required to disclose that lawsuit on BrokerCheck, a web-



site run by the Financial Industry Regulatory Authority, Wall Street's self-regulator.

Because it is a registered investment adviser, Vantage doesn't have to disclose anything about the lawsuit in its ADV brochure. The SEC doesn't compel advisers to disclose all civil lawsuits.

When it comes to ADV disclosures, according to the SEC, it's up to advisers themselves to determine whether such events as civil lawsuits, customer complaints and arbitration claims are "material" information for clients to know about.

"I find it a little bit perverse that advisers who are supposedly held to a higher standard of due care and diligence have less disciplinary disclosure requirements than a broker-

inappropriate stock-options strategy against her wishes—forcing her to sell part of a decades-old position in Apple Inc. stock to fund more than \$400,000 in losses on the options.

In August, a Finra arbitration panel ordered Pinnacle to pay her \$825,000 in damages and reimbursed fees.

Good luck learning that in Pinnacle's official brochure: The document says the firm "has not been the subject of any legal or disciplinary events that require disclosure in this item."

Ms. Fernbach, who used to work in the brokerage industry, thinks that's wrong.

"These registered advisers get to say, 'We have nothing to disclose,' when they have plenty to disclose," she says. "If your customers have losses but nobody knows about it because it's all kept quiet, then a lot of people will have no clue and more accounts will get butchered." In a statement, Pinnacle said this arbitration award, which didn't include punitive damages, was the first against the firm in its nearly 40-year history and that "Pinnacle has disclosed the matter in compliance with applicable regulations."

In September, on another regulatory disclosure called Form CRS, the firm responded "Yes" to the question "Do you or your financial professionals have legal or disciplinary history?" It hasn't similarly amended its ADV brochure.

How did advisory disclosures end up so spotty?

Regulators traditionally regarded stockbrokers as salespeople, whereas the relationship between advisers and their clients was built on trust. That created a presumption advisers would do the right thing.

But, because advisers don't have to disclose customer complaints, civil lawsuits or arbitrations, it's impossible to know how accurate that presumption is.

I asked consulting firm Aite-Novarica Group for the largest independent firms whose advisers primarily serve individual investors.

Out of the top 25 firms by assets, 20 say in their disclosures that they have no legal or disciplinary events to report. That's an amazingly clean record for firms that altogether employ almost 4,100 people in advisory functions and manage roughly \$900 billion.

Maybe not a single one of these firms' 318,000 individual clients has ever complained about, sued or filed arbitration claims against them.

Maybe hundreds of clients have. Given the gaping loopholes in existing regulation, it's impossible to tell.

"These guys all look like angels on paper," says Nicole Boyson, a finance professor at Northeastern University who studies the brokerage and advisory business. "But if I'm hiring a financial adviser, do I need to spend a few thousand dollars to hire a private investigator to find out if the adviser is shady? And even then, that might not be sufficient," because most arbitration results aren't public record.

Where is the SEC? The agency has said it intends to study the use of arbitration clauses in the contracts between advisers and their clients to "help identify any problematic issues impacting retail advisory clients." A spokesperson says the SEC continually reviews disclosure requirements like Form ADV to ensure they provide adequate information.

What I've learned convinces me that you need to add these questions to your list when interviewing a financial adviser: Have clients filed written complaints or arbitration claims against you or your firm? Have you or your firm been sued by clients?

I also hope financial advisers whose clients have never filed a written complaint, an arbitration claim or a civil lawsuit against them will begin to disclose exactly that, in language anyone can understand.

That way, the public would be able to distinguish between advisers with a pristine record and those hiding behind weasel words like "nothing material to disclose."

Chip Makers Pull Back On Hiring

Continued from page B1

cro Devices Inc. this past week said the company was being cautious about hiring given slumping demand as it dials up efforts to control operating expenses.

The belt-tightening represents a turnabout after two heady years characterized by sky-high demand for computers, smartphones, cars and internet services that rely on chips. While the chip industry is notoriously cyclical, this wave rose higher and lasted longer than one has in decades, propelled by a pandemic that drove a societal shift toward working and learning from home.

"What has happened is that the macroeconomic environment deteriorated, and we went from a period of supply shortages to demand declines," Akash Palkhiwala, Qualcomm's chief financial officer, said in a call with analysts.

Capital spending plans that reached unheard-of heights during the boom are also getting fresh scrutiny, even amid expectations for longer-term growth. Memory-chip maker **Micron Technology Inc.** in September reduced its capital spending plans for its current fiscal year by 30% to around \$8 billion. Intel has lowered its expectation for capital outlays for this year by \$2 billion to about \$25 billion. **Taiwan Semiconductor Manufacturing Co.**, the largest contract chip maker in the world, recently cut its capital spending forecast for this year by 10%.

For some chip makers, the usual seasonal rules have also been tossed out. Electronics man-

The belt-tightening represents a turnabout after two heady years.

ufacturers tend to stock up on chips ahead of the holiday selling season, but that hasn't played out this year, according to Mr. Palkhiwala. "What we're seeing is the opposite, so it does come as a surprise in terms of how quickly the environment changed," he said.

The PHLX Semiconductor Index is down about 40% this year through Friday, almost double the decline in the S&P 500.

Nvidia Corp. will report quarterly earnings later this month and has warned about sagging consumer demand and the impact of U.S. chip export restrictions to China.

The strength of the boom is turning into extra pain in the current downturn. When consumers clamored for digital goods, many manufacturers responded by stocking up on chips to respond to demand more quickly. Now that consumers aren't buying as many phones or PCs, manufacturers are running through those chip inventories rather than placing new orders.

"We are planning for the economic uncertainty to persist into 2023," Intel CEO Pat Gelsinger said on a recent earnings call.

BUSINESS NEWS

Fox Wins Ruling on FanDuel Stake

By KATHERINE SAYRE

An arbitrator has ruled that **Fox Corp.** has the option to buy a stake in sports-betting operator FanDuel Group from parent company **Flutter PLC** for about \$3.7 billion, the companies said Friday, settling a more than yearlong dispute over one of the biggest brands in U.S. online gambling.

Fox filed a lawsuit with Judicial Arbitration and Mediation Services in April 2021 against Flutter arguing that the gambling giant was demanding too high a price for an option to buy an 18.6% stake in FanDuel.

“This optionality over a meaningful equity stake in the market leading U.S. online sports betting operation confirms the tremendous value FOX has created as a first mover media partner in the U.S. sports betting landscape,” the company said.

The ruling makes room for Fox to dive more deeply into the fast growing sports-betting industry. FanDuel is the market-share leader in online sports betting in the U.S. Fox has a partnership with Flutter, which operates the Fox Bet sports-gambling brand. Fox Bet is a smaller player in the market that operates betting in four states, along with a free-to-play game known as Super 6 in other states.

“Today’s ruling vindicates the confidence we had in our position on this matter and provides certainty on what it would cost FOX to buy into this business, should they wish to do so,” said Flutter Chief Executive Peter Jackson.

Fox said it isn’t obligated to exercise the option, and it has until December 2030 to take the stake. The ruling, Fox says, includes a built-in 5% annual price increase. Fox Corp. and Wall Street Journal owner News Corp share common ownership.

Adidas in Talks With Departing Puma CEO

By NICK KOSTOV

Struggling sportswear giant **Adidas AG** said it is in talks with Björn Gulden, the departing CEO of **Puma SE**, to succeed its own chief executive.

The news came Friday, minutes after Puma said it had appointed a new CEO to succeed Mr. Gulden, a former professional soccer player who had led Puma since 2013.

It has been a tumultuous period for Adidas. The company last month said it would end its partnership with Kanye West, ending a lucrative arrangement. The company is also struggling in China and recently issued its third profit warning of the year, blaming weak consumer spending in major Western countries.

In August, Adidas said CEO Kasper Rorsted would step down next year, an unexpected development since his contract was due to run out in 2026.

Adidas shares rose 21% in Friday trading following the company’s statement. Puma shares edged down 0.5%.

Mr. Gulden is considered to have had a successful run at Puma, where he mounted a turnaround by sharpening the focus on sports. Puma said it had appointed Arne Freundt to succeed him as CEO. Mr. Freundt has worked for the company for more than 10 years, most recently as chief commercial officer.



Bjorn Gulden is leaving Puma.

Exxon Examines Its Real Estate

Oil company looks at leasing out or selling part of unused space at its Houston campus

By COLLIN EATON

Exxon Mobil Corp. is considering leasing or selling unused office space at the sprawling Houston-area campus set to become its global headquarters next year, part of its ongoing effort to cut billions in structural costs.

In recent months, the U.S. oil giant has found that on a typical day it uses less than 50% of the available space at its 385-acre campus, which is large enough to house more than 10,000 workers, according to an internal memo viewed by The Wall Street Journal. Exxon spokesman Casey Norton confirmed the company is considering options for unused space.

Exxon’s campus, located in an area of Harris County known as Spring, has never reached the full capacity it was designed for, and in recent years the company has shed thousands of workers. Its global head count has fallen by more than 10,000 people since the pandemic began in 2020, regulatory filings show. During a historic oil-market crash that year, the company said it would shed 15% of its total workforce, including about 1,900 U.S. jobs, primarily in the Houston area.

Many of Exxon’s teams are scattered across its Spring campus, according to the memo. It is now exploring ways employees can work in closer proximity, potentially in spaces it calls “collaboration neighborhoods.” It has also hired a broker to gauge outside interest in its unused space, the memo said.

Mr. Norton said reconfiguring the campus would allow the company to evaluate commercial opportunities for unused space, which it might choose to lease or sell. Mr. Norton noted that Exxon hasn’t yet made any decisions



Exxon's campus, located in an area of Harris County known as Spring, has never reached the full capacity for which it was designed.

on the matter and that it is gathering feedback as employees tour demonstration areas.

“We want to do this right and will work with department leaders before we make any decisions on the path forward,” Mr. Norton said.

Many other large U.S. companies have downsized their main offices this year, reducing their real estate as more workers station themselves at home for part of the workweek, while some employees have moved across state lines to capture cheaper housing and costs of living, as well as lower taxes offered by some states.

Houston’s so-called energy corridor—a chain of oil-and-gas offices stretching along a highway in western Houston—has a higher proportion of its overall office space up for grabs than any other area of the city. Many oil companies have sought to downsize as employees partially work from home and as companies adjust to leaner workforces following

steep job cuts in recent years, brokers said.

Exxon’s downsizing isn’t related to a hybrid work arrangement. The company doesn’t have a policy allowing regular work from home, but employees are allowed to work remotely in certain circumstances, such as when a child is ill, said people familiar with the matter.

Built during the tenure of former Chief Executive Rex Tillerson, the Spring campus features a cube-shaped building that appears suspended above two others, meant to symbolize the company’s engineering abilities.

The concept Exxon is testing in Houston involves assigning teams of employees to neighborhoods, rather than to specific desks or offices, which would allow people to pick between different types of work settings, including private or open spaces and spots designed for interaction.

