

THE WALL STREET JOURNAL.

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WEDNESDAY, OCTOBER 30, 2024 ~ VOL. CCLXXXIV NO. 103

WSJ.com

★★★★ \$5.00

DJIA 42233.05 ▼ 154.52 0.36%

NASDAQ 18712.75 ▲ 0.8%

STOXX 600 517.99 ▼ 0.6%

10-YR. TREAS. ▲ 1/32, yield 4.272%

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What's News

Business & Finance

♦ **Elon Musk's xAI** is in talks with investors for a funding round that would value the startup at around \$40 billion, according to people familiar with the matter, escalating the tech industry's race to build advanced generative AI technology. **A1**

♦ **Google reported** accelerated revenue growth thanks to strong results in its cloud-computing division, boosting the company's fortunes during a costly push into artificial intelligence. **A1**

♦ **A rally in tech stocks** lifted the Nasdaq 0.8% to a record, its 28th of the year, while the S&P 500 rose 0.2% and the Dow fell 0.4%. **B1**

♦ **Consumer sentiment** in the U.S. this month improved at the steepest pace in more than three years, as confidence grew in the economy and personal incomes. **A2**

♦ **JPMorgan Chase sued** four people who it says committed check fraud by withdrawing large sums of cash as part of a TikTok craze. **B1**

♦ **BP's profit fell** in the third quarter, although less than expected, as weak oil prices and refining margins continued to weigh on the energy sector. **B3**

♦ **Novartis raised its** guidance for the third time this year after reporting higher third-quarter results boosted by revenue from its blockbuster drugs. **B3, B12**

♦ **Visa plans to lay off** around 1,400 employees and contractors by year-end, according to people familiar with the matter, as part of an effort to streamline its international business. **B4**

World-Wide

♦ **Israel's Parliament** passed legislation to sever ties with the United Nations agency for Palestinian refugees, curtailing the group's ability to work in Gaza and the West Bank as it leads the humanitarian response to the war in Gaza. **A1**

♦ **Billionaire investor** John Paulson said he would work with Tesla CEO Elon Musk to enact massive federal spending cuts if Paulson were to become Treasury secretary in a second Trump administration. **A5**

♦ **The Harris and Trump** campaigns are pitching their economic remedies across Nevada, a swing state with the highest jobless rate of any state and one of the starker imbalances of housing costs and income. **A3**

♦ **New X users** declaring non-political interests are being blanketed with political content and fed posts that lean toward Trump and sow doubt about the integrity of the Nov. 5 election, a Wall Street Journal analysis found. **A6**

♦ **A federal district court** ruled against Republican lawmakers from Pennsylvania who challenged ballots from overseas and ballots that military voters cast in the state. **A5**

♦ **Former Trump aide** and podcaster Steve Bannon was released from prison after serving a four-month sentence for contempt of Congress. **A5**

♦ **The man sentenced to 30** years in prison for attacking Paul Pelosi was given a life term without the possibility of parole after a separate state trial. **A5**

♦ **Died: Teri Garr,** 79, co-star of "Young Frankenstein." **A3**

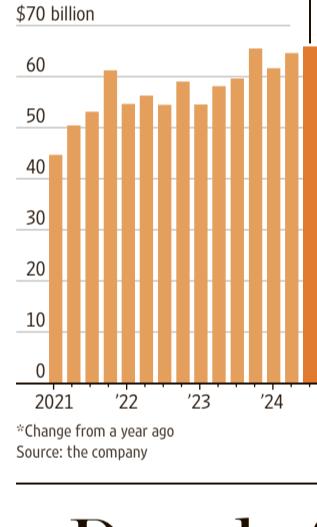
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Launch Moves China Closer to Lunar Outpost Goal



LIFTOFF: The Shenzhou-19 spacecraft atop a Long March rocket takes off from a launch center in northwestern China early Wednesday. The spacecraft will carry three of China's astronauts to the country's orbiting space station. **A8**

Google's Cloud Unit Powers Accelerating Revenue Growth



By MILES KRUPPA

Google's parent company reported a 15% jump in year-over-year revenue driven by strong results in its cloud-computing division, boosting the company's fortunes during a costly push into artificial intelligence.

Alphabet recorded total revenue of \$88.3 billion in the third quarter, which grew at a faster rate than the second quarter's 14%.

Google's cloud division, which sells computing power in data centers and has been a beneficiary of the AI boom, brought in \$11.4 billion of revenue. That was up 35% from the

previous year, compared with 28.8% in the second quarter.

However, Google's search engine and YouTube video platform both reported slowing revenue growth for a second straight quarter, indicating troubles in the company's advertising business.

Alphabet reported total ad sales of \$65.9 billion in the third quarter, an increase of 10.4% from the same period last year. That compared with 11.1% growth in the second quarter.

The results kicked off a busy week of technology company earnings, in which Microsoft, Amazon and Meta Platforms are all scheduled to

be reporting results. Investors will be looking closely for signs of whether AI spending is starting to benefit companies' bottom lines.

Google hasn't broken out exactly how much revenue it has made from AI services.

Google and other tech giants have significantly ramped up AI spending over the past few years as part of the broader AI boom. Most of that money has gone to build new data centers to develop and run AI models.

Alphabet's capital expenditures were \$13.1 billion in the third quarter, up 62% from the same period last year.

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Musk's Startup xAI Eyes \$40 Billion Valuation

Biggest AI ventures in Silicon Valley are raising money at breakneck speed

By BERBER JIN
AND MEGHAN BOBROWSKY

Elon Musk's xAI is in talks with investors for a funding round that would value it around \$40 billion, according to people familiar with the matter, escalating the tech industry's race to build advanced generative AI technology.

The startup was last valued at \$24 billion just a few months ago, when it raised \$6 billion in the spring.

xAI hopes to raise several billion dollars in the new funding round, one of the knowledgeable people said. The cash raised would be added to the \$40 billion valuation.

The funding discussions are in the early stages, meaning that terms could change or the talks could fall apart.

Representatives for xAI didn't respond to requests for comment.

Silicon Valley's biggest AI startups are raising cash at breakneck speed to fund the intensive computing power needed to develop and run their technology. Earlier this month, OpenAI raised \$6.6 billion at a \$157 billion valuation in what was one of the largest private funding rounds in U.S. history. Perplexity, an AI search startup, is in talks to raise new funding that would more than double its valuation to \$8 billion, The Wall Street Journal recently reported.

They are competing not just with each other, but with huge public companies—like Google parent Alphabet and

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INSIDE



BUSINESS & FINANCE

Bosses are ordering workers back to the office—and it's a boon for landlords. **B1**

WORLD NEWS

The Dominican Republic launches effort to deport 10,000 Haitians a week. **A8**

CEOs Are Cozying Up To Trump as Race Appears Deadlocked

Harris Pushes To 'Turn Page'

Vice president frames closing days as choice between two visions..... **A4**

stay on the campaign trail.

"The vibe that night was quite positive," said Ken Langone, the billionaire co-founder of Home Depot and one-time supporter of Trump rival Nikki Haley. "If Trump wins, I think it's going to be great for the economy."

Other CEOs worry about Trump's proposed tariffs and

Please turn to page A4

Dread of a Knock Bringing Eviction

High rents in fast-growing Phoenix pressure many tenants. Laws friendly to landlords can mean speedy removals.

By WILL PARKER

We'll give you some time." That meant about 10 minutes. It was enough time to put together an overnight bag with a few essentials, and Torres told the woman she could come back for bigger items later.

Torres, who works at one of 26 eviction courts in the county, has the job of removing people from their homes when they've stopped paying rent.

The constable has been busy this year. Court filings to evict tenants across Maricopa

Please turn to page A9

wielding demonic mime. "It almost took off Judge Rakoff's head."

U.S. District Judge Jed Rakoff is one of 10 jurists deciding the scariest of the thou-

sands of proceedings held annually in the Southern District of New York: the courthouse administration's annual Halloween competition.

"Watch out for that saw there," top courthouse executive Edward Friedland said last week, pointing to the bloody animatronic figure of a hacksaw.

Once a year, the normally staid government of

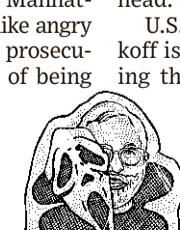
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How Do You Rattle a Judge? Send in Art the Clown

* * *

Halloween contest in Southern District traumatizes the jurists who preside over it

By CORINNE RAMEY



Federal judges in Manhattan face daily frights like angry litigants, overzealous prosecutors and the specter of being reversed by an influential appeals court. But nothing prepares them for Art the Clown.

"Watch out for that saw there," top courthouse executive Edward Friedland said last week, pointing to the bloody animatronic figure of a hacksaw.

Once a year, the normally staid government of

Please turn to page A9

Israel Bans U.N. Group Giving Palestinians Aid

By CARRIE KELLER-LYNN

TEL AVIV—Israel's Parliament passed legislation to sever ties with the United Nations agency for Palestinian refugees, curtailing the group's ability to work in Gaza and the West Bank as it leads the humanitarian response to the war in Gaza.

The laws passed late Monday effectively ban the United Nations Relief and Works Agency for Palestine Refugees in the Near East, or Unrwa, from operating in Israeli territory and forbid Israeli state authorities from having contact with it. Israel has long criticized Unrwa, which it said is biased against Israel and has Hamas members on its staff.

The provisions would cut the agency off from access to Israeli entrance permits into Gaza and the West Bank.

They would also end coordination with the Israeli military, which Unrwa relies upon to ferry staff and aid around Gaza. Israel currently manages all points of entry into Gaza after it took control of the Gaza side of the enclave's crossing with Egypt in May.

The Biden administration, which recently sent a letter warning Israel to improve aid to Gaza or risk a cut to arms sales, had urged Israel to scrap the vote for several weeks.

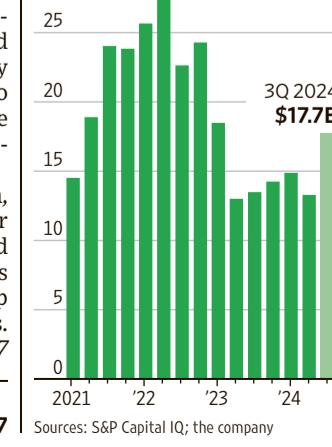
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♦ **War propels Houthis into global terrorists..... A7**

Pfizer Results Defy Activist

Pfizer's positive results for the quarter were a blow to activist investor Starboard. **B1**

Pfizer's quarterly revenue



Sources: S&P Capital IQ; the company



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U.S. NEWS

Voters to Get a Say on Child-Care Funding

Ballot measures in Texas and elsewhere would raise taxes to subsidize facilities

By HARRIET TORY

At Ebenezer Child Development Center in Austin, Texas, one of the infant rooms has been closed for a year. The cribs and highchairs are still there, just no kids. A separate room that was previously a prekindergarten classroom is now a gym.

That is not for lack of demand. The wait lists are long. But the preschool's director, Jordan Maclay, says a big problem is that she can't find enough teachers who can work at the wages she is able to offer.

Maclay is hoping that voters next week will approve an amendment that would raise property taxes by 2.5 cents per \$100 valuation throughout Travis County, which includes most of Austin. The state already helps some low-income families pay for daycare. The county money would add to that, with the goal of raising pay and creating new positions for daycare staffers.

"It's always been a little difficult to hire people," said Maclay, who pays workers between \$15 and \$17.50 an hour. After Covid, when the job market tightened, it became "next to impossible."

Similar initiatives to raise property or sales taxes to fund child care are on the ballot in Sonoma County, Calif., and St. Paul, Minn.

Florida this year started offering tax breaks to businesses that provide child care for employees.

Vermont created a new payroll tax to increase staffing and capacity at daycares. And in Louisiana, taxes on sports betting, cannabis-derived products and casinos raise money for early-childhood education.

Three bipartisan bills in the Senate propose bigger tax credits to both help families with child-care costs and motivate businesses to provide care, though no vote has been scheduled for any of them.

Vice President Kamala Harris said on the campaign trail that her plan is for working families to spend no more than 7% of their income on child care. Former President Donald Trump hasn't offered a plan on child care but has said that it isn't an expensive problem to fix given the amounts he expects to raise from "taxing foreign nations." His running mate, JD Vance, has promoted the idea of grandparents helping with care.

Child care is crucial to the U.S. economy. If parents can't find quality care, or can't afford it, that inhibits their ability to work.

"There's a growing under-



In Texas, Cece Collins had a job but her pay barely covered her daughter's daycare bill. 'I really do want to work,' she says.

standing, especially through Covid, that this is economic infrastructure," said Aly Richards, chief executive of the Burlington, Vt.-based nonprofit Let's Grow Kids.

Economic mismatch

Daycares are labor intensive. They can't, for example, hire remote workers. They are also closely regulated, which means they can't skimp on the number of teachers. Other fixed costs are also high and hard to bring down: the rent or mortgage, insurance, food.

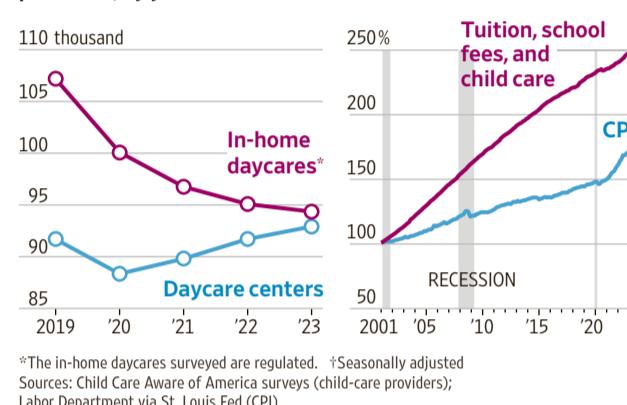
All this results in an economic mismatch. The median wage for a child-care worker is less than \$15 an hour, according to the Labor Department. But the median cost for parents to send just one child can easily top \$10,000 or \$15,000 a year.

"The child-care market is a textbook example of a market failure," said Cynthia Osborne, professor of early childhood education and policy at Vanderbilt University. "Child care is unaffordable for families and not profitable for businesses, and child-care educators are the ones really struggling in the middle."

Daycares don't get the same public resources the K-12 system receives, and profit margins are razor thin. Drove of child-care workers were laid off during pandemic lockdowns, and when the economy reopened, many got better-paying jobs at retailers, warehouses and restaurants.

Advocacy group Child Care Aware of America estimates 13,000 regulated in-home daycares have closed since 2019, a 12% drop. The number of daycare centers has increased over that same period, though only by 1%.

A paucity of child care is a drag on the labor market. About 13% of young children in



*The in-home daycares surveyed are regulated. †Seasonally adjusted Sources: Child Care Aware of America surveys (child-care providers); Labor Department via St. Louis Fed (CPI)



Jordan Maclay, a preschool director in Austin, says hiring people at \$15 to \$17.50 an hour is 'next to impossible' after Covid.

the U.S. had a family member who had to quit, change or refuse a job because of child-care problems, according to the Annie E. Casey Foundation, which examined Commerce and Labor Department data.

Cece Collins tried taking a job as an office manager last year but couldn't make the math work. Her paycheck barely covered her daughter's \$2,500 monthly daycare bill. Collins also struggled to make

it to work on time because of the daycare's hours and her long commute. She lasted less than two months.

"It doesn't make a whole lot of sense for me to take a job where I'm going to turn around and pay almost my entire paycheck to put her in daycare," said Collins, 30. "And I really do want to work."

Texas has lots of workers, lots of employers and lots of children. Austin in particular has been growing rapidly.

Compared with September, consumers were substantially more optimistic about coming business conditions, remained positive about future income and, for the first time since July 2023, they showed some cautious optimism about job availability, Peterson said.

Consumers also became more upbeat about the stock market, though the share of consumers expecting higher interest rates over the next 12 months ticked up after declining the prior four months.

Despite the domination of the presidential election in the news cycle, the key word "election" ranked just fifth in the new survey among write-in responses, behind references to prices, inflation, food and groceries. In October 2016, "election" was the most mentioned key word in write-in responses, while in October 2020 it was second behind "Covid."

Wait list for care

The state's economy was the second-fastest growing in the U.S. last year, behind North Dakota. Its fertility rate is one of the highest. Last year, nearly 388,000 babies were born there. (Texas bans most abortions after about six weeks.)

Texas voters last year approved a law that lets counties and cities exempt daycares from property taxes.

Travis County estimates its amendment will cost the average family \$126 a year and raise an annual \$76 million.

That would be used to create 1,900 subsidized daycare spots for infants and toddlers, and 3,900 after-school and summer slots for school-age children.

Tami Blackmon, who runs a daycare from her home in Austin, has space for 12 kids, but there are currently only five. She knows lots of families who would like to sign up, but they can't afford to pay her full price and they are still wait-listed for subsidized care.

Blackmon supports the child-care amendment on the ballot. She has one employee and pays \$18.75 an hour.

"It's killing me to pay that," she said, "and that's not enough to survive in Austin."

Conference Board consumer confidence index

Date	Index Value
Oct 2021	90
Jan 2022	125
Jun 2023	100
Aug 2023	130
Oct 2024	108.7

Note: Seasonally adjusted
Source: The Conference Board

Consumer Confidence Improves Sharply

By ED FRANKL

Consumer sentiment in the U.S. this month improved at the steepest pace in more than three years, as confidence grew of the future economy and personal incomes ahead of next month's presidential election.

The Conference Board's index of consumer confidence jumped to 108.7 in October from 99.2 in September. Economists polled by The Wall Street Journal had anticipated a considerably lower reading of 99.5.

"Consumer confidence recorded the strongest monthly gain since March 2021, but still did not break free of the narrow range that has prevailed over the past two years," said Dana M. Peterson, the Conference Board's chief economist.

Nevertheless, both gauges of present and future business and labor-market conditions improved on month.

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Home Prices Log Slowest Rise of Year

By JOSHUA KIRBY

U.S. home prices continue to lose pace as mortgage rates retreat from recent peaks, though annual increases remain at historical highs.

The S&P CoreLogic Case-Shiller National Home Price Index, which measures home prices across the country, rose 4.25% from a year earlier in August, the slowest this year. But prices remained at record highs for a 15th consecutive month, according to the index published Tuesday.

There are signs of pressure on price growth, S&P Dow Jones Indices' Brian D. Luke said, noting that August's increase was the smallest since mortgage rates peaked last year.

High prices are scaring off some potential buyers, the National Association of Realtors said last week. The association warned sales of existing homes are on track for their worst year since 1995 amid high borrowing rates and political uncertainty.

New York City was again first out of 20 major metropolitan areas in terms of highest annual rises in home prices, booking an 8.1% leap, S&P Dow Jones Indices said, followed by Las Vegas and Chicago at more than 7% each.



Google has significantly raised artificial-intelligence spending along with other tech companies.

CORRECTIONS & AMPLIFICATIONS

Tony Hinchcliffe, in a comedy set at a campaign rally for Donald Trump in New York, called Puerto Rico a "floating island of garbage." A U.S. News article on Tuesday and an Election 2024 brief in some editions Monday about the event incorrectly said he called it a "floating pile of garbage."

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U.S. NEWS

Economic Pitches Resonate in Nevada

Reno residents struggling with household costs could tip election

By JIM CARLTON

RENO, Nev.—Antonio Monte and Erika Saldivar are Mexican immigrants who got their U.S. citizenship this year so they could vote for a presidential candidate they feel would best help lift them economically.

Monte, 77 years old, a retired electrician, plans to vote for Republican Donald Trump, while Saldivar, 42, a beauty-salon owner, already cast a ballot for Democrat Kamala Harris.

"Trump is going to increase the economy the way he did when he was president," Monte said as he filled bin at a food bank last week to help him and his wife get by on Social Security checks that have been stretched by inflation.

Saldivar thinks Harris, who also came from a modest upbringing, would be more empathetic to the concerns of middle-class Americans. "I identify with her a lot," said Saldivar, a single mother of four. She works as many as 14 hours a day trying to keep a beauty salon afloat after losing another plus a bar during the pandemic.

As the election enters the final sprint, kitchen-table economics loom large for many voters, perhaps nowhere more so than the pivotal swing state of Nevada. Slow to recover from the pandemic, Nevada has the highest unemployment rate of any state and one of the nation's steepest imbalances of housing costs and income. Trump has a narrow lead in Nevada, according to a recent Wall Street Journal poll, though it still fell within the poll's margin of error.

The Harris and Trump campaigns are evangelizing their economic remedies across the state, focusing heavily on metropolitan Reno. Despite having just a quarter of Las Vegas's population, Reno is notorious for tipping statewide races because of the city's roughly equal mix of Republicans and Democrats. Recent weeks have seen Trump, running mate JD Vance and Harris's VP pick, Minnesota Gov. Tim Walz, hold rallies in casino hotels here, making promises from lower taxes to cheaper housing.

"When I talk to people here, housing is, like, the No. 1 concern, followed closely by food," said Nicôl Herris, past president of Republican Women of Reno, which is working to get out the vote with groups including young men.

"There are a lot of people living on the edge," said Alexis Hill, a Democrat running for

re-election to the Washoe County Commission, canvassing for votes last week.

Once reliably Republican, Reno's Washoe County has become more of a battleground as Democratic transplants from California and elsewhere reshape the political landscape. In 2022, votes in Washoe County gave Democratic Sen. Catherine Cortez Masto a narrow re-election over a Trump-backed challenger, said David Damore, political-science professor at the University of Nevada, Las Vegas.

"Washoe County has been trending toward the Democrats and is effectively offsetting gains the GOP has made in Clark County (Las Vegas)," Damore said.

The current hard luck of many Reno residents is a turnaround from a decade ago. Back then the region was on a roll with a diversification campaign that transitioned the area from a gaming hub immortalized by Johnny Cash to a high-tech manufacturing mecca. Led by the arrival of a \$5 billion Tesla "gigafactory," businesses including Switch and Google poured in, fueling a jump in the metro's population by about 100,000, or 25%.

But the population surge overwhelmed the housing supply, driving Reno's average home value up 43% to \$549,082 as of Sept. 30 from \$383,270 in 2019, Zillow estimates. Rents here soared 34% between 2019 and 2023, versus 28% nationwide, according to U.S. census estimates.

"It's a deep and wide affordability challenge and really driven primarily by supply and demand," said Meredith Levine, director of economic policy at the Kenny Guinn Cen-



Erika Saldivar, a beauty-salon owner, thinks Kamala Harris is more empathetic to the concerns of middle-class Americans.

ter for Policy Priorities, a statewide nonpartisan research group.

This has squeezed people such as Mark Childress, a retiree who said the monthly rent for the two-bedroom house he shares with his wife has jumped 60%, to \$1,600, during the past four years, leaving just \$600 from their monthly Social Security income for other expenses.

One recent morning he joined the line at a mobile food bank outside a middle school

on Reno's outskirts. Officials of the Food Bank of Northern Nevada say they serve 155,000 people monthly here and across the northern part of the state, up 70% from 2019.

"I never thought I'd be here," said the 67-year-old Childress. A registered Democrat, he said he voted early for Harris, who has proposed an aggressive plan to build more affordable housing.

In the same line, Monte, the retired electrician, said he suffers from the general run-up in prices including groceries. His monthly power bill doubled to \$300 during the past four years, straining the couple's \$1,500 monthly Social Security income. After 52 years in the U.S., he finally sought citizenship so he could cast a ballot. "I decided to be certified so I can vote for Trump and change the economy," Monte said.

Candidates up and down the ballot, and their surrogates, are making their final pitches in Reno. Harris campaigner Gabriella Detrick, a sophomore at University of Nevada, Reno, has been speaking with fellow students about rents and other high costs.

Registered Republicans such as Shirley Oliver enthusiastically supports Trump. The 91-year-old widow cast her ballot early for him. "Our nation is overtaxed," said Oliver, who has cut back on restaurants and other nonessentials as rising food costs erode her fixed income. "I hope Trump will change a lot of things."



Republican Shirley Oliver, above, thinks the U.S. is overtaxed. Student Gabriella Detrick, below left, has been campaigning for Kamala Harris. Soaring rents have hit retiree Mark Childress, below right, standing in line at a mobile food bank.



Teri Garr, Comic Actor With Long Run, Dies at 79

Teri Garr, the quirky comedy actress who rose from background dancer in Elvis Presley movies to co-star of such favorites as "Young Frankenstein" and "Tootsie," has died. She was 79.

Garr died Tuesday of multiple sclerosis "surrounded by family and friends," said publicist Heidi Schaeffer.

The actor, who was sometimes credited as Terri, Terry or Terry Ann during her long career, seemed destined for show business from her childhood.

Her father was Eddie Garr, a well-known vaudeville comedian; her mother was Phyllis Lind, one of the original high-kicking Rockettes at New York's Radio City Music Hall. Their daughter began dance lessons at 6 and by 14 was dancing with the San Francisco and Los

Angeles ballet companies.

She was 16 when she joined the road company of "West Side Story" in Los Angeles, and as early as 1963 she began appearing in bit parts in films.



Her big film break came as Gene Hackman's girlfriend in 1974's Francis Ford Coppola thriller "The Conversation." That led to an interview with Mel Brooks, who said he would hire her for the role of

Gene Wilder's German lab assistant in 1974's "Young Frankenstein"—if she could speak with a German accent.

"Cher had this German woman, Renata, making wigs, so I got the accent from her," Garr once recalled. (At left, Garr with Wilder in the film.)

Although best known for comedy, Garr showed in such films as "Close Encounters of the Third Kind," "The Black Stallion" and "The Escape Artist" that she could handle drama equally well. "I would like to play 'Norma Rae' and 'Sophie's Choice,' but I never got the chance," she once said.

After going public with her illness, she became a spokesperson for the National Multiple Sclerosis Society, making humorous speeches at gatherings in the U.S. and Canada.

—Associated Press

SCANN FOR A CLOSER LOOK

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U.S. NEWS

Harris Makes Final Push to ‘Turn the Page’

Candidate evokes Capitol riot as she presents a choice between two visions

WASHINGTON—Kamala Harris challenged Americans to “turn the page” on Donald Trump’s near-decadelong grip on the nation’s political discourse Tuesday in a closing argument that evoked his behavior on the day of the Jan. 6, 2021, insurrection and made the case that he is unfit for office.

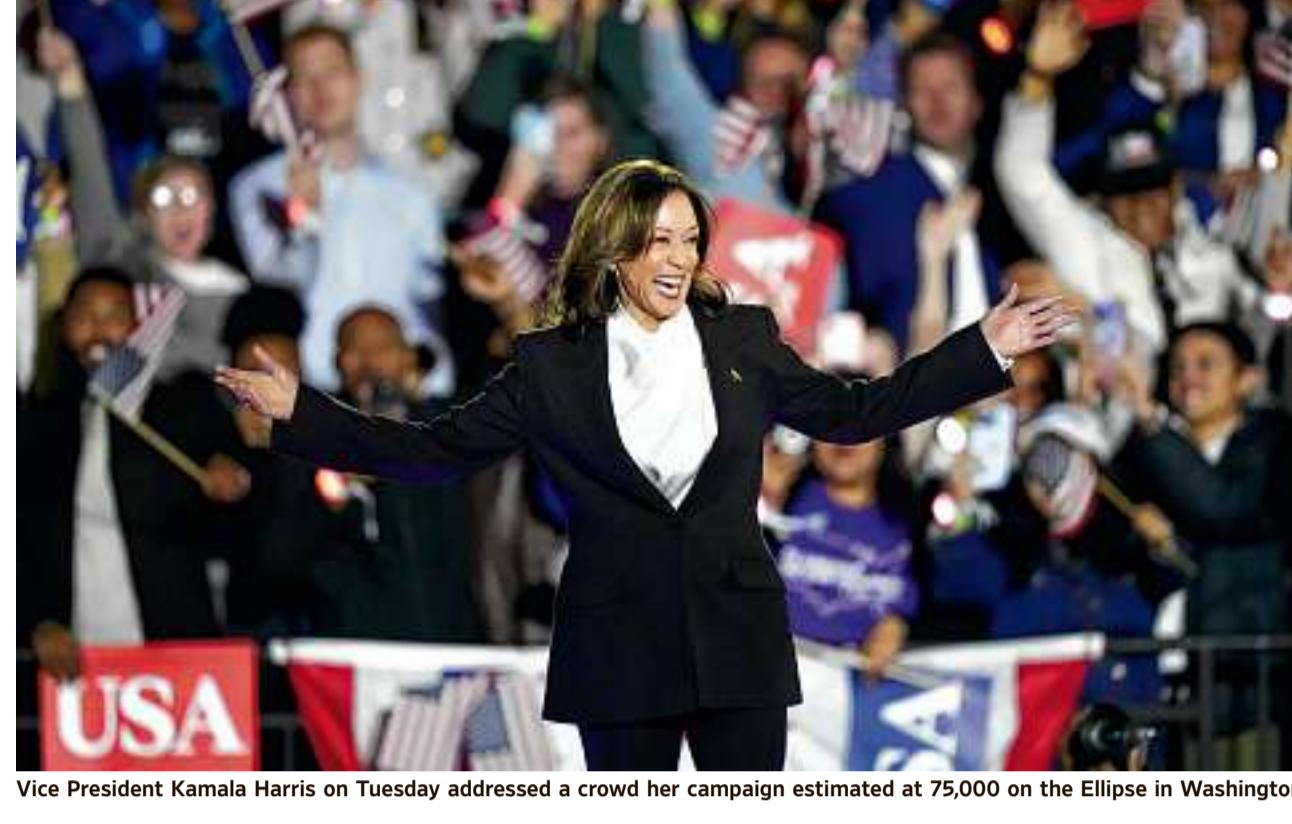
By Ken Thomas,
Andrew Restuccia
and Xavier Martinez

“For too long we have been consumed with too much division, chaos, and mutual distrust and it can be easy then to forget a simple truth: It doesn’t have to be this way,” Harris said in front of tens of thousands of supporters at an event on the Ellipse near the White House.

The Democratic vice president framed the final days of the 2024 campaign as a choice between two different visions for the country, her “to-do list” and Trump’s “enemies list.” Harris returned to the site of a rally where the former president addressed his supporters before some of them rioted at the U.S. Capitol to stop the certification of the 2020 election.

