

# THE WALL STREET JOURNAL.

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## What's News

### Business & Finance

◆ OpenAI is planning to convert from a nonprofit organization to a for-profit one at the same time as it undergoes major personnel shifts including the resignation of its chief technology officer Mira Murati. **A1**

◆ Google said it filed a formal complaint against Microsoft with the EU's top antitrust regulator, escalating a dispute over the cloud-computing business. **B1**

◆ Two big insurance companies have made multibillion-dollar bets on major oil companies, signaling a divide among insurers over their investments in fossil fuels. **B1**

◆ U.S. stocks ended mixed, with the S&P 500 and Dow retreating from records set Tuesday with declines of 0.2% and 0.7%, respectively, while the Nasdaq rose less than 0.1%. **B11**

◆ Sales of new single-family homes in the U.S. declined 4.7% last month. **A3**

◆ Meta Platforms announced deals with celebrity actors to use their voices in a new artificial-intelligence assistant. **B4**

◆ Italian antitrust officials opened an investigation into Shein, saying the fast-fashion giant might be making misleading claims about the sustainability of the clothing it sells. **B3**

◆ Real-estate listing site Rightmove said it would consider a sweetened offer equivalent to \$7.99 billion made by News Corp-controlled REA Group. **B3**

◆ Italy's UniCredit won't seek a seat on Commerzbank's supervisory board despite its move to become the German bank's biggest shareholder, UniCredit's CEO said. **B6**

### World-Wide

◆ Hackers linked to the Chinese government have broken into a handful of U.S. internet-service providers in recent months in pursuit of sensitive information, according to people familiar with the matter. **A1**

◆ Israel's military chief told troops that airstrikes against Hezbollah were in preparation for a potential ground invasion of Lebanon, as the U.S. and France in a joint statement called for a 21-day pause in the fighting on Israel's northern border. **A1,8**

◆ Federal prosecutors in Manhattan will unveil criminal charges against New York City Mayor Eric Adams on Thursday, according to people familiar with the matter. **A1**

◆ The House and Senate passed a measure funding federal agencies until late December, voting overwhelmingly to take a politically risky government shutdown off the table until after the election. **A3**

◆ Secret Service failures, including command and communications lapses, allowed the shooter at a rally in Pennsylvania in July to wound Trump and kill a spectator, Senate investigators said. **A3**

◆ Kamala Harris vowed to bring a pragmatic approach to the U.S. economy, with a focus on manufacturing and middle-class opportunities in an address aimed at reassuring voters about her ability to harness economic growth. **A4**

◆ China said that it test-fired an intercontinental ballistic missile, offering a rare public acknowledgment that is likely to increase tensions with its neighbors. **A7**

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An Israeli police officer Wednesday carried the remains of a rocket fired from southern Lebanon that hit a house in northern Israel.

## Israel Tells Troops to Prepare For Possible Lebanon Invasion

By OMAR ABDEL-BAQUI AND STEPHEN KALIN

Israel's military chief told troops that airstrikes against Hezbollah were in preparation for a potential ground invasion of Lebanon, after Israeli air defenses intercepted the militant group's first attempted missile strike on Tel Aviv.

"You hear the jets overhead; we have been striking all day. This is both to prepare the ground for your possible entry and to continue degrading Hezbollah," the Israeli chief of staff, Herzl Halevi, told Israeli troops

at the country's northern border with Lebanon. "We are preparing the process of a maneuver, which means your military boots, your maneuvering boots, will enter enemy territory."

The comments came as the U.S. and France in a joint statement called for a 21-day pause in the fighting on Israel's northern border.

"The situation between Lebanon and Israel since Oct. 8, 2023, is intolerable and presents an unacceptable risk of a broader regional escalation," the statement by the U.S. and France, joined by allied na-

tions, said. "This is in nobody's interest, neither of the people of Israel nor of the people of Lebanon."

But it remained unclear what leverage Washington has to quell the biggest conflict between Israel and Lebanon-based Hezbollah in two decades.

The militant group's attempted strike on Tel Aviv was its most provocative response yet to a week of punishing Israeli operations and airstrikes that have underscored the growing risk of all-out war. Israel said the strikes

have targeted Hezbollah. The Israeli attacks have killed more than 500 Lebanese, including scores of women and children, and wounded some 2,000 others, according to Lebanese officials.

The United Nations said Wednesday that more than 90,000 people have been displaced in the past three days, mainly from Lebanon's south

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◆ White House seeks 21-day pause in fighting..... A8

◆ Netanyahu resists pleas to end conflicts..... A8

## Beijing Blamed For U.S. Hacking Barrage

Broadband providers are hit in latest penetration of core infrastructure

Hackers linked to the Chinese government have broken into a handful of U.S. internet-service providers in recent months in pursuit of sensitive information, according to people familiar with the matter.

By Sarah Krouse, Robert McMillan and Dustin Volz

The hacking campaign, called Salt Typhoon by investigators, hasn't previously been publicly disclosed and is the latest in a series of incursions that U.S. investigators have linked to China in recent years. The intrusion is a sign of the stealthy success Beijing's digital army of cyber-spies has had breaking into valuable computer networks in the U.S. and around the globe.

In Salt Typhoon, the hackers linked to China burrowed into the U.S.'s broadband networks. In this type of intrusion, bad actors aim to establish a foothold within the infrastructure of cable and broadband providers that would allow them to access data stored by telecommunications companies or launch a damaging cyberattack.

Investigators are exploring Please turn to page A2

◆ China test-fires ICBM, raising tensions..... A7

## The Art Market Is Tanking. Sotheby's Has Bigger Problems.

Auction house, owned by leveraged billionaire Patrick Drahi, delays payments, awaiting financial lifeline from Abu Dhabi

By KELLY CROW, MATT WIRZ AND BEN FOLDY

The art market is grinding through a rough patch, and no one is feeling the pain more than Sotheby's.

The sales downturn, driven in part by China's economic slowdown, wars and volatile U.S. elections, has hit at a crunchtime for the auction house's highly leveraged billionaire owner, Patrick Drahi, who is fighting fires amid restructuring in his telecom empire, Altice.

Sotheby's had been riding a rolicking art

market wave in recent years, bringing in at least \$7 billion in sales annually and setting record-level prices for trophies by Gustav Klimt and René Magritte.

Now, amid signs cash is running low, it is pushing off payments to its art shippers and conservators by as much as six months. Several former and current employees said Sotheby's this spring gave senior staffers IOUs instead of incentive pay. And at a meeting this month of higher-ranking executives, some executives ex-

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## OpenAI to Become For-Profit Company

OpenAI is planning to convert from a nonprofit organization to a for-profit company at the same time it is under-

By Deepa Seetharaman, Berber Jin and Tom Dotan

going major personnel shifts, including the abrupt resignation Wednesday of its chief technology officer.

Becoming a for-profit would be a seismic shift for OpenAI, which was founded in 2015 to develop AI technology "to benefit humanity as a

whole, unconstrained by a need to generate financial return" according to a statement it published when it launched.

Things started to change in late 2022 when it released ChatGPT, which became an instant hit and sparked global interest in the potential of generative artificial intelligence to reshape business and society. Guided by its chief executive, Sam Altman, OpenAI started releasing new prod-

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◆ Google pays \$2.7 billion to rehire AI expert..... B1

## NYC Mayor Adams Is Indicted in Federal Case

New York City Mayor Eric Adams has been indicted on federal criminal charges, according to people familiar with the matter, marking a

By Corinne Ramey, James Fanelli and Sadie Gurman

stunning blow to the leader of the nation's largest city.

It couldn't immediately be learned what charges Adams is facing. Federal prosecutors in Manhattan were expected to announce details of the case on Thursday, the people said.

The mayor said in a video statement Wednesday night that any charges would be based on lies. "If I am charged, I know I am innocent. I will request an immediate trial so that New Yorkers can hear the truth," he said.

Adams indicated he had no plans to resign. "Make no mistake: You elected me to lead this city—and lead it I will," he said.

The U.S. attorney's office in

Please turn to page A4

## U.S. Is Skeptical of Ukraine's Victory Plans

By ALEXANDER WARD AND LARA SELIGMAN

NEW YORK—The Biden administration is concerned that the Ukrainian leader's plan for winning the war against Russia lacks a comprehensive strategy and is little more than a repackaged request for more weapons and the lifting of restrictions on long-range missiles, U.S. officials said.

For months, President Volod-

ymyr Zelensky of Ukraine has billed the plan as a framework to defeat Russia, and he was set to brief President Biden on the specifics Thursday during a high-profile White House meeting, the first time the Biden administration will get to hear the framework in its entirety.

But senior U.S. and European officials knowledgeable of the broad outlines of the plan said it offers no clear path to a Ukraine victory, par-

ticularly as Russian forces make slow but steady gains on the battlefield.

"I'm unimpressed, there's not much new there," one of the senior officials said.

Zelensky's scheduled visit to Washington on Thursday comes amid growing allegations from some Republicans that Ukraine's politicians are interfering in U.S. domestic politics. Zelensky recently came under attack for criticiz-

ing Republican vice-presidential candidate JD Vance, and on Wednesday Republican House Speaker Mike Johnson (R., La.) called for the dismissal of Ukraine's ambassador to the U.S. for touring a manufacturing facility in Pennsylvania as part of what he called "clearly a partisan campaign event."

While the U.S. and Ukraine hoped to be united on a way forward, they now find them-

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### How 'Grey's Anatomy' Keeps Upping the Drama

Writers for long-running TV show 'play the make it worse, make it sadder game'

By ITZEL LUNA

Dr. Meredith Grey has nearly died seven times. The hospital where she works has faced a bomb, an earthquake, shootings and a flood. Patients and staff in her hospital have been diagnosed with more than 140 tumors.

During almost two decades on air, writers of hit TV show "Grey's Anatomy" have had to

Weave a seemingly endless stream of medical cases into the complicated, sexy and often tragic lives of its characters.

The drama has been a darling of broadcast TV and the streaming eras, with roughly 300 hours of content. While bingeable comfort watches such as "Friends" and "Seinfeld" ended long ago, "Grey's

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## INSIDE



**SPORTS**  
The Warriors, A's and Raiders have all left Oakland, once a sports capital. **A14**



**PERSONAL JOURNAL**  
Budget airlines Spirit and Frontier add frills in push to woo upscale travelers. **A11**

## U.S. NEWS

## N.C. Scandal Jolts Governor's Race

Deciding factor could be the Black, reportedly proslavery GOP candidate

BY VALERIE BAUERLEIN

BOONE, N.C.—No one at the tiny roadside Blue Ridge Diner knew for sure whether Mark Robinson would show up to his campaign meet and greet earlier this week, nor did they know whom to ask—the GOP gubernatorial nominee's staff had just quit en masse.

Robinson's campaign said the day before the event that its manager, deputy manager and a half-dozen other staffers resigned, following a report describing his allegedly antigay and racist comments a decade ago on an online pornography forum. That was the latest in a string of scandals, including the antiabortion candidate's acknowledgment that he had paid for his now-wife's abortion.

North Carolina is the swing state that former President Donald Trump won the most narrowly in 2020. Now Trump could see his fate tied to Robinson, the starkest example yet of the standard-bearers the MAGA takeover has brought to the Republican Party, and how hard it is to contain them.

The state has become a place where all of the forces of a polarized nation intersect, from the divide between rural and urban interests, to hardened opinions about abortion.

North Carolina's direction, potentially decisive in the presidential race, could hinge on another deeply flawed Trump protégé burdening the party with extreme views.

Several top Republicans, including Sen. Thom Tillis of North Carolina and Georgia Gov. Brian Kemp, have withdrawn support for Robinson. And Robinson, previously lauded by Trump as "Martin Luther King on steroids," was neither seen nor mentioned at Trump's Wilmington, N.C., rally on Saturday.

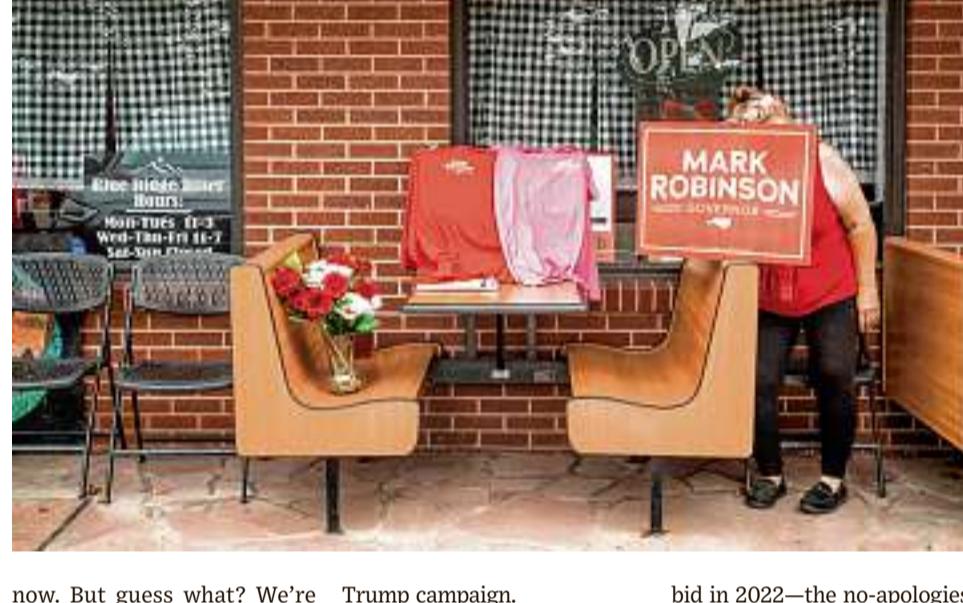
Robinson, 56 years old, spent that evening at a Fayetteville race-car track, delivering defiant remarks across a chain-link fence to the cheap seats.