Exxon also has considered

closing the equivalent of up to five of its 14 office buildings on the campus if employees’ work arrangements are reconfigured, according to people familiar with an internal presentation. Exxon previously closed two Houston-area buildings outside the campus, and in January said it would move its headquarters and staff from Irving, Texas, to the Spring campus.

Commercial real-estate brokers said it is currently difficult to sublease office space in Houston. All told, the region has about 8.9 million square feet of office space available for lease, up by almost one-third from last year, while sublease transaction volume is 45% below the five-year quarterly average, according to the commercial-property firm Jones Lang LaSalle Inc.

“There’s a general lack of liquidity in the debt market right now for transactions in Houston,” said Elizabeth Malone, managing director at the

real-estate investment bank Eastdil Secured LLC in Dallas.

Oil companies, their service providers and equipment suppliers collectively cut tens of thousands of jobs following the onset of the pandemic and have been slow to rehire even as energy prices have recovered. In the U.S., oil companies have shifted their business strategies from focusing on pumping as much oil and gas as they can to sending most of their incoming cash to shareholders and paying off debt, which has reduced their need for labor.

Exxon reported a nearly \$20 billion profit for the third quarter, its most-lucrative period ever and a second consecutive record for quarterly earnings.

In September, Chevron Corp., sold its 92-acre Chevron Park campus in San Ramon, Calif.—its global headquarters for about two decades—and planned to move into a nearby leased space about one-third of the size.

BUSINESS WATCH



Hershey said higher prices helped it offset higher expenses.

HERSHEY

Candy Maker Lifts Forecast for '22 Sales

Hershey Co. raised its guidance for the year after reporting a 13% rise in third-quarter sales on higher-than-expected demand for its snacks and candy despite raising prices.

The maker of Reese’s peanut-butter cups and Twizzlers candy on Friday said higher prices helped it offset higher supply-chain costs and advertising expenses.

The Hershey, Pa.-based company now expects full-year sales to increase 14% to 15%, up from a prior forecast for growth of up to 14%. Overall for the third quarter, net income fell to \$399.5 million, or \$1.94 a share, down from \$444.9 million, or \$2.14 a share, a year earlier. Revenue came in at \$2.7 billion.

—Sabela Ojea

DRAFTKINGS

Sports-Betting Firm Posts Higher Revenue

Online sports-betting company **DraftKings Inc.** posted higher-than-expected revenue for the start of this year’s football season and said its customer base continued to grow amid competition for gamblers.

The company reported revenue of \$502 million for the three-month period ended Sept. 30, more than double the year-earlier period. Strong customer acquisition and retention, expansion into new states, and reduced customer promotions

fueled the growth, the company said.

DraftKings said average monthly unique paying customers increased to 1.6 million in the third quarter, up about 22% from a year ago. The company reported a net loss of about \$450 million for the quarter, compared with a net loss of \$545 million a year ago.

—Katherine Sayre

MOVIEPASS

Ex-Officials Charged With Securities Fraud

Former executives at MoviePass and its prior parent company were charged in a securities fraud case with defrauding investors, the Justice Department said Friday.

Former MoviePass CEO J. Mitchell Lowe and Theodore Farnsworth, who led Helios & Matheson Analytics Inc., the movie-subscription company’s parent at the time, are accused of engaging in a fraudulent scheme to inflate the company’s stock, the agency said.

Messrs. Lowe and Farnsworth didn’t reply to a request to comment.

MoviePass, a Netflix-like subscription service for movie theaters, made a splash in 2017 when it launched, giving users the chance to watch a movie a day in a theater for \$9.99 a month. But the service ultimately shut down in 2019. The indictment alleges that both men knew the monthly offer wasn’t sustainable and promoted it in order to drive up Helios’ stock price.

—Denny Jacob

Nike Suspends Partnership With NBA Star Kyrie Irving

By INTI PACHECO

Nike Inc. suspended its relationship with Kyrie Irving, moving to distance itself from the basketball star after he was suspended by his team for being slow to disavow anti-Semitism.

Nike said Friday it was suspending its endorsement deal effective immediately and would no longer launch the Kyrie 8, one of its flagship products. Nike released Mr. Irving’s first signature shoe in 2014. The Kyrie 8 was slated to be released later this month.

“At Nike, we believe there is no place for hate speech and we condemn any form of anti-semitism,” the company said. “We are deeply saddened and disappointed by the situation and its impact on everyone.”

Mr. Irving was suspended by the Brooklyn Nets for at least five games without pay

on Thursday night after he had tweeted a link to a movie containing false conspiracies about Jews and was slow to disavow holding anti-Semitic beliefs. Hours after his suspension, Mr. Irving responded on Instagram apologizing for his comments for the first time.

A representative for Mr. Irving couldn’t immediately be reached for comment.

Mr. Irving, 30 years old, is one of Nike’s biggest National Basketball Association stars but the partnership has been strained. Last year, Mr. Irving posted on social media that he wasn’t happy with one of the designs for his shoes and that Nike was releasing it without his approval.

His signature shoes, typically released late in the calendar year, have sold well for Nike, with company executives sometimes mentioning the

success of launches in earnings conference calls. Nike doesn’t break out sales by model.

Nike’s decision follows a move by Adidas AG to end its sneaker partnership with Kanye West over anti-Semitic comments by the musician-turned-designer. Mr. West had worked with Adidas to create the popular Yeezy brand of sneakers.

Nike has split ways with other superstars. In 2020, the company ended its endorsement deal with soccer star Neymar, one of the world’s most recognizable athletes, amid a company investigation into allegations of a sexual assault. Neymar denied the allegations.

The company has also kept its deals with troubled stars. It stood by Tiger Woods during a lost decade for the golfer, when a sex scandal and physical ailments derailed his career.

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EXCHANGE



Shalini Kantayya, director of the PBS documentary 'TikTok, Boom.'



Nathan Apodaca, whose skateboarding, lip-syncing and juice-drinking video went viral.

How TikTok Reached the Apex of the Social-Media World

Continued from page B1
bulent, exhilarating ride.
Comments have been edited for space and clarity.

Five years ago this month, TikTok's Beijing-based parent company, ByteDance Ltd., purchased an app called Musical.ly. It allowed users to post short video clips, and had developed a following among young girls who used it primarily to post lip-syncing clips.

James Veraldi, early Musical.ly employee: I had heard about Musical.ly just following trends in media. Downloaded it, played around with it, and I didn't see a teen lip-syncing app. I saw mobile television.

Loren Gray, a creator who started posting on Musical.ly: I had heard about Musical.ly from friends at school, and I was 13 at that time. Originally I didn't realize that Musical.ly was a platform in itself. I thought I was just recording over the top of audios. I didn't know that those were being uploaded.

Veraldi, early employee: I think all of us saw that potential. You could see it, like this could be the next thing.

Gray, teen creator: I started getting followers on my Instagram and I didn't know where they were coming from. And then I finally figured out that I had 30,000 followers on Musical.ly.

A few months before the Musical.ly acquisition, ByteDance had launched TikTok as an international version of Douyin, an app that was hugely popular in China. In 2018, ByteDance combined its app TikTok with Musical.ly, and

relaunched in the U.S. under the TikTok name. The merger fueled the relaunched app with billions of investment capital and access to a powerhouse engineering team in China.

Veraldi, early employee: What would have taken us five years to get to, with ByteDance got there in six months.

Emma Gribbon, current TikTok employee: No one really had heard of it. I always put the word 'this app' in front of TikTok. I would say like, oh, I work at 'this app called TikTok.'

The way TikTok functioned was inherently different from other social media. Instead of showing users posts from friends and others they chose to follow, TikTok showed users videos from people they didn't necessarily follow but that they might like. The algorithm learned what type of content each individual person wanted to see based on how much time they spent watching or lingering over specific videos. The more time users spent on the app, the better TikTok's algorithm got at feeding them.

Shalini Kantayya, director of the PBS documentary "TikTok, Boom": I think that one of the things about TikTok is also just how powerful the artificial intelligence is. It's incredibly sticky and I was just amazed how quickly it came to know me and my interests.

Christen Nino De Guzman, former TikTok employee: I first downloaded the app and it was super intriguing to me and very, very entertaining. At the time, I was living in San Francisco. I was working at Pinterest, but I was becoming addicted to TikTok. I wasn't looking to make a move. But I was obsessed with TikTok and how it was changing the content and the creator world.

Veraldi, early employee: There was a communal angle to it that was completely lacking in Instagram. There was a spark of creativity. You could tell there was kind of a kernel of people truly trying, wanting to entertain more than wanting to be seen.

Jim Steyer, founder and chief executive of Common Sense Media,



Christen Nino De Guzman's TikTok video about life as an Instagram employee garnered over 10 million views.

a child-advocacy organization: TikTok emerged at just the right time, when for young people, watching online videos, and particularly short-form online videos, had become the preferred way for teens and tweens to consume online content.

Ordinary people with eye-catching talents or funny, quirky videos found themselves going viral and becoming famous overnight, which rarely happened on other social-media platforms. Brands jumped on the opportunity to work with creators and have them advertise their products. Creators found themselves with several other new potential revenue streams, including donations and merchandise sales.

For some people, going viral just once changed their lives.

Nathan Apodaca, creator who went viral in September 2020 for a video showing him skateboarding down a hill. He happened to be holding a bottle of Ocean Spray Cran-Raspberry juice and lip-syncing the Fleetwood Mac song "Dreams": I was homeless when this started and everything. I was living at the river. [The day of the video] I jumped on my board. I had my juice up and ev-

erything. I had my phone ready. I started skating. I heard the music. And I just started vibing with it. It was magic after that.

Gray, teen creator: I mean, I had a job [creating on Musical.ly] by the time I was 14, and that was pretty surreal.

Nino De Guzman, former employee: The most interesting thing to me about TikTok was that it didn't matter the type of house you had, your income, your background. Anyone, if they were entertaining and they were putting out content and saying something interesting, they could find an audience.

Apodaca, Ocean Spray video creator: After the video hit, all my audience, my soldiers is what I call them, started sending me donations. That number got crazy. Insane. I actually got enough to put a down payment on my mom's house and I'm not stopping until I get done paying her house.

Nino De Guzman, former employee: I posted a video on

what it was like to work at Instagram, and that video got over 10 million views and got me over 150,000 followers, and it totally changed my life. With that one video, I was able to get thousands and thousands of dollars in brand deals, speaking opportunities, and so many doors opened. This happens to thousands and thousands if not millions of people on TikTok. It takes one video and that's all it takes.

Some began to question the possible downsides of the algorithm's power, which at times helped keep users on the app for hours a day and sometimes served them content that could be harmful. A Wall Street Journal investigation last year, for example, showed that TikTok's algorithms were flooding teens' For You pages with videos encouraging weight loss and disordered eating. (Days after the Journal brought its

findings to TikTok, the app said it would tweak its recommendation algorithm to avoid showing users too much similar content.) A recent Pew survey found that two-thirds of teens say they use TikTok and nearly a fifth say they are on it "almost constantly."