Harris laid out a blistering critique of Trump. “This is not a candidate for president who is thinking about making your life better,” she said. “This is someone who is unstable, obsessed with revenge and consumed with grievance and out for unchecked power.”

The crowd stretched from the Ellipse all the way to the Washington Monument, hun-



STEPHANE SCARBROUGH/AP

Vice President Kamala Harris on Tuesday addressed a crowd her campaign estimated at 75,000 on the Ellipse in Washington.

dreds of yards away. The Harris campaign estimated that more than 75,000 people attended the event. If accurate, that crowd would exceed the campaign’s estimate in a National Park Service permit that as many as 40,000 people would attend. The National Park Service and the Washington police said they don’t provide independent crowd size estimates.

Harris also used the speech to contrast her policy vision for the country with her opponent’s, arguing that Trump’s pledge to impose a suite of stiff tariffs on imports would amount to a national sales tax on Americans. And she criticized Trump’s proposal to lower the corporate tax rate. Harris pledged to crack down

on price gouging, limit the cost of prescription drugs, make housing more affordable and offer tax credits for families raising children.

In addition to the economy, she took Trump to task on other issues that voters say are most important to them, including abortion and immigration.

“Politicians have got to stop treating immigration as an issue to scare up votes in an election, and instead treat it as the serious challenge that it is that we must finally come together to solve,” she said.

Harris said she would act to remove migrants who entered the country illegally and give Border Patrol agents the resources they need. But she said she would also work with Congress to pass sweeping

changes to the country’s immigration laws, including providing a path to citizenship for farmworkers and others.

And she painted Trump as a threat to global security. “World leaders think that Donald Trump is an easy mark, easy to manipulate with flattery or favor, and you can believe that autocrats like Putin and Kim Jong Un are rooting for him in this election,” she said.

The event ensures that democracy will take a prominent role during the final days of the first presidential election since Trump and Republican allies sought to overturn the results of the 2020 contest. The Harris campaign views the legacy of Jan. 6 and democracy as motivating issues for undecided and persuadable voters living in the

battleground states.

Harris and Trump are delivering their closing arguments to voters as more than 50 million people have already cast their ballots and millions more will be voting early this week as the two candidates compete in seven battleground states spanning the nation’s upper Midwest and Sunbelt.

Trump held a raucous rally at New York City’s Madison Square Garden on Sunday night in which he and his supporters assailed Harris as a “radical liberal” whose policies would inflict damage on the country.

Speaking to reporters Tuesday morning in Palm Beach, Fla., the former president implied that Harris had changed her strategy to be more negative toward him, including calling

Some CEOs Cozy Up To Trump

Continued from Page One
his foreign policy views, but a number now see engaging with him as a sort of insurance policy on the tight contest. They want to be better positioned for a second term by a businessman-turned-politician whose policy decisions can be swayed by both flattery and personal affronts.

Trump himself has been bragging about the attention he said he is getting from tech executives. He said Google’s Sundar Pichai and Apple’s Tim Cook contacted him in recent weeks. The executives haven’t commented on the calls.

The next president’s decisions will have a tremendous impact on U.S. companies. Chunks of the 2017 tax law expire at the end of 2025, and the White House and Congress are likely to negotiate tax changes that could cost—or save—companies billions of dollars. Trump has promised to impose hefty tariffs on imports next year.

Some CEOs publicly refusing to pick a side have still drawn the kind of controversy an endorsement might provoke. Billionaires Jeff Bezos, who owns the Washington Post, and Patrick Soon-Shiong, who owns the Los Angeles Times, are under fire after their news outlets separately announced they wouldn’t endorse Harris or Trump.

An opinion column Monday, Bezos said he wanted the Post to be independent and that neither campaign was involved in his decision. “No

quid pro quo of any kind is at work here,” he wrote.

Warren Buffett’s Berkshire Hathaway posted a one-paragraph statement online last week saying he hadn’t endorsed any political candidates and wouldn’t do so. He endorsed Barack Obama and Hillary Clinton in previous races.

In December 2016, the CEOs of more than a dozen big technology companies trekked to Trump Tower to meet with the then-president-elect—including Bezos, who had acquired the Washington Post, as well as Cook and executives from Alphabet, Microsoft and Cisco. Few in Silicon Valley supported Trump during that campaign, and some openly criticized him.

During this election, a small but influential group of tech leaders—including Elon Musk—have opened their wallets to support Trump and have become vocal about

such investors and business leaders as Barry Diller, Laurene Powell Jobs and the former chiefs of Merck, Blackstone, Starbucks and Aetna.

In an opinion piece published Tuesday in Fortune, 17 former CEOs said they are concerned about a second Trump term. “Trump has taken increasingly extreme anti-business” positions including tariffs on imports and suggesting he would curtail the independence of the Federal Reserve, they wrote.

Philanthropist and former Microsoft CEO Bill Gates has privately told people he donated around \$50 million toward electing Harris president. Gates hasn’t publicly endorsed the vice president.

Many tech leaders, including billionaire Mark Cuban and LinkedIn co-founder Reid Hoffman, are rooting for Harris. The Democrat has received endorsements from

ing him a fascist, “because her record is terrible.”

Audience members on the Ellipse Tuesday donned “dark Kamala” all-black suits and Obama-era “Hope” shirts, waved American flags and mimicked Trump’s way of dancing to “Y.M.C.A.” They bobbed their heads to house music as they compared the state-specific designs of their campaign T-shirts.

Alberta McKnight, 49, of Springfield, Va., said that while the Biden-Harris administration has had ups and downs, Trump poses a much more serious threat. “The foundation of everything is freedom; it cuts across everything,” McKnight said. “Democracy is freedom, reproductive rights are freedom, it goes on.”

For Tracy Malone, 65, of Arlington, Va., the setting Tuesday held particular importance. She still remembers watching the news on Jan. 6, 2021—one of the darkest days in American history, she said.

“This is a good way for me to replace that memory,” Malone said.

In his Jan. 6, 2021, speech on the Ellipse, Trump told his supporters, “you have to show strength and you have to be strong” and encouraged them to march to the Capitol in a peaceful manner. Once there, a violent mob stormed the building, disrupting the certification of the election results by members of Congress. Critics in both parties have said Trump stood by that day and did too little to try to stop the violence, a charge he has denied.

Listen to a Podcast

 Scan this code for a podcast on the undecided voters in swing states.



Jeff Bezos’ Washington Post newspaper didn’t endorse either presidential candidate.

switching party lines, triggering backlash from others. The political divide is testing old friendships in historically left-leaning Silicon Valley.

Many tech leaders, including billionaire Mark Cuban and LinkedIn co-founder Reid Hoffman, are rooting for Harris. The Democrat has received endorsements from

face and pump his fist in the air with the American flag is one of the most badass things I’ve ever seen in my life,” Zuckerberg said. He added that he wouldn’t endorse either candidate.

In a September article, Trump claimed Zuckerberg called him after the assassination attempt and pledged to vote for him. Meta acknowledged the phone call but denied Zuckerberg had pledged allegiance to Trump.

Trump told a Las Vegas audience last week that the “head of Google” called to marvel over search traffic after the candidate served up fries at a Pennsylvania McDonald’s. He later named Pichai, CEO of Google and its parent Alphabet, during a Joe Rogan podcast appearance.

A Google spokesman declined to comment.

—Miles Kruppa and Aaron Tilley contributed to this article.

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U.S. NEWS

ELECTION 2024

Trump Says Madison Square Garden Rally Was 'Absolute Love Fest'

Former President Donald Trump on Tuesday called his Sunday rally at Madison Square Garden a great success and didn't address the controversy over some of the divisive comments by speakers at the event.

"It was like a love fest, an absolute love fest," Trump said of the rally, which has drawn particular criticism over a comedian saying that Puerto Rico was "a floating island of garbage." Trump promised to "fight like hell" for the next week, "and then hopefully and most importantly we're going to be fighting even harder for

the next four years because we're going to turn this around." Trump again rejected how some Democrats, including Hillary Clinton, compared the rally to a Nazi gathering at the Garden in 1939.

"We're the party of common sense and we're the party of fairness and we have a coalition," Trump said. "Nobody's ever seen anything like—I don't think anybody has ever seen anything like what happened the other night at Madison Square Garden." He didn't take questions from reporters.

—Alex Leary

Federal Judge Dismisses Pennsylvania Overseas Ballot Challenge

A federal district court on Tuesday ruled against Republican lawmakers from Pennsylvania who challenged ballots from overseas and military voters cast in the state.

A group of U.S. representatives and an election integrity organization had sought to add an additional layer of identity verification on top of existing federal requirements once overseas ballots are received in Pennsylvania, possibly creating delays in counting those ballots.

The judge sided with the

state's Republican election chief, Secretary of the Commonwealth Al Schmidt, to dismiss the case, citing the short time before the election, the limited authority of the state under relevant federal laws and the lawmakers' "wholly speculative and legally inadequate" arguments.

More than 25,000 ballots had already been sent to overseas and military voters by the time the suit was filed, according to court records.

—Mariah Timms

**Former Trump Aide Bannon Is Released From Prison**

Former Trump aide and right-wing podcaster Steve Bannon was released from prison Tuesday after serving a four month contempt-of-Congress sentence, linked to the Jan. 6 investigation.

A spokeswoman confirmed that Bannon departed Tuesday morning from the low-security prison in Danbury, Conn., where he served out his sentence. In an interview with The Wall

Street Journal before reporting to prison, Bannon, host of the podcast "War Room," said he still intended to serve as a messenger for Trump and the MAGA movement from behind bars. At a Turning Point Action convention in June, Bannon said the coming Election Day was "judgment day," and warned that Republicans had two choices: "victory or death."

—Vivian Salama

Gift of Cookies Spurs Hazmat Response in North Carolina

Election officials in Raleigh, N.C., were on edge Tuesday afternoon when their office received a mysterious package from Hawaii. They called the authorities, who brought in a hazmat team and a bomb squad. Police X-rayed the package and determined the culprit was a box of pine-apple-shaped cookies.

The package was sent as a thank-you gift to the Wake County Board of Elections, according to the board and the Raleigh Fire Department.

The ordeal highlighted the stress and anxiety election workers are feeling across the country.

—Alyssa Lukpat

Threats against them have mounted in recent years. Many of them are afraid voters could react violently if the election on Nov. 5 doesn't go their way. Election workers have been trained to respond to shootings, armed mobs and stabbings. Officials in more than a dozen states have received suspicious packages in the run-up to the election, The Wall Street Journal reported. They report suspicious packages out of an abundance of caution, even if the box turns out to be a gift from the Honolulu Cookie Company.

In the interview, Paulson suggested the tariff threats are in part a negotiating tool

While the IRA's tax credits have helped Tesla, Musk said

A Trump Treasury Contender Lays Out Plan to Cut Spending

By BRIAN SCHWARTZ

Billionaire investor John Paulson says he would work with Tesla CEO Elon Musk to enact massive federal spending cuts if Paulson were to become Treasury secretary in a second Trump administration.

Paulson, an ally of the former president, said in an interview his top priority would be extending Donald Trump's expiring 2017 tax cuts, followed by "working with Musk to reduce federal spending," particularly by getting rid of the subsidies for green energy in the Inflation Reduction Act, which he called the Green New Deal.

"All of these tax subsidies for solar, for wind, inefficient, uneconomic energy sources," said Paulson. "Eliminate that. That brings down spending."

It's relatively unusual for an ally of a presidential candidate to talk openly about the role he or she might play in a future administration. The Treasury secretary is one of the more prominent positions in government, interfacing with Wall Street, business leaders and foreign heads of state.

Paulson, age 68, has been close to Trump for more than a decade. He is one of several people the former president and his allies are considering for Treasury secretary, according to people familiar with the matter.

Other names under consideration for Treasury secretary include Scott Bessent, a founder of Key Square Group and another Trump ally on Wall Street, former trade ambassador Robert Lighthizer, and former Securities and Exchange Commission Chairman Jay Clayton.

The Treasury secretary will likely be point person on several key Trump initiatives including extension of the Tax Cuts and Jobs Act, portions of which expire at the end of 2025, and a broad range of new tax cuts. Financial markets worry that the resulting deficits could put upward pressure on interest rates.

Paulson's views carry weight due to his closeness to Trump and yearslong involvement in GOP politics. He has donated to Republican political operations such as the Senate Leadership Fund. He is a trustee of the Manhattan Institute, a conservative-leaning think tank whose chairman is fellow Wall Street executive Paul Singer.

In the interview, Paulson indicated he saw his potential remit extending to energy and trade. He said he would work with Trump to "encourage energy production so we become an energy dominant producer" and enact "strategic tariffs."

Economists have predicted that if Trump carried through with plans to impose 60% tariffs on imports from China and 10% to 20% on all other imports, inflation would jump and growth suffer. It is unclear if Trump would actually enact tariffs of that magnitude, or if he is using them as a negotiating tool.

In the interview, Paulson suggested the tariff threats are in part a negotiating tool



John Paulson is one of several people Donald Trump is considering for Treasury secretary.

JOHN LAMPARIS/GETTY IMAGES

to elicit concessions, such as persuading Deere & Co. to keep production in the U.S.

Trump has promised to make Musk the head of a new "government efficiency commission" if he wins in November. The Musk-led group would advise Trump where to make cuts in federal spending. Paulson said he hasn't spoken to Musk about teaming up.

Musk said this week he could cut at least \$2 trillion from the federal budget, but didn't say how. The U.S. government spent \$6.75 trillion in the last fiscal year, according to the Congressional Budget Office, more than half of which went to Social Security and Medicare,

which Trump has promised not to touch, and defense and interest on the debt. Trump promised to cut spending in his first term, but instead he presided over significant increases, even before the pandemic.

The Inflation Reduction Act, which President Biden signed into law in 2022, includes extensive tax credits for electric vehicle purchases, renewable power, carbon capture and storage, hydrogen and nuclear energy. It paid for those credits by increasing tax collections via beefed up IRS enforcement and a minimum tax on large corporations.

Trump said at the Economic Club of New York in September he would "rescind all unspent funds under the misnamed Inflation Reduction Act." His campaign hasn't been specific about what that would mean.

While the IRA's tax credits have helped Tesla, Musk said

during his company's second quarter earnings call that rollback of the IRA would only "slightly" hurt the company but it would also be "devastating for our competitors" and in the "long term, it probably actually helps" the company.

Musk has been a crucial supporter of Trump, campaigning with him, contributing nearly \$120 million to a pro-Trump super political-action committee and offering \$1 million to voters who sign a pledge to uphold the rights to free speech and bear arms.

Musk didn't respond to a request for comment.

Repealing the Inflation Reduction Act's clean-energy tax breaks could yield about \$921 billion over a decade, according to the Tax Foundation.

But Trump couldn't do that unilaterally; repealing the law or any of its tax credits would

require an act of Congress.

The next administration could revise some Treasury rules that increased usage of IRA tax credits, for example allowing some leased electric vehicles to qualify for larger tax breaks than if purchased outright.

But in some cases, such as the clean hydrogen tax credit, industry groups are pushing the administration for looser rules to expand eligibility.

Beyond scaling back the consumer tax credits for electric vehicles, any changes could prove challenging to get through even a Republican-led Congress.

That's because many IRA-funded projects are spurring jobs and investment in the rural Republican districts that

are most conducive to wind and solar energy or large manufacturing sites.

Republicans also tend to favor tax breaks for carbon capture that the oil-and-gas industry backs. Last year, when House Republicans tried to repeal IRA tax breaks, Midwest lawmakers insisted that biofuels tax incentives remain.

That Paulson is even under consideration represents a striking ascension for the former hedge-fund manager who burst into prominence by reaping an estimated \$3 billion betting against subprime mortgages during the 2007-09 financial crisis.

Trump first met Paulson as part of a group of investors that sold the Doral Golf Course to Trump. In April he hosted Trump and dozens of donors at his mansion in Florida for a fundraiser that raised just over \$50 million for Trump's campaign, the Republican National Committee and dozens of state parties.

Paulson could face questions about his background during Senate confirmation.

Some Democrats, including Sen. Elizabeth Warren (D., Mass.), could home in on his Wall Street ties and the money he made off the housing crisis.

"I wouldn't expect a Senate fight," Paulson said of a potential nomination. "I have good relationships with senators on both sides of the aisle. The review process is a rigorous process. That's a hurdle that would have to be crossed before we get to the Senate. I think once we cross that review process, I wouldn't expect opposition."

Trump's Treasury chief in his first term, Steven Mnuchin, was narrowly confirmed by the Senate, 53-47.

—Richard Rubin contributed to this article.

U.S. WATCH



SPRUING UP: Concrete was poured Tuesday in a restoration of the 1799 Herb House at Sabbathday Lake Shaker Village in Maine, celebrating the village's medicinal herbs legacy.

CALIFORNIA

Paul Pelosi Attacker Gets Life in Prison

The man who was sentenced to 30 years in federal prison for attacking the husband of former House Speaker Nancy Pelosi with a hammer in their California home was given a life term without the possibility of parole on Tuesday following a separate state trial.

A San Francisco jury in June found David DePape guilty of charges including aggravated kidnapping, first-degree burglary and false imprisonment of an elder.

Before sentencing DePape to life for the kidnapping conviction, Judge Harry Dorfman rejected defense attorneys' arguments that he be granted a new state trial for the 2022 attack against Paul Pelosi, who was 82 years old at the time.

Dorfman also sentenced DePape to additional years on the other counts, but all the sentences, including the federal one, will run concurrently.

—Associated Press

IOWA

Lassa Fever Eyed In Person's Death

Health officials are investigating the death Monday of an Iowa resident as a suspected case of Lassa fever, a viral disease rarely seen in the U.S., health officials said.

The patient returned to the U.S. from West Africa early this month. The person wasn't sick while traveling, so the risk to fellow airline passengers is "extremely low," officials with the U.S. Centers for Disease Control and Prevention said.

The virus isn't spread by casual contact and patients aren't believed to be infectious before symptoms occur.

The patient had been hospitalized in isolation at the University of Iowa Health Care Medical Center. Testing by the Nebraska Laboratory Response Network early Monday showed that the patient was presumptively positive for Lassa fever.

Symptoms are typically mild and include fever, fatigue and headache.

—Associated Press

COLORADO

Hundreds Evacuate As Fire Is Battled

A fire destroyed the house where it began and continued to burn Tuesday in a wooded subdivision in the central Colorado mountains where some 700 nearby homes have been evacuated, authorities said.

Some rain fell early Tuesday, helping to dampen the flames somewhat, Sheriff Jason Marksell in Teller County said. The fire has burned just under 100 acres since it started Monday afternoon.

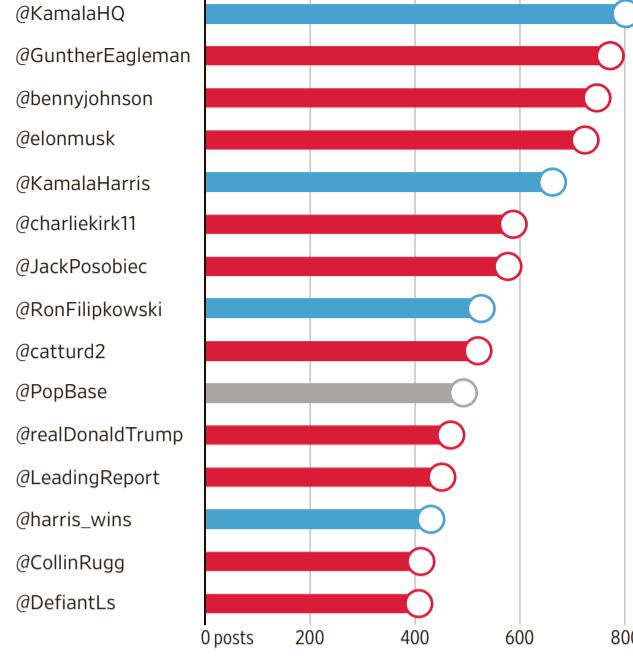
Ground crews were protecting homes, other crews were using equipment to build fire lines and two single-engine air tankers began dropping water Tuesday on the fire in the Highland Lakes Subdivision northwest of the town of Divide.

Law enforcement officers were investigating the cause of the fire. "We are treating this as a criminal act," Marksell said.

—Associated Press

U.S. NEWS

Top X accounts seen by the Journal



Source: WSJ analysis of X posts

X Users' Feeds Are Flooded With Politics

Experiment shows partisan accounts are shown whether sought out or not

New X users with interests in topics such as crafts, sports and cooking are being blanketed with political content and fed a steady diet of posts that lean toward Donald

By Jack Gillum,
Alexa Corse
and Adrienne Tong

Trump and that sow doubt about the integrity of next Tuesday's election, a Wall Street Journal analysis found.

The Journal created accounts on the social-media platform that only signaled an af-

finity for nonpolitical subjects, but a majority of the posts in their For You feed were partisan or related to the election. Kamala Harris's campaign topped the list of most-seen accounts, with one post mocking pro-Trump hecklers at her rally in Wisconsin reaching all the Journal's accounts. Ten of the other top 14 most-seen leaned right, including Trump's, and overall, pro-Trump content appeared about twice as frequently as pro-Harris material.

"If that cringe, dingbat, zero-votes, airhead, Kamala Harris is able to cheat enough to win the presidency—the USA is over," wrote catturd2 in a post served to nearly all of the Journal's newly created accounts.

X has faced tumult since Elon Musk's 2022 takeover but



Elon Musk appeared on a screen Tuesday as he virtually attended the Future Investment Initiative in Riyadh, Saudi Arabia.

remains a place where tens of millions of Americans congregate and take in information. What users see has implications for the platform's business, which has struggled with many big advertisers nervous about controversial content. X has said that politics accounts for a small percentage of what users see, but the Journal's analysis found that, at least for new users, political content is hard to escape.

A spokesman for X declined to respond to a detailed list of questions sent by the Journal.

To gauge X's role in recommending posts related to politics and the election, the Journal established its accounts with apolitical interests across five states, four of which are battlegrounds. The accounts signed on at regular intervals and scrolled through the platform's For You timeline, an algorithmic feed. The Journal used a computer program to automatically categorize if and how the posts were political.

Less than a third of unique posts seen by the Journal's accounts were political in nature. But X's algorithm re-

upped political posts so often that they accounted for about half of the total posts on the accounts' For You feeds.

Musk, who has endorsed and financially backed Trump for president, says that the company's handling of content is separate from his personal views.

"The platform is neutral, but I will voice whatever opinions I have," he posted in June.

The Journal couldn't determine why X recommended any particular piece of content. The company has released code that it says powers its recommendation system. "The algorithm is open source and just tries to show people what they're most likely to find engaging," Musk posted in August. Yet researchers say X hasn't shared other information needed to get a complete picture.

The Journal account interested in crafts, theme parks and running received the most political content, while the account interested in science, music and travel saw the least. Several factors might be amplifying political content on X, including users' behavior,

according to former X engineers. The platform's policies under Musk dismayed many liberal users. It reinstated an estimated thousands of accounts that were suspended for violating policies under Twitter's previous management, and included many right-wing users and Trump's own account, @realdonaldtrump, which then-Twitter took down following the Jan. 6, 2021, attack on the U.S. Capitol by a mob of his supporters.

Republicans are largely the biggest political advertisers on X, according to company data, although the Journal's analysis excluded posts labeled as ads. All told, the Journal's accounts saw more than 26,000 unique posts.

While the Journal's analysis found X served right-leaning content more often, the Harris campaign's No. 1 spot shows her campaign's strategy of embracing virality and memes to reach a broader audience could be paying off.

The platform often suggested Musk, who has the most followers of any user on X, should be a new user's first ac-

count to follow. His posts also appeared at the top of the Journal accounts' For You feeds more than any other user, including a video clip posted Oct. 17 of him campaigning alongside Trump, served first to each of the Journal's accounts.

By the following Monday, Musk's rally video was second only to a post from Alex Jones, the once-banned far-right conspiracy theorist, who predicted a landslide for Trump. "But The Desperate Deep State Is Planning Multiple October Surprises & Black Swan Events!" said Jones's post, viewed more than 30 million times as of Oct. 24.

At one point last year, engineers boosted Musk's posts after he complained they weren't receiving as much attention as warranted, the Journal previously reported. More recently, Musk complained that a fraction of users saw his live-streams. Engineers then worked on giving live-streams more promotion generally on the site, according to a person familiar with the effort.

♦ For methodology behind the analysis, go to WSJ.com

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Musk's xAI In Talks to Raise Money

Continued from Page One
Meta Platforms—that are pouring profits from their existing businesses into AI.

"If you're training a frontier model, you need a massive amount of compute," Musk said while video-calling Tuesday into a conference in Saudi Arabia.

Musk founded xAI a year and a half ago after seeing the overnight success of ChatGPT, saying he wanted to build the most "truth-seeking" AI.

The Tesla and SpaceX chief executive has a longstanding interest in the technology. He co-founded OpenAI in 2015, left in 2018, and sued the ChatGPT maker twice this year.

xAI has built what it said is the world's largest data center in Memphis, Tenn., where it is training new versions of Grok, its AI model. Grok powers a chatbot that is currently only available through Musk's social-media company X.

The bigger the data center, the faster a company can train its AI models. Musk said Mon-

day that xAI was planning to expand the Memphis data center from 100,000 graphic processing units, or GPUs, to 200,000. Nvidia CEO Jensen Huang has praised the speed in which xAI built its Memphis data center, which he described in a recent podcast as "easily the fastest supercomputer on the planet."

For the past year and a half, xAI has been in catch-up mode, chasing companies such as OpenAI and Google that had a head start in the space. It introduced its Grok chatbot four months after launching the company.

Until last week, its lone publicly known revenue stream

was the X Premium subscription, of which the Grok chatbot is a part. Last week, xAI released a tool developers can use to build applications with Grok, broadening its revenue sources.

xAI has shared resources with Musk's other businesses to help it catch up, raising concerns from investors about conflicts of interest.

The startup hired employees from Tesla, and Musk has also diverted thousands of

Nvidia GPUs from Tesla to xAI. xAI relies on data from X to train its AI models.

It has also discussed a deal where it would get some Tesla revenue in exchange for providing the carmaker access to its technology, The Wall Street Journal reported.

Tesla shareholders have sued to stop Musk from sharing the electric-vehicle company's resources with his AI startup. Three suits filed in the Delaware Court of Chancery are pending.

Musk said on a Tesla earnings call last week that xAI "has been helpful to Tesla AI quite a few times in terms of things like scaling up."

In August, xAI added the ability for Grok to generate images. The feature, which is powered by an outside startup called Black Forest Labs, immediately drew backlash for generating images such as rival presidential candidates Donald Trump and Kamala Harris kissing. Image generators from OpenAI and Google don't allow users to generate images of real, specific people.

—Tom Dotan contributed to this article.



Grok powers a chatbot that is now only available through Elon Musk's platform X.

WORLD NEWS

War Propels Houthis Into Global Terrorists

Gaza conflict allows Iran-backed Yemeni militants to broaden regional alliances

BY BOENOT FAUCON AND WARREN P. STROBEL

Iran's "axis of resistance" has suffered a series of blows delivered by Israel over the past month, including operations targeting the leadership of Hamas in Gaza and Hezbollah, and a strike last week on Iran's missile-making facilities used, in part, to supply the groups.

That hasn't stopped Yemen's Houthis from targeting more ships this week in the Red Sea with drones and missiles, the latest demonstration of how an escalating regional war appears to be boosting a once minor Iran-backed player in the region.

The Houthis have so far avoided the type of Israeli strikes that killed Hassan Nasrallah, the charismatic Hezbollah leader who turned the Lebanon-based militant group into the world's most powerful nonstate armed force. A few weeks later, Israel killed Hamas leader Yahya Sinwar, who orchestrated the Gaza-based militant group's Oct. 7, 2023, attack on Israel.

By contrast, the Houthis have benefited by inserting themselves into the Gaza conflict, according to Western officials and analysts. Since the war started last year, the U.S.-designated terrorist group has launched drones and missiles at more than 80 commercial ships, snarling trade and increasing shipping costs.

The Houthis also are rapidly expanding abroad, lending their considerable manpower to conflicts elsewhere and forging international ties with actors in the Middle East, Africa and as far afield as Russia, say Western officials.

"One of the unfortunate offshoots of the Gaza conflict is...that the Houthis have dou-



Houthis raise pictures of slain Lebanese Hezbollah leader Hassan Nasrallah at a rally in Yemen's Houthi-controlled capital, San'a.

A recent United Nations report written by a panel of experts found extensive evidence of Houthi cooperation with foreign militant groups. Among the cases cited were Houthi joint operations centers in Iraq and Lebanon aimed at coordinating military actions of Iran-backed groups.

Yemen's Houthis are transforming "from a localized armed group with limited capacity to a powerful military organization," the report said.

The Houthis' targeting of shipping has drawn retaliatory strikes from the U.S. and its allies. U.S. strikes, while damaging, haven't done much to blunt the Houthis' capabilities.

Israel's focus on other Iran-backed groups has inadvertently benefited the Houthis, some analysts say. After Israel assassinated Hezbollah's Nasrallah in September, "the Houthis quickly stepped in to fill the political and military void within the axis of resistance," Albasha said.

More surprisingly, the Houthis have grown closer to some al Qaeda franchises, despite the Sunni group's traditional hostility to the Shia sect of Islam. Houthi cooperation with the al-Shabaab terrorist group in Somalia is "quite extensive," Lenderking said.

The Houthis also agreed to transfer drones, thermal rockets and explosive devices to al Qaeda's branch in the Arabian Peninsula, and are discussing joint attacks on the internationally recognized Aden-based Yemeni government and maritime targets, the U.N. report said.

Countries such as Saudi Arabia, Oman and Djibouti are alarmed at the trend, Lenderking said, and the U.S. is discussing increased intelligence sharing and seizure of weapons transfers with its allies.

The Houthis also are looking to find new ways to get arms supplies and funding abroad, including from Moscow. Viktor Bout, the Russian arms dealer exchanged for U.S. basketball star Brittney Griner, is trying to sell the Houthis assault rifles.

Hezbollah Militants Appoint a New Leader

Hezbollah on Tuesday said it chose cleric Naim Kassem to lead the Lebanese militant group after the killing of its longtime leader Hassan Nasrallah in an Israeli strike in September.