Monday's diner stop was this week's remaining appearance on Robinson's public schedule. When he barreled in two minutes early, a crowd of roughly three dozen cheered.

"We might have got knocked down a little bit right now," Robinson boomed in a feisty baritone, without notes or a microphone. "They might be hitting us pretty good right



Mark Robinson departed Monday after addressing the roadside Blue Ridge Diner, where shirts were for sale, below.



Charlotte on Monday.

Rep. Jeff Jackson, North Carolina's Democratic nominee for attorney general, said he is running ads reminding voters that his opponent, Rep. Dan Bishop, previously called himself Robinson's "sidekick."

"Mark Robinson has been the most popular person for his party in our state for several years, so lots of major candidates have fallen over themselves to be pictured with him," Jackson told supporters by email. "The blast radius is going to envelop lots of other candidates."

CNN's report landed hours before last Thursday's state board-of-elections deadline for candidates to withdraw. Robinson defied requests from party stalwarts to step aside.

Politico reported that the posts on the pornography forum originated from an IP address near Robinson's then-residence. The Assembly, a Raleigh political-news outlet, reported the user's handle on the sites as "minisoldr," a term frequently linked to Robinson's apparent other online activities, including Amazon.com reviews of model-train components. In his 2022 memoir,

Robinson called model trains his passion.

The Republican Governors Association confirmed this week that it had booked no TV time for Robinson through Election Day, though his opponent, Stein, the state's attorney general, had booked millions of dollars worth.

## U.S. WATCH

## OHIO

## Crews Still at Scene Of Chemical Leak

An evacuation order remained in effect Wednesday for residents in an Ohio community as crews continued to work at the scene of a dangerous chemical leak.

Styrene, a toxic and flammable chemical that is used to make plastic and rubber, began leaking Tuesday afternoon from a railcar in Whitewater Township, a community of about 6,000 people just west of Cincinnati. The Hamilton County Emergency Management Agency advised anyone within a half-mile of the area near U.S. Route 50 and the Great Miami River to leave immediately.

Tom Ciuba, a spokesperson for Central Railroad of Indiana, which operates the tracks, said Wednesday that the railcar was no longer venting. He said crews worked overnight to put water on the car, but it hadn't been removed from the tracks and wouldn't be until officials determine it is safe to do so.

—Associated Press

## NEW JERSEY

## Wind-Energy Project Paused

New Jersey hit the pause button Wednesday on an offshore wind energy project that is having a hard time finding someone to manufacture blades for its turbines.

The New Jersey Board of Public Utilities granted Leading Light Wind a pause on its project through Dec. 20 while its developers seek a source for the crucial components.

The project, from Chicago-based Invenergy and New York-based energyRE, would be built 40 miles off Long Beach Island and would consist of up to 100 turbines, enough to power a million homes.

—Associated Press

## CALIFORNIA

## Explosive Injuries Two at Courthouse

An explosive device that authorities said was intentionally set injured two people at a California courthouse on Wednesday, authorities said.

One person of interest was detained following the blast reported shortly after 8:45 a.m. at the Santa Maria Courthouse in Santa Maria, sheriff's officials said.

Santa Barbara County Sheriff Public Information Officer Raquel Zick said the person detained was a man and the blast came from "an intentionally set" explosive device.

—Associated Press

## China Tied To Hacking Campaign

*Continued from Page One*

whether the intruders gained access to Cisco Systems routers, core network components that route much of the traffic on the internet, according to people familiar with the matter. A Cisco spokeswoman said the company is investigating. "At this time, there is no indication that Cisco routers are involved" in the Salt Typhoon activity, the spokesman said.

Microsoft is investigating the intrusion and what sensitive information might have been accessed, people familiar with the matter said. A spokesman for the company declined to comment.

China has made a practice of gaining access to internet-service providers around the world. But if hackers penetrated service providers' core routers, it would leave them in a powerful position to steal information, redirect internet traffic, install malicious software or pivot to new attacks, said Steven Adair, the founder of Volexity, a cybersecurity firm that has investigated China-backed intrusions.

Former U.S. intelligence officials said the alleged attack appeared audacious in scope, even by the standards of past major breaches achieved by Chinese hacking squads.

"This would be an alarming—but not really surprising—expansion of their malicious use of cyber to gain the



FBI Director Christopher Wray has said China's hacking program is larger than any other nation's.

upper hand over the United States," said Glenn Gerstell, former general counsel at the National Security Agency.

Gerstell, who spent decades working as a lawyer on telecommunications and technology matters, noted that China for years had relied on cyber theft to steal industrial and military secrets before quietly positioning itself inside U.S. critical infrastructure.

"Now it seems they are penetrating the very heart of America's digital life, by burrowing into major internet-service providers," he said.

Last week, U.S. officials said they had disrupted a network of more than

other internet-connected consumer devices that served as an entry point into U.S. networks for a China-based hacking group called Flax Typhoon. And in January, federal officials disrupted Volt

Typhoon, yet another China-linked campaign that has sought to quietly infiltrate a swath of U.S. critical infrastructure.

"The cyber threat posed by the Chinese government is massive," said Christopher Wray, the director of the Federal Bureau of Investigation, speaking earlier this year at a security conference in Germany.

"China's hacking program is larger than that of every other major nation, combined."

U.S. security officials allege that Beijing has tried and at times succeeded in burrowing deep into U.S. critical infrastructure networks ranging from water-treatment systems to airports and oil and gas pipelines.

Biden administration officials have issued public warnings over the past year that China's actions could threaten U.S. lives and are intended to cause societal panic. The hackers could also disrupt the U.S.'s ability to mobilize support for Taiwan in the event that Chinese leader Xi Jinping orders his military to invade the island.

While U.S. officials have warned Volt Typhoon appears largely focused on prepositioning into networks to later detonate cyberattacks that could cripple operations of infrastructure, the Salt Typhoon activity seemed to be more geared toward intelligence

collection, people familiar with the matter said.

It is not clear who is behind the Salt Typhoon attack, but based on "targeting activity and the nature of the operation," it could be a group affiliated with China's Ministry of State Security, also known as APT40, said Chris Krebs, the chief intelligence and public policy officer with the cybersecurity company SentinelOne.

APT40 specializes in intelligence collection.

In July, the U.S. and its allies issued a rare public advisory calling this agency out for its hacking activities.

Officials have repeatedly said that what the private sector and government agencies know about Chinese intrusions into critical infrastructure is likely the "tip of the iceberg" because of how stealthy and sophisticated the hackers have been.

China has routinely denied allegations from Western governments and technology firms

that it relies on hackers to break into foreign government and business computer networks.

The Chinese Embassy in Washington didn't respond to a request for comment.

China's state-backed hackers have long shown an interest in compromising global telecommunications infrastructure. A report published in 2019 by Cybereason, a U.S. cybersecurity firm, found that Chinese spies had hacked into the cellular networks of at least 10 global carriers to steal geolocation data as well as text messaging records and call logs.

—Drew Fitzgerald

contributed to this article.

## CORRECTIONS &amp; AMPLIFICATIONS

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## U.S. NEWS

## Congress Passes Bill To Avert Government Shutdown

BY KATY STECH FEREK

**WASHINGTON**—The House and Senate passed a measure late Wednesday funding federal agencies until late December, voting overwhelmingly to take a politically risky government shutdown off the table until after the election.

House lawmakers voted 341-82 to approve the measure, despite continued grumbling from some rank-and-file GOP members over the lack of spending cuts and leaders' routine use of short-term patches. Under fast-track procedures employed by Republican leaders to bypass disagreements within the party, the measure required a two-thirds supermajority.

The Senate followed quickly, voting 78-18, with lawmakers eager to catch flights out of town for the long recess heading into Election Day. The measure now goes to President Biden's desk, and the White House has said he would sign it.

The bill would extend government funding for federal agencies, which is currently set to expire after the end of the fiscal year on Monday, until Dec. 20, putting the next deadline to work out a full-year package right before Christmas. The bill also includes \$231 million for the Secret Service, currently under scrutiny by Congress over failures to protect Republican presidential nominee Donald Trump on the campaign trail.

House Speaker Mike Johnson (R., La.) again relied on Democratic votes to get the bill approved in his chamber, a once-rare circumstance that has become commonplace this Congress amid deep divisions in the Republican conference. All Democrats voted for the measure, as did a majority of GOP lawmakers, a key measure for party leaders.

While a short-term deal "is never ideal, none of us like them—it's not a way to run a railroad—it allows Congress to continue serving the American people," Johnson said after the vote. "Our focus now turns exclusively to Nov. 5," he said.

Democrats said Republicans took too long to hold the vote.

House Republicans "played games for weeks and risked a government shutdown that could have jeopardized the well-being of middle-class families, veterans, and our national security," said Rep. Suzan DelBene (D., Wash.).

Johnson announced the three-month spending plan on Sunday following talks with Democrats, after finessing demands from Trump for voter-ID legislation as a condition for avoiding a shutdown. After a failed vote to pass a spending patch that included the election-security rules, Johnson dropped the provision.

Past spending fights have gone down to the wire, but top Republicans made clear they had no appetite for a showdown this time, with control of the House, Senate and White House up for grabs in just over a month. Johnson has urged colleagues to show that the GOP can run the House responsibly and not undercut the party's efforts to win a bigger majority in the fall, and members of both parties were eager to get back to their home states to campaign.

Rep. Tom Cole (R., Okla.) who leads the House Appropriations Committee, said he would prefer that the House didn't have to rely on a short-term bill. "But we are out of time," he said. "We cannot afford a shutdown, which would be greatly damaging" to national security as well as critical government programs.

Rep. Chip Roy (R., Texas) argued on the House floor Wednesday that the temporary extension prolongs irresponsible federal spending.

The federal government continues to "spend money that we do not have, that we have not collected, and we continue to retreat to the corners of our safe political spaces and hide behind them in order to try to sell something to the American people," he said.

## Helene, Now a Huge Hurricane, Takes Aim at Florida Gulf Coast



JOE RAEDLE/GETTY IMAGES

An enormous Hurricane Helene swamped parts of Mexico on Wednesday as it churned on a path forecasters said would take it to Florida as a major storm with a surge that could swallow entire homes.

Helene became a hurricane Wednesday morning and was moving at nearly 10 mph with top sustained winds of 80 mph later in the afternoon. It was expected to intensify as it crosses the warm, deep waters of the Gulf.

Forecasters said it should become a major Category 3 or higher hurricane on Thursday with winds above 110 mph. Its center was projected to hit Florida's Big Bend area, the curving stretch of Gulf coastline in the state's north.

The hurricane ranks in the 90th percentile for its sheer size, and it could create a surge as high as 18 feet in

places, forecasters said. The fast-moving storm's wind and rain could penetrate far inland, even as it weakens after landfall in Florida late Thursday, authorities warned.

Wind-driven waves battered Key West on Wednesday. Residents of Pinellas Park filled sandbags at a park (above) and a man boarded up his house in Ochlockonee Bay (right) to prepare.

Areas 100 miles north of the Georgia-Florida line can expect hurricane conditions. Nearly half of Georgia's public school districts have canceled class. And for Atlanta, which is under a tropical storm watch, Helene could be the worst strike on a major Southern inland city in 35 years, said University of Georgia meteorology professor Marshall Shepherd.

—Associated Press



GERALD HERBERT/ASSOCIATED PRESS

## Report Details Secret-Service Flubs At Rally Where Trump Was Shot

BY C. RYAN BARBER

Shortly before Donald Trump was nearly assassinated at a July 13 campaign rally, a Secret Service sniper watched from a rooftop perch as local officers ran with guns drawn toward a building about 400 feet from where the former president spoke.

The frantic scene prompted snipers to place their rifles in tripods and start searching through their scopes. But the counter-sniper team leader didn't radio Trump's detail to have the former president removed from the rally stage in Butler, Pa. "The thought did not cross my mind," he recalled to Senate investigators.

That moment was identified in a Senate report released Wednesday as among the missed opportunities and security failures that allowed a 20-year-old gunman to fire eight shots that left the Republican nominee wounded and a spectator dead.