Steyer, children's advocate: I think it's fair to say that TikTok is essentially addictive, and it's designed to be addictive. It uses endless scroll and autoplay. And it uses algorithms to keep feeding content that it believes that the user will like in order to engage the users and keep them on the platform longer.

Kantayya, documentary director: It's dazzling and it's frightening, both together. It's this massive uncontrolled experiment, to unleash the most powerful persuasive recommendation algorithms in the history of the world on brains that are not fully formed, on mostly kids. We don't yet know what that means.

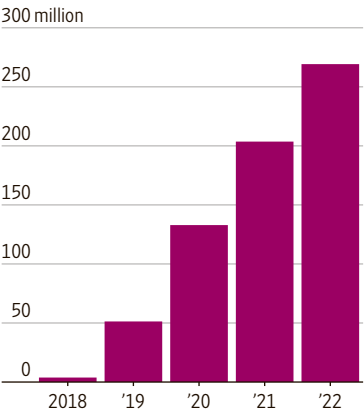
Veraldi, former employee: It is so addicting, I think too addicting. There was just such a pursuit of growth. It's understandable from a business standpoint, that's what

Please turn to page B5



Mr. Apodaca sips juice in his viral video, which he says earned him enough money to escape homelessness and led to an acting career.

TikTok cumulative installs from the App Store and Google Play in the U.S.



Note: Data as of the end of October for each year.
Source: SensorTower



Kahlil Greene, a popular TikTok content creator who goes by the name 'Gen Z Historian.'



TikTok employee Emma Gribbon. 'I would say like, oh, I work at "this app called TikTok."'

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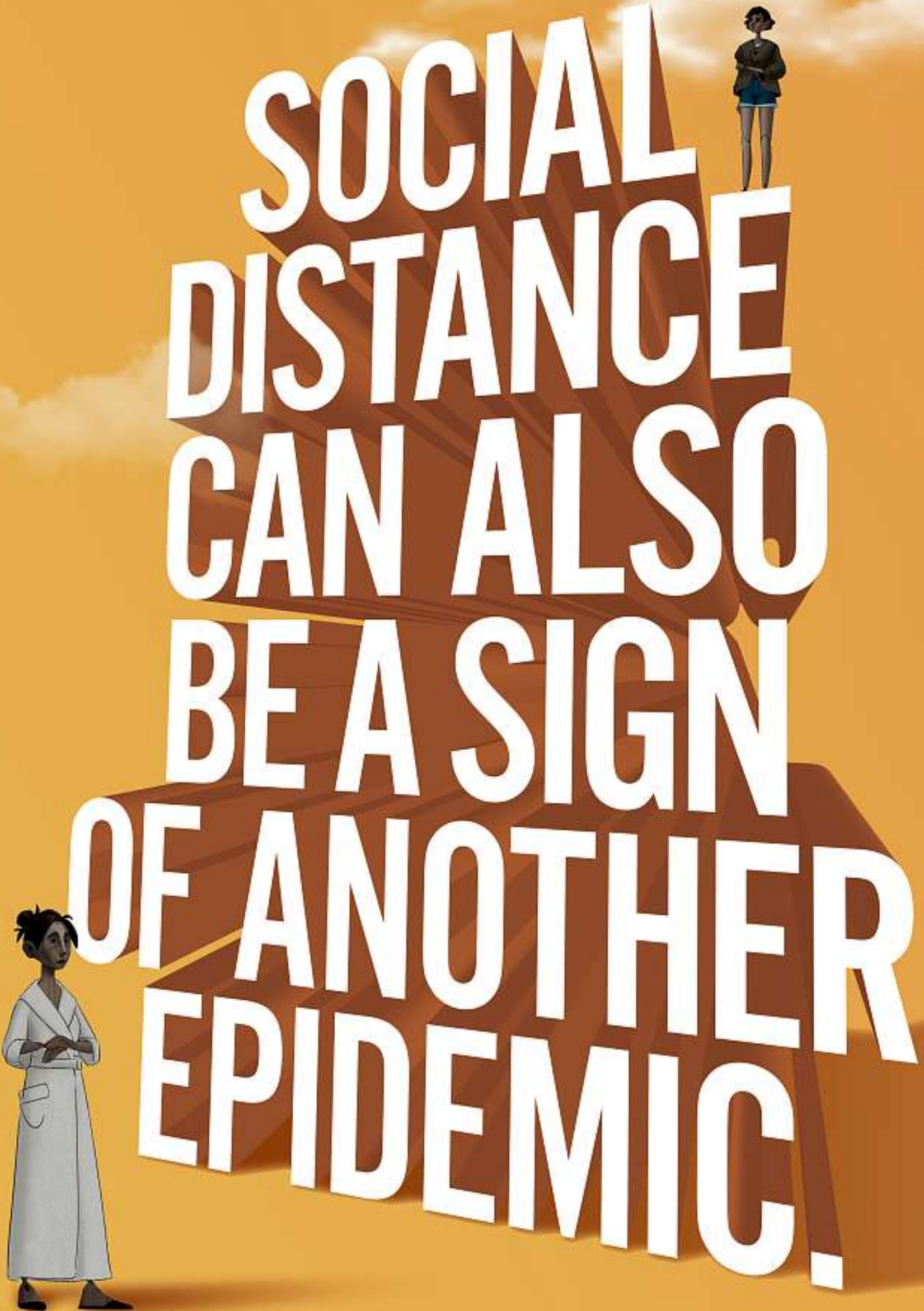
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EXCHANGE



'I had a job [creating on Musical.ly] by the time I was 14,' says Loren Gray.



'I didn't see a teen lip-syncing app,' recalls James Veraldi. 'I saw mobile television.'

Continued from the prior page
you've got to do.

Steyer, children's advocate: This is not true just for TikTok but for YouTube and Instagram and some of the other most successful platforms. But part of the key with TikTok is the fact that they have such an effective algorithm that clearly, really, really draws in the users and engages them for very long periods of time. Parents absolutely need to be paying very close attention.

TikTok said it strives to take a thoughtful approach to its app by developing policies in consultation with experts, researchers and creators.

TikTok was popular among the lip-syncing and dancing crowd. But it really took off once the Covid-19 pandemic started and many people found themselves locked indoors, scrolling through their phones 24/7. This is when people of all ages started to gravitate to TikTok, moving it beyond an app for teens and preteens, and truly bringing it into the mainstream. By



'Gen Z Historian' Kahlil Greene went viral on TikTok with a video about the whitewashing of Martin Luther King Jr.'s legacy.

the middle of the pandemic, TikTok had been downloaded more than 200 million times in the U.S., according to Sensor Tower.

Kantayya, documentary director: It just blew up with Gen Z, I think even before the pandemic, and

then just went gangbusters with the general public during the pandemic.

Kahlil Greene, content creator who goes by the name "Gen Z Historian": I was definitely one of the users who joined during the pandemic when there was not much else to do. At the time that I joined, it was the summer and there was a lot of activism that was happening on TikTok, which I think was new. I really fell in love with the platform and all the dialogue that was happening on it.

Gray, teen creator: I feel like quarantine, we had a lot of bored people. A lot of people had a lot of time on their hands. And when you don't have to walk into school every day after you post a video, you get a little more confident. Everyone, I feel like, let their guard down a little bit and allowed themselves to have fun.

Greene, Gen Z Historian: My very first post on TikTok was about the whitewashing of Martin Luther King Jr.'s legacy. The first video I made about this issue, it got over a million views. I thought it was deep, academic, super-insightful but maybe not necessarily accessible conversation for the masses. But people really latched onto the short-form video essays that I was putting out, and really quickly, I gained a huge following.

Gray, teen creator: It's definitely different now. I feel like everyone wants to be TikTok famous.

Kantayya, documentary director: Brands came to see that TikTok was where young audiences are and young audiences are a really sought-after audience for advertisers. I think part of the explosion was these brands putting hundreds of millions of dollars into campaigns that are being used on TikTok.

As the app got more popular, it also drew criticism over fears that the Chinese government could access data on TikTok users. The U.S. military and some political campaigns forbade staff from downloading the app, citing the potential national security risks. During the 2020 campaign, a swarm of TikTok users mounted an effort to depress attendance at a Tulsa, Okla., rally for then-President Donald

Trump. Weeks later, citing national security risks, Mr. Trump threatened to shut down TikTok's U.S. operations and ordered ByteDance to sell the app to a U.S. company.

The fate of TikTok was in limbo for months, as Chinese and U.S. officials sparred and tech rivals jostled to get a piece of any possible deal.

Brendan Carr, Republican commissioner of the Federal Communications Commission: There were a lot of people that were very strongly for banning TikTok.

Nino De Guzman, former employee: Everyone was pretty unsure what was going to happen. We were all just crossing our fingers that things were going to be good. Every creator was reaching out and saying: "Hey, what's going on? Is TikTok being banned? Like, do I need to move all my followers to another platform?" And yeah, it was, it was an interesting time.

Gibbon, current employee: I remember for some reason, [Mr. Trump's threats to shut down TikTok] would always happen on like a Friday night or Saturday afternoon. So, we were, like, all calm, cool, collected. Let's figure this out together. But I just wish it didn't happen on the weekends.

TikTok said it has never shared U.S. user data with the Chinese government and that it wouldn't if asked.

Oracle Corp. eventually won the bidding to become TikTok's "trusted tech partner"—which was overseen by the Trump administration—after Microsoft Corp. had been considered the front-runner to pay as much as \$30 billion. Microsoft CEO Satya Nadella later called the experience "the strangest thing I've ever worked on."

The deal remains on hold as the Biden administration reviews the national security risks posed by Chinese tech companies. TikTok, meanwhile, has said all U.S. user data is routed through Oracle servers, but Mr. Carr and a bipartisan collection of other U.S. officials have raised concerns anew that employees in China might be accessing U.S. user data. Oracle didn't respond to a request to comment.

Carr, FCC commissioner: The issue sort of went dormant there for a couple of years.

Veraldi, early employee: Do I trust ByteDance's word as a company? Yes. Do I trust the Chinese government? No. Do I trust the U.S. gov-

ernment? Not really. I just think there's bigger problems that are facing our national security.

The FCC and Chinese embassy didn't respond to requests to comment.

Carr, FCC commissioner: It's not just me raising concerns now. We've got a Democrat chairman of the Senate Intelligence Committee, Mark Warner. He's someone that sees very serious intel briefings almost on a daily basis, and he has come out and said that it is TikTok that scares the dickens out of him.

Mark Warner, Democratic U.S. senator from Virginia: There wasn't

ing. Five years from now, TikTok could be bigger than ever—or life could return to the way it was before it was ingrained in so many people's lives.

Gray, teen creator: The difference between five years ago and now is incredible. I mean, Kylie Jenner posts TikToks almost every day, you know, so clearly there's something there.

Kantayya, documentary director: I think for young people, Facebook is a dinosaur and Instagram is sort of a very polished lifestyle kind of thing. This is Gen Z's platform.