The group said Hezbollah's decision-making Shura Council elected Kassem, 71 years old, as its new secretary-general, and vowed to

continue Nasrallah's policies "until victory is achieved."

Kassem was killed as part of an Israeli offensive that took out many of Hezbollah's senior officials in the past year.

Kassem has been sanctioned by the U.S., which considers Hezbollah a terrorist group. His ascension came as no surprise because

he served as Nasrallah's deputy for 32 years, and has long been Hezbollah's public face.

Kassem's appointment shows Hezbollah is running its own affairs and not Iran's paramilitary Revolutionary Guard, said Qassim Qassir, a Lebanese analyst. "This is a message...that Hezbollah has reorganized itself," he said.

—Associated Press

bled down on their contacts with other malign actors in the region and beyond," said Timothy Lenderking, a special envoy for Yemen.

Lenderking called the trend "very alarming," and said the U.S. is talking with regional partners about how to respond.

A Houthi spokesman de-

clined to comment.

The Houthis, who belong to the Shia branch of Islam, are combatants in Yemen's long-running civil war. They seized the capital, San'a, in 2014, which prompted Saudi Arabia and other Sunni-led Arab countries to intervene.

Iran, another Shia power, re-

sponded by sending more arms and training to the Houthis, which drew the group closer to Tehran. But after nearly a decade in power, the Houthis were facing a mounting financial crisis in Yemen and discontent over unpaid wages. When last year's conflict in Gaza began, the Houthis started

launching missiles and drones at both Israel and international shipping in the Red Sea.

Inserting themselves into the war gave them "renewed domestic and regional legitimacy, framing themselves as defenders of Gaza in the broader Israel-Palestine conflict," said Mohammed Albasha, a U.S.-based Middle East security analyst.

The strategy appears to have worked, building more support domestically and internationally. Houthi recruitment surged inside Yemen, and in May, the leader of the Iraqi militia Kataib Hezbollah said his group would work with the Houthis to strike Israel.

"The Houthis have morphed from sandal-wearing fighters to rock stars. These are people who you want to be associated with right now," said Michael Knights, co-founder of the Militia Spotlight platform, which studies Iran-backed Mideast militias.

Israel Bans U.N. Group Giving Aid

Continued from Page One

State Department spokesman Matthew Miller said on Tuesday the U.S. was "deeply troubled" by the legislation, which he said could shut Unrwa operations in the West Bank, Gaza and East Jerusalem.

Western allies of Israel and some Asian countries have also opposed the legislation, with the foreign ministers of the U.K., Canada, Australia, France, Germany, Japan and South Korea warning in a joint statement before the vote that the bills would have "devastating consequences" on the humanitarian situation in Gaza. European Union foreign-policy chief Josep Borrell said on X that the bills were "in stark contradiction to international law."

The practical impact on aid deliveries is likely to be shaped by a number of factors. It isn't yet clear how the restrictions will be enforced, and some of Unrwa's activities could be carried out in coordination with other U.N. agencies. There is also a 90-day transition period before the restrictions take effect.

Two Israeli airstrikes in the northern Gaza Strip on Tuesday killed at least 78 people, including dozens of women and children, Gaza's Health Ministry said.

Talks on ending the war in Gaza have also continued this week in Qatar. They included discussions around a new proposal for a four-week truce during which Hamas would release up to eight hostages and Israel would release an unspecified number of Palestinian prisoners, Arab mediators said.

About 100 of the roughly 250 hostages captured during the Hamas-led attacks of Oct. 7, 2023, remain in Gaza, with many of those feared dead.

The plan would test the goodwill of Hamas and Israel by allowing them to negotiate a comprehensive cease-fire including the exchange of the remaining hostages held by Hamas for Palestinian prisoners held by Israel. The plan



Palestinians lined up for medicine at an Unrwa health facility in Khan Younis in the southern Gaza Strip on Tuesday.

also includes a possible Israeli withdrawal from areas along the Gaza border.

Central Intelligence Agency Director William Burns and mediators from Israel, Qatar and Egypt took part in the talks. Hamas has told Arab mediators it prefers a deal that would put an end to the war but is open to discussing the proposal.

Israel has tried for several months to shift responsibility for humanitarian services in Gaza to several other U.N. aid agencies and independent groups operating in the enclave. But Unrwa is broadly seen as the backbone of the humanitarian response in the strip.

Prime Minister Benjamin Netanyahu has criticized Unrwa, but Israel hasn't employed a clear strategy toward the agency. Instead, it has taken piecemeal steps like Monday's legislation.

"Unrwa workers involved in terrorist activities against Israel must be held accountable. Since avoiding a humanitarian crisis is also essential, sustained humanitarian aid must remain available in Gaza now and in the future," Netanyahu's office said after the vote. "In the 90 days before this legislation takes effect—and after we stand ready to work with our international partners to ensure Israel continues to facilitate humanitarian aid to civilians in Gaza in a way that does not threaten Israel's security."

The Pentagon warned that the new laws could have ramifi-

cations for the U.S.'s arms sales to Israel.

"Unrwa, of course, plays a critical role in providing services to Palestinians in Gaza, the West Bank and throughout the wider region," Miller at the State Department said. "They play a role right now that, at least today, cannot be filled by anyone else." He declined to say what the U.S. would do in response to the legislation but warned that "there could be legal and policy implications."

Unrwa head Philippe Lazzaroni criticized the decision and wrote on X shortly after the vote that the legislation "sets a dangerous precedent."

If implemented, the new laws could collapse Unrwa's operation in Gaza, said Tamara Alrifai, an Unrwa spokeswoman. They could also create safety concerns

for Unrwa staff operating within Gaza, if the agency is unable to speak to Israeli officials, she said. The agency's international staff could also be blocked from entering Israel, the West Bank, Gaza or East Jerusalem, she said.

"You're taking a precarious situation already at a boiling point and literally fueling that fire," said Tahani Mustafa, a senior analyst at the International Crisis Group. "This could be the catalyst to make things erupt in the West Bank. Same thing in East Jerusalem."

—Stephen Kalin, Summer Said and Alan Cullison contributed to this article.

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THE GRAND OLE OPERA MARC CHAGALL

Renowned artist. Master colorist. Iconic setting.



This vibrant original oil on canvas by Marc Chagall, titled *Esquisse pour tableau l'Opéra*, exudes the dreamlike quality of his finest works. The painting, featured on the cover of *Marc Chagall: The Ceiling of the Paris Opera* by Jacques Lassaigne, serves as the genesis of a powerful motif that would emerge in Chagall's monumental ceiling for the Paris Opéra. It beautifully combines Chagall's love for Paris with magical, musical energy. Signed "Chagall Marc" (lower left). Dated 1953 (en verso). Canvas: 17 1/8" h x 26 1/2" w. Frame: 26 1/2" h x 21 1/8" w. #31-9643

This work is part of our exhibition *Dreaming in Color: Chagall & His Circle* opening this weekend

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WORLD NEWS

Dominican Republic Targets Haitians

Government aims to deport 10,000 a week—‘working on this day and night’

BY KEJAL VYAS

SANTO DOMINGO, Dominican Republic—From Punta Cana’s beaches to the capital of this Caribbean nation, government agents are searching public buses, raiding banana farms and staking out street corners in one of the world’s most intense immigration-enforcement dragnets.

The government’s goal: Deport 10,000 Haitians a week. “We are working on this day and night,” said Luis Lee Ballister, who leads the migration agency here.

Each day, trucks bearing the logo of the Dominican migration authority reach a bridge that separates the two countries to drop off deportees with their few possessions. Military officers walk them back to Haiti, where a devastating gang war awaits them.

It is an audacious effort that would remove the equivalent of nearly 5% of the country’s 11.4 million people in a year if agents keep up the pace. Migrant and human-rights advocates said the effort threatens a fast-growing economy that depends on Haitian workers and violates the rights and dignity of refugees fleeing anarchy in Haiti.

For the Dominican government, the plan is a response to a crisis the international community won’t address. Violent

‘We’re Back to Living in Fear’

Many Haitian immigrants in the Dominican Republic are like Kenken Davail and his brother, Wilner. They left their farming community in Haiti in April and walked more than 200 miles to the Dominican capital. Wilner said they were thrilled to find work making cinder blocks.

Then, early this month, immigration agents showed up at their apartment building in Santo Domingo, the capital. Kenken ran onto the rooftop to es-

cape—and fell three stories. He broke his legs and damaged his vertebrae so badly that he might never walk, his family said. Wilner said he was shocked to find his brother passed out on the sidewalk, where he said immigration officers left him after he fell.

“We came here looking for a better life and work,” Wilner said as he accompanied his brother, who is recovering in a hospital. “But now we’re back to living in fear.”

gangs have taken over much of Haiti’s capital, dislodging the government from control and sending hundreds of thousands of Haitians to seek refuge elsewhere. Some have made it to the U.S., but most have settled in the Dominican Republic, which shares the island of Hispaniola with Haiti.

A U.S.-financed and Kenya-led multinational police mission has struggled to restore Haitian government control. The Dominican Republic’s president, Luis Abinader, launched the deportation effort on Oct. 2, aiming to double the rate of expelling Haitians from 2023. He also is completing a 250-mile border wall.

“We don’t owe anyone explanations for why we’re implementing our immigration laws,” the president said, adding that his government is adhering to

international and humanitarian norms. “The security of the Dominican Republic comes first.”

So far, officials reported 28,000 expulsions in the first three weeks of October, and said 9,000 Haitians left voluntarily.

Abinader’s approach appeals to a conservative political base that sees undocumented migrants as a financial burden, said Bridget Wooding, director of the Caribbean Migrants Observatory, a Santo Domingo policy-research group.

The Dominican Republic’s measures have drawn condemnation from Haitian Prime Minister Garry Conille’s embattled government and human-rights groups, which say the policy is racist against dark-skinned migrants, and denies Haitians due process.

Videos on social media and chat apps that purportedly show



Haitian deportees leave a Dominican immigration-control truck at its border with Haiti.

TATIANA FERNANDEZ/GEAR FOR WSJ

mobs harassing or beating Haitians have stoked panic among migrants here. Ordinary Haitians have gone into hiding.

“It feels we’re being treated like animals,” said Haitian Simon Lauren, who said his niece was recently deported.

Ballester, the migration agency head, said allegations of wrongdoing would be investigated.

The last estimate of the Dominican Republic’s Haitian population was in 2017, when the country’s national statistics bureau said there were half a million Haitians in the country, but no official updates have been conducted since. Some migrant-advocacy groups estimate the Haitian population could be a million people because most migrants lack legal documentation and are “in a state of limbo, state-

lessness,” said Edwin Paraison, a former Haitian ambassador to the Dominican Republic.

The island nations share a turbulent past, marked by violence and an ethnic divide between the Spanish-speaking, mixed-race Dominicans and the predominantly Black and Creole-speaking Haitians. The countries notably have had different fortunes in recent decades, with the Dominican Republic turning into a hub for vacationers and investors, while Haiti’s plunge into poverty, political turmoil and disastrous foreign interventions has left it a basket case.

These days, Haitian workers are essential to the Dominican Republic’s economy, forming the backbone for the construction, agriculture and tourism sectors that have helped turn the economy into a darling of

Latin America and the Caribbean. Economic growth has tripled the regional average in the past two decades, lifting 2.8 million people from poverty, the World Bank said.

In few places are Haitians more vital than in the Dominican Republic’s banana farms, which export to Europe and rake in \$300 million a year. Plantation owners said they are bracing for labor shortages. The real estate, tourism and hospitality sectors also expressed concern about disruptions.

Critics say the president is using Haitians to distract from unpopular tax and labor reforms.

“Every time there’s an election or some kind of reform in the works, they always use the Haitians as scapegoats,” said Dr. Joseph Cherubin, a Haitian physician who leads a nonprofit that helps migrants.

China Takes to Space With Dreams of a Lunar Outpost

BY BRIAN SPEGELE
AND CLARENCE LEONG

JIUQUAN SATELLITE LAUNCH CENTER, China—As a graduate student in Switzerland in the 1980s, Chinese aerospace scientist Ye Peijian paid a visit to the World Intellectual Property Organization, where a moon rock from the Apollo program was on display as a symbol of U.S. power in space.

“Decades have gone by, but it’s still there,” Ye, who later played a leading role in China’s space program, told Chinese state media recently. “Because no one has surpassed them.”

Today, China is closer than ever. Its space officials brim with confidence as they signal a growing appetite for high-risk missions to more quickly close the gap with the U.S. in a new race to the moon, Mars and beyond.

U.S. officials fear that China will employ tactics in space that it has used to advance territorial claims on Earth, including beating out the U.S. in building a crewed outpost on the moon and attempting to lay claim to its resources.

“It’s not even an exaggeration to say China will be a

China wants to retrieve the first soil samples from Mars around 2028.

global power in space by 2030,” said Ye, who helped run China’s first uncrewed mission to orbit the moon and has advised on several others.

China put its ambitions on display before dawn on Wednesday as it blasted three astronauts into orbit from a remote desert launch center.

The astronauts, two of them in their 30s, will spend roughly six months at China’s space station. Some of their experiments will be intended

to help prepare for China’s most difficult mission yet: landing astronauts on the moon by 2030.

Wednesday’s Shenzhou-19 mission, covered extensively in state media,

sought to evoke pride in China’s trajectory as many citizens struggle financially in a souring economy.

“I am very lucky to have been born into a great motherland,” mission commander Cai Xuzhe said ahead of the launch.

The mission is another step in the rivalry with the U.S. as the nations employ different strategies in a bid for leadership over the future of space exploration.

The U.S. has provided a greater role to private compa-

nies for space missions, with mixed results. In a recent high-profile stumble, NASA chose to keep two American astronauts on the International Space Station for months after an earlier return date because of agency concerns about the Boeing Starliner spacecraft that was meant to return them to Earth in June.

Elon Musk’s SpaceX has emerged as the dominant global space company, developing partially reusable rockets that China hasn’t been able to match. The company is trying to extend its lead on reusability with the massive Starship vehicle it is developing.

Unlike the U.S. shift to private companies, efforts in China remain firmly under the control of the Communist Party, which allows only a limited role for outside firms.

Chinese space officials say the setup provides a strategic advantage, with centralized decision-making allowing them to set goals years in advance and then steadily work toward achieving them.

China’s growing confidence and ambition is also a consequence of endorsement from the top. When Chinese leader Xi Jinping met with representatives of the country’s most recent lunar mission in Beijing in September, he praised the program and called on scientists to pick up the pace to turn the country into a space power.

While China aims to land

astronauts on the moon by 2030, the U.S. wants to get back there first. Winning a race against China isn’t just a matter of national pride, U.S. officials say. The moon’s south pole—of increasing interest to both countries—contains resources that could prove critical to a future crewed lunar base, including ice that can be turned into water or oxygen.

“My concern is that they don’t get there first and then say, ‘This is our area. You stay out,’ ” NASA Administrator Bill Nelson told a congressional hearing this year.

China says it only intends to pursue peaceful exploration in space as a benefit for all of humanity.

In June, China laid down the biggest marker of its progress yet when it became the first country to return rock samples from the far side of the moon.

It wants to top that feat by launching a mission to retrieve the first soil samples from Mars around 2028, a timeline that was just brought forward by two years, and would potentially beat out a similar U.S. effort that has been mired by delays and rising costs.

“The Chinese are very confident,” said Dean Cheng, a nonresident fellow at the George Washington University Space Policy Institute. “They have every right to be.”

Beijing ultimately aims to build a lunar research base with a host of friendly countries including Russia. Moscow’s status as a space power is waning, meaning China would be forced to carry the bulk of the project.

China remains behind the U.S. in many areas, including rocket technology and mission know-how. While China has recorded major accomplishments in orbit, NASA has also pulled off groundbreaking scientific missions in recent years, including the deployment of the James Webb Space Telescope.

“The U.S. program is not only the largest financially, it is also the most diverse,” said Brian Harvey, who has written extensively about China’s space program.

WORLD WATCH



STANDING ON THE FOOT OF A GIANT: A boy in Johannesburg’s Sandton neighborhood played on a statue of former South African President Nelson Mandela on Tuesday.

GERMANY Iran Envoy Recalled Following Execution

Germany protested to Iran on Tuesday over the execution of Iranian-German prisoner Jamshid Sharmahd, whom Iranian security forces kidnapped in Dubai in 2020, and recalled its ambassador to Berlin for consultations.

German Ambassador Markus Potzel “protested in the strongest terms against the murder of Jamshid Sharmahd” to Iranian Foreign Minister Abbas Araghchi, the Foreign Ministry said. German Foreign Minister Annalena Baerbock then recalled Potzel to Berlin for consultations.

Sharmahd, 69, was put to death in Iran on Monday on terrorism charges, the country’s judiciary said. That followed a 2023 trial that Germany, the U.S. and international rights groups dismissed as a sham.

—Associated Press

LIBYA Egypt Migrants Die After Boat Capsizes

A boat carrying 13 Egyptian migrants to Europe capsized off Libya’s coast, killing all on board except for one person, local authorities and a Libyan group said on Tuesday.

Al-Abreen, a group that provides humanitarian assistance to migrants in Libya, said on Facebook that the boat capsized roughly 37 miles east of the city of Tobruk on Monday evening.

In recent years, the North African nation has become the dominant transit point for migrants fleeing war and poverty in Africa and the Middle East.

As of Monday, there have been 531 reported migrant deaths and 754 missing migrants on the Central Mediterranean route in 2024, the International Organization for Migration Libya said Tuesday.

—Associated Press

INDIA Festival Fireworks Hurt More Than 150

A huge explosion of fireworks injured more than 150 people at a religious festival in a temple in southern India, a report said on Tuesday.

The explosion occurred Monday night when a fireworks storage facility near Veerarkavu temple caught fire, the Press Trust of India reported, citing the police. It happened in Kasargod, which is about 360 miles northwest of Thiruvananthapuram, the Kerala state capital.

The injured were treated at various hospitals in Kasargod, Kannur, and Mangalore districts. Eight of them had serious injuries.

There is a huge demand in India for firecrackers, which are used in religious festivals and weddings. Fatal accidents occur nearly every year as people work in makeshift factories.

—Associated Press

FROM PAGE ONE

Dreading The Knock Of Eviction

Continued from Page One

County, home to Phoenix, hit a single-month record of more than 8,000 in January. They have remained at higher than typical levels for much of the year.

Phoenix has emerged from the pandemic as one of America's eviction capitals. Among U.S. cities, counties or metro areas for which regular data is available, Maricopa County holds one of the highest eviction rates, at 16 filings per 100 renter households during the past year, according to Eviction Lab, a research group at Princeton University that tracks evictions in 35 U.S. cities and 10 states. Some households receive multiple filings, and not all filings result in evictions.

That ranks Phoenix ahead of other big Sunbelt cities that in recent years have also seen an elevated number of eviction notices, including Houston and Las Vegas.

Evictions are one outgrowth of the U.S. housing shortage and lack of affordability. Filings went down across the country during the national pandemic eviction moratorium. They have risen everywhere since then, remaining below historical averages in some cities while surging far above them in others.

The elevated eviction filings also follow a sharp acceleration in rents, when pent-up demand during the pandemic flooded supply-short housing markets. Those rent increases have pushed some lower-income tenants to the brink of what they can afford.

Housing affordability is a top issue in the presidential race and has been a focus for both candidates. The ability to purchase a home is near its worst levels since the 1980s. And half of American renter households spend at least 30% of their income on housing, which is up sharply since 2000, according to Harvard University's Joint Center for Housing Studies.

With median home prices hovering around all-time highs and inventory below normal, first time buyers in particular have been squeezed out. That leaves millions of middle-income Americans with little choice but to keep renting, helping to keep overall rents high.

Some cities and states are enacting new laws to aid tenants facing eviction. But Arizona provides fewer tenant protections, even as rents have soared.

"We are known as a landlord friendly state, and that attracts a lot of capital," Phoenix Mayor Kate Gallego said in an interview. In Phoenix, she added, "we don't control evictions." Those rules are set by the state.

Apartments rents in Phoenix rose about 35% from 2019 to 2023, and home sale prices went up more. Both have cooled somewhat recently, but not

enough to make a difference for Maricopa County's population of 4.6 million, which has grown by more than 20% since 2010. Rising rents are one reason Phoenix had the country's highest increase in overall inflation two years ago.

Anxiety over housing costs is especially strong in this election swing state.

"The availability of affordable housing in Phoenix has plummeted very quickly and very dramatically," said Maxine Becker, an attorney at the Wildfire Community Action Agency, a group that advocates for low-income residents of Arizona.

Evictions are seen in virtually all communities, from residents in their early 20s to retirees. While lower-income tenants are the largest group to be evicted, residents of new subdivisions where townhouses rent for nearly \$3,000 a month have also heard the constable's knock.

In this place known for its breakneck expansion and the new nickname "Silicon Desert," eviction is its own thriving economy.

Evictions make work for attorneys, for locksmiths, for self-storage centers, for moving companies and for government staff. It's good business for extended-stay hotels, the housing of last resort.

To afford pay-by-the-night rooms (room rates are up 37% since 2021), some evicted renters scrape together money, sometimes for only \$2 an order, driving for apps like Grubhub or DoorDash—essential jobs in the eviction economy.

Some Phoenix real-estate brokers specialize in rental house-hunting for evicted people, whose background checks are marred. Clean-out crews make a living towing away whatever is left behind.

The removal of renters from their homes is also a topic of increasing public concern. Every month the local ABC television affiliate highlights evictions on a large scoreboard, showcasing which buildings and parts of town see the most of them.

Homelessness rose sharply in Phoenix during the pandemic. A greater share of homeless individuals are now off the streets, however, after the city expanded shelter availability. The total number of homeless individuals in the city of Phoenix dropped 1% this year, according to government figures.

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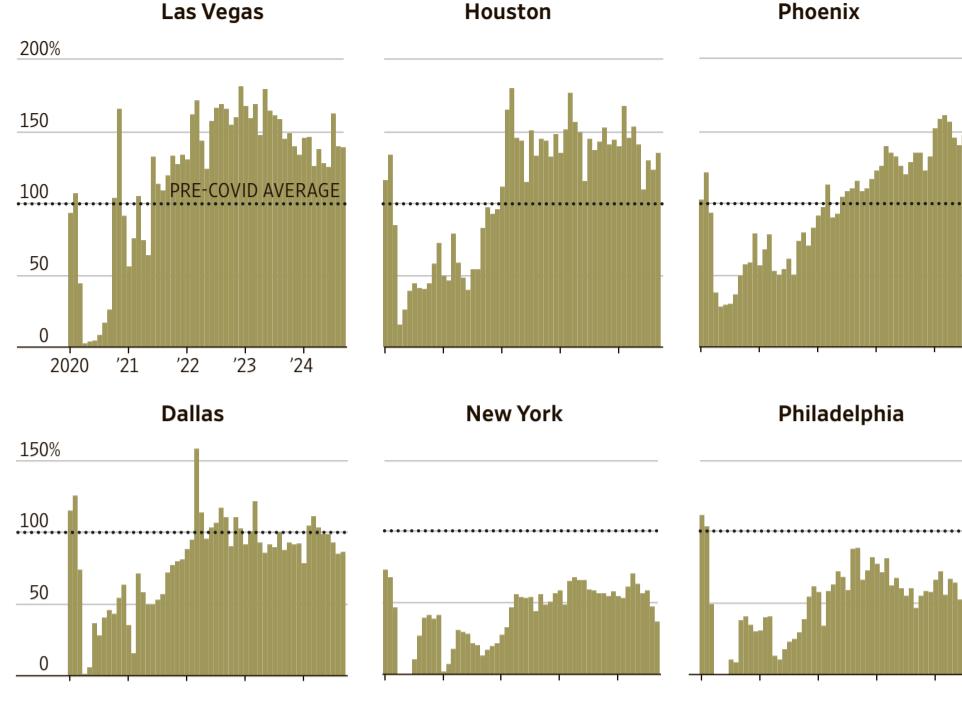
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Monthly eviction filings relative to pre-Covid average



Note: Averages include 2016-19 for Las Vegas and Philadelphia, 2012-15 for Houston, 2015-19 for Phoenix, 2017-19 for Dallas and 2016-18 for New York.
Source: Eviction Lab

units, evictions were conducted under the shade of a golf cart as the temperature crept to 109 degrees.

April Cordova, the property's manager, surveyed the damage at an already empty unit. There was dinged up gray vinyl flooring and scrunched window blinds. The family there had owed \$5,400 in rent and fees.

"People just can't keep their heads above water," she said. Rent wasn't likely to come down much, though. "I think we're relying more on other living expenses falling," she said.

Back at the lobby was one of Cyprus's longtime residents, Traci Swaw, who had been evicted two weeks before. She returned to pick up the last belongings she could fit in her car.

After seven years at Cyprus Apartments, Swaw fell behind on the \$1,430 a month rent, including fees, for the one-bedroom apartment she shared with her 19-year-old daughter, Ashley. The rent was about \$900 when they first moved in, Swaw said. It went up a lot after the start of the pandemic.

The 54-year-old worked as a food delivery driver, but orders slowed this summer. Then the brakes went out on her car. She spent several hundred dollars, all the cash she had, to fix them.

When she missed her August rent payment, management gave her time. But she missed September, too, and didn't have enough to pay what she owed.

PERSONAL JOURNAL.

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Millions of Drivers With Loans Are Now Going Underwater

Roughly a third of people who financed cars owe more than their vehicles are worth

By OYIN ADEDYOIN
AND KATHERINE HAMILTON

The rapid decline in used-car prices is a financial risk for millions of drivers—even if they bought a new car.

Roughly a third of people who financed their vehicles have negative equity on their auto loans, according to a survey by car marketplace CarEdge, which means their loan is larger than the value of their car. That share would amount to some 31 million of the more than 100 million auto-loan accounts tallied by the Consumer Financial Protection Bureau.

Being “underwater” is common because a car loses value as soon as it is driven off the lot. But that 19% drop in used car prices since their peak in 2022 means more cars are now worth less than the remaining balance on the car loan—and by larger amounts.

Drivers feel the consequences if they total their cars or trade them in.

If your car is among the growing number that got totaled in an accident or natural disaster, you are still on the hook for any remaining loan payments. Or, if you go to trade it in, your balance might be rolled over into a new

auto loan—or prevent you from getting a new car.

A few months after buying, Sam Ponce de Leon, 34 years old, noticed the main display screen on his Volvo would often disappear. The car's backup camera didn't always work and the car would make a screeching noise when in reverse, he said.

Ponce de Leon, who lives in Las Vegas, brought the car into a local dealership earlier this month, hoping to trade it in.

The dealership told him the

Volvo was worth roughly \$24,000, just under half of the roughly \$50,000 he still owed on his loan from USAA. A week later, he and his partner visited another dealership where employees told them the car's value had dropped to \$20,000.

“We want another electric vehicle eventually but we’re going to have to wait till our negative equity is much less,” Ponce de Leon said. “We just didn’t expect it to be this high.”

Many aren’t waiting before

they trade in their cars. In the third quarter of this year, 24% of vehicles traded in had negative equity, an increase from about 15% in the third quarter of 2022, according to car marketplace Edmunds.

It is also taking longer for borrowers to catch up on underwater debt. Borrowers who have nega-

▼ **Sam Ponce de Leon learned how underwater he was when he visited a dealership to try to trade in his car.**

tive equity when they trade in owe an average of \$6,458 more than what their car is worth, Edmunds said. About 22% owe \$10,000 or more.

The share of drivers with negative equity is higher among those who financed their vehicles since 2022. Some 46% of drivers with electric vehicles are underwater, CarEdge found.

Being underwater adds to the financial burden of owning a car. On top of the cost of buying, high interest rates have made financing more expensive. Insurance, repairs, parking and tolls have all gone up. More people are falling behind on their auto loans.

Borrowers are also taking longer to pay off their loans, according to Edmunds. A long-term loan prolongs the risk of totaling a car before paying it off. The number of insurance claims for cars that were totaled in a collision in 2023 was up 29% from three years prior, LexisNexis found. Storms this hurricane season damaged around 227,000 cars, Carfax estimates.

On Sept. 27, the day Hurricane Helene hit, John Wojtowicz heard a loud cracking noise outside his apartment in South Carolina. A white oak tree uprooted by the storm had crushed the top of his black 2012 Mazda.

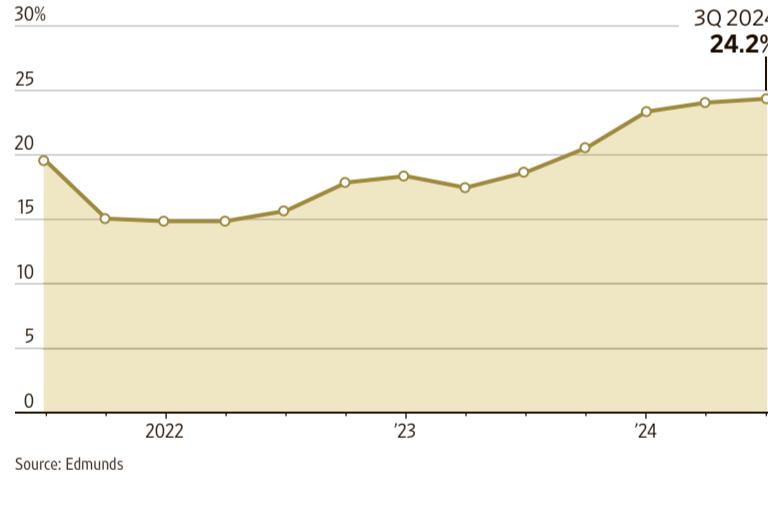
When a car is damaged, such as in a natural disaster, insurance will either pay to repair a car’s damage or give the driver a lump sum equal to the value of the car. When the damage is severe, insurers usually choose the lump sum.

Wojtowicz’s insurance paid him \$4,800, based on the car’s value. His loan balance is \$2,000 more than that. Without a car, he has no income, since he cannot get to his barista job.

Wojtowicz, 26, paid \$11,000 for his Mazda in the fall of 2020. He made an \$1,800 down payment, and took a 68-month subprime loan at a rate of 27.9% due to poor credit. That is significantly higher than today’s average rate of 7.1%, according to Edmunds. In four years of \$300 monthly payments, he has spent about \$14,000.