"Every single one of those failures was preventable, and the consequences of those failures were dire," said Sen. Gary Peters (D., Mich.), chairman of the Senate Homeland Security and Governmental Affairs Committee.

The panel is one of several bodies examining the worst Secret Service failure since President Ronald Reagan was shot in 1981. A separate House task force was set to hold its first public hearing Thursday.

Senate investigators, issuing their interim findings, said the Secret Service's planning was hobbled by an unclear chain of command, technological issues and unheeded concerns about the American Glass Research building where the gunman, Thomas Matthew Crooks, reached the rooftop with an AR-15 semiautomatic rifle. The building fell just outside of the secure perimeter the Secret Service had set up for the rally.



SECRET SERVICE AGENTS FORMED A PROTECTIVE BARRIER AROUND FORMER PRESIDENT DONALD TRUMP AFTER HE WAS SHOT IN THE EAR JULY 13 DURING A CAMPAIGN RALLY IN BUTLER, PA.

The report's release came just days after the Secret Service unveiled the results of an internal investigation that cited widespread failures by the agency, including technical mishaps and poor communication.

Agents told Senate investigators that planning and security decisions for the rally were collaborative, and they couldn't identify who within the Secret Service was the final decision maker, the report said.

"It was almost like an Abbott and Costello farce, with 'Who's on First?' finger-pointing by all of the different actors," said Sen. Richard Blumenthal (D., Conn.), chairman of the Senate's Permanent Subcommittee on Investigations. "It was really truth being stranger than fiction."

The report faulted the Secret Service for not ensuring that it could communicate in real time with local law enforcement. And it highlighted how siloed communication hindered security.

For instance, there were two communications centers—one run by the Secret Service, the other by local law enforcement—connected primarily via cellphone. Local law enforcement and the Secret Service agents used separate radio channels.

In interviews, several Secret Service officials also said they had technical issues with their radios, a problem they characterized as common for the agency. A Secret Service sniper said he was offered a local radio on July 13 but didn't have time to pick it up because he was preoccupied fixing the radio provided by his agency.

The report also said technical problems delayed the Secret Service's deployment of a system that might have otherwise detected a drone Crooks flew near the site ahead of the rally.

With no backup system available, the Secret Service agent responsible for the counterdrone system called a toll-free tech support hotline, which took several hours, according to the report. When

## New-Home Sales Declined By 4.7% In August

BY PAULO TREVISANI

Sales of new homes in the U.S. fell less than expected in August.

The Census Bureau reported sales of new single-family houses at a seasonally adjusted annual rate of 716,000, down 4.7% from an upwardly revised 751,000 in July. Economists polled by The Wall Street Journal expected sales would decline to 700,000 in August.

The lower-than-expected decrease "is a welcome development for builders, who were sitting on bloated inventories after a disappointing spring selling season," Santander's Stephen Stanley said in a note.

Inventories at a 7.8 months' supply are "still elevated but down from the peak of well over 8 months earlier in the year," suggesting that "builders are making progress but have considerably more work to do," Stanley said.



## U.S. NEWS



Kamala Harris, who is trying to blunt Donald Trump's advantage with voters on the economy, spoke Wednesday to the Economic Club of Pittsburgh.

## Harris Sets Out Economic Vision

Candidate's plan includes \$100 billion tax credits to boost U.S. manufacturing

PITTSBURGH—Vice President Kamala Harris vowed to bring a pragmatic approach to the U.S. economy, with a focus on manufacturing and middle-class opportunities in a Wednesday address aimed at reassuring voters about her ability to harness economic growth.

By Ken Thomas,  
Tarini Parti  
and Andrew Restuccia

Harris, the Democratic presidential nominee, outlined plans for a set of tax incentives that would seek to spur next-generation industries crucial to the economy and national security. The new tax credits for investments in manufacturing and production would span key areas including biomanufacturing, aerospace, artificial intelligence and quantum computing.

The tax credits, which the campaign hasn't described in detail, would cost \$100 billion over 10 years and be paid for using revenue from raising taxes on U.S. companies' foreign earnings if Congress implements the global corporate minimum tax agreement, according to Harris's advisers.

The incentives, aimed at countering China, would focus on revitalizing factory towns and retooling existing factories and boosting wages and union partnerships, campaign officials said.

"The American people face a choice between two fundamentally very different paths for our economy. I intend to chart a new way forward and grow America's middle class," Harris told the Economic Club of Pittsburgh on the campus of Carnegie Mellon University, where her campaign handed out a roughly 80-page economic policy agenda.

Harris said she would emphasize pragmatism and work with the private sector to help improve the standing of middle-class families.

She cast her rival, former President Donald Trump, as interested in helping the wealthy and corporations instead of middle-class families. "For Donald Trump, our economy works best if it works for those who own the big skyscrapers, not those who actually build them, not those who wire them, not those who mop the floors," she said.

Harris also pushed back on Trump's attempts to characterize her as a "Marxist." "I'm a capitalist," she said. "I believe in free and fair markets."

Wednesday's speech signaled that Harris, if elected, would embrace industrial pol-

icy in a bid to use the tools of government to boost key sectors of the U.S. economy. Both parties have increasingly embraced industrial policy, casting aside traditional free market views, as they seek to build U.S. manufacturing capacity to compete with Beijing.

Brian Deese, a longtime aide to President Biden who is advising Harris's campaign, is a vocal advocate of industrial policy.

The two presidential campaigns are detailing competing visions for the U.S. economy, aiming to gain an advantage on a central concern for voters. Trump, the Republican nominee, offered his economic prescriptions in a speech Tuesday in Savannah, Ga., vowing to implement large tariffs against China and slash the corporate tax rate. In a separate address Wednesday in North Carolina, he questioned Harris's commitment, given her time as Biden's No. 2.

Trump said his opponent was "supposedly announcing her so-called plans to support manufacturing and wealth creation—to which I have a very simple reply: Why hasn't she done it?"

Harris has sought to blunt Trump's advantage with voters on the economy ahead of the start of early voting in battleground states—and some polls have shown the former president's edge slipping. Her

speech aimed to draw contrasts with Trump, who presided over a strong economy before the Covid-19 pandemic and has put forward populist initiatives such as eliminating federal taxes on tips and overtime wages, along with tax cuts.

Harris and Trump are vying for support against the backdrop of a generally strong economy, as stocks have soared to records amid a relatively low U.S. unemployment rate of 4.2% and the Federal Reserve's decision to cut interest rates. But inflation remains a top concern for voters, creating anxiety among the electorate, and manufacturing job growth has been flat.

Harris said despite recent "positive steps" in the economy, "the cost of living in America is just too high."

At the same time, the two rivals have competed for support among working-class voters, with most labor unions backing Harris. But there has been a notable exception in the Teamsters, who announced last week they would remain neutral for the first time in decades and released polling data showing their rank-and-file members behind Trump.

As part of her trip to Pittsburgh, Harris sat for an interview with MSNBC's Stephanie Ruhle that aired Wednesday night. The vice president criticized Trump's economic agenda, while dodging ques-

tions on her own views on tariffs and the cap on state and local tax deductions.

"You don't just throw around the idea of just tariffs across the board, and that's part of the problem with Donald Trump," she said.

Harris again discussed in her afternoon speech her hopes for creating an "opportunity economy" by lowering costs, investing in American innovation and leading the world in industries of the future.

Harris has proposed several policy initiatives since claiming the party's nomination, including a plan to provide first-time home buyers \$25,000 to help with down payments and a \$6,000 tax credit for families with newborns.

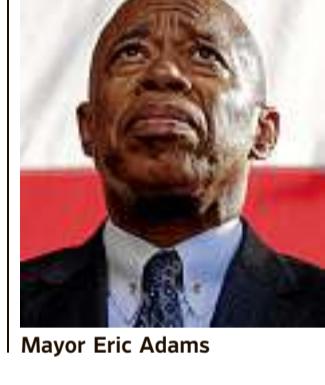
Ahead of her speech, Democrats described Trump's plans to increase tariffs on foreign countries as a tax on American workers that would create unintended consequences for the economy, citing his announcement this week that he would slap new tariffs on farm equipment maker Deere.

—Natalie Andrews  
and Alex Leary  
contributed to this article.

### Watch a Video

 Scan this code for a video of Harris laying out her vision for the economy.

Mayor Eric Adams



BRENDAN McDERMID/REUTERS

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## OpenAI To Become For-Profit

Continued from Page One

ucts for consumers and corporate clients and hired a slew of sales, strategy and finance staffers. Employees, including some who had been there from the early days, started to complain that the company was giving priority to shipping products over its original mission to build safe AI systems.

Some left for other companies or launched their own, including rival AI startup Anthropic. The exodus has been particularly pronounced this year. Before Mira Murati, the technology chief who exited Wednesday, OpenAI's co-founder and former chief scientist Ilya Sutskever, co-founder and former top researcher John Schulman, and former top researcher Jan Leike all resigned since May.

Co-founder and former president Greg Brockman recently took a leave of absence through the end of the year. Another co-founder and the company's first investor, Elon Musk, has sued OpenAI, claiming Altman and Brockman deceived him into believing the company was a nonprofit. Musk runs a rival company, xAI.

OpenAI has disputed Musk's version of events and his claims. Under the newly proposed



Mira Murati, OpenAI's chief technology officer, on Wednesday became the latest executive to resign.

changes, OpenAI would become a public-benefit corporation, meaning its mission is to create social good and operate in a sustainable manner, according to people with knowledge of the plans.

There would continue to be a nonprofit arm of OpenAI that would pursue charitable goals and own a stake in the for-profit company. It couldn't be determined what the nonprofit's separate mission will be.

Altman would also own a stake in the for-profit company, the knowledgeable people said. He hasn't previously owned a stake in OpenAI.

The transition could take years to complete.

A spokesman for OpenAI said, "We remain focused on building AI that benefits everyone, and as we've previously shared, we're working with our board to ensure that we're best positioned to succeed in our mission. The nonprofit is core

Murati wasn't the only OpenAI executive to resign Wednesday. Bob McGrew, chief research officer, and Barret Zoph, a vice president of research who worked on ChatGPT, are leaving as well.

Murati's departure will have the biggest impact. She was one of Altman's top deputies and handled much day-to-day management, according to current and former employees.

Many at OpenAI expected Murati would leave last year, after she played a significant role in the short-lived ouster of Altman as CEO. Murati had previously approached some of OpenAI's board members with concerns about Altman's leadership, according to people close to the company.

Murati was named interim CEO, but Altman returned to the job just a few days later, following pressure on the board by many of the company's employees and investors. Murati stayed on as CTO. She has said she also shared her feedback directly with Altman and didn't support the board of directors' decision to fire him.

In a statement on X, Murati said, "I'm stepping away because I want to create the time and space to do my own exploration."

In a note to employees Wednesday, Altman wrote that he would now spend more time on the technical and product parts of the company.

## New York Mayor Is Indicted

Continued from Page One

Manhattan declined to comment. The New York Times earlier reported the charges.

Adams, a Democrat, has been dogged by a series of probes involving his associates. Within the past several weeks, Adams's police commissioner, schools chancellor, health commissioner and chief counsel have all either resigned or announced their plans to step down. Federal agents earlier this month searched the homes of several top administration officials. Investigators last year seized Adams's electronic devices and searched the home of a fundraiser for his campaign.

One of the investigations has examined whether foreign money, including from Turkey, was funneled into Adams's campaign through illegal donations.

Adams, a former New York Police Department officer, took office in 2022 and has been gearing up for a re-election campaign in 2025, in which he faces primary challenges from several other Democrats. He ran as a centrist in 2021, pledging to tackle crime, citing a law-enforcement background of more than 20 years.

Since taking office, the mayor hasn't shied away from his ties to people with past run-ins with the law. He has proudly described his mentoring of a bishop with a rap sheet and openly partied with two convicted felons. His deputy mayor for public safety, Philip Banks, was an unindicted co-conspirator in a prior federal corruption probe.

Adams has defended those in his orbit, saying he is giving people second chances.

Given the cloud he is under, questions have been raised about whether Adams has any remaining ability to manage the city's needs. He has sought to play down such concerns.

Several officials called on Wednesday for the mayor to step down, including two of the mayor's Democratic challengers. If Adams quits, the city's public advocate, Jumaane Williams, would serve as acting mayor until an election is held.

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## WORLD NEWS

# China Test-Fires ICBM, Raising Tensions

**Long-range missile carrying dummy warhead landed in the Pacific Ocean**

BY CLARENCE LEONG  
AND AUSTIN RAMZY

SINGAPORE—China said it test-fired an intercontinental ballistic missile on Wednesday, a rare public acknowledgment that is likely to increase tensions with its neighbors.

The ICBM, which was carrying a dummy warhead, fell into “expected sea areas” in the Pacific Ocean, China’s Defense Ministry said, without specifying the exact location.

The ministry said the launch, which was carried out by the People’s Liberation Army Rocket Force, was part of routine annual training and “is not directed against any country or target.”