Gibbon, current employee: I al-



'It's not just me raising concerns' about TikTok, says FCC's Brendan Carr.

very much I agreed with Donald Trump on, but he was right.

TikTok said it is confident that it will reach an agreement with the U.S. government that will "satisfy all reasonable national security concerns."

Today TikTok still reigns supreme among social-media platforms in terms of how much time users spend on the app. American adults who use TikTok spend an average of 49 minutes a day compared with 30 minutes a day for Instagram, according to Insider Intelligence. But it faces rising competition from Instagram and YouTube, which have both launched their own short-video products, and the jousting between the U.S. and China shows no signs of slow-

ways proudly say I work at TikTok. I'm not scared to say it. TikTok, we've changed so many lives for the better, like with our creators, with small businesses. I know that with my work, I'm putting positivity out to the world and changing lives for the better. I mean, I just can't imagine the power of us in five years, what that's going to look like.

Carr, FCC commissioner: I certainly wouldn't lose any sleep if TikTok didn't exist anymore.

Veraldi, early employee: There's no reason to think it's going to stop dominating people's attention because it is just so good at it and it keeps getting better. The more videos and the more people interact with it, the smarter it gets.



Jim Steyer, founder and CEO of Common Sense Media, a child-advocacy organization.



Former TikTok employee Christen Nino De Guzman says she found the app addictive.

EXCHANGE

KEYWORDS | CHRISTOPHER MIMS

Why Elon Musk Could Fail at Twitter

The billionaire is treating the social-media company like a startup. That may be a mistake.



Elon Musk is treating Twitter like a startup. The thing about startups is, most of them fail. At Twitter, as is typical at tech startups, Mr. Musk is making or has promised to make a great many changes quickly. This makes a lot of sense when a company is small and burning investor cash. Few operators in tech are as familiar with this well-worn playbook as Mr. Musk, who is almost unrivaled among entrepreneurs in the total market value of all the companies he has helmed or helped found—including SpaceX, Tesla and PayPal.

But Twitter isn't a startup, it's a mature company with a lot that Mr. Musk could squander if he moves too quickly and breaks too many things at once. Twitter has thousands of employees, even after the company announced significant layoffs on Friday, a mountain of code with all the technical debt that implies, about \$5 billion in annual revenue and nearly 240 million daily active users with strong opinions about the service. Also unlike a startup, it has more than \$1 billion in annual debt payments, on top of other expenses, thanks to the money Mr. Musk borrowed to help fund his takeover.

Twitter is already threatened with what could become an existential crisis, as Mr. Musk tweeted Friday that the company has suffered "a massive drop in revenue" as advertisers pause their spending on the site, weary of what Mr. Musk will do next and how it could reflect on them.

While Mr. Musk has in the past accomplished what many deemed



Twitter announced layoffs Friday. Above, its San Francisco headquarters.

impossible, Twitter is a completely different sort of challenge than he has dealt with before. His oft-touted "first principles" thinking is great for creating new physical products. But he has demonstrated something like the opposite of a talent for the extremely tricky diplomacy required to run a social network, where a leader must balance the needs and desires of advertisers and users, not to mention regulators and politicians. All this, while overseeing what amount to editorial decisions about what content is and isn't allowed.

Mark Zuckerberg has compared the experience of running a giant social network to waking up every day and "getting punched in the stomach." In his typically jovial and combative style, Mr. Musk's response to that reality has been to

punch back—on Twitter. His actions are spooking advertisers, who correctly recognize that the behavior of the head of a social network is an implicit model of how everyone else on the site is allowed to behave.

The bull case for Twitter under Mr. Musk, which isn't easily dismissed, starts with the judgment that the company has long punched under its weight—a popular platform whose true potential has been stifled by uninspired leadership, moribund innovation, and the way public ownership focuses attention on quarterly results. Mr. Musk, his backers believe, offers just the right kind of outside-the-box thinking and willingness to experiment that can unlock Twitter's potential, making it a more valuable tool to more peo-

ple.

In a recent essay, Turner Novak, a venture capitalist who isn't part of the Twitter deal, summarized the optimistic case for Twitter under Mr. Musk. But Mr. Novak also says that by the numbers, the deal seems to be not a very good one for Musk and his backers.

First, Musk-owned Twitter is starting in a deep financial hole. And the interest on the debt to finance the takeover will make it harder to turn a profit—something Twitter has long struggled to do consistently—that might justify a lofty price.

On top of that, given how crowded the social-media space is already, it's not clear anyone, even Elon Musk, can turn Twitter into a company that grows quickly—or at all. The bear case for Twitter is, therefore, that "Twitter is sort of a stagnant and troubled business that just took on a ton of debt," says Mr. Novak.

Of course, "troubled business that just took on a ton of debt" could also describe Tesla and SpaceX at various points in the past. Those companies and Twitter are all "tech" companies in that they all require a lot of programmers and code. But social networks are only nominally in the same business-school case study universe as companies that build rockets or cars.

Take content moderation, something Mr. Musk was vocal about changing at Twitter, in favor of looser rules. In the face of backlash from advertisers and various advocacy organizations, some of Mr. Musk's most recent comments suggest he won't be changing as much about content moderation at Twitter as he had once promised.

What about Mr. Musk's more long-term and audacious plans for Twitter? He has said that he wants to turn it into X, the "everything app." To most people in tech, this is known as a "super app," such as WeChat in China. The odds of a super app like that succeeding in the West aren't great, for the simple reason that many of the functions—communications, shopping, payments—are already quite capably handled by countless other apps.

In the meantime, Mr. Musk has hinted at preliminary plans to create a new subscription service for Twitter. Mr. Musk has also tweeted about possibly reviving, in some form, Twitter's defunct short-form video product, Vine, which pioneered the genre but which Twitter's leaders killed off in 2016.

Even if these ambitious plans work, it's hard to see them making much difference to Twitter's bottom line.

If, say, 1% of Twitter's approximately 240 million current daily active users were to opt for this subscription service, that's \$230 million a year in revenue. That's less than 5% of Twitter's \$5 billion in 2021 revenue, about 90% of which came from advertising.

As he does all this, Mr. Musk must balance the risk of alienating current users faster than he attracts new ones. The past week has seen prominent users of the site, including many celebrities, declare they have or will abandon it.

In April, at a TED conference, Mr. Musk said of Twitter that "This is not a way to sort of make money. My strong intuitive sense is

Elon Musk could squander Twitter if he moves too quickly and breaks too many things.

that having a public platform that is maximally trusted and broadly inclusive is extremely important to the future of civilization. I don't care about the economics at all."

In May, after the value of Tesla dropped 29% and a broader stock-market selloff of tech companies had begun, Mr. Musk tweeted that the deal for Twitter was "on hold." By July, he officially sought to get out of it. Mr. Musk has always insisted this was about Twitter not being truthful about the number of fake and spam accounts.

But it's hard not to conclude that after extensive discussions with leaders at the company, Mr. Musk himself finally woke up to the present and future economics of Twitter—and didn't like what he saw.

JIM WATSON/AGENCE FRANCE-PRESSE/GETTY IMAGES; LAURA MORTON FOR THE WALL STREET JOURNAL

How to Lose \$800 Billion

Continued from page B1
cause he believed the future of the company was not in social media but the immersive, amorphous online realm known as the metaverse.

The decision to place so much faith in such an unproven premise will go down as one of the riskiest bets any corporation has ever made, no matter what happens next. But what's happening now is bleak. It's still not clear what might count as success, only that Meta is nowhere close to it—and the company has gone about getting there in the wrong way.

"You want to take big problems and break them down so that you have small wins and small losses," said Sim Sitkin, the Michael W. Krzyzewski distinguished professor in leadership at Duke University.

I called Dr. Sitkin because he coined a term for this strategy: "intelligent failure."

The evaporation of \$800 billion in market value was not particularly smart by his standard, which is useful for thinking about Meta and other tech companies because of the nature of their businesses. Innovation requires experimentation. Experiments fail. Failure can be instructive.

Major success is the product of minor failures, but only if the experiments meet specific criteria. They should address worthy questions with uncertain answers. They should be useful regardless of the results. And they should be modest. That's the most important thing about them. The rewards are incremental because the risks are not existential.

Amy Edmondson, a Harvard Business School professor and author of the forthcoming book "Right Kind of Wrong: The Science of Failing Well," says the optimal bet size is hard to define but easy to describe.

"As small as possible," she said. "Just big enough to be informative." Then she put it another way: "You don't bet the company."

Meta didn't exactly follow that advice.

Last year, Mr. Zuckerberg said that he wanted Facebook to be a metaverse company. Last week, after Meta reported another grim quarter for earnings, the CEO reiterated that he still felt that way. "I think people are going to look back on decades from now and talk about the importance of the work that was done here," he said.

They have a lot more work to do. My colleagues at The Wall Street Journal recently reported that Meta's flagship metaverse had fewer than 200,000 monthly active users. There are more people who come to see the New York Mets.

But it doesn't really matter that Mr. Zuckerberg's view is as lonely as the metaverse. His control of Meta's voting shares gives him an unusual form of power. "That gives us even more responsibility to push for it and do things that other people might not be able to do," he recently told the tech site Protocol, adding: "I want to live in a world where big companies use their resources to take big shots." (A spokeswoman for Meta declined to comment but pointed to Mr. Zuckerberg's previous remarks.)

Others in his shoes might feel pressure to cut their losses. But it's a good thing legs are coming

'You definitely want to have a parachute if you're going to jump off a high cliff.'

to the metaverse because Mr. Zuckerberg is digging in his heels.

I haven't spent much time in the metaverse—which, as it turns out, makes me like most people at Meta. The metaverse has more appeal to Dr. Sitkin as a concept than a place to visit because it represents a "stretch goal," as he calls it, or a seemingly impossible task



Chief Executive Mark Zuckerberg holds unusual sway over Meta Platforms.

that requires some kind of external circumstance or creative breakthrough to achieve.

But what really interests Dr. Sitkin is that companies avoid risk when they're doing well and inhale risk when they can least afford mistakes. This is the paradox of stretch goals.

"Those who should pursue them don't," he said, "and those who shouldn't pursue them do."

Meta is an exception to that rule. It should pursue stretch goals. It did. The problem was that it stretched too far and its goal was too vague.

"You definitely want to have a parachute if you're going to jump off a high cliff," said Dr. Sitkin. "And you want to know if that cliff has a staircase going down—so you can do it one step at a time."

It's entirely possible that Mr. Zuckerberg is right about the metaverse and the company's stock price will be a bargain in the long run. A website he built from a college dorm room becoming one of the world's most valuable companies also sounded crazy, and po-

sitioning Facebook for mobile at precisely the right time showed that he's been able to peek around corners of social media that few other people can see.

But his latest vision requires squinting. Mr. Zuckerberg himself warned that it would take patience, trust and more than a few quarters of lousy financial results to figure out whether the metaverse bet pays off.

"This is not an investment that is going to be profitable for us anytime in the near future," he said one year ago.