Wojtowicz, who was living paycheck to paycheck before he had to take leave at work, is getting by on donations from crowdfunding on GoFundMe.

“It is getting to a point now where it’s kind of a little bit scary,” he said.



FROM TOP: KYLE GRULLO/BLOOMBERG NEWS; DANIEL POTTER

For Better Rewards On Flights, Go Global

By JACOB PASSY

The best move you can make ahead of a big trip? Signing up for the loyalty program of a non-U.S. airline.

Rewards flights often cost fewer points or miles with overseas carriers. Climbing the status ladder for many of their loyalty schemes can be easier than doing so with their U.S. counterparts.

And thanks to airline alliances, the benefits can sometimes even apply when you’re traveling inside the U.S.

For travelers, the differences can be stark. A trans-Atlantic flight on Air France can cost as little as 20,000 miles for an economy seat and 50,000 miles for a business-class ticket, according to Flying Blue, Air France-KLM’s loyalty program. Deals like that aren’t as common among U.S. carriers. And people can use their points from Chase Sapphire, American Express Platinum and other travel-oriented credit cards to get those deals.

Americans already represent a sizable share of international carriers’ frequent-flier programs. For Flying Blue, over 10% of members are based in the U.S., says the pro-

gram’s head, Ben Lipsey. Air Canada’s Aeroplan has a similar share of Americans, says Scott O’Leary, the airline’s vice president of loyalty and product.

“The U.S. is a second home market for us,” O’Leary says, adding that Air Canada serves nearly as many cities in the U.S. as it does in its home country.

To grow their customer base in the U.S., many non-American airlines are upping the incentive ante, offering discounts for those who book trips by transferring points from other credit cards, and sizable sign-up bonuses tied to their own credit cards.

Easy earnings
The lengths that foreign airlines are willing to go to in hopes of enticing Americans is a reflection of the size of the U.S. loyalty market, according to analysts.

“Everybody wants to get a slice of that pie,” says Evert de Boer, managing partner at global consulting firm On Point Loyalty.

The fees that banks charge merchants when someone pays with a credit card are higher in the U.S.



Transfer possibilities

A traveler doesn’t need to open a credit card with an international airline—or even fly with one frequently—to benefit from its rewards program. The proliferation of general travel-oriented credit cards has led to a vast network of transfer partnerships.

Transferring points to one airline could be more beneficial than to another, depending on the awards-flight pricing. Some airlines also offer limited-time transfer bonuses.

Once the points are transferred to the airline, they often can be used immediately to book trips.

Sites like Point.me, Roame, Points-Yeah.com and AwardFares.com operate search engines that allow travelers to compare flights based on how much they cost in points or miles.

Most airlines have code-sharing

agreements with other carriers and are members of international alliances, so they can sell seats on each other’s planes. If you are a member of a foreign airline’s loyalty program, it is possible to use it to book a flight entirely within the U.S.—one that might have a lower price in points.

This strategy isn’t foolproof: Awards inventory can be limited, especially on flights operated by a different airline. Before you transfer any points to an airline, make sure the flight you want is available.

“There’s no way of getting the points back” to a card like Chase Sapphire, warns Germán Ceballos, head of marketing at AwardFares.

Credit-card overtures

With credit cards becoming an increasingly important feature of the airline business model, U.S. customers look even more attractive for overseas carriers. Turkish Airlines, Qatar Airways and Emirates, among others, began offering credit cards in the U.S. this year.

Other airlines have rolled out offers for new credit-card applicants. The Chase Aeroplan credit card, tied to Air Canada, currently comes with a 75,000-point bonus for customers who open a card and spend \$4,000 on it in the first three months, plus an additional 20,000-point bonus if they spend \$20,000 on the card within that year.

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PERSONAL JOURNAL.

Bringing Back That Main Street Magic

Three entrepreneurs challenged the odds to start businesses in failing downtowns, using optimism and some help

BY LORI IOANNOU

Opening a business on Main Street can take true grit.

There was a time when the main streets in small towns were the lifeblood of small businesses. The hardware store, the candy counter, the dress shop—this was where the locals gathered and where entrepreneurs thrived.

But that hasn't been the story for a long time. Across the country, many small towns have been reeling, as local industries close down, and people move to find jobs. Main streets have lost out to the convenience of online shopping, as well as to nearby malls. Credit can be hard to obtain for entrepreneurs, and inflation has driven up costs.

The effect is stark: Many Main Streets are riddled with shuttered storefronts and struggling businesses.

But for some entrepreneurs, the blight is an enticement—not a deterrent.

They are drawn to start businesses on failing Main Streets for any number of reasons. Some have roots in the community and want to help rebuild it, while others are new arrivals drawn by the small-town atmosphere or the chance to create a dream business in a seemingly perfect location.

Here is a look at three entrepreneurs who challenged the odds on Main Street.

Engineer comes home

Eight years ago, Harvey Williams Jr. decided to replant roots near Helena-West Helena, Ark., a farming community on the Mississippi River delta. Williams, an agricultural engineer, grew up close to the city on his family's 86-acre vegetable farm. His great-grandfather and grandfather were sharecroppers, and his grandfather purchased the farm in 1949 with money he earned selling cotton and moonshine.

So, he quit his corporate job in Dallas and moved his wife and family back home. What he found was a city in decay. Back in the 1980s, West Helena's major employer, Mohawk Rubber, closed its tire plant and Walmart came to town, crushing small businesses. Many factory workers and entrepreneurs moved to Memphis to find jobs and a better way of life.

Vacant stores and dilapidated buildings lined Cherry Street, once the town's main thoroughfare and home to dozens of small businesses. The town's annual blues festival had drastically shrunk.

"It was a dying Main Street," Williams says.

In 2018, he was inspired to create **Delta Dirt Distillery** at 430 Cherry St., making sweet-potato vodka from produce harvested on



▲ Cherry St. in Helena-West Helena, Ark. The area endured economic hard times for decades.

his family's farm.

Williams's gamble took \$800,000 of his retirement savings plus \$230,000 in bank loans. Although the 7,000-square-foot building only cost \$63,000, it had to be gutted and needed extensive renovations.

Williams quickly realized he would need to look beyond the town for customers, aiming for online sales and deals with distributors for his product in Arkansas and nationwide. "It's important for Main Street businesses to be diversified these days and not just to rely on the local population to succeed," he says.

The distillery opened in April 2021, and locals began spreading the word on social media. The busi-

ness gained more attention as it won prominent awards for its products. The distillery has become a tourist attraction, and many also take a tour of the Williams farm to learn about the history of Black farmers in America.

Last year, Williams's sales reached \$340,000—5% from online sales, and 95% from in-person traf-



► Good Times Coal-Fired Pizza and Pub in Big Stone Gap, Va.



fic and through distributors in Arkansas, Mississippi, Pennsylvania and Tennessee. Williams has plans to expand distribution, offer new products and open a pizzeria.

Community spirit

Jennifer Jones and her husband, Brian, owned a water-filtration company in Northern California,

but over the years, the stress of crime, taxes, the high cost of living and wildfires took its toll. While on vacation in Virginia three years ago, they stumbled upon Big Stone Gap, a former coal town of about 5,300 people nestled in the Appalachian Mountains. "We fell in love with the town, its beauty, and its people; they were so nice and welcoming," Jones says.

The Joneses

closed up their business in California and moved to Big Stone Gap with their three children, granddaughter and Jennifer's parents.

In April 2022, they bought a struggling vegan pizzeria and its building on 215 Wood Avenue East. The town had been losing population since the 1990s after the closing of Westmoreland Coal's coalfield.

The Joneses aimed to transform the restaurant into **Good Times Coal-Fired Pizza and Pub**, a traditional pizza parlor and bar

► Harvey Williams Jr. returned to the area eight years ago to launch Delta Dirt Distillery.

with live music. They invested \$223,000 of personal savings and obtained a \$187,000 industrial loan.

What happened next was an outpouring of community support. The town manager and other local small-business owners and residents pitched in to help get the business up and running. They helped lay floors, build the bar and paint the restaurant. At the same time, the town manager and his economic-development team heavily marketed the business, along with others in town, on social media and advertising platforms.

For their part, the Joneses have supported community events and hosted local festivals that have helped market the business. That pay-it-forward mentality has ignited a small-business revival in Big Stone Gap.

"The Joneses' pizzeria and restaurant has had a positive impact on our town and has inspired other entrepreneurs to set

up shop on Wood Avenue," says Stephen Lawson, Big Stone Gap's town manager.

Passion vs. reality

Four years ago, Bill Waterhouse, a former finance administrator, and his partner, Sonja Olbert, a home health aide, quit their jobs and moved from Turner Falls, Mass., to Dansville in the Genesee Valley in upstate New York, to care for aging parents.

Their home was close to the tiny town of Leicester. This hamlet of 2,500 people once had a bustling Main Street with about two dozen small businesses. Then, in the 1980s, the town's major employers in Rochester began shrinking their workforces, and the town's population dwindled.

The couple yearned to start a business where they could follow their passion for hiking and the outdoors. After winning a \$25,000 grant from Livingston County Economic Development they opened **Trail Otter**, selling boating, hiking and backpacking equipment, on 134 Main St. The location was close to Letchworth State Park. Business boomed during the pandemic. Store sales hit \$40,000 a year.

But competition from Amazon and big chains like REI in nearby Rochester took its toll, along with inflation. Last year, sales plunged by 25% as foot traffic dropped. In March, the couple decided to close the store and pivot to a new business: guiding people on outdoor experiences such as hiking, rafting and backpacking trips. Thanks to a partnership with **Adventure Calls Outfitters**, Waterhouse expects revenue to reach \$50,000 next year.

Local businesses need a unique service or "wow factor" to compete with big-box stores, says Waterhouse. "This is something we learned the hard way."

ANDREA MORALES FOR WSJ (2); JENNIFER JONES



▲ When Tyler, the Creator won his first Grammy—best rap album, for 2019's 'Igor'—he was grateful, yet critical of the Grammys' genre-categorization process.

its release day from Tuesday to a globally coordinated Friday in 2015 to help prevent leaks and piracy. In addition to the fact that Billboard's sales tallies now begin on Friday, there were other considerations: Industry research showed people enjoyed a lot of music on the weekend, and many are paid on Fridays, which was relevant when fans were buying

lots of \$9.99 downloads.

There have been instances of megastars releasing off cycle. Beyoncé's self-titled 2013 album was released on a Friday, at a time when Tuesday was the official U.S. day, popularizing the surprise-release strategy; 2016's "Lemonade" came out on a Saturday night during a HBO special. Ye, the artist formerly known as Kanye West, has a well-known tendency to drop music at odd times, likely because he's missed a deadline, music experts say. But these musicians have been in a league of their own: They knew the world would stop for them and that their numbers

would be towering regardless.

Tyler has a history of questioning music-industry tradition. When he won his first Grammy—best rap album, for 2019's "Igor"—he was grateful, yet critical of the Grammys' genre-categorization process, asking why his genre-bending music had to be filed in rap rather than more high-profile categories.

"I think he's spot on here," says Brian Zisook, co-founder and executive vice president of global operations for the streaming service Audiomack, of Tyler's early-in-the-week release plan. He recently

Tyler, the Creator Tries To Reset The Rules

BY NEIL SHAH

Tyler, the Creator, one of rap's most admired nonconformists, released his new album, "Chromakopia," on a Monday, not a Friday, which is when albums are usually released. In the process, he's encouraging the music industry to look beyond its long-standing, sales-driven, one-size-fits-all approach to putting out records.

Earlier this month, Tyler kicked off the campaign for his seventh studio record with an enigmatic, sepia-toned teaser video. Last Wednesday, the 33-year-old two-time-Grammy winner, whose real name is Tyler Gregory Okonma, revealed the album's exact release time: Not 12 a.m. EST on Friday, as is customary, but 6 a.m. on Monday, Oct. 28.

Nearly all albums by major music stars drop on Fridays. That's because the industry's official sales week commences early Friday

morning and finishes the following Thursday night. By releasing on Monday, Tyler won't see any streams or sales from a Friday, Saturday or Sunday reflected in his widely watched "first-week" numbers. That, in turn, makes it harder for his team, including his label, Columbia Records, to top the Billboard charts, secure bragging rights and trumpet Tyler's overall cultural relevance to the world. Tyler, however, may be on to something.

"Going 'off cycle' can separate your release from the hecticness of Friday," says Benji Grinberg, chief executive of music company Rosstrum Pacific, parent of independent record label Rosstrum Records.

Tyler and Columbia Records declined to comment.

In the past, Tyler has reasoned that, however the numbers may shake out, fans tend to listen more carefully during the day and week—for example, when they're commuting or doing chores.

"People on the weekends, they want to chill and just hang out, so they're not really listening," he told Nardwuar, a Canadian media personality. "And to work on an album for so long, and put so much energy into it—and for it to be released at midnight?" he continued. "Like, I think it coming out in the morning would just make more sense."

The U.S. music industry moved

asked executives at four labels if going back to Tuesday would be good for fans; all agreed. "Friday doesn't even matter anymore, we've just gotten used to it," Zisook says.

It's still true that weekend listening—at least on online streaming—slightly outpaces weekday listening. Music-analytics firm Chartmetric analyzed the distribution of Spotify streaming numbers throughout the week: They found that, for top artists, Saturday, Tuesday and Friday were the heaviest days, with the other days lagging, though not by a huge percentage. In the most pronounced case, Saturday's Spotify streams were about 30% higher than Wednesday's. In the case of Tyler's own catalog of music, Friday and Saturday were tops, with Tuesday and Sunday neck and neck.

But Tyler's argument isn't just about quantity of listening, it's about quality, according to Zisook. For many people, the weekends are highly variable—you're doing different things, going to restaurants, the park, visiting friends. Zisook says—all of which can mean less focused listening. Social media is often quieter on the weekends, hindering cultural discussion of new music. Perhaps the most obvious factor: Since everyone's releasing on Friday, all but the biggest stars can get drowned out. By contrast, if an artist drops on a Monday or Tuesday, they have the rest of the week for fans to analyze, debate and get incensed over their music without the conversation being choked off by the weekend.

KEVIN WINTER/GETTY IMAGES FOR THE RECORDING ACADEMY



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ARTS IN REVIEW



MUSIC REVIEW | MARK RICHARDSON

A Genre-Hopping Tour

Halsey channels a wealth of varied influences on 'The Great Impersonator'

Over the past month, singer-songwriter Halsey released a series of promotional images on social media that showed her posing in re-creations of iconic photographs of her musical heroes. Her new record's title, "The Great Impersonator," inspired the campaign roll-out, and her selections tell us something about how the 30-year-old singer-songwriter born Ashley Frangipane sees herself. Though Halsey has had her share of industry success—three Grammy nominations, four albums in the Billboard 200 Top 5, a featured vocal on the Chainsmokers' single "Closer," which is one of the most popular songs of the streaming era—she prefers to think of herself as an artist first and an entertainer a distant second. Her

"impersonations" promo shots included successful pop artists like Britney Spears, but one senses she feels more kinship with her left-field selections, including PJ Harvey, Tori Amos and Björk.

Halsey's desire to be taken seriously has driven her career since the beginning, and her ambition led to an artistic peak on her last studio LP. She wrote and recorded her 2021 album, "If I Can't Have Love, I Want Power," with Trent Reznor and Atticus Ross, known for their work in Nine Inch Nails and moody scores for films such as "The Social Network." It was a surprising turn that reflected the singer's interest in the dark side of human nature—her songs are steeped in disturbing thoughts and grim subject matter, Mr. Reznor's thematic specialty—and the inspiration she

draws from alternative rock's heyday. For "The Great Impersonator" (Columbia), out now, Halsey returns to the smorgasbord approach of her 2020 album, "Manic," employing over a dozen writers and producers and touching on an array of genres.

The opening cut, "Only Living Girl in LA," is an encapsulation of the record's strengths and its excesses. The title is a riff on Simon & Garfunkel's "The Only Living Boy in New York," and Halsey checks in on where she's been and how she's doing, and she veers from self-pity ("It shouldn't kill me every day, the way it does / I don't know what I did to have this fate, I'm drenched in it") to self-aware laughter. The song stretches for over six minutes, testing the patience of anyone who isn't already all-in on Halsey,



and ultimately rewards it, beginning as a swaying folk sing-along tune driven by a strummed acoustic guitar and concluding with a thrilling coda of noise and frenetic beats. She situates her own career inside rock's tragic mythology—"I told my mother I would die by 27," a nod to the age at which self-destructive stars like Kurt Cobain and Janis Joplin perished—before concluding, "I'm the

◀ Singer-songwriter Halsey; her adventurous if overlong new album is out now.

only one, the only one, it's me."

From there, Halsey moves from dynamic alt-rock that brings to mind Alanis Morissette ("Ego") to droning minor-key indie rock ("Dog Years"). "Letter to God (1974)" is creaky lo-fi balladry, one of several tracks designed to suggest the act of listening to a work in progress. The themes of these songs are often heavy, but shifts in phrasing and the widely varying arrangements lend emotional shading. Given how often Halsey has written about her own health struggles, both physical and mental, the title of "Panic Attack" prepares you for pain and catharsis. But its first few seconds might lead you to wonder if your streaming platform had queued up Fleetwood Mac's "Dreams" by mistake, and it turns out to be a sunny pop tune where emotional torment is confused with falling in love.

The genre tour continues with "Arsonist," which has queasy detuned synthesizers that bring to mind Radiohead and a loping beat and pinched vocal processing that recall Portishead. "Life of the Spider (Draft)" sounds as if it were performed spontaneously in a dark room on an upright piano, and it offers a menu of arachnid metaphors—weaving webs of deception, seeing too much with compound eyes—that read as cliché on paper but are sold by Halsey's stirring performance. "Hometown" is brisk pop-country and explores the dark underbelly of life on the other side of the tracks ("Davey died in the summertime in a hot-boxed car / With a seatbelt 'round his neck and a needle in his arm"), while "The End" features songwriting and production assistance from folky indie-rocker Alex G and reflects his somber approach.

All the aforementioned songs range from solid to very good, and "The Great Impersonator" as a whole has roughly the same amount of strong material as

Halsey's two previous records. But it's about 20 minutes longer than those predecessors and is ill-served by the added runtime.

The soft and delicate "Darwinism" and the power ballad "Lonely Is the Muse" are dirges with little melody, a descriptor that applies to several other songs here. Given Halsey's interior focus and performative intensity, the album is just too much—too much genre-hopping, too many

songs—especially given the focus of "If I Can't Have Love, I Want Power." That said, based on who she is and her artistic ambitions, a certain amount of overkill is expected, and it makes her more interesting than pop peers who are content to play it safe.

Mr. Richardson is the Journal's rock and pop music critic. Follow him on X @MarkRichardson.

The first season of "The Diplomat" was greeted with the kind of criticism one doesn't usually hear about fictional series—specifically, that it wasn't accurate enough, not about the milieu in which plucky trouble-shooter Kate Wyler (Keri Russell) found herself, having parachuted in from Kabul to become the U.S. ambassador to the Court of St. James's. It was a bit like criticizing Captain Kirk for not having the right haircut for 2266 A.D. Or SpongeBob flipping Krabby Patties under water.

Created by Debra Cahn and piloted by her through season 2, the quite popular "Diplomat" is not a documentary.

Granted, if a viewer is distracted by anachronisms—that Starbucks cup in "Game of Thrones," for instance—there's a problem. Perceived breaches of diplomatic protocol are another issue. But "The Diplomat"—eight parts in 2023, and a pernicious six parts now—is utterly entertaining, absorbing and a novel construct populated by characters with whom you want to spend time, who seem eminently human and who operate under one perfectly plausible principle: No one can trust anyone else.

This is even true—no, particularly true—of Kate and Hal Wyler (the marvelous Rufus Sewell), career diplomats who have globe-trotted

together with one or the other in the superior posting. Hal is now playing the "trophy husband" but suffers an irresistible itch to be politically relevant. Kate, all business and arguably naïve to an implausible degree, is well aware of her spouse's inclination to, with the best intentions, create problems.

But so can Kate, which becomes evident as season 2 gets under way, season 1 having ended with a car-bombing that left Hal and the deputy chief of the U.S. mission, Stuart Hayford (Ato Essandoh), seriously injured while vaporizing a troublesome member of Parliament. Who was behind it? The Russians, who are also implicated in the bombing of a British

sea vessel that killed 40-odd sailors? Was it Iran? Or was the entire episode—as suspected by Kate and her political ally/possible romantic interest Austin Dennison (David Gyasi)—an inside job? There are moments when it is Hal who keeps the cooler head, though his under-the-radar conspiracy to make Kate the next U.S. vice president—in league with White House chief of staff Billie Appiah (Nana Mensah)—detours

virtually every plot point in motion.

Were that ascension to occur, Kate would be replacing current VP Grace Penn, played by the beloved Alison Janney, who brings a bit of "West Wing" nostalgia to "The Diplomat" while also addressing the elephant in the well-appointed room: Kate Wyler's grooming. If a viewer took exception to the idea of a world-beating ambassador looking like the last hippie, he or she would have company in Grace, who is re-

east and west, she adds, a padded bra might help.

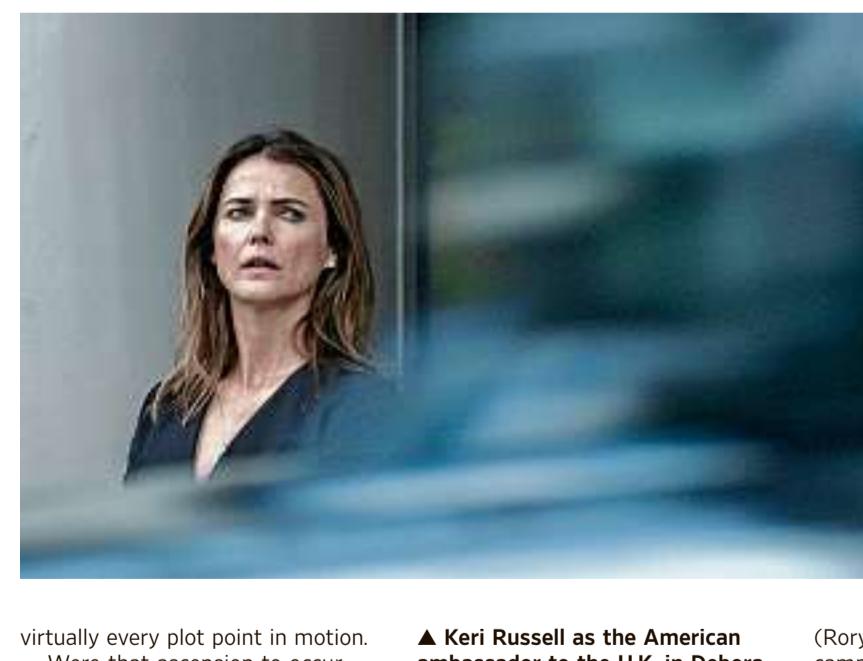
"Looking to the south," she asks, "is that a paper clip?" Kate has not had time to fix her zipper. Grace sighs. If you are going to be answerable to 300 million Americans, she cautions, "it's best to look like the care of your trousers wasn't more than you could manage."

The writing, much of it by Ms. Cahn, crackles; the plot integrates the personal messiness of its characters—the affair between Stuart and CIA station chief Eidra Park (Ali Ahn), for instance—with the realpolitik navigated by Prime Minister-cum-tinderbox Nicol Trowbridge (Rory Kinnear) and his aide-de-camp Margaret Roylin (Celia Imrie). And while Ms. Russell, tousled and irresistible, may be playing a character who instinctively shuns the spotlight, she still manages to rule the show with Victorian aplomb.

The Diplomat, season 2

Thursday, Netflix

Mr. Anderson is the Journal's TV critic.



▲ Keri Russell as the American ambassador to the U.K. in Debra Cahn's Netflix drama.

signed to her own fate but wants to impart some advice.

"Looking north," she says, assessing Kate by quadrants, "you probably think your hair says you're too busy serving your country to get a blowout. But it reads as bedhead. Which sends a signal I think in this case is better left unsent." Looking

SPORTS

By ROBERT O'CONNELL

After watching his team get walloped by the Boston Celtics on opening night, New York Knicks head coach Tom Thibodeau sat at a table looking completely shell shocked.

He had just seen basketball's future—and it was terrifying.

Over the course of 48 minutes, the Celtics had launched an astonishing 61 shots from behind the 3-point arc, or one every 47 seconds on average. And they'd made nearly half of those; their 29 makes tied the all-time mark for triples in a game. A team that entered the year hoping to knock the Celtics off of their pedestal had instead been blown away in a 23-point rout.

"Mathematically, it's gonna be hard to win that game," Thibodeau said.

As they cruised to a championship last season, the Boston Celtics seemed to have solved the sport of basketball. Fielding a roster stuffed full of shooters, they took—and made—3-pointers at a league-leading rate. Their offense was statistically the best in NBA history.

But just a week into this season, the Celtics are sending a message to the rest of the NBA: That was just the warm-up.

In their first four games this year—all wins, by an average margin of 15 points—the Celtics are firing up even more triples than they did last season. And this time they're not just nudging the math of the game in their favor: They're burying opponents under avalanches of the most valuable shot in the sport. Forget solving the game. The Celtics now seem determined to break it.

"We play to our strengths," Celtics All-Star Jayson Tatum said of the opening-night onslaught, after he had contributed eight triples himself. "We know what we're trying to do, we know where we're trying to attack."

Since shellacking the Knicks, the Celtics have kept bombing away. They're averaging 50.25 3-point attempts per game, up from 42.5 last season. In fact, they've taken 56% percent of their overall shots from deep, an uptick of nine percentage points over last season.

Boston's 3-point barrage began with a coach who, three seasons ago, was all but unknown to most basketball fans. When assistant

Have the Boston Celtics Broken the NBA?

Last season, the Celtics hoisted 3-pointers more than any other team in the league on the way to winning a championship. This season, they have shown that was just the beginning.



The Boston Celtics have a roster full of shooters including Jaylen Brown, Jayson Tatum, Derrick White, Sam Hauser, Al Horford and Payton Pritchard.

coach Joe Mazzulla took the reins in 2022, he didn't simply carry on with the defense-first strategies that had landed the team in the NBA Finals the previous season.

Instead, Mazzulla reshaped the team around his own fundamental take on basketball: that the stripe painted about 24 feet from the rim was the line that separated winners from losers. In his first season as coach, the Celtics jumped from ninth in the NBA in 3-point attempts to second.

"I love 3-pointers," Mazzulla said. "I like math."

Three is greater than two, of course, but if winning basketball games were as simple as chucking more long shots, everyone would do it. During the 2017-18 season,

the Houston Rockets became the first team in history to take more than half of its shots from beyond the arc. But that team turned into a cautionary tale about the volatility of the long ball, when they missed 27 consecutive 3-pointers in a Game 7 playoff loss to the Golden State Warriors.

The Celtics, though, have an advantage maybe no team in NBA history has ever had. Almost every single shooter they put on the court—the guard pairing of Jrue Holiday and Derrick White, the All-Star forwards Tatum and Jaylen Brown—doubles as one of the top defenders in the league.

"What they lean on is their defense, every night," said Stan Van Gundy, an analyst with TNT who,

as a coach of the Orlando Magic, helped usher in the current era of high-volume shooting. "And then when the ball's going in, which is most nights, they become nearly unbeatable."

Last season's Celtics settled the question of whether this style can win titles, as they cruised through the playoffs in dominant fashion. This season, the question has changed: Are all these triples good for the game? Champions create copycats, and in the wake of the Celtics' title the percentage of shots leaguewide taken from 3-point land has spiked, from 39% last year to 42% this season, entering Monday's games.

If the trend holds, it will mark the first time in NBA history that

more than two out of every five shots came from 3-point range.

"I've always thought that one of the most exciting parts of NBA basketball were the plays at the rim, where these great athletes drive the ball and have to challenge shot-blockers," Van Gundy said. "We still see some of that, but much less."

Van Gundy pointed to Anthony Edwards, the Minnesota guard who last year set the league on fire with his slam dunks. This season, Edwards has nearly doubled his rate of 3-point attempts.

The shots may make for less scintillating highlights, but as the Celtics run roughshod through the league there's no doubt: the math checks out.

The WSJ Daily Crossword | Edited by Mike Shenk



SHOWCASES | By Mike Shenk

Across	34 2017 Billie Eilish song	53 2000s voter registration campaign while June was bustin' out all over?	7 Gilbert & Sullivan princess	24 The Crab, the Ant or the Tarantula, e.g.
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5 Pulls up	36 "What ___!" ("Groovy!")	9 Street sealer	27 Cash on hand?	28 Steamed
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16 "To Kill a Mockingbird" author	40 Corrective	13 Instagram owner	40 Pirates' home	41 Flight unit
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20 Layers of bricks	42 Place that's a better hangout on those summer nights?	15 Clairvoyant type	45 Stimp's cartoon pal	46 Pataky of "Fast Five"
21 CVS Health subsidiary	45 Fill in for	16 Airport porters	47 Wheat pasta	48 Puts in stitches
22 Therapy topic	46 Soul that's sold, say	49 School near Sunset Blvd.	49 Edge on a highway, e.g.	50 Edge on a highway, e.g.
23 Trap	47 Take by force	50 Edge on a highway, e.g.	51 Swank's "Amelia" co-star	52 Pataky of "Fast Five"
26 Rusk so light it defies gravity?	48 Not part of the mainstream	51 Morn's counterpart	53 Stimpy's cartoon pal	54 Stimp's cartoon pal
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Previous Puzzle's Solution

A	B	E	T	S	T	E	T	E	D	I	M
R	E	T	A	I	L	A	X	E	D	R	N
G	E	T	C	R	A	K	I	N	G	O	A
O	R	E	O	R	U	E	S	I	H	O	P
M	A	K	E	I	T	S	N	A	P	P	Y
A	S	I	A	N	S	U	G	L	Y		
M	I	N	S	K	P	O	O	L	E	I	S
I	N	H	U	R	R	Y	U	P	A	B	E
D	E	P	E	E	L	A	G	R	E		
R	E	S	T	E	F	R	O	S	T		
M	O	V	E	Y	U	R	B	U	T		
A	D	O	R	N	N	E	O	N	W		
R	E	I	C	O	M	E	O	N	L		
I	O	C	E	V	E	S	Y	E	M		
O	N	E	D	A	T	E	Y	E	N		

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

Real Madrid Feels Disrespected After Vinicius Fails to Win Award

By JOSHUA ROBINSON

Paris

AS FAR AS REAL MADRID is concerned, the most prestigious, worthy, and legitimate prizes in soccer are the ones that Real Madrid happens to win.