Navigational warnings indicated the missile was launched from Hainan island in southern China and landed in the South Pacific, analysts said.

China’s state-run Xinhua News Agency said Beijing had notified “relevant countries” ahead of the launch, though it didn’t say which nations.

Drew Thompson, a senior research fellow at the Lee Kuan Yew School of Public Policy in Singapore, wrote on X that the timing of China’s launch appeared to be motivated at least in part by geopolitical frictions with Japan, the Philippines and Taiwan.

“Timing is everything,” wrote Thompson, a former Pentagon official, who said separately that he believed it was Beijing’s first public acknowledgment of an ICBM test launch since 1982. “This launch is a powerful signal intended to intimidate everyone.”

China is developing its nu-



ICBMs were displayed at a 2019 military parade in Beijing.

clear arsenal, including expanding its stockpile of warheads, the Pentagon has said.

One likely motivation in that buildup is to limit the U.S.’s ability to intervene in any conflict over Taiwan.

Wednesday’s test could help provide data for modernization

efforts, and shows that China is “abandoning some of its previous restraint” when it comes to expanding its nuclear capabilities, said Henrik Stålhane Hiim, a professor at the Norwegian Institute for Defense Studies.

China’s modernization program has come under scrutiny

as its rocket forces have been at the center of one of the country’s most significant cases of military corruption in recent years. Last year, China purged its defense minister, Li Shangfu, who was formerly the director of a satellite-launch base and director of the military’s armaments department.

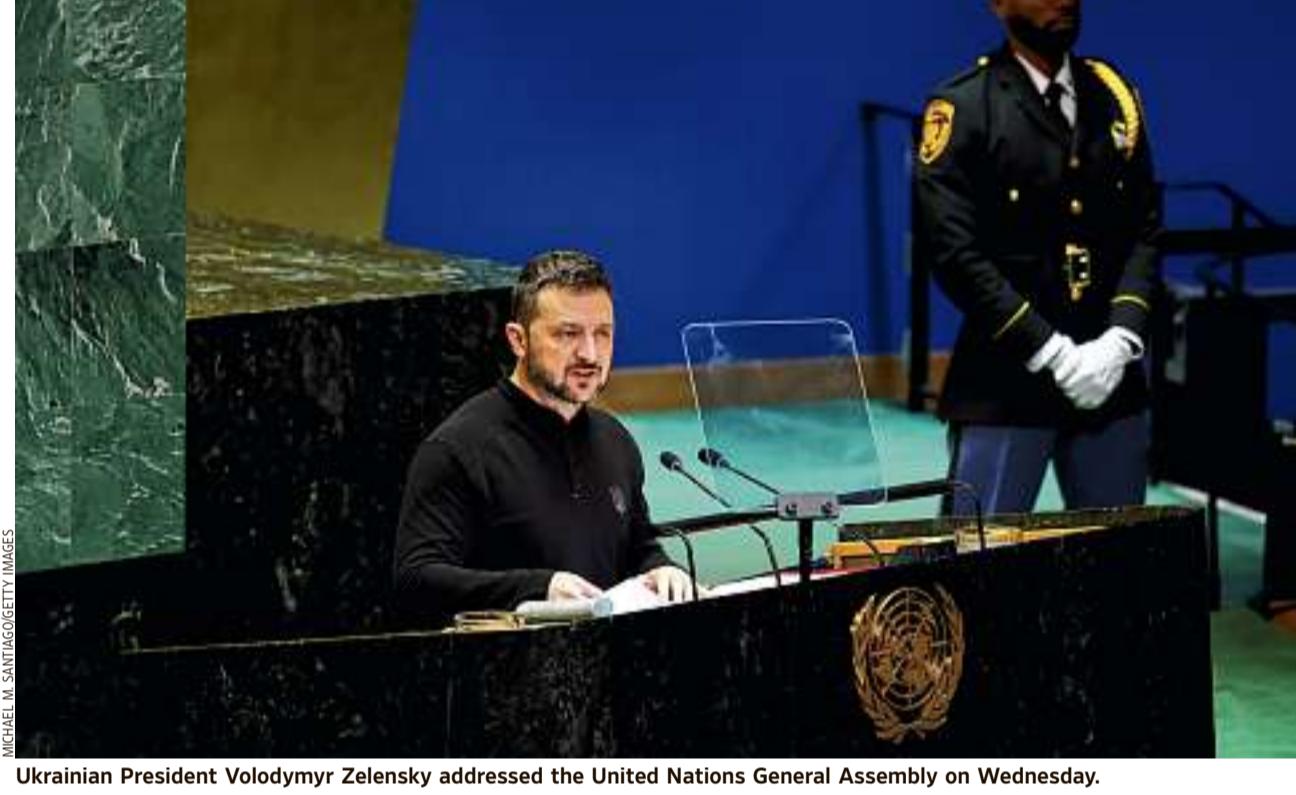
Beijing later removed nine senior officers from their roles in the legislature, including five who held positions in the PLA Rocket Force, which controls the military’s nuclear and conventional missiles. Li and Wei Fenghe, a former defense minister who previously was a commander of the PLA Rocket Force, were expelled from the Communist Party and their cases referred to prosecutors.

China is estimated to have about 500 nuclear warheads, while the U.S. has 5,044 and Russia 5,580, said the Federation of American Scientists in March. The Pentagon esti-

mates China will have a stockpile of 1,500 warheads by 2035.

Beijing has long feared encirclement by the U.S. and its allies, and China’s ICBM test launch comes amid growing concerns about U.S. missile systems being set up around its periphery. Several years ago, it failed to stop South Korea from installing a U.S. missile-defense system despite a pressure campaign aimed at Seoul. In the past few weeks, it has railed against a U.S. medium-range missile system that has been set up in the northern Philippines.

Separately on Wednesday, Taiwan’s Defense Ministry said it detected 23 Chinese military aircraft around the island, all but one of which crossed into the island’s air-defense identification zone. The region has been on edge as a Russian military reconnaissance plane entered Japan’s airspace Monday, prompting Japanese jet fighters to fire warning flares.



Ukrainian President Volodymyr Zelensky addressed the United Nations General Assembly on Wednesday.

## U.S. Has Doubts on Kyiv’s Plan

*Continued from Page One*  
selves at a crucial point in the war without a shared vision. The divisions between Kyiv and Washington also come amid disagreements among the U.S. and its allies about lifting restrictions on Ukraine’s ability to use long-range missiles inside Russian territory.

A centerpiece of the plan requires the U.S. to give Ukraine the green light to use the weapons as Kyiv sees fit, President Alexander Stubb of Finland said in an interview with The Wall Street Journal. Without that authority, he said, Ukraine’s proposals would ultimately be “less relevant” because Kyiv would struggle to respond to continued Russian assaults.

Biden, a Democrat, has for months refused to budge on Ukraine’s longstanding request to lift restrictions on U.S.- and U.K.-provided long-range missiles, which would allow its forces to strike military targets deep inside Russia. Biden has dug in his heels despite urging

by his British counterpart, as U.S. administration officials assert such weapons won’t prove a strategic-game changer and could possibly encourage President Vladimir Putin of Russia to escalate the war.

The U.S. position has faced stiff pushback from a number of European leaders who believe that, after 2½ years, Ukraine has earned the right to counter Russian forces without any hindrance. Speaking on

the sidelines of the United Nations General Assembly this week, some world leaders were visibly frustrated.

Prime Minister Mette Frederiksen of Denmark said Wednesday

that the conflict is at a “crossroads” and criticized the West for wasting time talking about “red lines” while Russia advances on the battlefield. “We need to ensure Ukraine can win this war,” she said, urging Western leaders to give Ukraine long-range weapons “with no restrictions” and to let Ukraine join NATO.

Foreign Minister Radoslaw Sikorski of Poland told the Journal he had pressed his U.S.

and British colleagues to let Ukraine use the long-range weapons as it wants, dismissing the idea that Putin would escalate in response.

“Are you telling me that Putin is not using—is not throwing—everything he has at Ukraine?” Sikorski said.

But Chancellor Olaf Scholz of Germany sided with Biden’s reluctance to allow free rein on the use of long-range missiles.

“Germany will not support lifting restrictions,” he said, shortly before sitting face-to-face with Zelensky on Tuesday.

In his speech at the U.N. on Wednesday, Zelensky warned about impenetrable

threats by Russia against his country’s energy infrastructure and nuclear plants, but he didn’t speak to any details of the peace plan or make requests related to weapons.

Behind the scenes, Zelensky has been putting forward a maximalist proposal in hopes the U.S. and its allies will give Kyiv everything it wants, U.S. and European officials said. But the current state of the Ukrainian framework has dispirited

Biden’s top aides, said U.S. officials, who in recent weeks traveled to Kyiv and were briefed on elements of the plan.

Ukraine’s plan broadly covers Ukraine’s needs on the battlefield, political overhauls inside the country, and the economy, a senior State Department official said Tuesday. But U.S. and European officials said the most developed part of the plan is the first phase—the requests related to weapons—while the rest of the key elements have fewer specifics.

Andriy Yermak, head of Ukraine’s presidential office, called the plan “very specific and clear,” but only went as far as to say “it contains both military and diplomatic parts and prospects of the further economic benefits.”

Concerns about Zelensky’s plan come as the war turns in Putin’s favor. Russia is closing in on the key logistics hub of Pokrovsk in Ukraine’s east and advancing in nearby cities.

Secretary of State Antony Blinken said Wednesday he had no doubt Ukraine could win the war. “The challenge now is to make sure that Ukraine can be a strong independent country that stands up militarily, economically, democratically,” he said on ABC News.

—James Marson contributed to this article.

### Ukraine and the U.S. are at a crucial point in the war without a shared vision.

wages are still higher.

In the U.S., the gap between food-price and wage inflation between the end of 2019 and the second quarter of this year was roughly four percentage points. But that gap was much wider in large European economies, and above 15 percentage points in Germany. In South Africa, it was above 20 points.

The recent fall in oil prices might help offset some of that dissatisfaction, and bolster a global fight to tame inflation that appears to be in its final stages. The OECD estimated that the 10% decline since July would knock half a percentage point off the global rate of inflation, if it were to be sustained. But it is far from certain that it would be. “If the conflict in the Middle East escalates, this will have an impact on energy prices,” Pereira said.

Should escalation be avoided, the OECD said further falls in oil prices could allow for a faster reduction in central-bank interest rates than it currently expects, and increase growth in countries that don’t produce oil.

With inflation rates set to fall further, the OECD said central banks should lower their key interest rates in a way that is “carefully judged” to ensure price rises continue to slow. It expects the Federal Reserve’s rate to fall by a further 1.5 percentage points by the end of 2025. The European Central Bank’s key rate is forecast to fall by 1.25 percentage points.

### SWEDEN

#### Central Bank Cuts Key Rate Again

The central bank cut its key interest rate for the third time this year and said borrowing costs will likely be lowered again soon as a faltering economy threatens to push inflation further below its target.

The Riksbank cut its key rate to 3.25% from 3.5%, in line with a poll of economists conducted by The Wall Street Journal ahead of the decision.

A half-point cut is possible at one of the remaining meetings this year and the central bank now expects one or two further rate cuts during the first half of 2025.

Together, these forecasts imply a relatively large shift of monetary policy, which will improve household finances and make it easier for companies to invest, it said. As recently as August, the bank had seen no need for larger half-point cuts.

—Dominic Chopping

### PERU

#### Pope Expels 10 for ‘Sadistic’ Abuses

Pope Francis made the unusual decision Wednesday to expel 10 people—a bishop, priests and laypeople—from a troubled Catholic movement in Peru after a Vatican investigation uncovered “sadistic” abuses of power, authority and spirituality.

The move against the leadership of the Sodalium Christianae Vitae, or Sodalium of Christian Life, followed Francis’ decision in August to expel the group’s founder, Luis Figari, after he was found to have sodomized his recruits.

The statement from the Vatican Embassy was astonishing because it listed the abuses uncovered by the Vatican investigation that have rarely been punished canonically with such measures, and cited the people held responsible.

—Associated Press

### UNITED KINGDOM

#### Labour Rejects Bid To Cut Heating Aid

Members of the governing Labour Party dealt Prime Minister Keir Starmer a blow on Wednesday, rejecting his decision to cut payments that offset winter heating costs for millions of retirees.

The vote on the final day of Labour’s annual conference isn’t binding, but it is a setback to Starmer’s efforts to unite his center-left party around the contentious measure.

Since winning office in July, Starmer has cautioned that the dire state of the public finances inherited from the prior Conservative government means he must make hard choices such as ending the winter fuel allowance, worth between 200 and 300 pounds (\$262 and \$393), for all but the poorest pensioners.

—Associated Press

### WORLD WATCH



POLL POSITION: Women waited in line to cast ballots in the second phase of assembly elections—the first in a decade—in the Budgam district of Indian-controlled Kashmir.