That prediction turned out to be accurate. The operating losses of its metaverse division amounted to \$3.7 billion last quarter alone, and Meta's chief financial officer said that he anticipates "operating losses in 2023 will grow significantly." The market reacted appropriately to this comment: It freaked. Meta is now trading at its lowest price since 2016, when TikTok was a sound that clocks made, and the company has shed \$23,000 a second in market cap from last year's peak.

The financial incentives for intelligent failure get stronger the faster a company grows. The price of the all-or-nothing bet on nascent technology that Mr. Zuckerberg made from his dorm room was low in dollar terms. Now it's humongous.

But a surprising thing about companies that have been in Meta's position is how many of them made their money back. In fact, nearly two dozen S&P 500 companies have recovered from being down 70% in one year since 2020 alone, according to Dow Jones Market Data research.

Most of those losses were the result of broader forces beyond the control of those companies.

What makes Meta different from the survivors of stock tumblers is what caused them to begin with. Theirs were external shocks. This one was self-inflicted.

It's appropriately meta that the most compelling explanation for an \$800 billion free fall is in the name of the company. That may be a failure not intelligent enough to be a success.

BENOIT TESSIER/REUTERS

MARKETS DIGEST

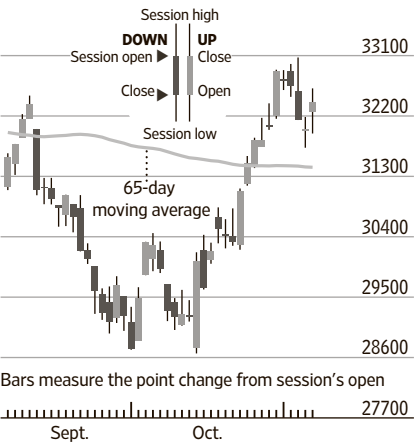
Dow Jones Industrial Average

32403.22
▲ 401.97
or 1.26%
All-time high
36799.65, 01/04/22

Trailing P/E ratio 20.01
P/E estimate * 17.92
Dividend yield 2.20

Last 22.65
Year ago 18.89
1.87

Current divisor 0.15172752595384



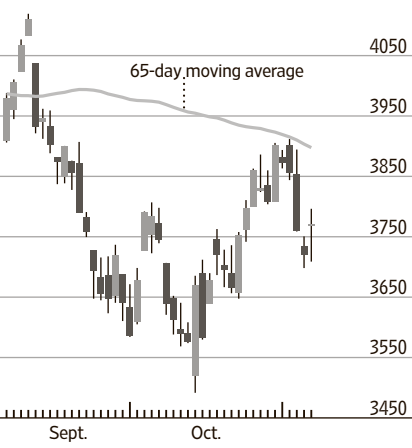
Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. * Based on Nasdaq-100 Index

S&P 500 Index

3770.55
▲ 50.66
or 1.36%
All-time high
4796.56, 01/03/22

Trailing P/E ratio 18.37
P/E estimate * 16.92
Dividend yield * 1.75

Last 29.05
Year ago 22.45
1.27

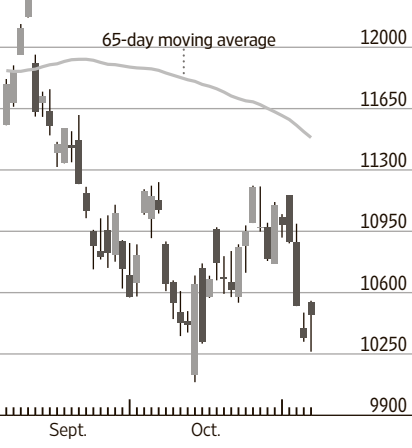


Nasdaq Composite Index

10475.25
▲ 132.31
or 1.28%
All-time high:
16057.44, 11/19/21

Trailing P/E ratio * 23.01
P/E estimate ** 20.87
Dividend yield ** 1.02

Last 35.93
Year ago 30.37
0.64



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	Low	% chg	52-Week High	Low	% chg	YTD	3-yr. ann.
Dow Jones													
Industrial Average	32611.52	31938.92	32403.22	401.97	1.26	36799.65	28725.51	-10.8	-10.8	5.7			
Transportation Avg	13482.79	13236.72	13474.08	273.37	2.07	16890.40	11999.40	-20.0	-18.2	7.1			
Utility Average	915.37	897.04	913.01	6.15	0.68	1071.75	838.99	-0.6	-6.9	2.1			
Total Stock Market	38234.79	37342.42	37962.57	468.31	1.25	48929.18	36056.21	-22.1	-21.9	6.4			
Barron's 400	930.54	904.42	924.13	19.71	2.18	1127.20	825.73	-16.8	-16.5	9.6			

Nasdaq Stock Market													
Nasdaq Composite	10553.63	10262.93	10475.25	132.31	1.28	16057.44	10321.39	-34.4	-33.0	7.5			
Nasdaq-100	10934.62	10632.39	10857.03	166.43	1.56	16573.34	10690.60	-33.6	-33.5	9.8			

S&P													
500 Index	3796.34	3708.84	3770.55	50.66	1.36	4796.56	3577.03	-19.7	-20.9	7.0			
MidCap 400	2422.79	2367.41	2405.74	38.79	1.64	2910.70	2200.75	-17.2	-15.4	6.4			
SmallCap 600	1176.23	1152.14	1171.36	17.78	1.54	1466.02	1064.45	-20.1	-16.4	5.8			

Other Indexes													
Russell 2000	1809.64	1771.11	1799.87	20.14	1.13	2442.74	1649.84	-26.1	-19.8	4.1			
NYSE Composite	14796.81	14455.67	14702.77	247.10	1.71	17353.76	13472.18	-14.7	-14.3	3.3			
Value Line	533.17	521.99	529.67	6.63	1.27	696.40	491.56	-23.8	-21.2	-0.4			
NYSE Arca Biotech	4963.58	4845.42	4930.50	37.68	0.77	5649.54	4208.43	-12.2	-10.7	3.0			
NYSE Arca Pharma	804.83	793.66	802.83	4.65	0.58	887.27	737.84	1.9	-3.0	9.8			
KBW Bank	104.27	102.20	103.91	2.59	2.55	147.56	94.66	-25.3	-21.4	-1.2			
PHLX [®] Gold/Silver	106.41	100.08	106.30	9.33	9.62	167.76	91.40	-20.7	-19.7	3.9			
PHLX [®] Oil Service	86.26	83.67	84.91	1.64	1.97	88.37	49.14	37.9	61.1	5.9			
PHLX [®] Semiconductor	2401.23	2339.89	2398.24	105.39	4.60	4039.51	2162.32	-36.2	-39.2	11.6			
Cboe Volatility	25.71	24.00	24.55	-0.75	-2.96	36.45	16.29	49.0	42.6	24.1			

[§]Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	1,079,098,430	10,778,053
Adv. volume*	818,653,877	5,218,348
Decl. volume*	256,017,306	5,557,683
Issues traded	3,293	298
Advances	2,250	171
Declines	915	119
Unchanged	128	8
New highs	85	4
New lows	217	18
Closing Arms*	0.86	1.37
Block trades*	5,755	102
Nasdaq NYSE Arca		
Total volume*	5,453,752,777	418,262,705
Adv. volume*	3,123,882,125	338,513,679
Decl. volume*	2,292,934,976	79,606,631
Issues traded	4,898	1,734
Advances	2,681	1,468
Declines	1,902	257
Unchanged	315	9
New highs	93	10
New lows	353	46
Closing Arms*	1.03	1.66
Block trades*	28,251	1,771

* Primary market NYSE, NYSE American, NYSE Arca only.
(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	Low	% chg
Peak Bio	PKBO	7.82	4.02	105.79	15.00	3.80	-20.0
Huadi International	HUDI	180.00	74.28	70.26	192.88	8.95	653.1
SatixFy Communications	SATX	12.69	5.02	65.45	52.59	7.39	...
Sentage Holdings	SNTG	4.09	1.05	34.54	11.20	2.06	-62.1
MediaAlpha	MAX	14.58	3.33	29.60	18.74	7.59	-11.4
MicroSec Gold 3X Lvgd	GDUX	29.85	6.80	29.50	210.59	21.00	-76.2
Digimarc	DMRC	18.95	4.30	29.35	53.74	12.45	-63.8
Willdan Group	WLDN	16.77	3.80	29.30	43.22	10.98	-55.1
Puma Biotechnology	PBYI	2.71	0.57	26.64	4.95	1.60	-32.4
Perfect	PERF	9.17	1.92	26.48	21.03	6.52	-6.2
TransMedics Group	TMDX	55.96	10.83	24.00	58.90	10.00	77.7
Turtle Beach	HEAR	7.94	1.52	23.68	30.91	6.22	-72.4
QuinStreet	QNST	13.38	2.55	23.55	18.76	8.28	-11.9
Perimeter Solutions	PRM	8.84	1.68	23.46	15.14	6.58	...
Direxion China Bull 3X	YINN	28.76	5.37	22.96	246.40	19.66	-86.1

Percentage Losers

Company	Symbol	Close	Net chg	% chg	High	Low	% chg
Pulmonx	LUNG	4.82	-7.52	-60.94	45.49	4.07	-89.3
Funko Cl A	FNKO	7.92	-11.58	-59.38	27.79	7.76	-58.3
Sensus Healthcare	SRTS	6.34	-6.66	-51.23	15.25	4.00	53.5
Syneos Health Cl A	SYNH	25.70	-22.11	-46.25	104.18	22.89	-74.3
DermTech	DMTK	1.66	-1.34	-44.67	30.11	1.66	-94.3
NeuroBo Pharmaceuticals	NRBO	2.61	-2.06	-44.11	63.85	2.43	-95.6
Carvana Cl A	CVNA	8.76	-5.59	-38.95	307.11	8.37	-97.1
HireRight	HRT	7.99	-4.75	-37.28	19.46	7.78	-54.1
AGBA Acquisition	AGBA	7.41	-4.24	-36.39	11.65	6.82	-32.7
Twilio Cl A	TWLO	42.74	-22.62	-34.61	317.00	41.00	-86.2
Gray Television	GTN	8.97	-4.55	-33.65	24.81	8.61	-61.6
Cryoport	CYRX	18.00	-8.49	-32.05	86.30	17.99	-77.9
Proto Labs	PRLB	24.62	-11.09	-31.06	64.26	24.36	-60.1
BigCommerce Holdings	BIGC	9.26	-3.99	-30.11	64.14	8.96	-84.3
MicroSectors Gold 3X Inv	GDXX	15.87	-6.55	-29.21	31.40	6.63	-16.3