As one of the most decorated clubs in sports—soccer's answer to the Yankees, Lakers, and Patriots rolled into one—Real holds the record for most Spanish league titles, most European Cups, and most Club World Cups. It is, to date, the only winner of FIFA's Club of the Century award.

So imagine Real Madrid's surprise this week when its star Brazilian forward Vinicius Junior was passed over for the Ballon d'Or, the award for the world's best player over the previous season.

Vinicius, 24, had been at the heart of Real's triumphant campaign in La Liga and the Champions League. He'd scored 24 goals in 39 appearances. All of which was enough to make him the betting favorite going into Monday night's ceremony in Paris.

But less than 24 hours before anyone opened an envelope, word had reached Real's offices that the 2024 Ballon d'Or winner would instead be Manchester City's Spanish midfielder Rodri—a Premier League and Euro 2024 champion.

Madrid went ballistic. Real decided to boycott the show, with some 40 members of its delegation refusing to attend, even though many had already traveled to Paris with their tuxedos in tow.

"Real Madrid does not go where it is not

respected," the club told Spanish media.

Never mind that two of its players, Vinicius and Jude Bellingham, were second and third in voting.

Or that manager Carlo Ancelotti would be honored as the world's best coach.

Or that Real itself would be named club of the year.

No team in soccer history has seen its players win the Ballon d'Or more frequently, so that was the only award that Madrid truly cared about.

The absence of any Madridista on stage was particularly jarring considering how many Real players usually show up to collect some hardware.

Since 2000, they have claimed the prize on nine occasions, including four times for Cristiano Ronaldo.

And since 2013, the

only man in all of soccer to beat Real Madrid's collection of superstars to the Ballon d'Or was eight-time winner Lionel Messi—at least until Rodri on Monday night.

"Messi and Ronaldo, the two best players in history, monopolized this trophy for a long time," said Rodri, who hobbled to the stage on crutches while recovering from a torn knee ligament.

"Without them here, we're in a new era."

Whether the Ballon d'Or is a true reflection of the state of soccer is another matter. The award, voted on by journalists from each of the 100 top-ranked countries in the FIFA standings, is often dismissed as a popularity contest. (FIFA's own player of the year award, known as The Best, is a poll of journalists, along with national team coaches and captains.)

Regardless, the perceived snub capped a tough week for Real Madrid. Just two days earlier, the club had been trounced 4-0 at home by its hated rival Barcelona.

By Monday, it was in no mood to be embarrassed again.

"If the award criteria doesn't give it to Vinicius as the winner, then those same criteria should point to Carvajal as the winner," the club said, referring to Dani Carvajal, who scored Real's winning goal in the 2024 Champions League final.

"As this was not the case, it is clear that the Ballon d'Or does not respect Real Madrid."

Vinicius, meanwhile, kept his reaction brief and vowed to win the award soon.

"I'll do 10 times more if I have to," Vinicius posted on X. "They're not ready."



Real Madrid forward Vinicius Junior

TIMMY HUPNIN/GETTY IMAGES (4).IMAGN/REUTERS (2)

RUBEN ALBARRAN/ZUMA PRESS

OPINION

Conservatives Can Be Optimists



BUSINESS WORLD
By Holman W. Jenkins, Jr.

How can any voter still be undecided? If you are among the dwindling consumers of the mainstream press, you've seen this headline a dozen times. It bespeaks, first of all, all-or-nothing thinking. Adding up the candidates' negatives is actually a perfectly reasonable way for a voter to discover no strong preference for either.

To state the obvious, most such pieces are written by anti-Trumbers who've spent the past eight years in exasperated closed-mindedness. If one thing has been tested and demonstrated in those eight years, it's Donald Trump's appeal for a large number of Americans, who—unless we are going to call it quits on democracy—will exercise their choice through the ballot box.

In Mr. Trump, by definition they aren't making a "mistake": He's the most fully known candidate ever—four years in office, the tell-all books, his unending readiness to expose (at length) his mind and thinking to any audience.

This interesting phenomenon has exposed, along the way, how fundamentally uninteresting are the minds of many media commentators. Layered on in the last days is the rhetorical inflation that comes when a multibillion-dollar, multiyear project to capture the presidency is in

the hands of a few hundred thousand voters.

Liz Cheney is your microcosm. Every hope for having a future political career, in which she has invested half her life, depends on Mr. Trump losing or, failing that, being a disastrous president. What wouldn't she say if she thought it might help toward these ends?

The undecided range from low-participation, low-information voters who find their own lives and pursuits satisfying enough, or challenging enough, not to spare mental resources for politics.

Many (I also find) are highly engaged conservatives agonizing over having to choose. But they don't have to choose. In perhaps seven states, a voter might conceivably feel an obligation to vote because the outcome is in doubt. To the rest, I say: relax. We've been bludgeoned unconsciously but the election isn't existential. To conservatives, it's a pretty good year. Kamala Harris is their best possible Democrat—no apparent leadership gene, elevated by accident, dependent on reflexive and droning support from progressives whom 95% of America don't identify with.

There are many paths to a revived conservative agenda, including tying up President Harris in knots while getting the next GOP generation ready. And if Mr. Trump wins instead, at least the exotically feckless proceedings of the Democrats will have gotten the pasting they deserve.

The big problem for Mr.

Trump's opponents: The electorate didn't find his four years so bad. Their only rebuttal is the counterfactual. Mr. Trump will be "unbound"—as if political realities, lame-duckness and constitutional limits will stop applying. His aides and department heads will be unwilling to restrain him—as if they fail to notice how six months' service in his previous administration landed many participants a lifetime of legal bills and social hounding.

Either candidate can be a waystop to policies that will reverse the rot.

But Mr. Trump promises to deport 20 million illegals and the New York Times says this is impractical and unaffordable!

Yes, so you know it won't happen.

But, says a National Public Radio "investigation," Mr. Trump "more than 100 times" publicly talked of punishing his enemies!

Saying and doing are antonyms in politics. Joe Biden, except for one carefully deniable leak to the New York Times, never publicly called for prosecutions of Donald Trump—and prosecutions flowed in abundance.

The Biden leak, moreover, has gone missing in all subsequent news accounts, including in the Times itself, which uniformly portray the Trump prosecutions as apolitical and

uninfluenced by Mr. Biden.

Mr. Trump can figure out what's going on here. Why can't NPR?

The election will be decided the usual way and once it's out of reach the losers will decide whether it will be rewarding to say they were robbed. Both parties are capable of this. Mr. Trump is personally capable; Democrats are institutionally capable as they showed by marshalling the collusion melodrama and two impeachments to discredit Mr. Trump's 2016 victory.

Then the real story of this year's contest might get some notice. Picking and promoting a U.S. presidential candidate is the most serious business our major parties engage in, with serious stakes and serious consequences.

And the Democrats failed at it.

With eyes wide open, Trump supporters gave us one nominee, after a six-month primary process, and two years after Mr. Trump threw his hat in the ring. Eyes wide shut describes the fundamentally frivolous process, in service of Mr. Biden's own frivolous personal motives, that landed Americans with only the untried Ms. Harris as an alternative to Mr. Trump.

In failing to remove himself from contention in a timely way, in his determination to use lawfare to promote Mr. Trump in a vain attempt to make his own path to a second term easier, Mr. Biden is the true author of this most squalid moment in American democracy.

BOOKSHELF | By Meghan Cox Gurdon

Present at the Destruction

Hiroshima: The Last Witnesses

By M.G. Sheftall
Dutton, 560 pages, \$36

When the Nobel Peace Prize went to the Japanese grassroots organization Nihon Hidankyo three weeks ago, it arrived, in a sense, in the nick of time. Many of the group's members are *hibakusha*, survivors of the August 1945 atomic bombing of Hiroshima and Nagasaki, and they're getting on in years.

M.G. Sheftall uses the witness of men and women who were teenagers in 1945 as the foundation for a sweeping and vivid account of the bombing and its aftermath in "Hiroshima: The Last Witnesses," the first of two volumes. Drawing on memoirs, works of history (including John Hersey's 1946 opus) and personal conversations with elderly *hibakusha*, Mr. Sheftall describes events in fascinating, often grisly detail. The author is an ideal Virgil for such a nightmarish journey: He's an American academic

who has made his home in Japan since 1987 and is well-equipped to explain Japanese cultural norms and protocols that may be strange to the English-language reader.

This multidimensional treatment begins with the well-documented flight of the Enola Gay, the American B-29 bomber tasked with dropping its atomic payload over Hiroshima and banking sharply to get out of range before the bomb known as "Little Boy" exploded. The survivors whom Mr. Sheftall interviewed were schoolchildren at the time—though mostly not in school, because since 1944 the Japanese government had commandeered all boys and girls age 12 and older for the war effort.

Early in the morning of Aug. 6, 1945, hundreds of young people and their teachers were out working on firebreaks, clearing debris from wide channels so that, in the case of an incendiary attack, the whole city would not be lost. As the author reminds us, people in Hiroshima were uneasily aware that American B-29s had been burning other Japanese cities yet had left Hiroshima untouched. Many harbored fears that the enemy had something special in mind for them.

That day, a few young people had not taken up their posts on the firebreaks. Thirteen-year-old Chieko Tominaga had stayed home with an upset stomach. Kōhei Ōiwa, also 13, was home for the same reason, lolling on a futon that would flip over in the tumult and save his life. Both children thus avoided being caught in what became known as the "zone of total destruction" when the A-bomb detonated. At 8:15 a.m. came an astounding flash of purplish-white light, followed nine or 10 seconds later by a shock wave that blew people and buildings apart.

Fire exploded across the ruined city. Those who survived the blast—if only briefly—staggered or crawled about with carbonized faces and skin hanging off their arms in sheets, so that they appeared to be clad in rags. People's hair "stood straight out from their scalps like that of electricity-shocked cartoon characters, and it was hardened into fright wigs by a shellac of dust and blood," Mr. Sheftall writes. Strenuous efforts unable to muster full screams emitted weak, desperate sounds that came to be known as *mushi no iki*, or "the breathing of bugs." In the aftermath of the immediate horror came killing radiation, suppurating corpses, and a pharaonic-level plague of maggots and blowflies.

At 8:15 a.m.—as survivors still remember—came a flash of light, followed by a shock wave that blew people and buildings apart.

Here and there, the author identifies striking ironies. It so happened that, the previous day, a Japanese physicist had lectured local army officers on the topic of "the theoretical and practical possibilities of developing an atomic bomb," we read. The visiting expert even hypothesized that one such weapon could easily destroy Hiroshima, though he thought such technology would not be available before the end of the war. In another oddity, the man who won a design contest in 1942 to commemorate the founding of the Greater East Asia Co-Prosperity Sphere, the name imperial Japan gave its conquered territories, is the same man who ended up in 1949 designing Hiroshima's celebrated postwar Peace Memorial Park. In a different twist, schoolgirls who rebelliously wore white blouses stood a better chance of surviving the catastrophe than girls who had obediently switched to darker colors, which, though less conspicuous to passing aircraft, did not shield their wearer by reflecting thermal rays.

Teenagers in 1945 had scarcely known life without Japan being at war and from their earliest days were indoctrinated into a chauvinistic ideology of dedication to emperor and state. Japanese media pushed the official narrative. Children were told that the frequent presence of American B-29s overhead, far from showing the archipelago's vulnerability, was instead "a strategic masterstroke on the part of Japanese war planners to draw the enemy closer to the Home Islands," the author writes, "where they would be vanquished in a final decisive battle in which every Japanese who could hold a gun or a bamboo spear would take part."

Culturally, it was a mark of maturity to refrain from expressing emotion and do one's duty. One must not react to biting insects or minor injuries. One must try not to react even if one's daughter is found eyeless and scorched: An army officer confronted by just such a terrible sight after the bombing remained impassive lest he betray any distress to his subordinates. Mr. Sheftall writes of a grievously wounded teacher who clambered to her feet after the explosion to tell her students: "Class dismissed." A teenager, president of her class, apologized as she was dying for leaving the firebreak without taking roll call.

Toggling between the present and the past, "Hiroshima" is a highly readable, even-tempered work of history that suffers from an unfortunate lack of decent maps. The publisher has included only two, each dotted with unexplained numbers and useless as a tool of understanding. Let us hope that the planned second volume will be a bit better . . . mapped out.

Mrs. Gurdon, a Journal contributor, is the author of "The Enchanted Hour: The Miraculous Power of Reading Aloud in the Age of Distraction."



POLITICS & IDEAS
By William A. Galston

Democrats have had major mood swings this election cycle. During the past three months, they've gone from gloom to relief to exuberance to apprehension and back to gloom. Their gloom after President Biden's poor debate performance and relief when he abandoned his run for a second term were justified. Since then, each mood shift has been triggered by inadequate information and short-term thinking.

Although Kamala Harris's campaign took off like a rocket, there were never compelling reasons to believe the 2024 election would yield a comfortable Democratic majority. Yes, Donald Trump is a flawed candidate with plenty of baggage, including memories of Jan. 6, 2021, dragging on his comeback bid. But Ms. Harris couldn't fully separate herself from the Biden administration's record on inflation, immigration, the Afghanistan withdrawal and other policies that had undermined Mr. Biden's job approval.

After an August surge, Ms. Harris's support peaked in September and fell in October, while Mr. Trump's numbers were improving. With a week left in the campaign, most of Ms. Harris's lead in the national popular vote has evaporated.

As in most recent elections, the gender gap is playing a major role, but the dynamics differ from 2020. Boosted by the abortion controversy and her advocacy for increased child-care support, Ms. Harris is leading decisively among women this year, but Mr. Trump's all-out appeal to men has helped raise his edge among them above 2020 levels.

Turnout will be crucial. In the 2020 election, 52% of the total votes for president were

cast by women. Ms. Harris's backers are hoping that an army of women angered by newly enacted restrictions on abortion and fearful of more to come will march to the polls, raising their share of the vote to 54% or even 55%. If this happens, Ms. Harris will win. The polls don't currently show a significant gap in enthusiasm between men and women—but that doesn't mean that there won't be one on election day.

Registration trends favor Trump, but a surge of female voters could elect Harris.

The gap in the polls between the national popular vote and the popular vote in swing states is smaller than it was at this point in 2020, and Mr. Trump's share of the popular vote is higher. This suggests that the undercount of his national support has narrowed since 2020. Conversely, polls have consistently shown that Ms. Harris's potential share of the vote is higher than Mr. Trump's: A recent Economist/YouGov poll found that 47% of voters wouldn't consider voting for her while 50% wouldn't consider voting for him.

A small but critical share of the electorate remains undecided about which candidate

to support or whether to vote at all. The campaigns are going all-out to sway these undecided voters during the election's closing days while continuing to mobilize their bases. Unanticipated events, such as the backlash against a comedian's anti-Puerto Rico slurs at a Trump event, could affect the outcome.

The contrast between the candidates' closing arguments couldn't be sharper. Ms. Harris has focused on the threat that she believes her opponent poses to democracy and the rule of law, while Mr. Trump is playing to his strengths on immigration and cultural issues. Some Democrats believe that Ms. Harris is passing up an opportunity to appeal more forcefully to working-class voters on economic issues, but her campaign appears convinced that she is more likely to find the votes she needs among middle-class suburban voters.

As the nation prepares to make its decision in what could be one of the closest elections in American history, each side has reasons for both hope and concern. Republicans seem more optimistic, and Democrats more pessimistic, than the evidence warrants. If the trends of recent weeks continue, Mr. Trump will win. But there's no guarantee that he will, and a last-minute surge in key voting blocs going to the polls could put Ms. Harris over the top.

The Black Men's Burden Harris Ignores

By Howard Husock

In an attempt to shore up support among black male voters, Kamala Harris proposed small-business loans and training programs aimed at steering them toward "high-paying jobs." Whatever the virtues of her plans, they overlook a real-world situation facing millions of black men: the combination of a prison record and daunting child-support payments they had no way of paying during years behind bars.

One-third of black men are estimated to have at least one felony conviction. Whether one attributes this primarily to racism or dysfunctional culture, the practical question is how to help these men enter the legal workforce and lawfully support themselves, their children and the mothers of those children.

The most conventionally discussed barriers to successful "re-entry" are well-known,

including occupational licensing laws and employer screening practices that disqualify ex-offenders from many jobs. But as the National Institute of Justice has reported, "one of the biggest obstacles to reentry is the size of a parent's child support debt, which averages

Ex-offenders find it hard to make good in the face of crushing child-support debts.

\$20,000 to \$36,000, depending on the state and the data used." During work for the Manhattan Institute with the City of Newark's Office of Reentry, I met a father of four without prospects of work and with child-support arrearages of more than \$45,000. He made clear that returning to the heroin trade was an option.

After release, those with such imposing debts will, if they obtain legal employment, see their wages garnished to make good on payments. Those sums may be owed not to the mothers of their children but to state governments as reimbursement for welfare benefits. Failure to obey child-support court orders can itself lead to incarceration.

More than five million children have a parent who is or has been incarcerated, and at least 440,000 parents now behind bars have a child-support obligation. One wishes that norms would change such that out-of-wedlock births will become rare, but policy must confront reality.

The U.S. can't afford to write off hundreds of thousands of men who could be productively employed but are pushed toward crime instead. It wouldn't be a soft-on-crime policy for states to adjust or defer child-support arrearages until ex-offenders

have adequate legal income to make payments. Better to require even modest symbolic payments as the newly released move toward legal employment and gradually increasing wages. Modifying a child-support order need not be considered the same as forgiving it, which state laws typically preclude.

Mr. Husock is a senior fellow at the American Enterprise Institute.

OPINION

REVIEW & OUTLOOK

Volkswagen Hits the Net-Zero Wall

An October surprise for the U.S. election may have arrived this week—in Germany. Word that Volkswagen could close three vehicle factories, cut 10,000 jobs and impose steep across-the-board pay reductions is a warning for Americans about the peril of Biden-Harris climate policy.

The news was communicated to workers on Monday by the head of the company's labor-relations council, and to describe it as a shock to Europe's largest economy is an understatement. Volkswagen Group employs some 300,000 in Germany with 10 factories for its flagship VW brand. It has avoided involuntary layoffs for three decades and hasn't shuttered a factory in its home country in its 87-year history.

The auto industry is the backbone of Germany's, and thus Europe's, industrial economy. VW operates factories in most European countries and owns brands such as Spain's Seat and the Czech Republic's Skoda. If something's wrong at VW, something's seriously wrong in Germany and Europe.

Politicians predictably are blaming management, with some cause. The company hasn't recovered fully from the reputational and financial damage of the dieselgate scandal when the company was caught installing software in cars to thwart emissions tests. High labor costs encouraged by an aggressive union in concert with the Lower Saxony state government that owns 20% of the voting shares don't help.

A bigger share of the blame lies with politicians, however, especially for their climate policies. Germany's auto industry is trapped in a vise between higher energy prices that drive up the cost of production, and electric-vehicle mandates that drive down sales. VW is cracking under the pressure.

Electricity prices for large industrial users

The German company's layoffs and pay cuts are a warning to America.

in Germany are well above the European Union average, let alone the U.S., China or Japan. This is largely the result of Berlin's decision to eschew coal and nuclear power in favor of renewables that are more expensive and less reliable.

Natural-gas prices have been on a rollercoaster since Russia's 2022 invasion of Ukraine disrupted gas supplies. VW is the latest of many companies to scale back production in Germany to escape these costs.

Meanwhile, Europe continues its forced march toward electric vehicles. The EU requires that EVs constitute a higher share of vehicle sales each year, with internal-combustion engines phased out by 2035. This is forcing companies such as VW to divert large sums of investment capital to making EVs despite chronically soft sales.

The mandate also exposes European firms to new competition from Chinese companies that can deliver cheaper EVs to European consumers forced to buy them. This has led Brussels to impose tariffs on Chinese EVs, which Berlin opposed for fear of stoking a trade war with Beijing. Yet VW's sales now are faltering in China as well.

Stellantis has warned that it may also scale back car production to avoid running afoul of the Brussels EV mandate, and Ford is cutting several thousand jobs in Europe in its shift to EVs. This is all happening because politicians are forcing the companies to sell cars that consumers don't want.

Europe's auto-industry travails are painful evidence that net-zero climate policy is the worst act of economic masochism in the West since the 1930s. At least the news comes in time for Americans to contemplate whether they want to continue making the same mistakes that Europe has.

Democrats Stump for Trump

We thought we'd seen everything in politics, but you really can't top the spectacle of Democrats attacking California GOP Rep. David Valadao for—get this—voting to impeach Donald Trump. Democrats are more worried about Mr. Trump having coattails than they are that he'll destroy democracy.

"David Valadao turned his back on President Trump and the whole MAGA movement," says a new TV spot running in California's 22nd district. The ad cites the five-term Congressman's vote to impeach Mr. Trump in early 2021 and runs a clip of him saying, "We don't need President Trump." The ad concludes: "With a record like that, who needs David Valadao?"

The ad is sponsored by the Democratic group Voter Protection Project, which is funded by House Majority PAC, which is associated with the House Democratic leadership. You can understand why House Minority Leader Hakeem Jeffries and Rep. Nancy Pelosi don't want their fingerprints on the ad since they might look well, hypocritical lambasting a Republican for standing against a man they say is America's Hitler.

Mrs. Pelosi recently said she agreed with retired Gen. Mark Milley's characterization of the former President as a fascist. But if she and other Democrats really believed this, Democratic candidates wouldn't be running ads that associate themselves with Mr. Trump.

Their real worry is that Mr. Trump's popularity among working-class voters could boost Republicans in down-ballot races. Consider California's 22nd district where Mr. Valadao faces a rematch against former state Assembly member Rudy Salas, whom he beat in 2022 by three

A Democratic ad attacks a GOP Member for voting to impeach.

points. Mr. Valadao then ran ahead of Mr. Trump's 2020 finish in the district's three counties by 15 or so points.

The popular backlash against inflation and progressive policies in Washington and Sacramento has since intensified. Unemployment in Mr. Valadao's rural district is about double the national average,

partly owing to California's climate policies that have hurt the region's oil and gas industry. Hispanics, who make up 75% of the district, have moved toward Republicans.

A recent University of California, Berkeley IGS poll showed Mr. Trump leading Ms. Harris by 21 points in the San Joaquin Valley, which includes Mr. Valadao's district. The Democratic ad is designed to encourage Trump voters to split their tickets. Meantime, Mr. Salas is running as a moderate despite his progressive record in Sacramento, which includes voting to extend the state's cap-and-trade climate regime and low-carbon fuel standard.

The Valadao ad is a variation of the cynical trick Democrats used in 2022 to minimize their losses. They spent tens of millions of dollars in GOP primaries boosting GOP candidates who questioned or denied the 2020 election results on the bet that they'd be easier to defeat in the general election. Nearly all of the Trumpian Republicans lost in November.

Republican voters picked better candidates this year, so Democrats are now resorting to other gambits, including boosting third-party pro-Trump candidates. The next time a Democrat or never-Trump columnist denounces Republicans as cowards for "normalizing" Mr. Trump, point them to the ad against Mr. Valadao—and laugh.

The Education Terminator Is Back

Regarding school choice for children, teachers unions are best understood as Terminators, as in the movie series. They are relentless, and they won't stop until any alternative to their education monopoly is killed. The latest example is Nebraska, where unions are pushing a ballot measure to repeal a modest K-12 scholarship program.

In April the state Legislature passed a \$10 million a year scholarship program to help students who attend private school with education expenses. More than 5,000 students applied for the program in the roughly one month that applications were open, according to Jeremy Ekeler, executive director of Opportunity Scholarships of Nebraska, the nonprofit that administers the scholarships.

Even this is too much competition for the union monopoly. The union-backed Support Our Schools Nebraska managed to put Referendum 435 on the ballot, and voters next week can choose to "repeal" or "retain" the program.

The group is trying to scare voters into believing the scholarships will drain money from public schools. That ignores the principle that parents should be able to send their tax dollars to the school they'd prefer. But it's also silly given the small cost.

"K-12 schools received about \$4.7 billion in taxpayer funds," state Sen. Dave Murman noted in a statement this spring. Since 2023, "we have additionally appropriated over \$1.6 billion for our public schools." The \$10 million program is about 0.2% of education funding.

Meanwhile, another state scholarship program is about to expire, thanks to a similar union attack. In 2023 lawmakers created a \$25 million tax-credit scholarship, the state's first for K-12 students. After Support Our Schools collected signatures to put a repeal measure on the November ballot, the Legislature passed the April bill to replace the tax credits with the smaller \$10 million program.

The new law sunsets the tax-credit program at the end of this month, but the sunset provision isn't on the ballot for repeal—meaning that if the new law is repealed, the tax-credit scholarships still expire.

About 1,500 students currently use the tax-credit program, and no doubt many would like to use the new scholarships. Mr. Ekeler testified in a public hearing last week that about half of these recipients have household income below 213% of the federal poverty level, the measure used to determine eligibility for the Children's Health Insurance Program. Some 40% are nonwhite and 11.5% have special needs. The average scholarship is \$1,700.

For Sierra Shouse, a single mother in Nebraska, the scholarship program has "positively impacted my son's education and character and his confidence" and "been a weight off of my shoulders," she testified at the state Capitol. "I do not have the financial resources to be able to send my children to the school I think they deserve to be at."

Sorry, Ms. Shouse. The union says your choice for your son must be terminated.

Your editorial "The Harris Wealth Tax vs. Mark Cuban" (Oct. 26) leaves out one important element of the "billionaire minimum tax," and it isn't that \$100 million is a bit short of a billion dollars. It's that every taxpayer might need to report the value of his net worth on his tax return each year, so the IRS will know that the billionaires' tax doesn't apply. Will this also require a valuation by an IRS-approved expert for nonpublicly traded assets? The whole idea is ridiculous.

LETTERS TO THE EDITOR

How to Follow Israel's Military Achievements

Regarding your editorial "Israel's Opening Strike Against Iran" (Oct. 28): Israel is likely only weeks away from the culmination of its limited ground operation in Lebanon, achieving maximum military effectiveness against Hezbollah while establishing a secure buffer zone along the Lebanon border. Past a certain point, ground operations will generate diminishing returns, along with further Israeli casualties in a grinding war of attrition that only helps Hezbollah and its patron in Iran.

It's now time for Israel to pivot, turning its battlefield successes into political leverage.

First, it is essential for Israel to foster internal dissent within Lebanon to weaken Hezbollah's control. The Saudis, Israelis and Americans can provide the anti-Hezbollah opposition money, arms and diplomatic support. Israeli air strikes should continue after the end of ground operations. The combination of persistent strikes and internal unrest could create a political death spiral for Hezbollah.

The same strategy applies to Iran. Dictatorships like Ayatollah Ali Khamenei's can't withstand the humiliation he has suffered—from his shattered "ring of fire" to Israel's

ability to strike deep inside Iran with impunity. Mr. Khamenei's regime now stands defenseless against the Israeli Air Force. Israel has cleared the way to target Iran's nuclear program and energy sector should Tehran make a move toward a nuclear weapon.

Israel now needs a policy of maximum support for the Iranian people—providing communication platforms, labor strike funds, weapons and other critical resources. This should be paired with a decapitation strike on Iran's leadership and nuclear-weapons program when the time is right.

The moment has come to build a "chain of liberation" inside Iran, threatening the hold of the supreme leader and empowering the Iranian people to reclaim their country. The vulnerability of the regime and its terror armies presents a rare opportunity for Israel and the White House, should a president with the necessary wisdom emerge after the election.

Israel has done massive damage to one of America's most dangerous enemies. It's long past the time for us to step up.

MARK DUBOWITZ
CEO, Foundation for Defense of Democracies
Washington

Who Would Trust Congress to Manage the Fed?

Let me understand this: Joseph Sternberg advocates granting more power over the Federal Reserve to a group of pandering, undisciplined and irresponsible politicians? ("The Nerdiest Sleeper Issue of the Presidentialidential Election," Political Economics, Oct. 25). For most of the past 60 years, Congress has been unable to balance a checkbook and happy to pretend there's no limit to its largess.

If ever there were advice to deliver firefighting responsibility to the arsonists, this must be near the top of the list.

The Fed shares in this financial masquerade by enabling the funding of the reckless spending through its various methods of money-market legerdemain that are opaque even to market participants, let alone the

voting public. The Fed's balance sheet has grown to the aggregate size of several third-world countries' GDPs by sucking up the Treasury's borrowings to maintain the fiction that our own debt-to-GDP ratio, at nearly 100% and rising, is all fine.

Perhaps one answer is to legally bind the Fed's activities to what the Federal Reserve Board was initially designed for: to be the lender of last resort to the banking system, with some temporary emergency powers, strictly delimited by hard definitions of what "temporary" means. As it stands, the Fed pretty much can do what it wants, when it wants. We need the Fed, but not as the unconstrained fourth branch of government.

JOHN R. NEWCOMB
Franklin, Tenn.

ICE's 'Non-Detained' Aren't All Home Free

Texas Republican Rep. Tony Gonzales paints a frightening picture in his op-ed "Criminal Migrants Run Free in My District" (Oct. 22), but his argument relies on a misreading of gov-

The 'Secret Weapon' Will Cherish the Joys of Home Life

I became a "househusband" in 1996, when my son was born two months early and required care that most day care couldn't provide or that we didn't trust them to provide ("Behind Many Powerful Women on Wall Street: A Doting 'Househusband,'" Page One, Oct. 22). We already had a 1-year-old daughter at home, and my wife had recently landed a big job at a startup company. The potential earnings from her career path were a lot higher than those from mine, so it made sense for me to be at home.