SANNA IRSHAD MATTO/REUTERS

## WORLD NEWS

# Netanyahu Resists Pleas to End Conflicts

World leaders at the U.N. are intensifying pressure on Israel to stop the war in Gaza

By SHAYNDI RAICE

International efforts to isolate and punish Israel for its conduct in Gaza and intensifying clashes with Hezbollah are nowhere more evident than at the United Nations, where world leaders are gathering this week for a General Assembly expected to feature more calls to end the conflict.

The annual meeting will mark the culmination of a nearly yearlong effort to stop the war in Gaza through condemnations, resolutions and legal cases brought before U.N. courts.

And yet, for all the effort, Israel has barely budged.

Israeli Prime Minister Benjamin Netanyahu—who is slated to speak to the General Assembly on Friday—consistently has refused to end the war to destroy Hamas, which led the assault on Oct. 7 that left 1,200 people, mostly civilians, killed and another 250 taken hostage. Efforts by the U.S. to negotiate a pause in the fighting in Gaza are all but dead. And a full-blown war between Israel and Hezbollah appears closer.

The failures of these efforts underscore the limitations of



Prime Minister Netanyahu gave a presentation this month at a Jerusalem news conference.

the U.N., where countries can easily vote for resolutions against Israel's government without severing diplomatic ties or imposing other consequences on the nation.

Israel's most vocal critics at the U.N. include Arab nations such as Jordan, which allowed its airspace to be used to shoot down a massive barrage of missiles and drones by Iran in April. The most reliable flights out of Israel after the state's own national airline is Emirates, the flagship carrier in the United Arab Emirates.

Discussions with Saudi Arabia over normalization with Israel that would include an end to the war have continued for most of the year.

"If you were to make the mistake of confusing the U.N. with the world, then Israel does look enormously isolated," said Richard Gowan, an expert on the U.N. for the International Crisis Group, a Brussels-based think tank. "People are using their U.N. appearances to criticize Israel but cover up the fact that they're not really taking any sort of actions that

would penalize Israel."

U.N. agencies and officials have been at the forefront of criticizing Israel for its war in Gaza, where more than 40,000 Palestinians have been killed, according to local health authorities, who don't specify how many were combatants. The international body has been among the most outspoken on the sweeping humanitarian crisis in Gaza by warning that limitations on aid were likely to cause a famine.

The impact has revived sympathy and support for the

Palestinian cause in the halls of the U.N., in some foreign capitals and on college campuses. Cases before the U.N.'s International Court of Justice and the International Criminal Court at The Hague also have amplified the concerns about the death toll in Gaza and Israel's settlement policies in the occupied West Bank.

The U.N.'s credibility as an honest broker, however, has been damaged after it emerged that some of the employees in the primary body for distributing aid in Gaza, the United Nations Relief and Works Agency,

might have played a role in the Oct. 7 attacks. And the ability of Israel's critics to use the U.N. to steer Israeli policy has been stymied, largely because of continued U.S. support for Israel.

Diana Buttu, a Palestinian human-rights lawyer who has worked on ICJ cases, said many countries are afraid to act against Israel because they want to stay on the good side of the U.S.

The U.S. has used its veto power at the Security Council to protect Israel. After several botched attempts, a U.S.-drafted cease-fire resolution passed in the Security Council in June that reflected the Biden administration's proposal for a three-stage deal that it said had been accepted by Israel.

Last week, the U.S. voted against a nonbinding U.N.

General Assembly resolution that Israel should follow an advisory opinion from the top U.N. legal body, the International Court of Justice, to withdraw its forces and evacuate settlers from the occupied West Bank. Only votes in the Security Council, in which the U.S. is one of five permanent members and has a veto, are binding on member-states.

"At the end of the day, as long as this remains the position of the most important permanent member nothing is going to change in the Security Council," said Nasser Al-Kidwa, a former Palestinian foreign minister, of the U.S.'s pro-Israel position.

The U.S. has larger ambitions for the Middle East beyond the Israeli-Palestinian conflict, said Michael Koplow, chief policy officer for the New York-based Israel Policy Forum think tank. Washington wants to see a coalition of its allies, including Israel and moderate Arab countries, form an alliance to serve as a counterweight to Iran, which will free it up to focus on adversaries like China and Russia.

"Israel falls squarely into the U.S.-led bloc," he said. "If you're the U.S., even if you're deeply unsettled about some of the things that Israel is doing in Gaza, you're not going to enact an arms embargo when you want to see Israel beat back those challenges."

# White House Presses for 21-Day Pause in Fighting

**WASHINGTON**—The Biden administration is urgently pressing for Israel and Hezbollah to pause their escalating aerial attacks into and from Lebanon for 21 days, hoping to head off a full-scale ground war that appears increasingly likely, according to U.S. officials.

By Lara Seligman,  
Nancy A. Youssef  
and Alexander Ward

Despite a growing Israeli buildup along its northern border, U.S. officials think Prime Minister Benjamin Netanyahu's government doesn't want a wider war and is looking for a diplomatic resolution and that Hezbollah wants breathing room after Israel decimated its leadership and degraded its weapons arsenal in recent weeks.

The U.S. and France in a joint statement called for a 21-day pause in the fighting on Israel's northern border. Senior Biden administration officials told reporters Wednesday night that now was the right time to call for a ceasefire, hinting strongly that Hezbollah and Israel would eventually agree to the proposed deal, though they have yet to confirm their acceptance.

Secretary of State Antony Blinken first discussed the possibility of this proposal with his French counterpart on Monday, a U.S. official said. He spent the next two days on the margins of the U.N. General Assembly shuttling between



A man stands on the rubble of a building in a southern Lebanese village that was destroyed in an Israeli airstrike on Tuesday.

European and Arab partners on the text, the official continued, including getting agreements from the leaders of Qatar and Saudi Arabia.

Blinken and Amos Hochstein, the White House envoy tasked with brokering a peace between Hezbollah and Israel, discussed the idea with Lebanese Prime Minister Najib Mikati throughout the week.

"We were able to generate significant support from Europe as well as the Arab nations...it's important the war does not widen," President Biden told reporters Wednesday night.

Two senior administration officials insisted that a ceasefire between Israel and Hezbollah could provide necessary diplomatic space for Israel and Hamas to agree to their

own pause, a deal that has eluded the Biden administration for months.

Arab officials said that the U.S. plan envisions a halt in attacks by Hezbollah and Hamas in Gaza, in hopes that a halt in fighting there would ease the pressure on Hezbollah to keep up its rocket attacks on northern Israel, the Arab officials said.

But the window of opportunity to prevent a war is closing, U.S. officials acknowledged.

Hezbollah's leadership has vowed not to stop its attacks across the border until Israel halts its campaign in Gaza.

Israel's military pressure on Hezbollah is aimed at getting it to pull back to the Litani River, 18 miles from the border, and to accept a cease-fire. The recent Israeli attacks have dealt significant damage to the group's senior leadership, its elite Radwan forces, and its missile and rocket capabilities, according to a person familiar with the discussions.

Hezbollah is also under pressure from Lebanese civilians, "who don't want their country to be destroyed like Gaza," the person said.

"Israel has consistently stated that it will give a diplomatic solution a chance, and this remains the case," an Israeli official said Wednesday.

Arab negotiators and even some U.S. officials aren't optimistic, noting similar failed efforts to reach a cease-fire deal between Israel and Gaza.

On Wednesday, Israel called up at least two reserve brigades for the north, and the commander of its forces in the north warned of a potential ground invasion of Lebanon. Hezbollah launched more rockets into Israel, along with a ballistic missile aimed at Tel Aviv that was intercepted, its deepest attempted strike yet.

—Warren P. Strobel  
and Summer Said  
contributed to this article.



Israel intercepted Hezbollah's missile-strike attempt fired from southern Lebanon on Wednesday.

of intention to escalate to full-scale war," said Lina Khatib, an associate fellow at Chatham House, an international-affairs institute in London.

To intercept the missile, Israel's military said it used its David's Sling air-defense system, which covers more range and can intercept larger projectiles than the Iron Dome, the system that has more often been used to shoot down smaller rockets launched by Hamas in Gaza. Tel Aviv is less than 100 miles from Israel's border with Lebanon.

The Israeli military said Wednesday morning that it struck the launcher, in Lebanon's south, that was used to fire toward Tel Aviv.

The military said it has been targeting Hezbollah military infrastructure and buildings it

said housed weapons throughout the week, while warning Lebanese residents to avoid buildings connected to the militant group. The strikes on Wednesday killed at least 22 people and wounded about 100 more, according to the Lebanese health ministry, which doesn't distinguish between civilians and combatants. Hezbollah said four of its fighters were killed Wednesday.

Hezbollah has been firing

rockets at northern Israel since Oct. 8, in what it said is solidarity with Palestinians in the Gaza Strip, and has said that it will stop when a ceasefire is reached in the enclave, where tens of thousands of Palestinians have been killed.

Israel launched its war against Hamas in Gaza after the Hamas-led Oct. 7 attacks in southern Israel, which left approximately 1,200 people dead and saw around 250 taken

hostage, according to Israel.

Israel's military said Tuesday that an airstrike killed Hezbollah's top missile commander, Ibrahim Muhammad Qabisi, and two other missile commanders in the southern Beirut suburb of Dahiyyeh. Hezbollah, a U.S.-designated terrorist group, confirmed Qabisi's death.

The strike was another blow to Hezbollah, already reeling from the loss on Fri-

day of its top military commander and elite Radwan command and the pager attacks that wounded many among its rank-and-file.

Roads were jammed as people fled southern Lebanon on Tuesday, according to people who arrived later in Beirut and other areas in central Lebanon, after the Israeli military launched the air campaign at sunrise Monday. Airlines canceled flights to and from Bei-

rut's international airport. Many people who fled the south said the intensity of Monday's bombing caught them by surprise, leaving them to jump into their cars and rush north without packing food, clothes or medicine.

After harrowing drives of up to 22 hours, families packed into hotels, relatives' homes and schools converted into shelters. Aid groups are struggling to meet basic needs in a country that is already suffering from a crippling economic crisis and political deadlock.

Israel has raised the intensity of its military operations against Hezbollah over the past week to persuade the militia to stop firing on Israel's north, which would allow tens of thousands of displaced residents to return to their homes.

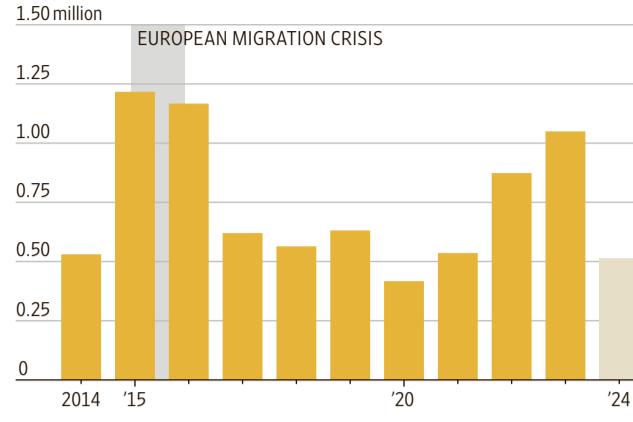
—Carrie Keller-Lynn,  
Adam Chamseddine,  
Summer Said,  
Nancy A. Youssef  
and Alexander Ward  
contributed to this article.

**Watch a Video**

Scan this code to watch a video of Israel intercepting a Hezbollah missile.

## WORLD NEWS

First-time applications for asylum in the EU

Note: 2024 data as of July 30  
Sources: Eurostat; European Union Agency for Asylum (2024)

# Europe Tries To Stem Rush Of Migrants

Governments take new steps to restrict asylum claims, as far-right parties rise

BY TOM FAIRLESS  
AND LAURENCE NORMAN

**BERLIN**—Governments across Europe are raising new barriers to immigrants, aiming to curb near-record inflows of people from poor countries that are triggering a surge in support for nationalist populist parties.

The biggest swing in sentiment has been in Germany, long a proponent of generous policies toward refugees. Pressure has been building in recent years as the nation absorbed millions of immigrants, weighing on the welfare system and municipal services. Migration was a key theme in Sunday's closely watched regional election in Branden-

burg, where the governing Social Democrats narrowly beat the far-right Alternative for Germany party, or AfD.

Last week, the coalition government in Berlin reintroduced limited border checks to all neighboring countries, after a knife attack in late August by a failed asylum seeker killed three people in the city of Solingen during a festival to celebrate its 650th anniversary.

The attacker was a 26-year-old Syrian with links to Islamic State who had evaded deportation for more than a year after losing his asylum case.

Days after that attack, the AfD recorded its first-ever state-election win, in Thuringia, and placed second in Saxony.

Since the pandemic ended, governments across the Continent have struggled to cope with rising numbers of asylum seekers and are grasping for ways to stem the flow, from curbing taxpayer-funded benefits to asylum seekers to strik-

ing deals with non-EU countries to temporarily or permanently house would-be refugees.

Europe's shift echoes recent moves by the Biden administration to contain a record surge in arrivals at the U.S. southern border, fueled mostly by people claiming asylum.