Most Active Stocks

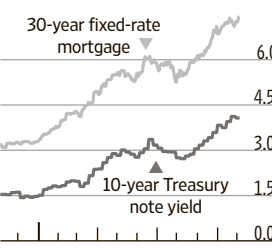
Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
ProShares UltraPro QQQ	TQQQ	380,817	87.5	17.95	4.66	91.68	16.32
Mullen Automotive	MULN	263,627	105.2	0.28	-6.91	15.90	0.21
ProSh UltraPro Shrt QQQ	SQQQ	172,796	23.9	59.55	-4.64	69.50	28.15
Direxion Dly SCOND 3 BL	SOXL	172,203	65.3	8.99	13.94	74.21	6.21
Apple	AAPL	140,388	65.2	138.38	-0.19	182.94	129.04

* Common stocks priced at \$2 a share or more with an average volume over 65 trading days of at least 5,000 shares. †Has traded fewer than 65 days

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

30-year mortgage, Rate

Bankrate.com avg [†]	7.41%
TrustTexas Bank, S.S.B. Victoria, TX	4.75% 361-575-0584
Florence Savings Bank Florence, MA	5.75% 800-644-8261
The Home National Bank of Thornton Thornton, IN	5.88% 765-436-2222
Star One Credit Union Sunnyvale, CA	6.00% 408-742-2801
Main Street Bank Marlborough, MA	6.25% 508-481-8300

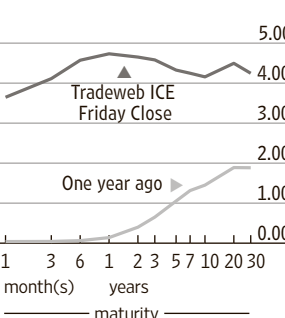
Interest rate	Yield/Rate (%) [†] Last	Yield/Rate (%) [†] 3-yr chg (pct pts)	52-Week Range (%) Low	52-Week Range (%) High	3-yr chg (pct pts)
Federal-funds rate target	3.75-4.00	3.00-3.25	0.00	4.00	2.25
Prime rate*	7.00	6.25	3.25	7.00	2.25
Libor, 3-month	4.55	4.44	0.14	4.55	2.64
Money market, annual yield	0.25	0.44	0.07	0.25	-0.46
Five-year CD, annual yield	2.39	2.30	0.41	2.39	0.94
30-year mortgage, fixed [†]	7.41	7.10	3.09	7.41	3.25
10-year mortgage, fixed [†]	6.53	6.42	2.42	6.53	3.56
Jumbo mortgages, \$647,200-plus [†]	7.44	7.11	3.09	7.44	3.14
Five-year adj mortgage (ARM) [†]	5.55	5.51	2.82	5.55	1.28
New-car loan, 48-month	6.12	6.10	3.41	6.12	1.56

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

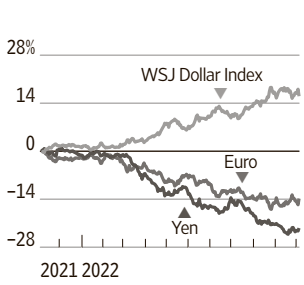
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Corporate Borrowing Rates and Yields

Bond total return index	Close	Last	Week ago	High	Low	52-wk	3-yr
U.S. Treasury Bloomberg	2029.760	4.510	4.320	4.540	1.060	-14.796	-3.594
U.S. Treasury Long Bloomberg	2948.560	4.460	4.320	4.570	1.720	-32.881	-9.900
Aggregate, Bloomberg	1877.720	5.110	4.940	5.210	1.580	-16.177	-3.765
Fixed-Rate MBS, Bloomberg	1862.230	5.170	4.990	5.380	1.810	-15.240	-4.255
High Yield 100, ICE BofA	3045.140	8.467	7.895	8.753	3.669	-12.074	-0.939
Muni Master, ICE BofA	534.568	3.884	3.913	3.936	0.895	-10.803	-1.698
EMBI Global, J.P. Morgan	717.533	8.699	8.680	9.159	4.744	-22.481	-6.150

Sources: J.P. Morgan; Bloomberg Fixed Income Indices; ICE Data Services

Track the Markets: Winners and Losers

A look at how selected global stock indexes, bond ETFs, currencies and commodities performed around the world for the week.

Index	Currency, vs. U.S. dollar	Commodity, traded in U.S.*	Exchange- traded fund
Nymex natural gas			12.60%
Hang Seng			8.73
Comex silver			8.58
Comex copper			7.17
Nymex RBOB gasoline			6.71
Nymex crude			5.36
Shanghai Composite			5.31
Bloomberg Commodity Index			5.13
Soybeans			4.59
Nymex ULSD			4.52
S&P/BMV IPC			4.25
FTSE 100			4.07
KOSPI Composite			3.53
FTSE MIB			3.34
BOVESPA Index			3.16
S&P 500 Energy			2.37
CAC-40			2.29
Wheat			2.23
Comex gold			2.01
S&P BSE Sensex			1.65

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High Low	Low	Settle	Chg	Open interest
Copper-High (CXM) -25,000 lbs.; per lb.						
Nov	3.6370	3.7315	3.6345	3.7145	0.2580	1,647
Dec	3.4255	3.7085	3.4180	3.6865	0.2959	98,051
Gold (CXM) -100 troy oz.; \$ per troy oz.						
Nov	1630.20	1674.50	1629.00	1672.50	45.20	2,591
Dec	1631.70	1686.40	1631.10	1676.60	45.70	348,168
Jan/23	1656.80	1691.10	▲ 1656.60	1683.60	45.80	37
Feb	1645.80	1700.40	1645.80	1690.60	45.70	94,423
April	1661.00	1715.20	1661.00	1705.70	45.80	19,686
June	1677.10	1730.00	1676.20	1720.70	45.90	10,112

Palladium (NYM)						
	Contract			Settle	Chg	Open interest
	Open	High	Low			
Nov	1791.50	1919.00	1789.50	1839.50	41.40	6,640
Dec	1791.50	1919.00	1789.50	1839.50	41.40	6,640
Jan/23	922.00	970.20	918.90	960.50	36.40	1
Nov	19.980	20.935	19.950	20.790	1.354	107
Dec	19.500	20.965	19.425	20.748	1.354	103,011
Crude Oil, Light Sweet (NYM) -10,000 bbls.; \$ per bbl.						
Dec	87.90	92.87	87.82	92.61	4.44	289,272
Jan/23	86.92	91.67	86.94	91.45	4.27	157,481
Feb	85.68	90.30	85.66	90.12	4.10	73,831
March	84.58	88.98	84.53	88.83	3.96	98,243
June	81.91	85.85	81.75	85.50	3.45	125,713
Dec	78.11	81.46	77.93	80.80	2.62	166,517

NY Harbor ULSD (NYM)						
	Contract			Settle	Chg	Open interest
	Open	High	Low			
Dec	3.8633	3.9568	3.8223	3.9148	.0495	70,856
Jan/23	3.6537	3.7173	3.6362	3.6971	.0481	46,076
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.						
Dec	2.6955	2.8172	2.6842	2.7348	.0409	87,540
Jan/23	2.5853	2.6990	2.5767	2.6489	.0661	58,343
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.						
Dec	5.935	6.510	5.893	6.400	.425	90,710
Jan/23	6.298	6.873	6.267	6.754	.424	104,286
Feb	6.119	6.641	6.079	6.529	.391	60,062
March	5.532	5.954	5.505	5.873	.336	100,656
April	4.763	5.111	4.763	5.018	.241	81,145
May	4.736	5.046	4.731	4.961	.232	85,920

Agriculture Futures						
Corn (CBT)-5,000 bu.; cents per bu.						
Dec	679.25	685.25	678.50	681.00	1.75	576,342
Mar/23	684.75	690.75	684.00	686.75	2.00	386,054
Oats (CBT)-5,000 bu.; cents per bu.						
Dec	387.00	395.50	385.25	390.75	6.25	2,565
Mar/23	391.25	399.75	391.25	393.75	5.25	1,494
Soybeans (CBT)-5,000 bu.; cents per bu.						
Nov	1424.25	1453.75	1424.25	1451.50	24.75	1,699
Jan/23	1436.25	1465.50	1431.50	1462.25	25.25	256,837
Soybean Meal (CBT)-100 tons; \$ per ton.						
Dec	415.00	422.80	414.90	420.40	1.10	132,915
Jan/23	407.70	415.50	407.70	412.80	5.30	96,534
Soybean Oil (CBT)-60,000 lbs.; cents per lb.						
Dec	75.45	77.42	75.18	77.17	1.88	110,328
Jan/23	73.34	75.41	73.09	74.85	1.67	97,559

Rough Rice (CBT)						
	Contract			Settle	Chg	Open interest
	Open	High	Low			
Nov	17.50	17.77	17.49	17.70	.12	6,378
Wheat (CBT) -5,000 bu.; cents per bu.						
Dec	842.00	855.50	834.00	847.75	7.25	133,813
March/23	861.50	874.00	853.25	866.75	7.00	88,933
Wheat (KC) -5,000 bu.; cents per bu.						
Dec	943.75	958.50	939.00	953.25	12.00	60,756
March/23	940.75	955.00	937.50	950.75	12.00	47,135
Cattle-Feeder (CME) -50,000 lbs.; \$ per lb.						
Nov	177.625	178.825	177.475	177.825	-.175	3,677
Dec	179.550	180.600	178.800	179.625	-.200	24,875
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
Dec	152.150	152.500	151.550	151.650	-.300	112,573
Feb/23	154.975	155.300	154.300	154.375	-.500	75,369
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
Dec	84.175	84.175	82.825	82.975	-.400	77,099
Dec	87.75	87.925	86.400	86.425	-.750	52,156
Lumber (CME) -110,000 bd. ft., \$ per 1,000 bd. ft.						
Nov	435.20	435.60	420.20	430.00	...	206
Jan/23	437.40	438.10	▼ 432.30	438.10	...	1,563

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session						
Friday, November 4, 2022						
ETF	Symbol	Closing Price	Chg YTD (%)	Symbol	Closing Price	Chg YTD (%)
CnsmrDiscSelSector	XLV	137.50	0.84 -32.7	iShoCoreTotalUSDbd	USB	43.64 0.05 -17.6
CnStapleSelSector	XLP	71.85	1.18 -6.8	iShoCoreUSAggBd	AGG	94.34 -0.01 -17.3
DimenUSCoreEq2	EFER	10.00	0.31 -17.2	iShoCoreUSGovtBd	GOV	118.40 1.74 -4.4
EnSelSectorSPDR	DFA	91.42	1.22 -64.7	iShoCoreAGG	ESGU	83.47 -147 -22.6
FinSelSectorSPDR	XLI	33.91	1.83 -13.2	iShoCoreMSciMiniUS	USMV	69.78 0.81 -13.7
HealthCareSelSector	XLY	130.81	0.61 -7.2	iShoCoreMSciUSAQual	USM	110.14 1.62 -24.3
IndSelSectorSPDR	XLV	95.07	1.00 -10.2	iShoCoreGoldTrd	IAU	31.91 3.07 -8.3
InvcsCOOQ	QQQ	264.68	1.41 -33.5	iShoBox\$HNYGrCpBd	HYG	72.90 0.40 -1.2
InvcsSP500EWH	RSP	137.91	1.55 -13.5	iShoBox\$HNYGrCpBd	LQD	101.12 0.20 -23.7
InvcsCoreGrowth	DGRO	48.51	1.61 -12.7	iShoPMJUSEmngBd	EMB	80.41 1.60 -26.3
iShoCoreMSciEAFE	IEFA	57.04	3.86 -23.6	iShoMBSETF	MBS	90.05 0.28 -16.2
iShoCoreMSciEAFE	IEFA	57.04	3.86 -23.6	iShoMSCIEAFE	ACWI	82.33 2.35 -22.2
iShoCoreMSCITotInt	MSCI	54.45	3.81 -23.2	iShoMSCIEAFE	ESM	36.20 4.23 -25.9
iShoCoreSP500	IIV	377.84	1.41 -20.8	iShoMSCIEAFE	EFV	42.20 3.94 -15.2
iShoCoreS&P MC	IVV	239.85	1.17 -15.3	iShoNatMuniBd	MUB	101.89 0.24 -12.4
iShoCoreS&P SC	ITR	95.94	1.57 -16.2	iShoUSGovtCpBd	ICSB	48.03 0.35 -9.1
iShoCoreS&P TOTUS	TTT	83.70	1.27 -21.8	iShoPfdGcmBd	PFF	29.95 -0.23 -24.0

Borrowing Benchmarks | WSJ.com/bonds

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 not always represent actual transactions.