I sacrificed some social capital and got a lot of strange reactions from men and women once they realized I was a Mr. Mom. But I never measured myself by my career or salary. I measured myself by the smiles on my kids' faces, my ability to draw Disney characters on demand in chalk on my driveway, the number of loads of laundry done in a day, 1.5 or fewer visits annually to the ER, and having dinner on the table when my wife came home, even if some nights it was chicken nuggets or fish sticks.

MARIE BUSSEY
Richmond, Va.

My husband has greatly supported my wealth-management career over the years. Rather than calling him a househusband, I have called him my secret weapon.

BARBARA J. WILLIAMS
Carlsbad, Calif.

ernment data. In a letter to Mr. Gonzales last month, Immigration and Customs Enforcement reported that 662,566 noncitizens with criminal histories were on its national docket. The congressman's claim that "approximately 647,000" of those noncitizens "weren't detained," however, is false.

The ICE letter notes that 647,572 noncitizens are on the agency's "non-detained" docket. "Non-detained," in this context, doesn't mean those people aren't detained—it means they aren't in ICE detention. Many on the non-detained docket are in federal, state or local jails. Many will be deported once their sentences end. Despite the heightened attention given to ICE's non-detained docket, the issue isn't new. The data "includes individuals who entered the country over the past 40 years or more," according to the Department of Homeland Security.

FIONA HARRIGAN
Associate editor, Reason
Washington

Worse Than an Enemies List

One might consider former President Donald Trump's identification of his political enemies as "the enemy within" as the usual Trump trash talk ("Trump Sees Using Military vs. 'Enemy Within,'" U.S. News, Oct. 14). But when he speaks of using our National Guard or active-duty Army to round them up, he has crossed into the territory of a fascist dictator. In his naming of a sitting congressman as "the enemy within," he is calling to arms his most radical followers to attack a particular political opponent.

THOMAS R. WILLIAMS
Conroe, Texas

Tax-Return Mayhem Up Next

Your editorial "The Harris Wealth Tax vs. Mark Cuban" (Oct. 26) leaves out one important element of the "billionaire minimum tax," and it isn't that \$100 million is a bit short of a billion dollars. It's that every taxpayer might need to report the value of his net worth on his tax return each year, so the IRS will know that the billionaires' tax doesn't apply. Will this also require a valuation by an IRS-approved expert for nonpublicly traded assets? The whole idea is ridiculous.

CLARK M. BLACKMAN II, C.F.A.
Cypress, Texas

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Pepper ... And Salt

THE WALL STREET JOURNAL



"Our inflation special is offered with a home equity line of credit."

OPINION

Nobelists for Harris Are Unburdened by Proof

By Kevin Hassett
And Casey B. Mulligan

When the Biden-Harris administration was pushing its Build Back Better plan in 2021, 17 winners of the Nobel Memorial Prize in Economic Sciences signed a letter supporting the program, arguing that it would "ease longer-term inflationary pressures." More recently, a slightly larger group including most of the same Nobel economists signed a letter saying Kamala Harris's agenda

Economists who sign letters of support for the Democrat should be ready to present their evidence.

was "vastly superior to the counterproductive agenda of President Trump." A broader group of Nobel laureates in various disciplines, celebrating the value of science in shaping public policy, embraced Ms. Harris. Not to be outdone, the journal *Nature* endorsed her because "the world needs a US president who respects evidence."

What's lacking from all the political posturing is precisely that: evidence. A scientific approach to policy debate requires a theoretical

model showing how the candidates' policies might affect the economy. The model's quantitative predictions could be falsified or validated.

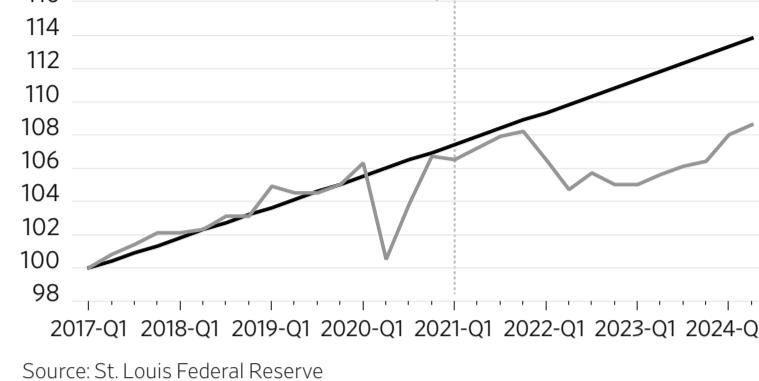
For Mr. Trump, there is ample evidence that his tax cuts and deregulatory efforts had salutary effects. In their recent paper reviewing the academic research on those policies, economists Michael Faulkender and Aaron Hedlund concluded that "pro growth tax reform works."

While the Nobels have yet to conduct a quantitative analysis of the Biden-Harris agenda, there is plenty of fodder for scientific inquiry. To advance equality, environmental protection and other social goals, Mr. Biden and Ms. Harris in 2020 proposed an ambitious lineup, particularly in taxes, health insurance, regulation and energy policy. They mostly got their way in all these areas but taxes.

Four years ago, consistent with the scientific method, we published a study with Tim Fitzgerald and Cody Kallen comparing the economic effects of Mr. Biden's agenda with Mr. Trump's. Knowing that campaign promises don't necessarily turn into policy, we analyzed several policy scenarios. The scenario closest to the policy changes made over the past four years we called "capital taxation constant" because it focused on expanded health-insurance benefits, a range of green energy policies and a return of the other regulatory poli-

Inflation-Adjusted Employee Compensation Per Person 16 or Older

■ Actual ■ Trend from 2019-Q4



Source: St. Louis Federal Reserve

cies to what they were under Barack Obama. We assumed Mr. Biden and Ms. Harris would roll back half of Mr. Trump's trade policy and keep the other half.

The redistribution elements, including redistribution to favored interest groups, would primarily discourage work, we found. The green energy and other productivity-reducing regulations would reduce real wages. Altogether, we expected the U.S. economy to be put on a path with 5% less inflation-adjusted per capita income from work by 2025 relative to the Trump-policy baseline. Half of this would come from a failure of employment and work hours to keep up with the population of people 16 or older. The

other half would come from reduced real hourly wages.

The nearby chart shows what actually happened to inflation-adjusted real employee compensation per person 16 or older. It is an index taking the value of 100 for the first quarter of 2017. Although we don't know for sure what would have happened if Mr. Trump had begun a second term in 2021, our chart shows a linear trend from the first quarter of 2017 through the fourth quarter of 2019. The trend is a good model of what happened after the second full quarter of the pandemic into late 2021.

Then inflation hit and employee compensation—and national income more broadly, which isn't shown in

the chart—couldn't keep up. That's when we began to see the deleterious effects of Mr. Biden's policies. By the second quarter of 2024 (the most recent national accounts), real per capita income from work remained 4.6% below the trend. That's remarkably close to the 5% we predicted.

Also as we predicted, the 4.6% shortfall is due to both low employment and low real wages. But the real-wage part accounts for three-fourths of the shortfall, whereas we expected it to be half.

Proponents of the position that Ms. Harris's economy would outperform Mr. Trump's should show their work. If other macroeconomists quibble with aspects of our approach, we welcome scientific debate about it. Such debates are more consistent with the values that animate scientific discovery than ham-handed declarations, regardless of how many Nobel laureates sign on.

As of now, looking back at our modeling and the evidence, we don't see anything we would have done differently. That much we have in common with Ms. Harris.

Mr. Hassett is a distinguished fellow in economics at the Hoover Institution. Mr. Mulligan is a professor of economics at the University of Chicago. They served, respectively, as chairman (2017-19) and chief economist (2018-19) of the White House Council of Economic Advisers.

Kamala Harris Runs From Economic Reality



UPWARD MOBILITY
By Jason L. Riley

literacy to win votes. "I think it's important for people to understand the ideas of scarcity and decision-making in everyday life so that they won't be ripped off by politicians," he once told me.

This year's presidential race provides ample evidence of those concerns. Donald Trump is offering tax breaks to select voters like you would Halloween candy—a Kit Kat for people who receive overtime pay, a Snickers for people who earn tips—with no regard for how these exemptions would distort labor markets and affect a federal Treasury that is already running a \$1.8 trillion deficit. Mr. Trump is also promising more tariffs if re-elected, even though the tariffs imposed in

his first term led to higher prices for consumers, just as economists predicted.

"The Trump administration imposed nearly \$80 billion worth of new taxes on Americans by levying tariffs on thousands of products valued at approximately \$380 billion in 2018 and 2019, amounting to one of the largest tax increases in decades," according to the Tax Foundation. Moreover, the former president insisted that slapping tariffs on goods from China and other countries would reduce the trade deficit. Instead, countries retaliated with tariffs of their own, the export competitiveness of U.S. firms suffered, and the trade deficit increased.

Kamala Harris can't really critique these proposals, because she largely agrees with them—the Biden administration has kept most of Mr. Trump's tariffs in place—and her own economic policies might be even worse. Ms. Harris wants to increase levies on corporations, income and capital gains, which historically has discouraged investment and retarded economic growth. She has also proposed increasing the minimum wage, not

withstanding that teenage unemployment and prices at fast-food restaurants shot up after her home state of California raised its wage floor to 2020.

Whatever her proposals, Ms. Harris's overriding problem is that she can't run away from the Biden administration's record. Her campaign's closing message is that Mr. Trump is a fascist threat to the republic, which is something you

Voters are worried about border security and inflation but all she wants to talk about is 'fascism.'

come up with when you can't defend what your administration has been doing for the past four years about inflation, the economy, border security and other issues that voters care most about. Ms. Harris has spent a lot of time ducking serious interviews and deflecting tough questions so that she could focus on telling people what they already

know about Donald Trump. Will it work? Not if Mr. Trump's own closing message resonates.

"I'd like to begin by asking a very simple question," Mr. Trump said at the top of his speech in New York City on Sunday. "Are you better off now than you were four years ago?" Unlike his opponent, Mr. Trump can run on his economic record, which surveys show is fondly remembered by a growing number of Americans. A poll released by NBC News earlier this month found that 48% of voters retrospectively approve of Mr. Trump's performance as president. "That's a higher job-approval rating than Trump ever held in the NBC News poll when he was president," according to the network. "It also stands in contrast to Biden's current 43% approval in the poll."

Ms. Harris's greatest fear is that working-class voters will see through her scaremongering and give some thought to the question that Mr. Trump is posing. If they do, the Democrats are toast. The southern border remains a mess. Cities are still being overrun with illegal migrants who force officials to divert resources away from commun-

ties that were already struggling. And people are still paying more than they were during the Trump administration for life's basics: food, energy, housing.

The Journal reported this week that the housing market is "stuck." The median price of a home has risen by more than 35% since 2021. Sales of existing homes "are on track for their worst year since 1995 for the second year in a row." Higher mortgage rates have reduced the number of existing homes on the market because homeowners who have low rates don't want to sell and take on a higher one on their next house.

The average 30-year mortgage rate is down from its peak in 2023, but at 6.54% it remains more than twice as high as it was when Mr. Biden and Ms. Harris took office. Data from the Federal Reserve Bank of Atlanta show that the share of household income needed to cover housing costs fell during the Trump presidency. Under Mr. Biden, it's up by nearly 50%.

Is it any wonder Ms. Harris and the Democrats would rather talk about threats to democracy?

How to Free Elon Musk's SpaceX From Federal Red Tape

By Jon Askonas
And Jonathan Berry

Tensions between SpaceX and its federal regulators have spilled into public view. The Federal Aviation Administration is seeking \$633,009 in civil fines, alleging that the company neglected necessary paperwork for two 2023 launches. SpaceX has refuted those claims in a letter to Congress, arguing that the FAA is engaged in an arbitrary and politicized prosecution from an agency unable to keep up with the demands of commercial spaceflight. CEO Elon Musk has vowed to sue the FAA for "regulatory overreach."

The issue underscores a larger problem: The FAA's issuing a launch license to SpaceX constitutes a "major federal action" under the National Environmental Policy Act, requiring a full environmental review and often subsequent mitigation measures. For SpaceX programs alone, this has included monitoring the discomfort of the seal population outside what is now Vandenberg Space Force Base, funding "educational outreach" about a surrounding area's "cultural heritage," and ensuring that the company's operations don't disturb the wintering grounds of the piping plover.

Such provisions, however laborious for SpaceX, also impede the U.S. military's deployment of important assets. The company's Starship Super Heavy system, the most powerful rocket ever flown, is critical to our national defense. In the event of a conflict that damaged America's satellite network, the Starship would offer a unique and rapid spacelift-launch system to restore pivotal navigation, communications and early-warning capabilities. Yet as global threats loom, the earliest the Space Force anticipates even finishing its environmental review process for the Starship Super Heavy to operate out of Cape Canaveral, Fla., is next autumn.

This problem isn't unique to SpaceX. Aerospace firms have become inured to years of delays, budget overruns and anemic growth. NEPA, along with other federal regulatory delays, have restricted other startups, such as Blue Origin, Varda, and Boom Aerospace, while letting incumbents like Boeing slide to disastrous effect. These issues are also of a piece with those impeding necessary build-outs of semiconductor fabs, nuclear-power plants, electrical transmission lines, natural-gas pipelines and other critical infrastructure.

A growing bipartisan "Abundance

Agenda" has seen recent successes in creating new categories of NEPA exemptions. Several passed the House last month, for Chips and Science Act projects and forest management. Yet tinkering at the edges likely won't be enough to unshackle key industries from federal regulation.

There is another powerful alternative rooted in America's tradition of federalism: the interstate compact. Although the Constitution limits the states' pre-existing sovereignty, the Compact Clause permits them to create legally binding agreements among themselves. Its only limitation is that Congress must authorize any compact that encroaches on federal power or implicates federal concerns.

Once the Legislature does so, as the Supreme Court clarified in *Cuyler v. Adams* (1981), such compacts take on the full force of federal law.

Most interstate compacts originally dealt with issues like state boundaries or water rights. Over time their use expanded to include problems states share but which require a different policy framework than they can pursue alone or via federal action. States have used compacts to create unified occupational-licensing regimes and to coordinate state taxes for multistate entities.

Others have helped create well-known institutions—such as the Port Authority of New York and New Jersey

and the Washington Metropolitan Area Transit Authority—which regulate interstate and international commerce in a way otherwise reserved for the federal government.

This vehicle is prime for states concerned about threats to American prosperity and sovereignty, including as relates to space development. Gulf

A 'Space Coast Compact' could exempt the company from NEPA and remove it from the FAA's purview.

Coast states have a particular interest in advancing American commercial spaceflight and stand to lose the most from FAA suffocation. They maintain some of the most important launch sites, training facilities and manufacturing plants, and they have tens of thousands of jobs connected to the space industry.

Texas, Louisiana, Mississippi, Alabama and Florida might therefore consider banding together to create a Space Coast Compact. The terms could establish the authorities, structure and governance of a Space Coast Launch Authority with the right to review plans and issue launch permits for aircraft and spacecraft oper-

ating in the signatory states. The new authority, an alternate to the FAA, would be accountable to the states' governments, staffed by those who actually want to launch aircraft, and exempt from NEPA and other strictures that uniquely bind federal action.

The authority could still retain a consultative relationship with the FAA, but the compact would break the chokehold of federal bureaucracy. Because the compact would affect only its signatories, achieving a simple congressional approval would be much more realistic than a genuine overhaul of the FAA, which received its quinquennial reauthorization this year.

The ideal solution to our nation's regulatory woes would be to reform America's sclerotic federal institutions. But while we await fuller reform, states that want to forge a future for their residents should lean into interstate compacts to create zones of freedom where man can still boldly go where none has gone before.

Mr. Askonas is assistant professor of politics at the Catholic University of America and a senior fellow at the Foundation for American Innovation. Mr. Berry is managing partner of the law and strategy firm Boyden Gray PLLC.

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Wednesday, October 30, 2024 | B1

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McDonald's Looks to New Promotions

Revenue rises 3% as net income falls; traffic still pressured after E. coli outbreak

By HEATHER HADDON

McDonald's executives said they were committed to regaining consumers' trust following an E. coli outbreak that sickened dozens, threatening the chain's efforts to shore up its U.S. business.

McDonald's said that sales and guest counts fell in the days following federal officials' announcement of the outbreak last week. The company reaffirmed most aspects of its financial expectations for the year, under what executives said was the assumption that the E. coli outbreak won't sig-

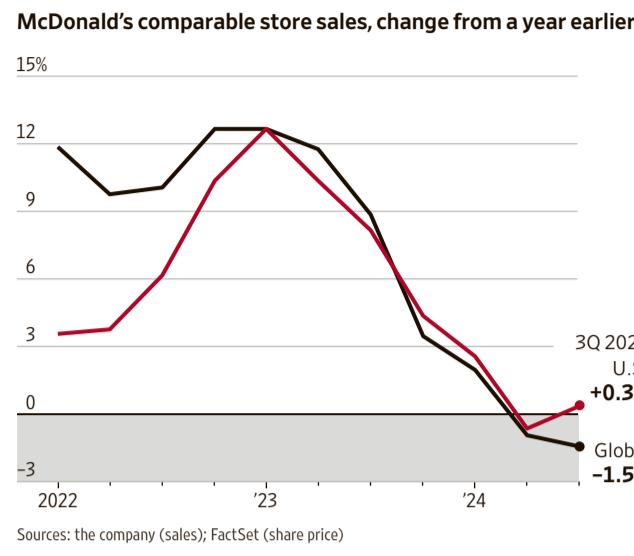
nificantly depress business.

McDonald's Chief Executive Chris Kempczinski apologized to customers on a Tuesday investor call, and said the company believes the food-safety situation has been contained. The company is bringing back Quarter Pounders—the burger implicated in the outbreak—to restaurants in affected areas.

"We are certainly very sorry if someone got sick at our restaurant for eating an onion that we use on our QPC," Kempczinski said, referring to the chain's Quarter Pounders.

The Chicago-based chain plans to promote value and mount new marketing campaigns to try to bring back customers, executives said.

McDonald's said its overall revenue grew by 3% during the three months ended Sept. 30,



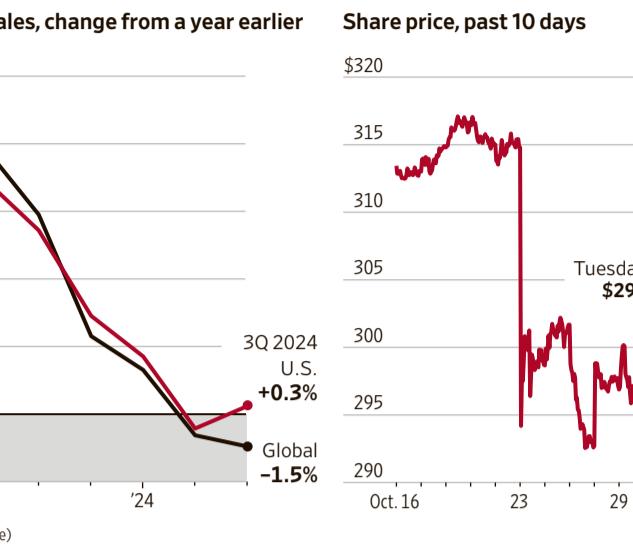
Sources: the company (sales); FactSet (share price)

compared with the same period last year, while net income fell. Sales and earnings adjusted for one-time items outpaced analysts' forecasts.

Global same-store sales declined for the second quarter. In the U.S., McDonald's eked out growth in same-store sales, despite fewer guest visits. The company's shares fell less than 1% to \$295 on Tuesday.

Kempczinski said that he was encouraged by the progress made in the U.S., but that the company's overall results fell short of expectations. Traffic to fast-food restaurants re-

Please turn to page B2



Tuesday \$295

Oct. 16 17 18 19 20 21 22 23 24 25



The company believes the food-safety issue has been contained.

Pfizer's Results Bolster Comeback Efforts

By JARED S. HOPKINS AND JOSEPH WALKER

Pfizer punched back against activist investor **Starboard Value** on Tuesday, delivering positive quarterly results.

The pharmaceutical company raised its revenue outlook for the year to between \$61 billion and \$64 billion, up from \$59.5 billion to \$62.5 billion previously. It also raised its guidance on adjusted annual earnings per share to a range of \$2.75 to \$2.95, up from between \$2.45 and \$2.65 a share.

The encouraging third quarter comes as Pfizer faces pressure from activist investor Starboard, which says poor investments in research and deal-making have helped destroy billions of dollars in market capitalization. The latest earnings highlight Pfizer's third consecutive quarter with positive results—a bright spot that could bolster the drugmaker, and Chief Executive Albert Bourla's efforts to revamp the company.

Pfizer also beat Wall Street's expectations on quarterly sales and earnings. The company reported sales totaling \$17.7 billion, driven by Covid-19 products and cancer medicines, up from the \$14.9 billion forecast by analysts surveyed by FactSet. The Covid-19 antiviral Paxlovid generated \$2.7 billion in quarterly sales, while its Covid-19 vaccine Comirnaty sold \$1.4 billion, both topping analyst fore-

Please turn to page B2

Deficit Worries Drive Bond Yields Higher

By SAM GOLDFARB

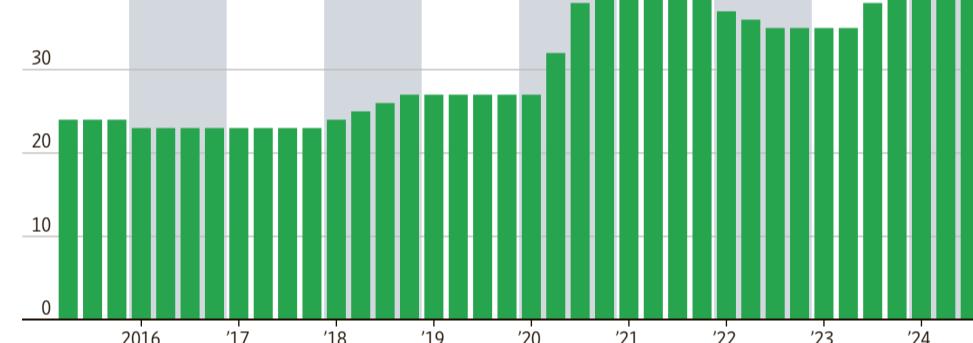
The prospect of a rising federal budget deficit is fueling a sharp climb in bond yields, with investors betting a challenging fiscal situation might only get worse after the election.

Treasury yields, which rise when bond prices fall, jumped Monday after a \$69 billion government auction of two-year notes attracted tepid demand from investors. That marked the latest leg in a weeks-long bond-market selloff that began after a run of strong economic data undercut bets on rate cuts from the Federal Reserve.

The auctions aren't poised to get smaller soon. When the Treasury Department releases its quarterly borrowing plans on Wednesday, it will almost certainly maintain record debt sales over the next three months. There also is a chance that it could hint that further increases are coming next year, according to some analysts.

Most investors expect the budget deficit to remain elevated no matter who wins in next week's elections, with the cost of spending programs such as Medicare and Social Security climbing faster than federal revenue. Still, many think the budget gap will expand the most if Republicans

Size of 10-year U.S. Treasury note auctions, quarterly*



*Shows new-issue auctions only. †Shows estimate from ACM term premium model. Data through Oct. 25.

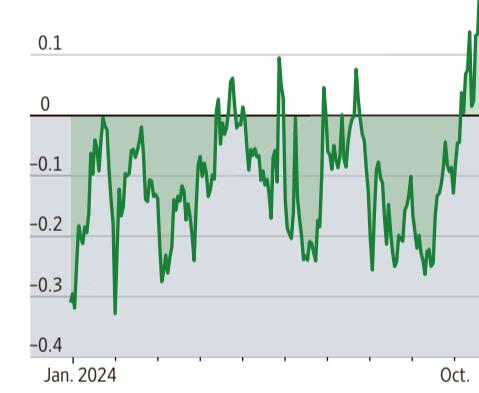
Sources: BMO Capital Markets, Treasury Department (auctions); Tradeweb FTSE closes (yields); Federal Reserve Bank of New York (premium)

U.S. Treasury yields



Jan. 2024 Oct.

10-year Treasury term premium estimate†



Jan. 2024 Oct.

proposals would expand deficits by \$7.5 trillion over a decade, according to a recent analysis—more than double Kamala Harris's proposals.

Trump's plans to impose universal tariffs and crack down on immigration could have substantial economic implications. But bond investors are focusing mostly on the supply of Treasurys "because it is a little more tangible," said Gennadiy Goldberg, head of U.S. rates strategy at TD Securities.

With immigration and tariffs, there is debate about "how much of this is actually just campaign talking points," while with the deficit, "we know what happened in the first Trump term," he said.

There are some telltale signs that deficit worries have contributed to the recent increase in yields.

When investors are concerned about the supply of bonds, longer-term Treasury yields tend to rise more than shorter-term yields because they are less tethered to the near-term outlook for interest rates set by the Fed. That often drives up estimates of the term premium—or the component of Treasury yields that accounts for everything other than the expected path of rates, including the supply of Treasurys.

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as betting markets showed former President Donald Trump's chances of victory increasing. Trump's campaign

Bosses Order Workers Back To Offices in Boon to Landlords

By PETER GRANT

America's historic retreat from the office building may finally be winding down.

More companies are backing away from the looser workplace policies they adopted during the early years of the pandemic as executives increasingly recommit to promoting an office culture.

Amazon.com called corporate staffers back to the office

five days a week last month. The company is now looking for a big block of expansion space in Manhattan, according to brokers.

Dell Technologies said it is requiring its global sales team to work from company offices full time. **3M's** new chief executive last week said the company expected higher attendance from senior employees at the company's headquarters and other large sites.

One-third of all companies required workers to be in the office five days a week in the third quarter, up from 31% in the second quarter, according to Flex Index, which tracks workplace strategies.

That terminated a streak over the previous five quarters when that rate had steadily

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Visa plans to lay off around 1,400 employees in revamp. B4

ANDREW M. CHENG/ZUMA PRESS

Chase Sues Customers Over Viral Video Scam

By JOSEPH DE AVILA

JPMorgan Chase is going after people who the bank says committed check fraud by withdrawing large sums of cash as part of a TikTok craze.

The bank sued four individuals in federal court Monday for exploiting a so-called glitch that went viral on social media over the summer. The individuals deposited fake checks into their checking accounts and withdrew thousands of dollars, JPMorgan said in the lawsuits.

This left the accounts with large negative balances, according to the lawsuits. One defendant in Texas owes the bank more than \$290,000. A defendant in California owes about \$90,000, one in Florida owes about \$141,000 and a separate defendant in Florida owes about \$138,000.

"Fraud is a crime that impacts everyone and undermines trust in the banking system," a JPMorgan spokesperson said. "We're pursuing these cases and actively cooperating with law enforcement to make sure if someone is committing fraud against Chase and its customers,

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McDonald's Seeks to Build Trust

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McDonald's executives said earlier this year that the company needed to do more to provide affordable options to consumers, after raising menu prices to offset higher costs.

The company had been gaining momentum after releasing a \$5 meal deal this summer, according to franchisees and industry data. McDonald's has extended the deal into December and released a new Chicken Big Mac this month that has sold well and boosted sales of traditional beef Big Macs, franchisees said.

The company said the \$5 meal deal boosted customer visits, including among low-income consumers. McDonald's said it aims to release a broader value menu early next year, and it is working with international franchisees to offer more affordable options.

For the third quarter, McDonald's said its net income decreased 3% to \$2.26 billion. Earnings per share were \$3.23 when adjusted for one-time items, compared with \$3.21 expected by analysts polled by FactSet.

Revenue rose about 3% from a year earlier to \$6.87 billion, slightly ahead of analysts' expectations.

U.S. same-store sales increased 0.3%, slightly below expectations. Meanwhile, global same-store sales decreased 1.5%, a steeper margin than expected, as McDonald's said that its business faced challenges in France, the U.K., China and the Middle East.

Shares in McDonald's were flat this year through Monday's close. An S&P 500 restaurant subindex gained about 5% during the same period.

The company said its \$5 meal deal boosted visits by customers.



The chain plans to promote value and start new marketing.

BUSINESS & FINANCE

Adidas, West Settle Out of Court

BY ANDREA FIGUERAS
AND ULRIKE DAUER

Adidas reached an out-of-court settlement with Kanye West, ending any legal claims connected to the German sportswear company's previous collaboration with the rapper, two years after they parted ways.

The move allows the company to draw a line under a collaboration with the rapper that once helped drive revenue but ended with damage that is still being repaired.

The termination left Adidas with millions of dollars in inventory of unsold Yeezy products, which it has been selling in batches.

In a conference call on company results, Chief Executive Bjorn Gulden said the group reached a settlement with the rapper, known as Ye, and his lawyers during the third quarter. The agreement, which involved no payments, means that neither side has any outstanding claims against the other.

Adidas has been entangled in a dispute with the rapper after deciding to end their collaboration due to the artiste's behavior and antisemitic comments. The parties parted ways in 2022 after teaming up in 2013, a split that has weighed on the company's financials.

Gulden disclosed the settlement on Tuesday as Adidas reported a 71% jump in third-quarter net profit to €443 million, or about \$479 million. The figure surpassed analysts'



Adidas's split with Kanye West left it with millions of dollars of unsold Yeezy products.

expectations of €388.4 million, according to a poll of estimates compiled by Visible Alpha.

The scrapped collaboration was behind the company's 8.3% decline in sales in North America in the quarter. Excluding Yeezy, revenue grew in the region from the year-earlier period. In the region that includes China, Taiwan and Hong Kong, revenue jumped 8.7%.

Overall, Adidas's sales were up 7.3% at €6.44 billion and operating profit jumped 46% to €598 million, in line with preliminary figures the company released earlier this month. Revenue rose 10% when excluding currency movements.

The company maintained its

recently lifted guidance. The group expects operating profit for this year to be at around €1.2 billion and projects revenue to grow by around 10% at constant currency.

The outlook assumes that the remainder of Yeezy inventory would be sold on average at cost, resulting in about €50 million in extra sales and no contribution to profit.

The company said its results got a boost from growing footwear sales, thanks to the popularity of its Samba, Spezial, Camus and Gazelle sneakers. Footwear sales jumped 14% on a currency-neutral basis, amid increasing competition for the year ending in May and reported a decline in sales, after replacing its chief executive in September.