Last year, a near-record 1.14 million people filed asylum claims in Europe, the highest number since the height of the 2015 migration crisis in Europe, when more than a million Syrians fleeing that country's war entered the bloc. Claims are expected to again top one million this year, with 513,000 claims made in the first half of 2024, according to the European Union Agency for Asylum.

Those figures don't include more than four million Ukrainian refugees who have received temporary protection in the EU since the war began.

The border checks by countries such as Germany—which gives border officials authority

to carry out random checks on vehicles, trains or buses—raise questions over the future of one of the most unique features of the EU since the 1980s: the freedom to travel freely across the passport-free Schengen zone.

Anti-immigration parties already govern in Italy and Hungary, support the government in Sweden and are part of governing coalitions in the Netherlands and Finland. Some polls indicate Austria's Freedom Party could come first in the country's September election. Last week, the right-wing Dutch government formally asked Brussels for an exemption from the bloc's asylum rules.

Fifteen European governments signed a letter this year to the EU's governing body de-

manding the union impose stricter conditions on migration and "think outside the box" on the issue.

Rights groups have criticized some of the measures. Amnesty International estimated that 2,600 mostly male asylum seek-

ers ended up sleeping on the streets or makeshift tents in Belgium last winter. Groups also say the EU's migration pact with Tunisia, intended to curb the number of migrants arriving in Italy

by sea, has led to abuses by Tunisian authorities seeking to expel asylum seekers to neighboring countries. Officials have denied the claims.

The stream of new arrivals in the region adds to worries about safety and security in Europe amid weak economic

growth, chronic housing shortages and Russia's war in Ukraine, said Bernd Parusel, a senior researcher with the Swedish Institute for European Policy Studies in Stockholm.

European politicians are also struggling to balance demand for younger workers in an aging Continent against concerns that some asylum seekers struggle to integrate into Europe's highly skilled labor market and end up weighing on its generous welfare states.

As new arrivals climb, a debate is deepening about the economic impact of migration. Some economists say immigrants can fill gaps in the labor market and boost economic growth.

However, some recent research has amplified concerns about the costs of lower-skilled migrants, saying they tend to weigh on the welfare state and could hurt productivity growth by slowing the adoption of machines and robots.



A German police officer flags down a car while controlling traffic flow from Poland across the 'Bridge of Europe' near Frankfurt.

JOHN MACDOUGALL/AGENCE FRANCE PRESSE/GETTY IMAGES

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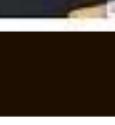
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## WORLD NEWS

# U.S. Prioritizes Supply Lines To Stem a Pacific Vulnerability

By MIKE CHERNEY

**MOUNT BUNDEY TRAINING AREA**, Australia—In the remote Australian Outback, U.S. Marines carried supplies off two tilt-rotor Osprey aircraft that had just touched down. Soon after, they hauled giant fuel bladders into position and began connecting hoses and nozzles in the blazing sun.

Their aim in the training exercise: Quickly set up what is essentially a portable gas station close to the front lines so aircraft can refuel and re-arm without returning to larger bases in the rear.

"The hardest thing is just the amount of equipment that's required," said Staff Sgt. Gabriel Castillo, who was overseeing the setup. "There's a lot of moving parts that go into this."

The U.S. military, including the Marines, is shifting its

strategy and expanding its footprint in the Pacific to deter Beijing from launching military action to take over Taiwan—and to prepare to fight if needed.

But one of the most important, and at times overlooked, challenges the military is facing is how to get fuel, ammunition and other equipment to frontline units on remote islands or sea lanes far from main U.S. bases, and protecting those supply lines from Chinese attack.

"We've got a problem with contested logistics," Gen. James Rainey, who oversees the U.S. Army command for modernization efforts, said at a recent think-tank event.

The U.S. is rethinking its military logistics as new threats have emerged around the world. In the Ukraine war, for example, drones are detecting logistics points quickly and many are being destroyed in less than 24

hours, according to one analysis from U.S. Army officers. The Yemen-based Houthis are using missiles and drones to target international shipping, showing how a relatively small force can use modern equipment to harass supply lines.

The logistics challenge is particularly acute in the Pacific. Beijing has invested in aircraft, ships, submarines and long-range precision missiles that can strike U.S. bases, runways and convoys. China's cyber capabilities are also a threat.

"The U.S. military is having to consider the real possibility that logistical support systems would be challenged [or] interdicted in ways that no one has been able to threaten since the collapse of the Soviet Union," said Dakota Wood, a retired Marine lieutenant colonel and former senior research fellow at the

Heritage Foundation who is now chief executive at consulting firm Hot Gates.

The Pacific's island geography means the U.S. would need to move front-line units and equipment around by sea or air. U.S. plans to spread out its forces in small and mobile groups make them trickier for China to hit, but also add to the challenge of keeping the troops supplied across a vast area.

A bill introduced by Sens. Mark Kelly (D, Ariz.) and Mitt Romney (R, Utah) would require the Pentagon to put together a report on logistics capabilities in the Indo-Pacific and identify additional resources that are needed.

U.S. military officials say they are taking action. The U.S. has sought access to more bases, wants to pre-position supplies in key locations, and plans to work more closely with

Select military installations in and around the Indo-Pacific region



Note: As of June 2023  
Source: Defense Department via Congressional Research Service

allies to repair equipment. Airfields across the region are being upgraded. Last year, Washington gained access to four more bases in the Philippines.

Not everything went smoothly in the training exercise in Australia. An Osprey flew over the empty fuel bladders, creating a risk that they could get lifted into the air. At one point, fuel squirted out from the refueling setup because of a valve problem. But the issues were soon ad-

dressed.

"There's so many connections in all of this gear," Staff Sgt. Castillo said. "These guys are doing a fantastic job in troubleshooting what's wrong and fixing it on the spot."

## Watch a Video

Scan this code to see how the U.S. is turning Australia into a strategic hub.

## FROM PAGE ONE

### Sotheby's Struggles Amid Debt

*Continued from Page One*  
pressed worries about whether the company would be able to keep paying employees on time, according to a person familiar with the discussion.

Drahi has at the same time been under pressure to slash the crushing debt of roughly \$60 billion at Altice. The conglomerate's French arm is now going through restructuring talks with creditors, with the U.S. arm expected to enter restructuring talks later. Some Wall Street analysts had hoped Drahi might sell part of Sotheby's to help bolster Altice.

Sotheby's itself carries \$1.8 billion in debt, almost double the level it had before the Franco-Israeli billionaire purchased it in 2019. The value of its bonds swooned in the first half of the year as investors worried low sales and higher interest rates would choke off the company's cash flow.

The auction house received a lifeline with a \$1 billion deal to sell a stake to Abu Dhabi sovereign-wealth fund ADQ, announced Aug. 9 but not expected to close until later this year. At the time, Drahi said he would contribute an undisclosed amount as part of the deal.

As it awaits the funds, Sotheby's is toeing a high-wire act with an uncertain outcome.

Charles Stewart, Sotheby's chief executive, dismissed fears about Sotheby's financial standing as overblown, and the company disputed the meeting with higher-ranking executives occurred. Stewart said the company's bonds, which have rebounded in price since the ADQ rescue was announced, are proof that Sotheby's has smoothed over any worries. He said the ADQ investment will position the house for growth moving forward. "It's a massive credit positive," he said.

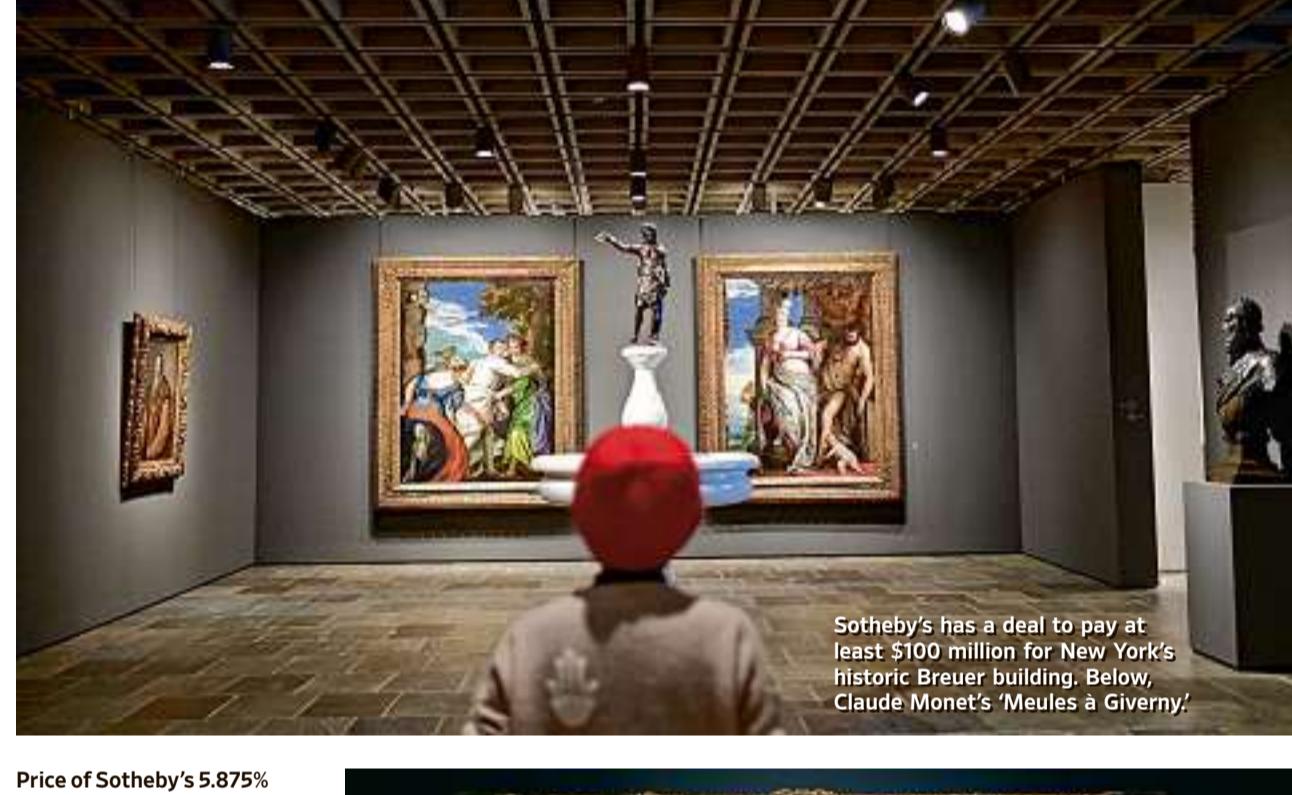
A Sotheby's spokeswoman said: "Under Mr. Drahi's ownership, Sotheby's is significantly larger, more diversified, and more profitable than ever before. During this period, we have invested hundreds of millions to enhance our facilities, technology and expand our offerings to clients."

ADQ declined to comment.

The crisis at Sotheby's comes at a time when the entire art market is reeling. Over the past year, collectors who see art as a financial asset have winced as higher interest rates and inflation made it more expensive to trade. Contemporary art buyers have also suffered sticker shock after years of paying ever-higher prices for emerging artists—who may never pay off. Some smaller galleries, who rely on collectors to vouch for unknown artists, have shuttered, while dealers have reported lackluster sales at art fairs.

Those factors have hurt collectors' confidence. "I don't feel like there's a bunch of collectors waiting out there to save the day this time," said Dallas collector Howard Rachofsky.

Drahi, 61 years old, is famous for taking on a mountain of debt to build telecommunications



ness days of a sale, and then paid sellers five days later. Sotheby's changed its contracts to allow it to pay sellers 15 days later, according to sellers familiar with the house's contracts.

Sotheby's said its processing deadlines have been in place for many years to allow the company to adequately process payments.

When the pandemic hit, Drahi and his management team reoriented the company to sell art online, a pivot Sotheby's is credited with embracing faster than its rivals.

## Fewer staff

Sotheby's also started laying off staff, and continued to do so after the pandemic. When fairs and museum openings and biennials got under way again, advisers noticed fewer Sotheby's staffers turned up.

Stewart confirmed the pandemic-related staff cuts "like many other companies" and winnowed travel were meant to make the company more efficient, though he said it remains "mission critical" to put its top specialists in front of collectors.

Drahi needed Sotheby's key dealmakers to remain in place. High-end art deals at auction houses are wrangled primarily by a handful of executives and specialists able to cultivate an air-kiss closeness with collectors. They also must be able to discern a fake Picasso from a real one, and price it to sell well in good markets and bad.

In 2021, Drahi revised the incentive pay program. In exchange for accepting a pay cut of up to 20%, employees were told they could expect a cash payout in three years based on the company's performance and representing up to half of their total compensation.

Some powerful executives still left, dealing a blow to the auction house. Patti Wong, Sotheby's former international chairman for Asia, now works as a private adviser, and Brooke Lampley, its former global chairman of fine art, is now a senior director at the blue-chip gallery Gagosian.