Inflation			—52 WEEK—		
Sept index	Chg From (%)	Level	Latest	Aug	22 Sept '21
All items	296.80	0.22	8.2		
Core	298.42	0.43	6.6		

International rates			—52 WEEK—		
Latest	Aug	22 Sept '21	Latest	Aug	22 Sept '21
U.S. consumer price index	296.80	0.22	8.2		
Core	298.42	0.43	6.6		

Prime rates			November 4, 2022		
U.S.	7.00	6.25	7.00	3.25	
Canada	5.95	5.45	5.95	2.45	
Japan	1.475	1.475	1.475	1.475	

Policy Rates			Sources: Bureau of Labor Statistics; FactSet		
Euro zone	2.00	1.25	2.00	0.00	

New Highs and Lows

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

Friday, November 4, 2022														
52-Wk %					52-Wk %					52-Wk %				
Stock	Sym	Hi/Low	Chg		Stock	Sym	Hi/Low	Chg		Stock	Sym	Hi/Low	Chg	
Highs														
ACNB	ACNB	36.84	▲	1.2	Fluor	FLR	32.00	▲	1.3	Procter	ACDC	24.50	▲	0.3
AxiosStnGrwA	AXAX	10.22	▲	1.2	FormMergerAI	FMOV	9.54	▲	1.1	QuantaServices	QSWR	14.50	▲	0.3
AccretionAcq	ENR	10.00	▲	1.2	GasLogPartners	GLP	8.95	▲	1.1	Rambus	PWRB	39.45	▲	3.4
Adeco	ADCO	40.70	▲	1.2	Goodfellow	GFI	10.00	▲	1.2	RaymondJames	RYM	7.19	▲	1.32
AdientGldCld	ARG	10.00	▲	1.2	Gleason	GILD	81.32	▲	1.1	RaytheonAeroSpace	RAYAN	37.00	▲	1.2
AetheriumAcqA	GMI	10.00	▲	1.2	GoalCoGps	PUCK	9.94	▲	1.2	Reckitt	REYN	33.01	▲	0.7
CartesianGrwA	GLB	10.00	▲	1.2	GoldenFalconA	GFX	10.04	▲	1.3	RevivaPharmVt	RPHV	9.84	▲	0.24
AmerisourceBcrn	ABN	16.29	▲	1.2	GoresTechI A	GTPI	9.99	▲	1.2	Rockwell	RW	21.50	▲	1.2
AuraPartShops	AFAR	14.35	▲	1.2	Grainier	GVRG	60.85	▲	1.1	SANIM	SANM	58.00	▲	1.2
AresAcqA	AAC	9.90	▲	1.2	HBT Fintl	HBT	21.71	▲	2.7	Schlumberger	SLB	54.13	▲	2.5
AuraPartShops	AFAR	14.35	▲	1.2	HFL Sinclair	DMO	64.74	▲	1.1	Scorpio Tankers	STK	52.25	▲	1.2
BancFirst	BFC	69.25	▲	1.2	HVBancorp	HVBC	26.99	▲	1.1	SteelCo	STL	36.50	▲	1.2
BDOUS	BDO	10.00	▲	1.2	HydriDavidson	HOG	66.60	▲	1.1	Stamps	SLMU	9.99	▲	1.2
BlackStoneMn	BSM	99.95	▲	1.2	HydriDavidson	HOG	66.60	▲	1.1	Stamps	SLMU	9.99	▲	1.2
BancFirst	BFC	69.25	▲	1.2	HydriDavidson	HOG	66.60	▲	1.1	Stamps	SLMU	9.99	▲	1.2
BancFirst	BFC	69.25	▲	1.2	HydriDavidson	HOG	66.60	▲	1.1	Stamps	SLMU	9.99	▲	1.2
BancFirst	BFC	69.25	▲	1.2	HydriDavidson	HOG	66.60	▲	1.1	Stamps	SLMU	9.99	▲	1.2
BancFirst	BFC	69.25	▲	1.2	HydriDavidson	HOG	66.60	▲	1.1	Stamps	SLMU	9.99	▲	1.2
BancFirst	BFC	69.25	▲	1.2	HydriDavidson	HOG	66.60	▲	1.1	Stamps	SLMU	9.99	▲	1.2
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BancFirst	BFC	69.25	▲	1.2	HydriDavidson	HOG	66.60	▲	1.1	Stamps	SLMU	9.99	▲	1.2
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BancFirst	BFC	69.25	▲	1.2	HydriDavidson	HOG	66.60	▲	1.1	Stamps	SLMU	9.99	▲	1.2
BancFirst	BFC	69.25	▲	1.2	HydriDavidson	HOG	66.60	▲	1.1	Stamps	SLMU	9.99	▲	1.2
BancFirst	BFC	69.25	▲	1.2	HydriDavidson	HOG	66.60	▲	1.1	Stamps	SLMU	9.99	▲	1.2

MARKETS

Stocks Gain, End Week Lower

Despite Friday's rise, inflationary pressures are continuing to weigh on the markets

By Karen Langley
and Anna Hirtenstein

U.S. stocks rose Friday but finished the week with losses after the monthly jobs report did little to shift expectations for continued interest-rate increases from the Federal Reserve.

Stocks have come under pressure in recent days as central banks including the Fed and the Bank of England aggressively raise interest rates to combat inflation.

FRIDAY'S MARKETS

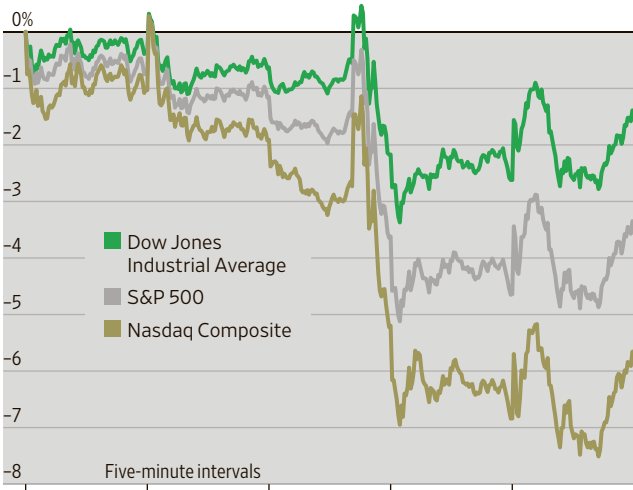
Fed Chairman Jerome Powell signaled this week that officials might raise borrowing costs next year more than they had projected.

The Dow Jones Industrial Average lost 1.4% for the week, snapping a four-week winning streak, while the S&P 500 fell 3.3%. The tech-heavy Nasdaq Composite Index declined 5.6% in its worst week since January.

As they have for months, investors scrutinized the fresh employment data for clues about how much more the Fed may tighten financial conditions as it seeks to cool the economy and bring down high inflation.

The report Friday left intact the picture of a strong U.S. labor market. Employers added a seasonally adjusted 261,000 jobs in October, while wage gains ticked up from the previ-

Index performance this past week



ous month. "Today's numbers probably weren't numbers the Fed wanted to see," said Rusty Vanneman, chief investment strategist at Orion Advisor Solutions. "They really need some economic softness to slow inflationary pressures, and this number didn't give it."

Still, there were signs that the economy is slowly losing momentum. The monthly jobs gains were the fewest since December 2020, and wage increases have eased on an annual basis.

Major indexes fluctuated during the day, with stocks rallying in the morning before slipping into negative territory and wavering around the flatline. They rose in the afternoon to end the day higher.

The S&P 500 gained 50.66

points, or 1.4%, on Friday to 3770.55. The Dow industrials added 401.97 points, or 1.3%, to 32403.22. The Nasdaq Composite advanced 132.31 points, or 1.3%, to 10475.25.

With threats to the economy and corporate earnings as the Fed continues to raise rates, few investors expect the markets to settle down soon.

"With all the negative news, we think we have a lot of volatile days ahead," said Mace McCain, chief investment officer at Frost Investment Advisors.

One analyst suggested that investors may finally be coming to terms with the Fed's plans for raising interest rates.

"Investors have gone through the five stages of grief this year, and with today's jobs report, maybe they've finally reached accep-

tance," said Michael Arone, chief investment strategist for SPDR Americas at State Street.

In addition to signs of hawkishness from the Fed, concerning notes from the continuing earnings season may have weighed on stocks recently, said Ellen Hazen, chief market strategist and portfolio manager at F.L.Putnam Investment Management Co.

"Some of those have indicated higher cost pressures and higher inflation as well as lower revenue growth," she said. "You put that all together and it's been a fairly sobering week."

With most companies in the S&P 500 having reported, analysts expect that earnings grew 2.1% in the third quarter from a year earlier, down from projections for 9.7% growth at the end of June, according to FactSet.

Earnings reports drove moves in individual stocks. Shares of Starbucks jumped \$7.18, or 8.5%, to \$91.86 after the company reported record sales last quarter but also said its profit was eroded by higher wages and investments. PayPal shares dropped \$1.37, or 1.8%, to \$75.18 after the fintech company cut its revenue outlook.

The yield on the benchmark 10-year U.S. Treasury note rose to 4.157% Friday from 4.123% on Thursday. Yields rise as bond prices fall.

Oil prices rose, with global crude benchmark Brent adding 4.1% to trade at \$98.57 a barrel. Traders are betting that energy demand would rise if China loosens Covid-19 rules.

—Matt Grossman contributed to this article.

Healthcare Sector Offers Investors Refuge

By Charley Grant

Soaring interest rates and a shaky economic outlook have hit stock prices this year. Health stocks are holding up better than most.