Analysts at RBC Capital Markets said in a note ahead of results that Adidas could maintain its sales momentum into the next year, since a lack of strategy and near-term product initiatives at Nike means its U.S. rival offers less competition.

Pfizer's Efforts Are Bolstered

Continued from page B1
casts.

Pfizer also reported adjusted earnings per share of \$1.06, beating analyst estimates of 61 cents a share.

The company's shares were down more than 1% on Tuesday. Analysts have said investors aren't enthusiastic about the long-term prospects of the Covid-19 products, which helped drive the better-than-expected results.

"I'm confident that we will deliver on our financial commitments in 2024," Bourla said. "We are well positioned to continue advancing scientific breakthroughs meaningful to our patients and our company, as well as creating long-term shareholder value, in the years to come."

The better-than-expected quarter should lift investor sentiment toward Pfizer, whose shares are down 6% over the past six months, analysts said. "A win is a win," wrote BMO Capital Markets analyst Evan Seegerman in a note to clients.

Pfizer generated record profits after it introduced its Covid-19 vaccine, which powered the company's stock to a record in 2021. But since then, shares have lost about half their value, weighed down by Pfizer's inability to shake off a postpandemic slump.

Leading the charge against Pfizer's underperformance has been Starboard CEO Jeff Smith, whose fund holds a \$1 billion stake in the company. Smith said last week that Pfizer's board should be laser-focused on tracking its return on research-and-development investments and holding management accountable. He added that the cause of Pfizer's issues is the low expected returns on its R&D investments, including those done both internally and through deals.

Bourla said on a conference call with analysts Tuesday that a recent sit-down with Starboard was "constructive and cordial" though the investor didn't make any specific proposal to Pfizer.

Bourla said he agrees with Starboard's dissatisfaction with shareholder returns, though the company is "executing on the best path forward to increase shareholder value." Bourla also said he disagrees with Starboard's assertion that Pfizer's deal-making hasn't been fruitful, pointing to the recent acquisition of cancer drugmaker Seagen and the partnership with BioNTech, calling them "transformational."

Bourla said Pfizer will engage



Pfizer's better-than-expected quarter should lift investor sentiment toward the drugmaker.

with shareholders and consider "all good ideas that are offered."

The activist campaign has been an unusual one. To aid in its efforts, Starboard approached former Pfizer CEO Ian Read and former Chief Financial Officer Frank D'Amelio, and each expressed interest in helping.

The men, however, later issued a statement saying they wouldn't assist Starboard and were supporting Bourla. Starboard accused the company of pressuring them with lawsuits and other measures, and to back Bourla.

Pfizer's CEO has sought to rejuvenate the beleaguered company with a number of changes over the past year, including multibillion-dollar cost-cutting programs and a reorganization.

Pfizer said on Tuesday that it expects \$4 billion in savings from its cost-cutting measures by the end of this year.

Following the \$43 billion acquisition of Seagen, Bourla set up a separate oncology research unit in a bid to generate billions of dollars in new sales. Pfizer expects Seagen drugs, known as antibody drug conjugates, to generate \$10 billion in annual sales by 2030.

Quarterly sales from Seagen's approved medicines totaled \$854 million, marking the third straight quarter of sales growth for the products since Pfizer closed the deal.

Pfizer also logged growth in other oncology drugs, with sales rising 30% to more than \$4 billion. That includes prostate cancer treatment Xtandi, whose sales increased 28% from a year ago to \$561 million.



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BUSINESS NEWS

Novartis Raises Its View as Key Drugs Fuel Sales

By HELENA SMOLAK

Novartis raised its guidance for the third time this year after higher third-quarter results topped expectations, boosted by revenue from its blockbuster drugs.

The Swiss pharmaceutical giant said Tuesday that it now expects its core operating profit—one of its preferred metrics, which strips out exceptional items—to grow by a high-teens percentage in 2024 compared with its previous target of growth in the mid-to-high-teens range.

Novartis forecast full-year sales growth to be in the low double digits, having previously guided for high-single to low-double-digit growth.

However, shares declined 3.5% Tuesday, with investors focused on downbeat news on some key drugs, and skeptical about more good news on the horizon after the guidance increase. The company has upgraded its forecasts every quarter since the year's start.

Core operating profit for the third quarter grew to \$5.145 billion from \$4.41 billion, mainly driven by higher sales that were partly offset by higher research-and-development investments.

Net sales grew to \$12.82 billion from \$11.78 billion. Higher revenue from its key growth drivers—heart drug Entresto, immunology drug Cosentyx, breast-cancer treatment Kisqali and neuroscience medicine Kesimpta—offset a hit from generic competition and flat pricing.

Analysts polled by Visible Alpha had forecast \$4.87 billion in core operating profit and \$12.62 billion in sales.

Sales of Entresto came in slightly below expectations, rising 26% at constant currency to \$1.865 billion compared with forecasts of \$1.88 billion.

♦ Heard on the Street: Stock drops on write-down..... B12

Tool Maker Stanley Reveals Plan To Cope With Trump Tariffs

By JOHN KEILMAN

Stanley Black & Decker will likely raise prices and shift production around the globe if Donald Trump is elected president and levies fresh tariffs on goods coming from China, the company said.

The statements came as the company's stock slid 9% despite third-quarter sales in line with analysts' forecasts and adjusted earnings that topped estimates.

Donald Allan, chief executive of the Connecticut-based tool maker, said Tuesday that the company has spent months creating a plan for dealing with larger tariffs under a new Trump administration.

The former president has thrown out numerous tariff ideas during his campaign, including a 60% tariff on Chinese goods, which would make for the highest trade barriers in decades.

During Stanley's third-quarter earnings call, Allan said while the potential tariff regimen remains unclear, the company would respond to new tariffs with price increases.

Stanley could also move production and parts of its supply chain out of China to other Asian countries or to Mexico, Allan said. A significant shift to the U.S. is unlikely, he said.

Stanley's quarterly revenue of \$3.8 billion was down 5% year over year. Its adjusted earnings of \$1.22 a share beat Wall Street's expectations.

The company raised prices in its tools and outdoor segment, by far the biggest part of the business, but saw net sales decline 3% year-over-year due to weak consumer spending.

Stanley narrowed its outlook for full-year adjusted earnings per share to a range of \$3.90 to \$4.30.

BP's Profit Hits Four-Year Low

The results were pressured by weaker refining margins and lower oil trading

By CHRISTIAN MOESS LAURSEN

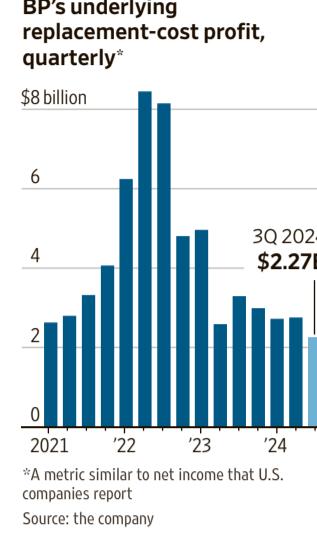
BP's profit tumbled in the third quarter, although less than expected, as weak oil prices and refining margins continue to weigh on the energy sector.

The oil-and-gas giant on Tuesday said it booked an underlying replacement-cost profit—a proxy for net profit—of \$2.27 billion for the quarter, down significantly from the \$3.29 billion it reported for the same period last year. However, this beat a market consensus of \$2.05 billion provided by the company.

Still, the result is the London-based company's lowest in nearly four years, since the pandemic crippled earnings. This adds pressure on Chief Executive Murray Auchincloss as BP's shares lag behind those of its rivals amid concerns about its long-term strategy.

Shares fell 5% in Tuesday in London, widening the year-to-date loss to nearly 19%.

Under Auchincloss, who took the helm in January, the company has stopped or paused more than 20 projects in a bid to simplify operations and focus on high-value assets. However, this strategy has yet to boost shares.



The company has stopped or paused more than 20 projects.

BP said it intends to update its midterm targets in February—an event that will be keenly watched by the market as speculation has been circulating that the company could abandon its key energy-transition target.

Under Auchincloss' predecessor, Bernard Looney, BP set the most ambitious energy-transition targets of its peers, initially pledging to cut oil and gas production by 40% by the end of the decade.

"While today's announcement doesn't explicitly confirm reports the company is abandoning targets to scale back its oil and gas production by 2030, the direction of



TOBY HARRIMAN FOR WSJ

travel seems pretty clear," AJ Bell's head of financial analysis, Danni Hewson, said in a market comment.

Meanwhile, the oil giant's third-quarter slump in profit was driven by weaker refining margins and a lower oil-trading result in the quarter. Analysts noted the headline beat to expectations was thanks to a positive one-time gain in its corporate segment.

Global oil companies are struggling with low oil prices because of concerns about a weakened demand outlook. The International Energy Agency in September cut its forecast for global demand growth for a second time this year, citing a

rapid slowdown in China. BP said oil prices were on average 7.3% lower in the quarter compared with a year ago.

During the quarter, the company pumped out 7.7% more hydrocarbons, with 1.49 million barrels of oil-equivalent a day, while its gas and low-carbon energy output fell 6% to 890,000 barrels a day compared with the same period last year.

BP's quarterly replacement-cost profit before interest and tax—another closely watched metric—fell 46% to \$3.64 billion, missing the \$4.72 billion that market analysts had forecast, according to BP.

During the quarter, the company pumped out 7.7% more hydrocarbons, with 1.49 million barrels of oil-equivalent a day, while its gas and low-carbon energy output fell 6% to 890,000 barrels a day compared with the same period last year.

Additionally, refining margins continue to weigh on earnings of oil refiners this year. BP said its third-quarter average realized margins dropped to half of the level seen a year ago.

Both BP's oil-production-and-operations segment and its downstream segment missed market expectations, with the latter dropping to \$23 million in replacement-cost profit from \$1.55 billion a year prior.

The weak commodity market, coupled with relatively

high gearing and debt levels, have led analysts to doubt BP's ability to sustain its current shareholder-return pledge. The company on Tuesday stuck to its guidance of buying back \$1.75 billion worth of shares a quarter.

However, the oil major flagged it intends to review its buyback expectations in February. Most analysts expect the company to lower its guidance as the current pledge looks unsustainable, they say. RBC Capital Markets anticipates BP to guide for \$750 million a quarter next year, the bank said in a recent note.

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It expects its oil-and-gas production to fall in the current quarter, while refining margins will remain low, it said.

BP's milder-than-expected profit slip echoes Friday's results from Italian peer Eni, which also reported a profit tumble but managed to beat expectations.

Boeing Prices Stock Offering for \$21 Billion Raise

By KIMBERLEY KAO

Boeing has priced its offerings of common stock and depository shares and wants to raise about \$21 billion to shore up its balance sheet following a tough year for the aircraft and rocket maker.

The company Tuesday said it priced its underwritten of-

fering of 112.5 million shares of common stock at \$143 each, a discount of about 5% compared with the stock's closing price of \$150.69 on Monday. This was an increase from the 90 million shares announced Monday. It also is offering \$5 billion worth of depository shares at \$50 each.

Boeing expects net pro-

ceeds from the stock offering will be about \$15.81 billion, and about \$4.91 billion from the depository shares offering.

Boeing said it also has granted underwriters an option to buy up to 16.875 million additional shares, up from the previously announced 13.5 million, and \$750 million additional depository shares.

Boeing has been facing severe financial strain and has warned that its operations will continue to burn cash through the next year. Its operations also are suffering because the largest labor union rejected two contract proposals and extended a strike that has halted most of its airplane production.

The Wall Street Journal reported previously that the beleaguered company is exploring a sale of its space business as part of its strategy to shore up its finances.

Boeing had told investors earlier in the month that it planned to raise up to \$25 billion in stock or debt over three years.

Moncler Revenue Declines as Demand Falls in Asia, Europe

By CRISTINA GALLARDO

Moncler's revenue fell in the third quarter due to lower demand in Asia and Europe, with the brand's prior resilience giving way to industry headwinds.

The Italian fashion group logged total revenue of €635.5 million, or \$687 million, in the three months to Sept. 30, 3% lower than last year.

Analysts had expected revenue of €635.3 million, according to a poll of estimates com-

piled by FactSet.

For the Moncler brand, which makes up the majority of sales, revenue in Asia—including the key markets of China and Japan—fell by 2% to €237.8 million.

In Europe, the Middle East and Africa, revenue decreased by 3% to €222.8 million.

Chief Executive Remo Ruffini said the results were hit by lower consumer confidence in several markets, as the luxury industry continues to grapple with a period of volatility.

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Some customers deposited fake checks at Chase ATMs.

Chase Sues Over Viral Video Scam

Continued from page B1
they're held accountable."

The bank filed lawsuits in federal court in Texas, California and Florida.

Users on social-media sites including TikTok and Instagram shared videos that showed customers depositing big checks at Chase Bank and withdrawing funds from ATMs immediately, even if sufficient funds weren't available.

The bank previously said it was investigating thousands of incidents of possible check fraud committed as part of

the TikTok craze and would share evidence of wrongdoing with law-enforcement agencies around the country, The Wall Street Journal reported last month.

The issue was fixed after a few days. Chase hasn't disclosed the full scope of its losses, but estimates that thousands of people participated.

Some of the videos received millions of views, prompting TikTok to add a warning that "participating in this activity could result in you or others getting hurt."

One video showed a young woman calling her mother and telling her she could get \$40,000 to \$50,000 out of her Chase account by cutting a check and taking advantage of the "glitch."

—Alexander Saeedy contributed to this article.

Visa Plans Layoffs as Part Of International Revamp

About 1,000 cuts are expected to eliminate positions in technology area

By ANGEL AU-YEUNG

Visa plans to lay off around 1,400 employees and contractors by the end of the year, according to people familiar with the matter, as part of a plan to streamline its international business.

Employees learned in an internal announcement last week that the company planned to cut jobs, though exact details weren't provided, the people said.

Roughly 1,000 of the cuts are expected to eliminate technology positions, while most of the rest will focus on merchant sales and global digital partnerships roles, they said. The latter team manages the company's relationships with fintech and tech companies such as Amazon.

Visa has over 30,000 employees worldwide. Some of the cuts will be of contractors on its engineering teams. It couldn't be learned how many of those affected aren't employees.

A Visa spokesman said the



An unknown number of cuts will be of contractors on Visa's engineering teams.

company continuously evolves to better serve clients and support growth, "which can lead to the elimination of some roles." He said the company expects to employ more people each year for the foreseeable future.

Some of the layoffs occurred last week. For workers in the global digital partnership teams, Visa plans to keep them employed through the end of the year, the people

said. It is also encouraging those affected to apply for open positions.

Visa has been under scrutiny from regulators and dissatisfied merchants and is facing legal challenges from multiple angles.

Last month, the Justice Department filed an antitrust lawsuit against Visa, alleging it illegally monopolized the market for debit-card payments. Visa also tried and

failed to settle a long-running lawsuit from merchants over the fees they pay to accept credit cards.

The company has said it is pro-competition and supports innovation and commerce.

Visa reported its fourth-quarter earnings Tuesday afternoon, showing a 12% jump in revenue and a 14% jump in net income.

Payments volume rose 8% from a year ago.

Snap Posts 15% Revenue Growth, Beating Wall Street Expectations

By MEGHAN BOBROWSKY

Snap, the company behind the Snapchat app that is popular with teens, said revenue climbed 15% in the third quarter, narrowly beating market expectations for growth of 14%.

The company—which makes the bulk of its revenue from selling ads on its social-media app—attributed the \$1.4 million in sales to improvements from artificial intelligence that have helped drive momentum in its ad business.

Total active advertisers more than doubled year over year in the third quarter, Snap said.

The company projected revenue growth of 11% to 15% for the current quarter, roughly in line with market expectations from analysts surveyed by FactSet. The market is expecting revenue growth of 14.7%. Snap's subscription service,



The company attributed its \$1.4 million in sales to improvements from artificial intelligence.

called Snapchat+, grew to 12 million paying users, up one million from the previous quarter. The service costs \$3.99 a month and gives users access to exclusive features.

The company's loss nar-

rowed to \$153 million in the third quarter from \$368 million in the year-earlier period.

Snap's main rival in the space, **Meta Platforms**, posted stronger revenue growth over the past two quarters. In the

second quarter, Snap's shares fell even though it posted 16% year-over-year growth. Meta reports earnings on Wednesday. The market expects the social-media giant to post growth of 18%.

Reddit Swings to Profit, Grows Sales, Sending Shares Up Sharply Postmarket

By SARAH E. NEEDLEMAN

Reddit stock surged in postmarket trading on Tuesday after the social-media company reported a quarterly profit for the first time as a public company, with revenue far exceeding analyst expectations because of increases in advertising and data-licensing sales.

Net income for the September-ended quarter was \$29.9 million, compared with a year-ago loss of \$7.4 million. Revenue climbed 68% to

\$348.4 million, boosted by 56% growth in advertising sales and a significant increase in other revenue, which mainly comprises data-licensing sales from customers such as OpenAI and Google.

Analysts polled by FactSet were expecting a net loss of \$8 million and revenue of

68%

Reddit's revenue climbed by this much in the most-recent quarter.

That is in keeping with analyst forecasts and up from 91.2 million in June.

For the current quarter,

\$314 million. **Reddit**, which was founded in 2005 and went public in March, also said its daily active users rose 47% from a year ago to 97.2 million.

That is in keeping with analyst forecasts and up from 91.2 million in June.

For the current quarter,

Reddit said it expects revenue in the range of \$385 million to \$400 million.

Operating cash flow in the latest quarter was \$71.6 million, while free cash flow came in at \$70.3 million.

Capital expenditures were \$1.4 million, less than 1% of revenue.

U.S. revenue grew 70% to \$288 million; international revenue grew 57% to \$60.4 million.

Average revenue per user worldwide was \$3.58, up 14% from a year earlier.

Ahead of Breakup, Vivendi Offers Slate Of New Top Positions

By ADRIÀ CALATAYUD

Vivendi named the management teams and board lineups of the four units into which it plans to split ahead of a shareholders' vote on the breakup in December.

The French media group steered by the Bollore family is closing in on a major overhaul that would result in its

Canal+ broadcasting unit, Havas advertising business and publishing assets—housed by a new company called Louis Hachette Group—being spun off and listed separately.

Vivendi would keep investments in the entertainment and content industries.

With the split, Vivendi aims to give the units greater autonomy to pursue their own goals, such

as making acquisitions, and narrow the gap between the value of the assets it owns and the group's market capitalization.

Vivendi said the so-called conglomerate discount has been high since it listed Universal Music Group in 2021.

Yannick Bollore, currently Vivendi's supervisory-board chairman, will keep that role after the split and be chair and chief executive of Havas, the group said Tuesday. He also will chair Canal+'s supervisory board, Vivendi added.

Maxime Saada will be CEO at Canal+, while Jean-Christophe Thierry will be chair and CEO of Louis Hachette, Vivendi said.

Arnaud de Puyfontaine will remain CEO of Vivendi, the

company said.

Vivendi said it will propose a direct allocation of shares in Canal+ and Louis Hachette Group to its shareholders. At a shareholders' meeting scheduled for Dec. 9, resolutions on the allocation of Canal+ and Louis Hachette shares will require approval by a majority of two-thirds of the votes cast, it said.

For Havas, Vivendi plans a distribution in kind of shares in the holding company, a proposal that will require approval by a simple majority of votes, it said.

The shares of the spinoffs will be allotted on a one-to-one basis, meaning that each Vivendi shareholder entitled to participate in the spinoff will receive one share in each of

Canal+, Havas and Louis Hachette for each Vivendi share held, while retaining their stock in the parent company.

After the split, Havas will have virtually zero net debt and Louis Hachette will have no debt of its own, while Canal+'s debt will stand at €400 million, equivalent to \$432 million, Vivendi said. Vivendi said its debt will be €1.9 billion.

The company has been working on the split since it floated the idea in December last year. Vivendi had previously said its units would start trading as stand-alone companies on Dec. 16, subject to approval from shareholders, with Canal+ listed in London, Havas in Amsterdam and Louis Hachette in Paris.

The media group controlled by the Bollore family nears a major overhaul.

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Xerox Stock Hits New Low on Sales View Cut

By ROBB M. STEWART

Xerox's shares closed at a record low Tuesday after the printer maker flagged a sharper-than-anticipated retreat in revenue this year, following weaker equipment sales in the latest quarter.

The stock tumbled more than 17% to \$8.49. That marks an all-time closing low for Xerox, based on available data dating back to 1972, and widens its year-to-date decline to nearly 54%.

The Norwalk, Conn., company warned it now expects revenue will decline by about

10% this year in constant-currency terms, a sharper retreat than the fall of 5% to 6% it had previously projected.

The weakness, which Xerox attributed to additional reductions in nonstrategic revenue and lower-than-expected equipment sales, prompted the company to drop its forecast for a \$300 million rise in adjusted operating income to 2026. However, Xerox said it continues to expect growth in adjusted operating income and a return to a double-digit adjusted operating-income margin over the course of its re-

structuring efforts.

Xerox forecast an adjusted operating margin of around 5% in 2024, where it had previously saw a margin of at least 6.5%.

Chief Executive Steve Bandrowczak said equipment revenue fell short of the company's expectations for the third quarter, though Xerox is seeing steady progress from "reinvention" initiatives taken to date.

Guidance for the year doesn't include any impact from its pending acquisition of IT service provider ITsavvy for \$400 million.

Xerox sharply swung to a loss of \$1.21 billion, or \$9.71 a share, in the third quarter, from a year-earlier profit of \$49 million, or 28 cents a share. The result included a \$1 billion goodwill impairment charge following a sustained market capitalization below the company's book value and current results.

Stripping out the impairment hit and certain other costs, operating income rose to \$80 million from \$68 million last year.

Revenue for the three months was down 7.5% at \$1.53 billion.

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COMMERCIAL REAL ESTATE

UCC Public Sale Notice

Please take notice that CBRE, Inc., on behalf of KSL CAPITAL PARTNERS CO TRUST II, a Maryland business trust ("Secured Party") offers for sale at public auction on December 10, 2024 at 10:00 a.m. (prevailing Eastern Time) at the offices of Gibson, Dunn & Crutcher LLP, located at 200 Park Avenue, New York, NY 10166, and also being broadcast for remote participation via a virtual videoconference, in connection with a Uniform Commercial Code sale¹ of the limited liability company membership interests ("the "Interests") held by Bahram Bonarash (the "Pledgor") in Franklin 175 LLC, a New York limited liability company (the "Pledged Entity") as set forth in that certain Ownership Interests Pledge and Security Agreement dated April 13, 2022 (the "Pledge Agreement"), together with certain rights and property representing, relating to, or arising from the Interests (collectively, the "Collateral").

If you are a member of the Class, your rights will be affected by the pending Action and the Settlement, and you may be entitled to share in the Net Settlement Fund. If you have not yet received the Notice, you may obtain a copy of the Notice by contacting the Settlement Administrator by email at SCUSA Stockholders Litigation, c/o A.B. Data, Ltd., P.O. Box 173133, Milwaukee, WI 53217; by telephone at 877-883-9956;

The Sale will take place on December 10, 2024 at 2:00 p.m. Eastern Time in compliance with New York Uniform Commercial Code Section 9-610 (i) in person at the offices of Moritz Hook & Hamoff LLP, 1407 Broadway, 39th Floor New York, NY 10018 and (ii) virtually via online video conference. The URL address and password for the online video conference will be provided to all registered participants.

The Sale is being made in connection with the foreclosure on a pledge of the Collateral to the Secured Party by Pledgor under the Pledge Agreement, and will be subject to the terms of the Pledge Agreement. The Secured Party is the holder of the Interests (the "Secured Party"), and it is the principal assets of the Pledged Entity are the Property and the Collateral, and (v) the Property is encumbered by a mortgage held granted by the Pledgor Entity as further security for the Loan.

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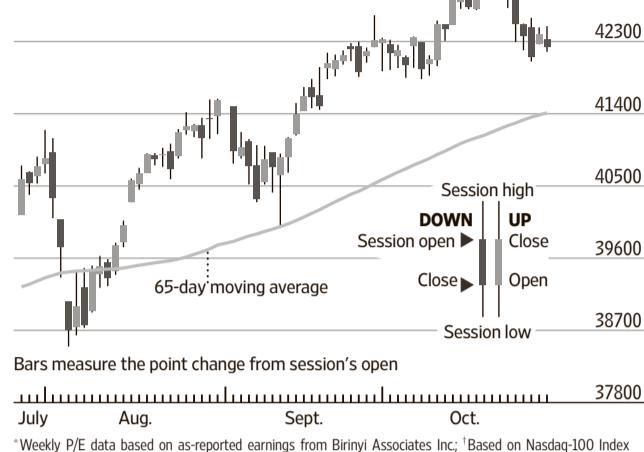
EQUITIES

Dow Jones Industrial Average

42233.05 ▼154.52, or 0.36%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 26.03 24.13
P/E estimate * 21.65 18.08
Dividend yield 2.04 2.19
All-time high 43275.91, 10/18/24

Current divisor 0.15221633137872



Bars measure the point change from session's open

July Aug. Sept. Oct. 37800 38700 39600 40500 41400 42300 43200

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; *Based on Nasdaq-100 Index

S&P 500 Index

5832.92 ▲9.40, or 0.16%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 24.95 20.14
P/E estimate * 24.02 18.55
Dividend yield * 1.28 1.68
All-time high 5864.67, 10/18/24



Aug. Sept. Oct. 4800 5000 5200 5400 5600 5800 6000

Nasdaq Composite Index

18712.75 ▲145.56, or 0.78%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 32.32 28.92
P/E estimate * 30.43 25.15
Dividend yield ** 0.80 0.93
All-time high 18712.75, 10/29/24



Aug. Sept. Oct. 15500 16500 17500 18000 18500

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr.ann.
Dow Jones										
Industrial Average	42491.86	42171.65	42233.05	-154.52	-0.36	43275.91	33052.87	27.8	12.1	5.6
Transportation Avg	16411.28	16192.57	16308.79	18.71	0.11	16562.66	13895.77	17.4	2.6	0.8
Utility Average	1046.94	1031.59	1031.93	-21.29	-2.02	1071.27	823.92	25.2	17.0	4.1
Total Stock Market	57924.51	57486.87	57806.14	87.75	0.15	58160.93	41597.35	39.0	21.0	6.6
Baron's 400	1240.21	1230.63	1239.63	-0.44	-0.04	1263.18	919.00	34.9	15.6	5.1
Nasdaq Stock Market										
Nasdaq Composite	18753.19	18509.59	18712.75	145.56	0.08	18712.75	12851.24	45.6	24.7	6.5
Nasdaq-100	20600.10	20294.58	20550.65	199.58	0.98	20675.38	14409.78	42.6	22.1	9.0
S&P										
500 Index	5847.19	5802.17	5832.92	9.40	0.16	5864.67	4193.80	39.1	22.3	8.2
MidCap 400	3143.33	3113.87	3142.13	3.30	0.11	3198.21	2366.40	32.8	13.0	4.0
SmallCap 600	1405.96	1395.76	1405.96	-5.82	-0.41	1442.34	1084.10	29.7	6.7	0.7
Other Indexes										
Russell 2000	2238.09	2221.75	2238.09	-5.98	-0.27	2286.68	1662.28	34.6	10.4	-0.9
NYSE Composite	19549.67	19452.70	19456.69	-92.98	-0.48	19884.81	14919.20	30.4	15.5	4.6
Value Line	621.03	616.17	619.04	-1.99	-0.32	630.13	505.00	22.6	4.2	-2.7
NYSE Arca Biotech	5855.25	5811.30	5845.41	22.84	0.39	5953.12	4556.42	28.3	7.9	1.0
NYSE Arca Pharma	1055.65	1048.04	1048.74	-4.98	-0.47	1140.17	856.05	22.5	15.2	10.5
KBW Bank	123.63	122.72	122.81	-0.52	-0.43	123.34	73.90	66.2	27.9	-4.0
PHLX® Gold/Silver	168.96	166.36	168.66	2.73	0.165	175.74	102.94	51.6	34.2	9.2
PHLX® Oil Service	74.56	73.21	73.69	-0.92	-1.23	95.25	72.67	-15.3	-12.1	6.8
PHLX® Semiconductor	5358.03	5187.81	5332.17	120.50	0.231	5904.54	3215.89	65.8	27.7	15.6
Cboe Volatility	20.53	19.06	19.34	-0.46	-2.32	38.57	11.86	6.6	55.3	6.0

\$Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	After Hours				
			Last	Net chg	% chg	High	Low
Pfizer	PFE	21,400.6	28.51	0.05	0.16	28.53	28.45
Intel	INTC	16,650.6	22.83	-0.07	-0.31	22.95	22.70
Snap	SNAP	15,940.7	11.66	0.77	7.02	12.24	9.48
Advanced Micro Devices	AMD	15,476.8	153.85	-12.40	-7.46	169.30	143.40
NVIDIA	NVDA	12,413.8	140.85	-0.41	-0.29	144.91	140.06
Alphabet CIA	GOOGL	11,401.1	178.40	8.72	5.14	180.99	168.88
Amazon.com	AMZN	8,074.4	193.66	2.83	1.48	193.75	190.53
Apple	AAPL	6,982.3	232.40	-1.27	-0.54	234.00	228.80

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
NerdWallet	NRDS	132.7	14.35	3.03	26.77	15.16	11.32
Reddit	RDDT	5,190.8	99.50	17.76	21.73	102.19	81.74
AtriCure	ATRC	119.4	33.70	4.27	14.51	34.99	29.43
Direxion Dly GOOGL Bl 2x GLL	GOOGL	1,068.2	42.57	3.93	10.17	43.75	38.40
Enovix	ENVX	2,777.5	11.55	0.92	8.65	14.14	10.50

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Qorvo	QRVO	308.6	84.50	-15.98	-15.90	102.02	83.80
GrShr 2x Long AMD Daily	AMD	3,011.4					