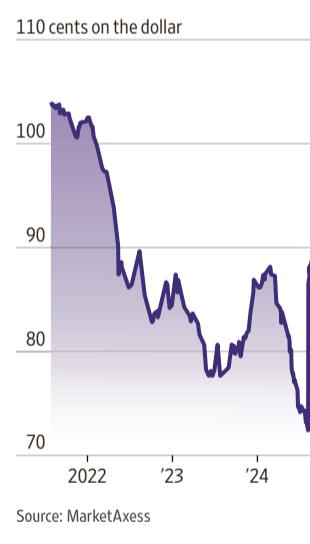
When the delayed payout came due, staff were told it needed to be postponed. Enrollees were issued promissory notes this spring, according to several former and current specialists. Specialists said they are hoping to get paid with a portion of the Abu Dhabi funds.

The company disputed the description of the program but declined to give further details.

In February, Sotheby's shocked the art world when it restructured its fees. Both Sotheby's and Christie's, in efforts to bring in sellers, often waived fees. They even shared with sellers increasingly fatter slices of the fees they charge buyers—which can add up to roughly 27% to a work's winning price.

At the same time, buyers have bristled over the fees they pay. Sotheby's new fee plan, which went live in late May, now charges buyers a flat 20% for anything it sells for \$6 million or less, and 10% for anything it sells for more. For sellers, Sotheby's charges a fee of 10% on the first \$500,000 of anything it sells for \$5 million or less. Terms for larger deals continue to be negotiated.

Stewart said the goal is to create a system that is "simpler and fairer."



empire Altice, which operates in the U.S. and Europe. He borrowed from Wall Street when interest rates were low, but now that rates have risen sharply, he has started selling off chunks of his companies to lower his debt.

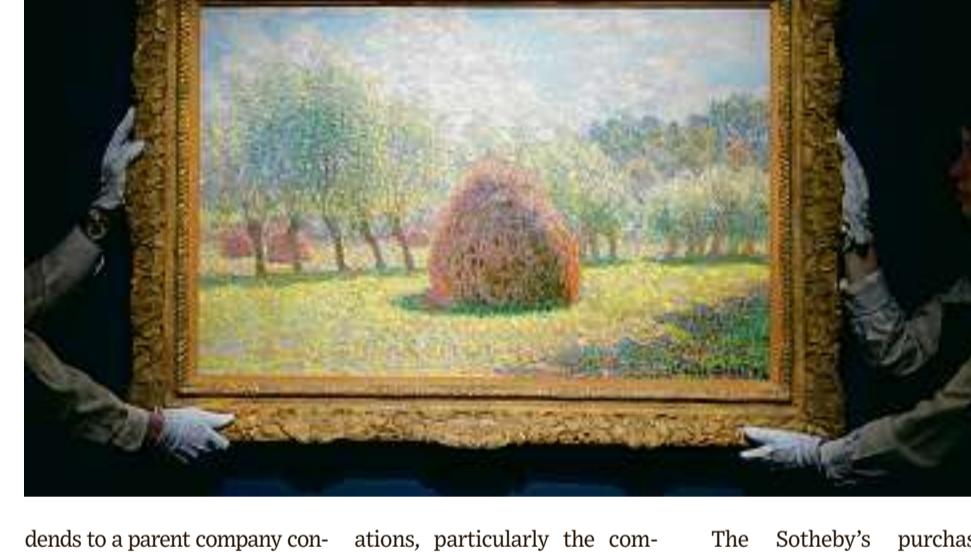
## Lavish spending

Drahi used a similar high-debt strategy to buy Sotheby's in 2019 for \$2.7 billion. Drahi issued \$1.1 billion in new bonds and loans to finance the deal, and separately also assumed some portion of Sotheby's existing \$1 billion debt.

He has since spent lavishly, including signing a deal to pay at least \$100 million for New York's Breuer building, a Madison Avenue showpiece once home to the Whitney Museum of American Art and temporarily used by both the Metropolitan Museum of Art and Frick Collection. The company is planning to move in at the end of next year and to lease out part of its current glassy headquarters closer to the East River in Manhattan. Sotheby's has spent tens of millions more to renovate new luxury-retail-style spaces in Paris and Hong Kong.

Drahi expanded Sotheby's ability to auction multimillion-dollar homes by buying a chunk of real-estate seller Concierge, and added RM Sotheby's, which sells high-end cars.

At the same time, the owner has pulled funds out of the company via dividends. In total since the purchase, Sotheby's has paid out \$1.2 billion of divi-



FROM TOP: ANGELA WEISS/AF/GETTY; TIMOTHY A CLARY/GETTY

dends to a parent company controlled by Drahi, according to New Street Research.

The ballooning debt didn't draw much attention during flush years when newly wealthy collectors from China, Russia, the Middle East and the world of cryptocurrency were clamoring after Sotheby's offerings.

That changed when the market cooled. Sotheby's told its bondholders the auction portion of the business had a loss of \$115 million in the first half of the year, compared to a \$3 million profit in the first half of 2023, according to a copy of Sotheby's unaudited financials reviewed by The Wall Street Journal.

Rival Christie's, owned by luxury magnate François Pinault, has also taken a hit, with its auction sales dropping nearly a quarter during the first half of the year.

Sotheby's adjusted operating free cash flow fell to \$144 million in the 12 months ended June 30, 43% down from the period last year, according to data from New Street Research.

Credit rating firm Moody's Investors Service in February knocked down the ratings for Sotheby's bonds to B3, one of its lowest categories of junk debt, specifically citing the dividends paid out. "The downgrade also reflects governance consider-

ations, particularly the company's decision to continue dividend payments out of its credit group in 2023 despite its operating performance deterioration," Moody's said in its decision. S&P downgraded the debt into deep junk territory in June.

Stewart said the company's credit rating has been lower since the Drahi purchase. He said its updates to bondholders revolve around its auction performance only and don't include fees from the company's real-estate holdings or financial-services arm, which Stewart said remain in the black. He declined to divulge the company's full financial figures.

Stewart also said the dividends remain in the Sotheby's ecosystem and aren't being redirected to shore up Drahi or his other businesses.

Drahi, a self-made billionaire, was born in Morocco, educated in France and has homes in Switzerland and Israel. He was familiar to Sotheby's staffers in their Tel Aviv office but wasn't widely known in art circles.

At the time, he was a traditional collector of 19th- and 20th-century artists rather than trendier, contemporary ones, owning pieces by Pablo Picasso, Henri Matisse and Marc Chagall. But he didn't sit on major museum boards or pop up regularly on the art-fair circuit.

Soon after the sale, a network of smaller companies that auction houses typically enlist to conserve, frame, crate and ship its art around the world said they got word that the house would be lengthening its pay schedules, from a typical month to two or more. One conservator said payments started to arrive six months after a job was completed.

Sotheby's also started paying sellers more slowly. In the past, both Sotheby's and Christie's asked winning bidders to pay for their pieces within 30 busi-

ness days of a sale, and then paid sellers five days later. Sotheby's changed its contracts to allow it to pay sellers 15 days later, according to sellers familiar with the house's contracts.

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# PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Thursday, September 26, 2024 | A11



## I Flew in the Most Expensive Seats on the Cheapest Airlines

Budget carriers Frontier and Spirit are adding frills to woo upscale travelers


**CARRY ON**  
DAWN GILBERTSON

The passenger in front of me on a **Spirit Airlines** flight to Las Vegas last week wasn't sure he'd heard right. "It's unlimited drinks!?" he asked. The guy behind him ordered a Jack and Coke. The flight attendant asked if he wanted a double.

So it goes for the comparatively big spenders in the new premium class, aka Big Front Seats, on Spirit, a budget carrier that normally charges passengers for coffee, soft drinks and snacks. I did a double take myself when the flight attendant popped by for drink orders. The complimentary beverages arrived soon after takeoff.

Spirit and rival Frontier, long famous for cheap tickets and fees for everything, are adding frills in a push to woo more upscale travelers and boost revenue. The airlines hope existing passengers upgrade and those of you in the never-discount-airline camp give them a try.

I tried the priciest new options on six Spirit and Frontier flights last week, paying \$80 to nearly \$200 extra a pop, to see how they stack up. (Spoiler alert: One even gives those economy-plus cabins on Delta, American or United a run for their money.)

The journey was far from luxurious. Spirit and Frontier don't offer in-seat power, seat-back screens, or even seats that recline. Only Spirit has Wi-Fi. Frontier still charges for drinks and snacks, no matter your ticket type.

And paying more won't save you from the airlines' reliability issues. Frontier ranks last in on-time performance year-to-date through June, Spirit eighth of 10, according to the Transportation Department.

But there's definitely value—unless all you want is a dirt-cheap ticket.

### Frontier blocks seat

Remember when airlines blocked middle seats during the height of



▲ Frontier's new Business Bundle ticket includes an extra-legroom seat in the front of the plane, with the middle seat blocked.



▲ Spirit Airlines' Go Big option includes comfier seats in the first two rows, a free checked bag and unlimited snacks and drinks.

the pandemic? **Frontier Airlines** has brought the practice back—for a price.

The new Business Bundle, which I purchased on two of my three Frontier flights, includes an aisle or window seat in the first two rows of the plane, with extra legroom and an empty middle seat. They have slightly more padding than seats farther back.

Business Bundlers board first

and have dedicated bin space above the seat. The Frontier flight attendants were good about guarding it, keeping the bins in those areas closed. The big airlines' extra-legroom sections promise dedicated overhead space, but don't always police their bins.

I paid \$129 to upgrade my one-way Phoenix-Denver-Orlando flight, on top of the \$234 ticket price. Beyond the roomy seats and

associated perks, this allowed a free carry-on bag and two free checked bags.

That \$363 was way cheaper than last-minute options in regular economy seats at the time on Delta (\$464), American (\$656) and Southwest (\$688), with Southwest the only one offering checked bags at its price.

Would I buy a Business Bundle again? Yes, but only if I checked bags and the price gap was big enough.

Frontier's cheaper premium bundle includes a carry-on bag and extra legroom, but no blocked middle seat. For my last Frontier flight, a 45-minute Vegas-to-Phoenix hop, I chose economy, the cheapest bundle, for \$59 extra, which came with a regular seat and carry-on bag.

### Spirit goes Big

Other than its empty-middle-seat option, Frontier's premium offerings are a repackaging of previous upgrades, displayed more clearly for passengers to avoid sticker shock at checkout. Spirit Airlines went further in its pitch for bigger-spending vacationers, and it shows.

The airline has turned its biggest in-flight draw, the first-class-like Big Front Seat, into the centerpiece of a new ticket option called Go Big. It's the most expensive of its four new options and worth every penny, if my trip is any gauge.

I paid an extra \$190 to Go Big on my one-way ticket from Fort Lauderdale to Las Vegas, pushing the total ticket price to \$283—cheaper than a standard economy ticket on JetBlue and others.

Go Big passengers get more than an oversize aisle or window seat in the plane's first two rows. The ticket includes one free checked bag, early boarding, one carry-on bag with dedicated bin space, in-flight Wi-Fi and those unlimited snacks and drinks, including alcohol.

Attendants on both legs of my Florida-to-Vegas trip welcomed Big Front Seat passengers in their announcements and walked through after takeoff with a basket of snacks including Popchips and Blue Diamond almonds, just like Delta does in its premium Comfort Plus section. And you don't get free alcohol on domestic United Economy Plus flights.

Not everyone loves the upgrade options. Carolyn Burke and her husband, Tom, didn't sit together on a Fort Lauderdale-to-Dallas flight last week because it cost too much for the Florida couple to buy two Go Big tickets. He needs the space of the Big Front Seat. You can only get one in a Go Big package or at the gate if any remain unsold, and upgrades weren't available at the gate.

"I don't like it," she said. "Before they went to the Go Big and Go Comfy and all that, we could buy those seats and they were reasonable. You didn't get the free alcohol and that, which we really don't care about."

FROM TOP: GREG CLARKE; DAWN GILBERTSON/WJS (2)

By JACOB PASSY

## Airports Equipped to Detect Risky Devices

methods to screen for and detect explosives, even trace amounts, as well as other dangerous threats."

### Could TSA ban pagers?

There is precedent for the TSA putting restrictions on electronic devices on planes.

The agency continues to restrict travelers from packing lithium batteries, such as those found in portable chargers and many electronic devices such as laptops, in checked luggage for instance.

Security authorities wouldn't ban devices from planes altogether unless there was specific intelligence indicating a threat, Price said, a view echoed by other aviation-security professionals.

"If one is found, you'll see a nationwide crackdown on electronics," Price said.

How long potential changes in procedure would be kept in place would depend on intelligence as to whether any bad actors are planning future attacks on passenger aircraft involving devices such as the pagers, aviation-security consultants said.

Some policies, such as limits on



liquids in carry-on baggage, have remained in place for decades.