The S&P 500's healthcare sector index is down 7.3% in 2022, on pace for its worst year since 2008. Yet it is still outperforming the broader market by 14 percentage points, the widest gap since 2000, according to Dow Jones Market Data. The energy, utilities and consumer staples sectors have fared better.

The pandemic wreaked havoc on the industry. Hospitals postponed surgeries to cope with an influx of Covid-19 patients. Patients deferred routine screenings and nonessential treatments, which resulted in lost revenue for makers of drugs and medical devices.

The picture is different this year. The pandemic has led to more than \$150 billion in sales from new Covid-19 products, including diagnostics, vaccines and therapeutics. Those sales are still brisk, though their outlook is uncertain. Patients who skipped routine checkups during the worst of the pandemic are returning to doctors' offices, easing a major bottleneck for new drug launches.

"We are encouraged to see people obtaining preventive screenings at levels broadly consistent with longer-term norms," UnitedHealth Group Inc. Chief Financial Officer John Rex said last month on a conference call with Wall Street analysts.

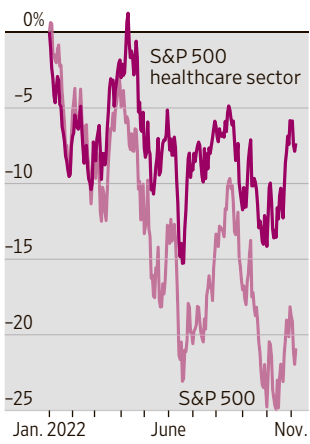
Among the sector's top gainers, shares of drug distributors McKesson Corp. and Cardinal Health Inc. have risen 60% and 55%, respectively, this year. Health insurer Cigna Corp. is up 40%.

Healthcare stocks tend to outperform in an uncertain environment because demand for care is relatively insensitive to the strength of the economy.

Health insurers are able to pass higher costs on to consumers, which reduces the impact of inflation on most healthcare businesses.

"People get sick whether

Index and sector performance



Source: FactSet

the economy is up or down," said Justin Simon, managing director at Jasper Capital Partners.

The passage of the Affordable Care Act more than a decade ago means that individuals are far less likely to lose insurance coverage in a recession than in the past, he added. Mr. Simon said he owns shares of CVS Health Corp. and United Therapeutics Corp., which specializes in rare disease treatments, for his fund.

With the third-quarter earnings season winding down, nearly three-fourths of the companies in the healthcare sector have topped Wall Street profit estimates.

Wall Street projects the outlook for large insurers, drug-makers and medical-device manufacturers to be relatively stable. Analysts have reduced their 2023 profit forecasts by less than 2% on average so far this earnings season, according to data compiled by Jared Holz, healthcare sector specialist at Oppenheimer.

Some corners of the industry have struggled.

The Nasdaq Biotechnology index is down 14% so far this year, joining the marketwide selloff of more speculative stocks. And high labor costs have pressured stock prices of publicly traded hospitals: HCA Healthcare Inc. has lost 17% this year, while Tenet Healthcare Corp. is down 48%.

◆ Heard on the Street: Healthy prognosis for hospitals..... B12

Covid Optimism Lifts Hang Seng

By Jing Yang and Rebecca Feng

Shares of Chinese companies listed in Hong Kong jumped Friday after U.S. officials wrapped up a crucial audit inspection in the city and a transcript circulated on social media suggesting China was considering easing its strict coronavirus policies.

The Hang Seng Index closed more than 5% higher after Chinese stocks in a variety of sectors saw heavy buying. Tech giant Alibaba Group Holding Ltd., vehicle maker Geely Automobile Holdings Ltd. and restaurant chain Haidilao International Holding Ltd. were all up by double-digits in percentage terms. China's CSI 300 index ended the day up 3.3% and the Shanghai Composite Index was 2.4% higher.

The big driver appeared to be a speech made Friday morning by Zeng Guang, the former chief scientist at the Chinese Center for Disease Control and Prevention, who said the country's strict zero-Covid policy will undergo significant changes, according to

people familiar with the matter. He was speaking during a conference held by Citigroup Inc.

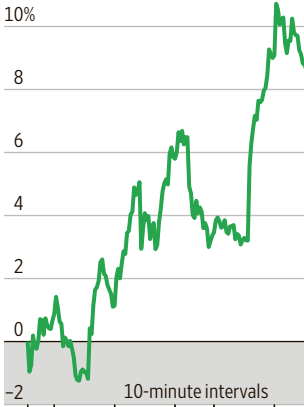
Mr. Zeng said the peak rate of Covid testing in China has passed and that 90% of tests will be eliminated. The process of reducing the number of tests is under way, he said. Mr. Zeng also said that the border between Hong Kong and mainland China will open in the first half of next year or even earlier, and the border reopening between the mainland and the rest of the world will follow.

Daryl Liew, head of portfolio management at wealth-management company SingAlliance, said it was surprising that the market moved so much based on something that had "nothing really underpinning it."

"Imagine if you have something tangible, what the market reaction would be?" Mr. Liew said.

The rally spilled over into U.S. trading. The ADRs of Alibaba, Baidu Inc., JD.com Inc. and NetEase Inc. rose more

Hang Seng Index performance



Source: FactSet

than 5%. In Europe, shares of luxury-goods companies increased, too. LVMH Moët Hennessy Louis Vuitton SE rose 5.7%.

Oil prices climbed as well, with Brent crude rising 4.1%. The U.S. dollar weakened on the news; the WSJ Dollar Index, which measures the greenback against a basket of other currencies, fell 1.7%.

China's health authorities

were to host a news conference Saturday afternoon to discuss the government's Covid-19 policies.

The rally in Chinese shares meant the Hang Seng Index closed the week up 8.7%. That puts the index around the level it was trading on the last trading day of the national congress.

Chinese stocks listed in Hong Kong and mainland China had already started the day strong, after U.S. officials prepared to wrap up their inspections of the audit records of Chinese firms in Hong Kong. That sets the stage for a decision that will determine the fate of more than 200 companies listed on American stock exchanges, according to people familiar with the matter. Inspectors from the Public Company Accounting Oversight Board were due to finish their work Friday, the people said, a timing that appears to be at least a week ahead of schedule. The inspection was set to take eight to 10 weeks.

—Michelle Chan contributed to this article.

Iron-Ore Prices Buckle as China Property Slump Lingers

By Rhiannon Hoyle

ADELAIDE, Australia—Iron-ore prices have slumped to a three-year low as a sharp slowdown in Chinese homebuilding combines with Beijing's zero-Covid strategy to sap demand for the steelmaking commodity.

The benchmark price of iron ore—one of the world's most-traded commodities—fell by 17% in October from September to end the month more than 50% below its 2022 high, which was set in March.

Analysts say iron-ore supply is outstripping demand as China builds fewer new homes, while last month's Communist Party congress disappointed those who had hoped for policies to revive the property market. At the same time, authorities continue to impose snap lockdowns to contain Covid-19 outbreaks.

Iron ore is often seen as a bellwether of China's economy. The Chinese property market accounts for roughly a third of global demand for iron ore that is shipped by sea, investment bank Jefferies estimates. China—which makes more than half the world's steel—buys seven out of every 10 tons overall, according to data from the Australian government.

"The much-anticipated 20th CPC national congress failed to deliver any concrete poli-



A truck operates at Rio Tinto's Gudai-Darri iron-ore mine in Western Australia.

cies to stimulate the gloomy property market," said Malan Wu, head of steel and raw materials markets at consulting firm Wood Mackenzie.

There are some bright spots for steel demand, analysts, miners and others say. China is spending more on infrastructure, and auto makers are expanding output after the pandemic disrupted supply chains. Still, this isn't enough to offset the loss of demand from the real-estate sector, Ms. Wu said.

Iron ore's daily benchmark price fell to \$79.50 a metric ton on Oct. 31, its lowest point since November 2019, according to S&P Global Commodity Insights, which assesses mar-

ket prices. The price has edged up to trade at \$88.05 a ton on Friday. Iron ore began last month above \$95 a ton and traded as high as \$162 a ton in March.

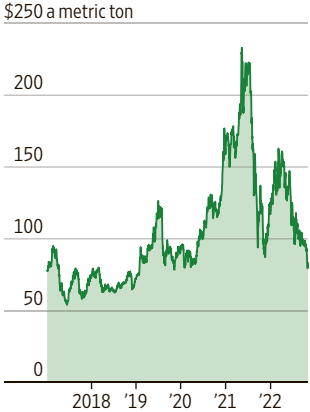
Although some banks, including Jefferies, think prices could stabilize if bad weather disrupts major mining hubs again, others aren't so optimistic. Citi and Australia and New Zealand Banking Group are among those to have cut their short-term pricing forecasts.

Iron ore's downturn is likely to ease pressure on steelmakers by helping to lower raw-material costs at a time when they are being squeezed by weaker steel prices, but it will hurt

profits of mining companies including BHP Group Ltd. and Rio Tinto PLC. In a report last month, Rio Tinto—the world's largest iron-ore producer—said a loss of confidence in China's property market and Covid-related disruptions to construction activity had curtailed the nation's steel output. It said a slowing global economy generally risked hurting demand for commodities.

"While stimulus has produced growth in infrastructure and autos, we expect improvement in the housing sector to take a bit longer," James Agar, BHP's group procurement officer, told an industry conference in Australia on Wednes-

Benchmark iron-ore fines with 62% iron content



Note: As of Nov. 3

Source: S&P Global Commodity Insights

day. "The zero-Covid policy remains an overhang that creates additional uncertainty."

Other commodity prices have fallen, but not by nearly as much as iron ore. Copper, which dropped by 1.5% in October, is about 30% below its record high in March when Russia's invasion of Ukraine drove up prices for the industrial metal.

Copper supplies remain tight and analysts view the metal as essential to electrification projects that Chinese policy makers are pushing to cushion the property slowdown's impact.

In contrast, iron ore faces a worsening oversupply as steel-intensive property development falls, according to ana-

lysts at Goldman Sachs. Beijing has imposed borrowing limits on developers while insisting that houses are for living in, not for speculation.

"There is little to offset these structural headwinds," Goldman said in a note last month, highlighting a 35% fall in new property starts in China year-over-year and steel's lesser role in the energy transition when compared with copper. The bank predicts iron-ore prices will fall to \$70 a ton soon.

The dearth of policy support at the recent party congress in China has coincided with production cutbacks at steel mills and rolling lockdowns across the country, Citi analysts said Wednesday when cutting their three-month iron-ore price forecast to \$70 a ton from \$95 a ton.

China has maintained its zero-Covid strategy via swift and sweeping lockdowns, compulsory quarantines and—in certain cases—business closures. A Chinese industrial park where Foxconn Technology Group's most advanced iPhone plant is battling a Covid-19 outbreak entered a weeklong lockdown on Wednesday.

A change to China's Covid strategy could arrest the decline in iron-ore prices, said Daniel Hynes, an analyst at ANZ. Without such a pivot, the market backdrop is likely to deteriorate more, he said.