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract		Open		Contract		Open	
	Open	High	hilo	Low	Settle	Chg	interest	
Copper-High (CME) -25,000 lbs:\$ per lb.								
Oct 4,3250 4,3480 4,3250 4,3225 0.0005 480								
Dec 4,3680 4,4300 4,3305 4,3605 -0.0020 117,669								
Gold (CMX) -100 troy oz:\$ per troy oz.								
Oct 2736.10 2741.50 2729.50 2768.40 25.50 59								
Nov 2741.90 2773.20 ▲ 2740.80 2768.80 25.20 819								
Dec 2754.30 2787.70 ▲ 2752.00 2781.10 25.20 429,136								
Feb'25 2778.30 2812.40 ▲ 2777.30 2805.80 25.30 78,109								
April 2798.80 2832.10 ▲ 2798.40 2826.00 25.40 29,403								
June 2829.10 2852.20 ▲ 2819.40 2846.60 25.50 15,985								
Palladium (NYM) -50 troy oz:\$ per troy oz.								
Oct 1041.00 1049.50 1041.00 1227.00 5.00 .3								
Dec 1216.50 1255.00 ▲ 1209.00 1228.30 3.40 15,961								
Platinum (NYM) -50 troy oz:\$ per troy oz.								
Oct 1050.00 1050.00 1050.00 1051.00 13.70 10								
Jan'25 1044.00 1063.40 1042.50 1059.30 12.50 76,427								
Silver (CMX) -5,000 troy oz:\$ per troy oz.								
Oct 33.770 33.800 33.770 34,269 0.439 12								
Dec 33.845 34.725 33.765 34,441 0.440 124,757								
Crude Oil, Light Sweet (NYM) -1,000 bbls:\$ per bbl.								
Dec 68.02 68.52 66.72 67.21 -0.17 349,385								
Jan'25 67.63 68.09 66.32 66.81 -0.17 187,134								
Feb 67.26 67.72 66.01 66.49 -0.18 111,657								
March 67.01 67.46 65.80 66.26 -0.18 133,672								
June 66.71 67.03 65.50 65.92 -0.18 156,952								
Dec 65.91 66.18 64.87 65.24 -0.15 154,797								
NY Harbor ULSD (NYM) -42,000 gal:\$ per gal.								
Nov 2,1381.2,1514 2,1062.1,2337 .0051 20,167								
Dec 2,1559.2,1630 2,1173.2,1436 .0038 139,685								
Gasoline-NY RBOB (NYM) -42,000 gal:\$ per gal.								
Nov 1,9779.1,9923 1,9339 1,9518 -0.146 23,182								
Dec 1,9373.1,9532 1,9011 1,9179 -0.078 146,422								
Natural Gas (NYM) -10,000 MMbtu:\$ per MMbtu.								
Nov 2,259.2,391 ▼ 2,200 2,346 .037 1,641								
Dec 2,841.2,908 2,794 2,859 -.004 284,811								
Jan'25 3,100 3,173 3,054 3,117 -.004 278,699								

	Contract		Open		Contract		Open	
	Open	High	hilo	Low	Settle	Chg	interest	
Feb	3,018	3,084		2,968	3,026	-.005	129,489	
March	2,761	2,842		2,729	2,779	-.003	231,720	
April	2,722	2,799		2,683	2,728	-.008	96,837	

Agriculture Futures

	Contract		Open		Contract		Open	
	Open	High	hilo	Low	Settle	Chg	interest	
Corn (CBT) -5,000 bu:\$ cents per bu.								
Dec 410.00 414.75 410.00 413.75 3.00 724,007								
March'25 424.25 428.25 424.00 427.00 2.25 455,679								
Oats (CBT) -5,000 bu:\$ cents per bu.								
Dec 379.00 388.00 378.50 384.00 4.25 3,022								
March'25 386.75 387.65 377.00 383.00 4.25 806								
Soybeans (CBT) -5,000 bu:\$ cents per bu.								
Dec 974.75 980.50 965.00 965.25 8.75 74,080								
Jan'25 986.75 991.50 978.50 979.00 7.00 326,116								
Soybean Meal (CBT) -100 tons:\$ per ton.								
Dec 305.40 306.60 301.00 301.80 -3.00 20,426								
Jan'25 306.00 307.00 302.30 303.00 -2.00 130,216								
Soybean Oil (CBT) -60,000 lbs:\$ cents per lb.								
Dec 42.70 43.49 42.60 42.80 .11 191,145								
Jan'25 42.75 43.51 42.64 42.85 .13 123,738								
Rough Rice (CBT) -2,000 cwt:\$ per cwt.								
Dec 15.03 15.06 14.89 14.94 -.14 1,086								
Jan'25 15.03 15.09 14.97 15.02 -.04 7,740								
Wheat (CBT) -5,000 bu:\$ cents per bu.								
Dec 559.00 572.75 558.00 570.50 11.75 203,594								
March'25 580.25 592.75 578.75 590.50 11.00 105,909								
Wheat (KCB) -5,000 bu:\$ cents per bu.								
Dec 561.75 577.75 561.50 574.25 12.75 127,937								
March'25 576.25 591.50 576.00 588.50 13.00 77,210								
Cattle-Feeder (CME) -50,000 lbs:\$ cents per lb.								
Oct 250.20 250.425 249.70 250.025 -.050 2,536								
Jan'25 247.00 247.300 242.525 244.025 -.2925 22,297								
Cattle-Live (CME) -40,000 lbs:\$ cents per lb.								
Oct 190.27 190.475 ▲ 189.200 189.300 -.875 791								
Dec 189.40 189.800 187.75 187.950 -.1325 143,013								
Hogs-Lean (CME) -40,000 lbs:\$ cents per lb.								
Dec 81.500 83.000 ▲ 81.250 82.825 2.200 138,145								
Feb'25 84.750 85.450 ▲ 84.400 85.375 1.150 77,472								
Lumber (CME) -27,500 bf.\$ per 1,000 bf.								
Oct 534.00 543.00 532.50 543.00 7.50 2,309								
Jan'25 558.50 571.00 556.50 569.50 11.00 5,012								
Milk (CME) -200,000 lbs:\$ cents per lb.								
Oct 22.73 22.73 22.73 22.73 .01 4,043								

	Contract		Open		Contract	
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MARKETS

Nasdaq Surges to Record Level; Bitcoin Rallies to Cross \$73,000

A rally in tech stocks lifted the Nasdaq Composite to a new high on Tuesday for the first time since July.

The Nasdaq gained 0.8%, or 145.56 points, to 18712.75, its 28th record close of the year. The record comes during

a packed week of corporate earnings, including tech behemoths.

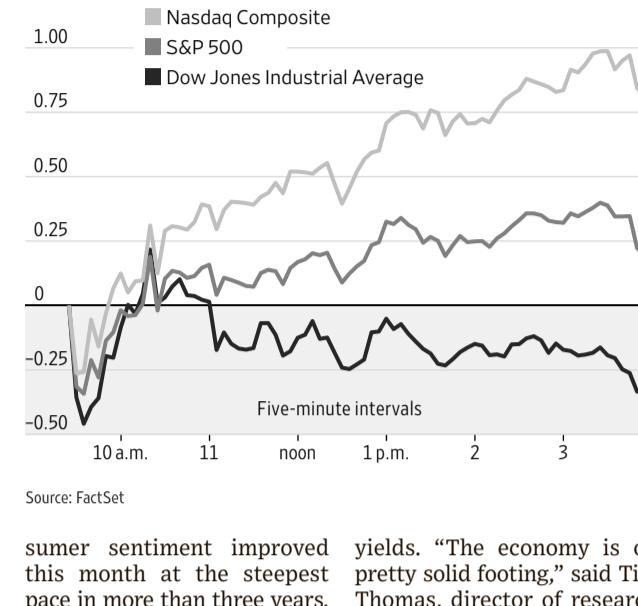
Google parent Alphabet reported third-quarter results after the market closed that beat Wall Street expectations. Other Magnificent Seven members—**Meta**, **Microsoft**, **Amazon** and **Apple**—are set to report later this week.

The S&P 500 rose 0.2%, or 9.4 points, to 5832.92 while the Dow Jones Industrial Average fell 0.4%, or 154.52 points, to 42233.05.

More than a third of companies in the S&P 500 are scheduled to release results this week, making it one of the busiest of the earnings season. Shares of **Ford** and **PayPal** pulled back after the companies' quarterly updates disappointed investors.

In economic news, U.S. con-

Index performance on Tuesday



Source: FactSet

sumer sentiment improved this month at the steepest pace in more than three years, according to the Conference Board's index released on Tuesday. Signs of a strong economy lifted the 10-year U.S. Treasury yield recently as investors recalibrated expectations for rate cuts. The prospect of a rising federal budget deficit also fueled a climb in

yields. "The economy is on pretty solid footing," said Tim Thomas, director of research and wealth manager at Badley Phelps.

Oil prices fell for another day after Israel's strikes on Iran avoided energy facilities and alleviated some concerns about a wider war in the Middle East disrupting global supplies.

have ticked higher.

Deficits aren't typically the biggest influence on Treasury yields. The current market sell-off kicked off in earnest near the start of this month after the release of an encouraging September jobs report. That reduced fears that the U.S. was heading toward a recession, causing investors to scale back their expectations for how much the Fed will trim interest rates in the coming months and years.

Deficits typically grab the attention of investors when there is a major shift in the fiscal outlook, as can often happen around an election.

TD Securities estimates

that the fiscal 2025 deficit will be around \$2 trillion under any political scenario, up from \$1.8 trillion in the fiscal year that ended on Sept. 30.

The election outcome could make a bigger difference the following year, with TD estimating a \$2.2 trillion deficit under a Republican sweep versus a \$2.05 trillion deficit if

Harris wins but faces a divided Congress, a scenario that polls suggest also has a good chance

Elsewhere:

- ◆ The 10-year U.S. Treasury yield slipped marginally to 4.272%, still near its highest level since July.
- ◆ Front-month Brent crude futures fell 0.4% to \$71.12.
- ◆ Bitcoin prices crossed \$73,000, near a record.

—Patricia Kowsmann and Hannah Miao

WEDNESDAY'S EVENTS:

Economic indicators: The monthly ADP employment report is due at 8:15 a.m. ET, followed by the preliminary reading for third-quarter GDP at 8:30 a.m. The economy is estimated to have grown 3.1%, versus 3.0% in the second quarter.

EXPECTED EARNINGS:

Before the bell:
Caterpillar
Eli Lilly

After the bell:
Meta Platforms
Microsoft

0.26

Percentage-point
rise in the 10-year
Treasury yield
since Oct. 16

of happening. That gap can largely be explained by the expiration of 2017 tax cuts at the end of 2025, which analysts expect would be fully extended by Republicans, but only partially extended if Democrats hold some power.

The government has discretion over how it borrows money from investors.

Issuance of "coupons"—notes and bonds that mature in two years or more—tends to

STOCK SPOTLIGHT

PayPal

The digital-payments company's quarterly revenue came in slightly below expectations, and guidance disappointed. Shares fell 4%.

Pfizer

The pharmaceutical company reported quarterly earnings and sales that topped expectations, and it raised its annual outlook. But investors seemed unenthused by the long-term prospects for its Covid-19 antiviral and vaccine. Shares dropped 1.4%.

Ford Motor

Shares dropped more than 8.4% after the automaker said adjusted annual profit would come in at the low end of guidance.

Visa

Shares declined 0.8% after The Wall Street Journal reported the company plans to lay off around 1,400 employees and contractors by the end of the year.

Trump Media & Technology

Trading in Truth Social's parent was halted several times during day, which saw the stock close up 8.8%.

HSBC

The global bank reported a rise in quarterly net profit

and announced a new share buyback of up to \$3 billion. U.K.-listed shares climbed 3.1% and U.S.-listed shares rallied 2.8%.

McDonald's

The restaurant chain made progress in boosting its U.S. business last quarter, but same-store sales still missed expectations. McDonald's shares declined 0.6%.

AUCTION RESULTS

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

52-WEEK BILLS

Applications	\$151,037,960
Accepted bids	\$52,767,669,900
"noncompetitively	\$10,123,365,900
"foreign noncompetitively	\$40,000,000
Auction price (rate)	95.854444
	(4.00%)
Coupon equivalent	4.29%
Bids at clearing yield accepted	70.33%
Cusip number	912797NA1

The bills, dated Oct. 31, 2024, mature on Oct. 30, 2025.

TWO-YEAR FRNRNs

Applications	\$88,944,579,400
Accepted bids	\$30,206,099,400
"noncompetitively	\$40,620,000
Spread	0.20%
Bids at clearing yield accepted	60.69%
Cusip number	91282CL16

The floating-rate notes, dated Oct. 31, 2024, mature on Oct. 31, 2026.

SEVEN-YEAR NOTES

Applications	\$121,176,492,300
Accepted bids	\$44,742,219,600
"noncompetitively	\$75,758,500
"foreign noncompetitively	\$0
Auction price (rate)	99,493,918
	(4.21%)
Interest rate	4.12%
Bids at clearing yield accepted	89.69%
Cusip number	91282CL13

The notes, dated Oct. 31, 2024, mature on Oct. 31, 2031.

Deficit Fears Push Yields Up

Continued from page B1

The yield on the benchmark 10-year U.S. Treasury note settled Tuesday at 4.272%, up around 0.26 percentage point since Oct. 16, according to Tradeweb. The two-year yield has increased a more modest 0.18 percentage point over that period. Estimates of the 10-year term premium also

have ticked higher. Deficits aren't typically the biggest influence on Treasury yields. The current market sell-off kicked off in earnest near the start of this month after the release of an encouraging September jobs report. That reduced fears that the U.S. was heading toward a recession, causing investors to scale back their expectations for how much the Fed will trim interest rates in the coming months and years.

Deficits typically grab the attention of investors when there is a major shift in the fiscal outlook, as can often happen around an election.

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that the fiscal 2025 deficit will be around \$2 trillion under any political scenario, up from \$1.8 trillion in the fiscal year that ended on Sept. 30.

The election outcome could make a bigger difference the following year, with TD estimating a \$2.2 trillion deficit under a Republican sweep versus a \$2.05 trillion deficit if

Harris wins but faces a divided Congress, a scenario that polls suggest also has a good chance

of happening. That gap can largely be explained by the expiration of 2017 tax cuts at the end of 2025, which analysts expect would be fully extended by Republicans, but only partially extended if Democrats hold some power.

The government has discretion over how it borrows money from investors.

Issuance of "coupons"—notes and bonds that mature in two years or more—tends to

have a larger market impact than issuance of bills that mature in a year or less. As a result, the government typically funds unexpected increases in the deficit by ramping up bill issuance. It tries to telegraph changes in coupon auctions well in advance and make only gradual adjustments.

Treasury officials, though, also try to avoid maxing out bill issuance during economic expansions in case there is a recession that leads to a big increase in the deficit.

Bills made up 21.7% of outstanding Treasurys at the end of last month. That is a little higher than the range of 15% to 20% recommended by a pri-

vate-sector Treasury advisory group in 2020 but still below the long-term average of about 22.4%.

In a recent report, analysts at Goldman Sachs argued that there is a chance that Treasury officials on Wednesday could signal openness to increasing coupon auction sizes next year to avoid a scenario in which the share of bills climbs too high.

But analysts at BNP Paribas struck a relatively relaxed tone on the issue. "Having more T-bill flexibility allows for steady coupon issuance," they wrote in a recent report, adding that "T-bills are easier to absorb for markets."

Biggest 1,000 Stocks | WSJ.com/stocks

Continued From Page B10

J K L
JD.com JD 41.14 -0.50
JPMorgan Chase JPM 22.90 -0.26
Jabil JBL 124.84 -0.01
Jack Henry JCHY 182.66 -0.91
JacobsSolns J 142.83 1.63
JamesHardie TRV 33.40 -0.27
JefferiesFinl JEF 64.95 0.01
J&J JNJ 160.09 -1.51
JohnsonControls JCI 77.07 -0.01
JonesLang LTL 27.01 -1.06
JuniperNetworks JNPR 39.00 -0.02
KinderMorgan KMG 10.70 -0.23
Kirkland's KIRK 26.84 0.22
KoreaElecPwr KEP 8.25 0.06
KraftHeinz KHC 34.80 -0.33
Kroger KR 55.99 -1.12
LatamAirlines LTM 27.59 -0.26
LiqQ 37.37 -0.03
LPL Financial LPLA 265.63 1.33
L3HarrisTech LTHX 24.07 -2.96
Labcorp LH 228.09 -0.71
LandResearch LRX 78.31 2.86
LamarAdr LAMR 146.44 -0.16
LambWeston LW 77.41 -0.24
LasVegas Sands LVS 53.39 -0.20
LegendBiotech LEGN 45.40 0.16
Leidos LDOS 158.13 1.63
Lennar B LEN 81,601.0 -3.67
MetLife MET 82.83 -0.26
Lennar A LEN 170.10 -3.99
Lennar C LEN 170.10 -3.99
LemonXlnit LI 610.80 -1.84
Microchip Tech MCPH 79.05 1.95

Mack-Cali MTX 119.58 2.04
M&T Bank MTB 195.72 -1.51
MAGRS MGM 41.99 0.27
NRG Energy NRG 88.10 -0.63
KSPi KSPi 109.00 -2.61
Kellanovka K 80.57 -1.11
Kvernu KVE 22.78 -0.10
KeyCorp KEY 38.29 -0.08
KeySightTech KEYS 155.27 -0.46
KimberlyClark KMB 1451.31 -1.11
KincroRealty KEM 23.67 -0.21
KinderMorgan KMG 10.70 -0.23
KrossGold GKG 10.70 -0.26
KinsaleCapital KNSL 438.66 -4.41
Knight-Swift KNS 53.66 -0.14
Philips PHG 26.84 0.22
KoreaElecPwr KEP 8.25 0.06
KraftHeinz KHC 34.80 -0.33
Kroger KR 55.99 -1.12
LatamAirlines LTM 27.59 -0.26
LiqQ 37.37 -0.03
LPL Financial LPLA 265.63 1.33
L3HarrisTech LTHX 24.07 -2.96
Labcorp LH 228.09 -0.71
LandResearch LRX 78.31 2.86
LamarAdr LAMR 146.44 -0.16
LambWeston LW 77.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Wall Street Home Buying Is Mixed Blessing

ZIP Codes where investors own a bigger share of houses see higher-than-average increases in prices and rents

Wall Street landlords don't have a huge foothold in residential property yet, but they want one in the future. A handful of neighborhoods offer a preview of what that could mean for the U.S. housing market.

More than a decade ago, private-equity giant **Blackstone** began spending hundreds of millions of dollars on family homes that went into foreclosure after the 2008-09 financial crisis, creating a new asset class for institutional investors. Since then, corporate landlords including **Invitation Homes** and **Amherst** bought more than 600,000 houses in the U.S.

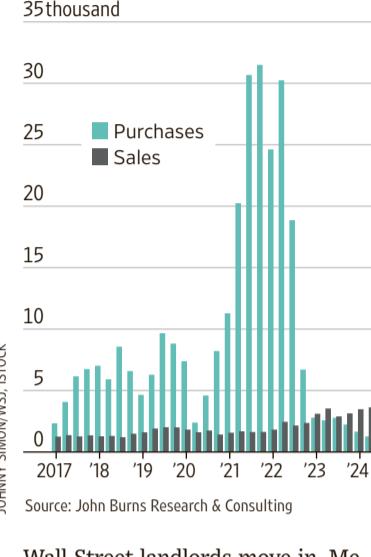
Big investors aren't always welcomed to the neighborhood. Vice President Kamala Harris said that if she wins the election, she will ask Congress to pass the Stop Predatory Investing Act that would remove tax benefits for corporate landlords buying single-family homes.

Nationally, Wall Street landlords that have more than 1,000 units in their portfolios own 1% of all of America's family homes and 4% of all the houses that are rented out. In most areas, their presence is too small to have much effect on local housing dynamics. If current trends continue, though, their share of the market for single-family rentals could increase 10-fold by the end of the decade, MetLife Investment Management estimates.

There are a handful of U.S. neighborhoods where investors are densely clustered, particularly in the Sunbelt. They bought more than 1,000 homes in 53 ZIP Codes, putting their ownership of the local housing stock anywhere from 4% to 12%, according to data from real-estate analytics firm Parcl Labs. The data include some houses temporarily owned by builders, as well as foreclosed properties on banks' books, but most are held by instit-



Institutional investors' sales and purchases of single-family homes, quarterly



Source: John Burns Research & Consulting

tutional landlords.

Wall Street housing investors tend to herd into the same neighborhoods because their algorithms spot the same opportunities. They screen the country for cities and towns with population growth and job openings—places where there is likely to be competition for homes. They prefer to own three-bedroom, suburban properties that are around 1,500 square feet in size and offer a convenient commute downtown. Young parents like these kinds of homes, and landlords like to rent to families because they become sticky tenants once their children enroll in local schools.

Big landlords are able to sift through reams of data to spot bargains. The 53 ZIP Codes where they are most densely clustered offer cheap housing. The median single-family home price in these areas is \$345,400, based on Redfin data—around a fifth below the national level. Rents, however, are

3% below the national median.

Investment returns are enticing in these lower-cost neighborhoods because landlords are able to charge tenants high rents relative to what they have paid for the property. The rental income on a home in Converse, Texas, may yield 8%, compared with 6% for a median-price U.S. home.

Regular home buyers find it tough to compete with these deep-pocketed investors. Corporate landlords are willing to pay in cash and to buy homes that aren't in great shape. It is easier and faster to sell to an investor than to a first-time buyer who needs time to arrange financing and might try to negotiate on price if a house needs repairs.

Home prices have risen quickly in these neighborhoods. Values in the 53 ZIP Codes increased 64% on average over the past five years, compared with a 48% rise nationally, based on Redfin data.

Tenants may get squeezed when

Wall Street landlords move in. Median rents in the Zip Codes rose 30% over the past five years, compared with 23% gains for the U.S. overall, according to Zillow data. It isn't clear whether big investors led these increases or if they were drawn to neighborhoods where housing costs were already rising fast.

The silver lining is that homeowners get a lift when deep-pocketed investors come knocking. An influx of Wall Street investors creates a new pool of buyers, and they can improve the value of the local housing stock if they fix up dilapidated homes. A University of Texas study found that although corporate landlords extract higher rents, they invest in better street lighting and security measures that can lower neighborhood crime rates.

But homeowners face trade-offs. If corporate landlords decide to cash in—say, if rent growth doesn't meet the expectations plugged into their models—a spike

in new for-sale listings can put pressure on asking prices. After a lot of activity during the pandemic, investors flipped from being net buyers of U.S. family homes to selling more than they purchase, data from John Burns Research & Consulting show.

They may be taking advantage of record-high home prices to realize profits, but in some cases, rising interest rates forced them to sell. Last year, landlord VineBrook Homes needed to raise cash to meet its debt obligations and sold a chunk of its portfolio. In one Milwaukee ZIP Code, VineBrook was behind nearly a third of all home listings in the area. To quickly unload properties, the company cut prices by 17% on average from the original asking price, data from Parcl Labs show.

That isn't a big deal when U.S. home prices are still rising. But if investors were to head for the door in a weak housing market, they could undercut regular sellers and put pressure on prices.

The recent performance of multifamily apartments shows what can happen when a large number of residential units are in the hands of investors. U.S. apartment values have fallen 20% since rates first rose in early 2022. Oversupply played a role, but apartment prices have been volatile because institutional investors own a much bigger share of the U.S. apartment inventory than family homes, and they react differently to changes in the cost of debt than regular homeowners, who typically lock in their mortgage rate for 30 years.

First-time buyers don't like to compete with Wall Street investors when they try to get on the property ladder. Existing owners might not like the volatility they bring to home prices either.

—Carol Ryan

Japan's Elections Knock Back the Yen, But Only Temporarily

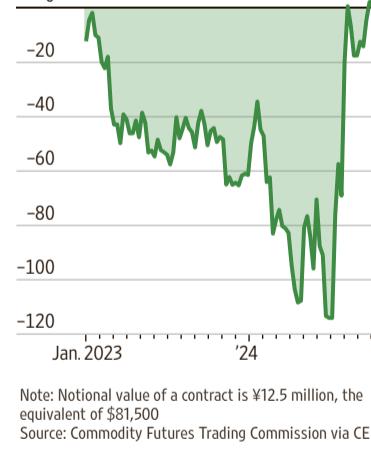
This autumn's big election surprise might have just taken place, in Japan. Now the political opposition's surge has put the country's central bank in a bind.

Japan's ruling coalition lost its parliamentary majority in Sunday's elections. That put the country into something it has rarely seen: a state of political uncertainty. The ruling Liberal Democratic Party, or LDP, has been in power almost uninterrupted for nearly seven decades.

The LDP remains the largest party in parliament so it will likely stay in power, though it will have to find some smaller parties to join its coalition in the coming month. That raised the worry that it may have to offer compromises that could derail investors' treasury stability.

There is a chance that the political uncertainties could delay rate increases from the Bank of Japan, which will meet this week. That is why the Japanese yen dropped nearly 1% this week versus the dollar, bringing the currency to its weakest level since July, when the Bank of Japan started raising interest rates. But the falling yen will create a dilemma, as it may

Leveraged funds' net futures and options position in Japanese yen



Note: Notional value of a contract is ¥12.5 million, the equivalent of \$81,500
Source: Commodity Futures Trading Commission via CEIC

even force the BOJ to raise interest rates to stem the decline.

Apart from political uncertainties at home, the election soon to take place across the Pacific is another key factor that could move the yen. Markets are pricing in the likelihood of a win for Donald Trump, leading to a strengthening of the dollar. Though Trump said

he would like a weaker dollar, his proposed policies—including income-tax cuts and tariff increases—could trigger the opposite reaction by reigniting inflation and hence slowing the pace of Federal Reserve rate cuts.

Yet the BOJ has to tread carefully in reacting to a weakening yen. Its last rate increase in July, paired with some hawkish commentary, created turmoil in global markets as investors unwound so-called carry trades—borrowing in Japanese yen to invest in other higher-yielding assets.

The good news for the BOJ is that a big part of those trades seem to have been unwound already. Leveraged funds' net short position in options and futures against the yen as of last week was around ¥18 billion in notional value, the equivalent of \$117 mil-

lion. That compares with around ¥1.4 trillion in early July.

Ultimately, the central bank's focus will remain on domestic conditions—and those are still pointing toward gradual monetary tightening.

The job market continues to remain tight, with unemployment holding steady at 2.4%. Meanwhile, core inflation, excluding food and energy, came in at 2.1% year over year in September. Though down from recent peaks, this level still stands in contrast to Japan's historically deflationary environment.

While political winds in the U.S. and Japan may keep swaying market sentiment in the weeks ahead, when the clouds clear, Japan's economic conditions may provide a case for a stronger yen.

—Jacky Wong

A woman voting Sunday at a polling station set up at a school in Tokyo.

RICHARD A. BROOKS/AFLO/GETTY IMAGES

PayPal's Real Friends Have to Be Patient

PayPal says it is sacrificing some volume growth to focus on more profitable payment flows. The market doesn't like the look for that. But investors may come to embrace it, if similar moves at other digital-payments players are any guide.

PayPal guided for low-single-digit revenue growth in the fourth quarter. Analysts noted this was below the consensus estimate for north of 5%. The stock responded, falling 4%.

PayPal attributed a third-quarter slowdown in volume growth in a big part of its business, payments processing for merchants, to what it termed its "price-to-value strategy."

"We are moving deliberately and making decisions that prioritize healthy, profitable growth rather than targeting a high proportion of processing volume at low or even negative margins," Chief Financial Officer Jamie Miller said in the earnings call.

The company said, in practice, this means new contracts with some of its biggest partners may result in a lower share of that merchant's payments going through PayPal. But the upside will be more-profitable flows that come attached with other products and services.

Part of PayPal's aim is to have its Braintree unit contribute more to transaction margin dollars, a measure of revenue minus transaction expenses, transaction losses and credit losses. Transaction margin dollars grew 8% last quarter year over year. Transaction margin as a percentage rose to 46.6%, from 45.4% a year earlier.

Similar shifts were winning moves for other payments players, including **Affirm**, the buy-now-pay later provider. Its shares are up 149% over the past 12 months.

Adyen, which spooked markets in 2023 by warning about competition and commoditization in payments, shifted focus, and saw its shares jump 128% in the past year. PayPal is up 56% in that period. So PayPal's push toward its more-profitable payment forms may knock back some metrics for now. But it could pay off over time.

—Telis Demos

Novartis Stock Drops on \$800 Million Write-Down

For pharma companies, the Goldilocks earnings scenario is a strong quarterly beat paired with a promising pipeline of innovative drugs. This balance is crucial for the industry, where firms face the looming threat of their key products losing patent protection.

Swiss pharmaceutical giant **Novartis** reported another solid quarter on Tuesday, raising its guidance for the third time this year. Yet its shares were the worst performers among big drug companies, dropping 4.4% and erasing about \$10 billion in market value. The root of investor concern lies in the uncertainties surrounding the

company's drug pipeline.

One red flag was its announcement that it is writing down \$800 million from the \$2.9 billion acquisition of biotech MorphoSys. While deal-making always involves some risk-taking, the impairment charges stand out given the deal closed only months ago. The company also said it would discontinue some drug programs, including a midstage drug for hypertension.

Novartis acquired MorphoSys mainly for its blood cancer drug pelabresib. But earlier this year, health publication STAT reported the drug was leading to some safety complications. In its earn-

ings report, Novartis acknowledged that trial data will delay a filing of the drug for regulatory approval. Based on a review of 48-week data from a late-stage study of the drug, "longer follow-up time is needed to determine, in consultation with Health Authorities, the regulatory path for pelabresib," it said.

Kerry Holford, an analyst at Bernstein, seemed to capture the essence of investor angst during a call with management. Given the impairment charge "so soon after the MorphoSys deal closure," she said, "how can investors gain confidence in your future M&A choices?" She wondered if Novartis would consider

an obesity deal despite management's reluctance. Management noted that many of its deals, such as in the cancer radiopharmaceutical space, are working out just fine and that investors shouldn't read too much into a one-off. As for obesity, Novartis management argues the area is being well served by incumbents **Eli Lilly** and **Novo Nordisk**.

With a 23% total return over the past year in Novartis's U.S.-traded shares, the performance is hardly shabby. For its next leg up, the company will need to provide more reassurance that it is on the right track as far as its pipeline is concerned.

—David Wainer