In other cases, attempted terrorist attacks have prompted short-term increases to security at airports.

After a terrorist attempted to detonate a bomb concealed in his underwear on a trans-Atlantic flight in 2009, more extensive security procedures including full-body pat-downs were implemented for a period for travelers who had recently been to or held passports from certain countries.

TSA has the flexibility to modify security procedures, protocols and technologies at any time to meet evolving threats," said Keith Jeffries, vice president of the Security Screening Group at K2 Consulting, a company that provides expertise in the planning and management of airport passenger and checked baggage security screening systems.

### What risk do devices pose?

Electronics have been linked to past aviation disasters. A cassette

recorder is thought to have been used in the bombing of a Pan Am flight over Lockerbie, Scotland, in the 1980s that killed more than 200 people, based on investigators' findings following the crash.

"It's likely extremists have thought of this before," said Tom Mockaitis, a professor at DePaul University whose research focuses on violent extremism and terrorism.

### Will screenings change?

Airport-security checkpoints already ask travelers to remove large electronic items from their bags to be screened separately, although new airport scanners allow passengers to keep their devices inside their carry-on bags.

Once electronics are removed from the bags, scanners should be able to detect whether there is any explosive material in the device.

Should a device make it through security, it isn't clear whether one of the pagers could have detonated if brought onboard a plane, said Price and Sheldon H. Jacobson, a professor of computer science at the University of Illinois at Urbana-Champaign who has studied aviation security.

"The critical factor is making sure that they do not get onto an airplane," Jacobson said.

## PERSONAL JOURNAL.



TURNING POINTS

CLARE ANSBERRY

**S**taying in your own home as you get older can strain finances and family members. Preparing can lessen the burden of aging in place.

About 77% of older adults want to age in their current home. Doing so requires an objective assessment of the home, honest discussions with family, and a realistic financial plan. Delaying preparation—or not preparing at all—makes the difficult task of aging at home even harder.

Almost nine out of 10 Americans 65 and older lived in their own home in 2021, according to Harvard University's Joint Center for Housing Studies. Often those homes have stairs and narrow doorways, and need modifications. As people age, they may need help from adult kids or require paid in-home care, which can be more expensive than people think and generally isn't covered by Medicare.

"You have to consider the variables when you grow older," including a home's size and safety, says Ken Dychtwald, 74 years old, co-founder and chief executive of Age Wave, a California-based consulting firm specializing in aging-related issues. "We think about child-proofing a home. How do you age-proof a home?"

**Let's talk**

Only about half of adults 65 and older say they have had serious conversations with loved ones about future needs—who will help take care of them and how they will pay for it—according to a recent survey by KFF, a health-research nonprofit.

"Frank discussions with kids can be unnerving," says Dychtwald. "We talk about vacations and hopes and dreams for their lives. We need to have the same discussion about what to do when we get older." If parents aren't forthcoming, adult kids need to be upfront about what they can and can't do.

Ronna Lichtenberg, 73, told



◀ 'Have conversations early and be honest,' says Ronna Lichtenberg.

her adult step-children that she and her husband were financially stable but handling their own expenses meant less wealth to pass on.

"That money will go to take care of us. If you want an inheritance, speak up now," she recalls saying. None did. "I just forced the conversations once I realized how hard they are," says Lichtenberg, owner of the social-media platform Granny Ronna.

A certified financial planner, Danielle Miura, 29, raised the sub-

ject while visiting her parents and discovered they have different visions. Her mom, she says, likes socializing and the idea of a 55-plus community, and her dad likes his privacy. "I'm an only child. I want to start asking these questions," says Miura, of Ripon, Calif.

**Where the steps are**

Less than half of adults ages 65 to 79 lived in single-floor homes with a no-step entry, according to a 2023 Harvard University study. Steps can be a hazard. One-fourth of Americans 65 and older fall each year. Home elevators are an option but can cost between \$20,000 and \$100,000.

Smart-home technology, including security doorbells and fall-detection sensors, can help people live at home longer and provide peace of mind to adult kids who live far away, says Andy Miller, who started AARP's AgeTech Collaborative, a group of businesses developing aging-related technology. His parents, who live in Florida, can control lights and other devices with their voice.

"They have voice-enabled everything," says Miller, 54. He lives in Boston and is building a new home that will have ambient monitoring throughout, wood floors without thresholds and safety knobs on the stove.

Patricia Wahlgren, an Omaha, Neb.-based gerontologist and certified aging-in-place specialist, visits homes for \$250 and makes recommendations to add lighting, replace doorknobs and enlarge

knobs on the stove; she'll also review transportation options and nutrition. Wahlgren, 51, says she and her husband are modifying their home incrementally and added grab bars, single-lever faucets and a higher toilet during a recent bathroom update.

**Money matters**

The ability to age at home often depends on your resources. Financial experts say you should know what you have in savings and home equity to remodel if needed, understand what is—and isn't—covered by insurance, and anticipate living expenses.

The median national cost for round-the-clock in-home care is about \$24,000 a month, according to Genworth, a long-term-care insurance company, with higher costs in states like California.

"Financial planning is crucial," says David Brillant, a lawyer in Walnut Creek, Calif., who specializes in estate planning and taxation.

◀ Patricia Wahlgren, an aging-in-place specialist, added safety features to her home when remodeling, like stair treads for slip resistance and a grab bar.

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equity in estate planning and taxation. Many families will need long-term-care insurance, home equity or both.

Equity in the home—refinancing or a home-equity credit line—can help pay for remodeling and in-home care, but interest rates affect that decision. In 2022, median home equity for 65 and older homeowners was \$250,000, according to the Harvard study.

About 60% of homeowners ages 65 to 79 are mortgage-free on their primary homes, the study found.

Insurance can help but has limits. Private long-term-care insurance, which can be costly, will pay for in-home care but generally doesn't cover the first 90 days of care and has payment caps.

Short-term care insurance, which also covers home-care costs, is less expensive and typically offers a year of benefits.

Durr Sexton, 67, president of a national insurance brokerage firm in Houston, says people need to carefully review their policies and ask professionals for clarification.

He recalls a fellow broker—who had a long-term-care policy and was caring for his wife who had Alzheimer's—not fully using it because the broker misread the policy and thought the benefits were more limited.

"People need to understand the benefits," says Sexton. "They need to understand the limitations."



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CLOCKWISE FROM TOP: GETTY IMAGES; KASEY SMITH/INFINITE PAUSE PHOTOGRAPHY; PATRICIA WAHLGREN DANIEL TURBERT

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## ARTS IN REVIEW



BY KYLE SMITH

**SATURDAY NIGHT LIVE**, which is launching its 50th season on Sept. 28 before a big-screen feature celebrating its anarchic launch arrives in theaters nationwide next month, had many forebears—the Second City improv shows, where John Belushi, Gilda Radner and Dan Aykroyd frolicked; a National Lampoon stage production that played off-Broadway; sketch-based variety television like “Your Show of Shows,” “Rowan & Martin’s Laugh-In” and “The Carol Burnett Show.” But the cultural impact of “SNL” dwarfed all of them. The credit for that belongs largely to one person, who must be counted as one of the greatest visionaries in television history.

Lorne Michaels is a small, unassuming Canadian who has largely eschewed fame (though he considered hosting “Weekend Update” on camera, having done similar honors for a Canadian program, “The Hart and Lorne Terrific Hour”). He could be standing next to you in line at the UPS Store and you probably wouldn’t notice him. Yet the creator and longtime showrunner of “SNL” is such a genius at finding stars that even as it kept shedding talent, “SNL” never went stale, or at least never remained stale for very long. Its first breakout, Chevy Chase, departed early in its second season in 1976, leaving the first of many holes in the lineup. Mr. Michaels coolly brought on Bill Murray a few weeks later.

By mid-1980 the show had lost Mr. Michaels, Mr. Murray and the entire original cast. Eddie Murphy and Julia Louis-Dreyfus came aboard but the program faded. After Mr. Michaels returned in 1985, he restocked the crew with Dana Carvey, Dennis Miller, Jon Lovitz and Phil Hartman.

Eddie Murphy, one of the biggest stars to come out of ‘SNL,’ during a return appearance in 2019.

Soon to begin its 50th season, the show has shaped comedy and culture

From then on, Mr. Michaels has remained in command, expertly refreshing the cast from one year to the next. Mike Myers, Chris Farley, Chris Rock, Adam Sandler, Norm Macdonald, Will Ferrell, Tina Fey, Amy Poehler, Kristen Wiig, Jason Sudeikis and Tracy Morgan all became stars, with Mr. Sandler and Mr. Ferrell following Mr. Chase, Mr. Murray and Mr. Murphy to become two of the era’s most popular comic actors on the big screen. In the entire run of the show, it has almost never been without a must-watch performer,

and it was Mr. Michaels who put them on the air.

He ensured their comedy would reach far beyond those who saw any given episode by encouraging the use of recurring characters who could in turn be the focus of their own movies (many produced by Mr. Michaels’s company, Broadway Video). From Radner’s loopy TV reporter Roseanne Roseannadonna to the Coneheads, the Blues Brothers, and Wayne and Garth, “SNL” essentially created a rolling series of lovable sitcoms within its domain. Silly charisma and gonzo imagination were equally impor-

tant to the mix: Harvard Lampoon met Second City improv. As Ms. Fey wrote in her memoir “Bossypants,” “If you had nothing but Harvard guys the whole show would be made up of commercial parodies about people wearing barrels after the 1929 stock market crash. . . . If you had nothing but improvisers, the whole show would be made up of loud drag characters named Vicki and Staci screaming their catchphrase over and over: YOU KISS YOUR MUTHA WITH THAT FACE?”

The new backstage movie “Saturday Night,” a real-time re-creation of the hectic final 90 minutes before the first episode, gives Mr. Michaels his due, making him the central figure—generalissimo, ringmaster, babysitter—in what was first an oddity, then a sensation, then a leviathan. Mr. Michaels correctly bet that he could take advantage of looser network censorship standards prevailing during the late-night bloc to spice up television’s comedy menu and attract baby boomers who were then in their teens and 20s. Ms. Burnett’s inoffensive, bland style was out; in came the Lords of Misrule. Long-haired countercultural standup George Carlin, who had built a following on campus, was the first guest host. (Network dweebs made him put on a suit, but he wore it with a T-shirt.) Sex and drug jokes abounded. By episode seven, Richard Pryor was hosting and starring with Mr. Chase in an incendiary sketch as a

Lorne Michaels on the show in 1976, above left; Chevy Chase hosting ‘Weekend Update,’ above.

job applicant subjected to a series of outrageous racial slurs. “Laugh-In,” once the standard of hip comedy, suddenly looked staid.

Yet if “SNL” had become synonymous with pointed, acerbic humor it would not have earned the love it did. The actors threw themselves into their characters with glee, not malice. The favored tone was joyous satire—fond mockery. When Mr. Chase began spoofing then-president Gerald Ford (who had slipped on a rainy set of steps while exiting Air Force One) by repeatedly falling all over the stage, he wasn’t sending a political message, he was merely doing dumb pratfalls, though he helped (unfairly) to define Ford as a bumbler in the public eye. The president laughed along with everyone else, agreeing to do a cameo on the program and welcoming Mr. Chase to the Radio and Television Correspondents’ Association Dinner to praise him as “a very, very funny suburb.” Thirty years later, a sketch starring Tina Fey as Sarah Palin cemented the (even more mistaken) impression that Ms. Palin had claimed, “I can see Russia from my house.” Like “let them eat cake,” the joke had a sufficient basis in a popular perception (that Ms. Palin seemed shaky in interviews) to be devastating without being true.

At its best, “SNL” rose above the level of nearly every other scripted television offering and itself became news—its catch-phrases, its characters, its parodies, its jabs at the high and mighty, its exuberant wackiness. “Nevermind,” “I’m Gumby, dammit!” “Mom jeans” and dozens of other expressions embedded themselves in the pop-culture lexicon. To understand their meaning, you had to watch the show. It was a revolution that became an institution.



North America and Europe. The Pulitzer has a slide show of them going in one gallery, but it makes a viewer a bit wistful about having to miss them here. What’s also missing is a catalog, which will be remedied when photographs of Burton’s work in situ at the Pulitzer are used in a publication to come out when the Wrightwood 659 exhibition opens. (One hopes that interested Pulitzer patrons remember to get one.)

There is, as journalists say, a through-line to Burton’s work—from the artist’s being gay in the days before general enlightenment about it, to austere silent body-language performances about his sexuality (audiences were seated at considerable distance from them), to sculpture that doubled as seating for those bodies. The blend, such as it is, of aesthetics and practicality has made Burton a bit of a puzzle. In an unorthodox move, Burton willed his estate, sans invitation, to the Museum of Modern Art. Burton is one of the very best sculptors of the late 20th century, but the museum, like the art market itself, is still trying to figure out how to handle his work.

**Scott Burton: Shape Shift**  
Pulitzer Arts Foundation, through Feb. 2, 2025

*Mr. Plagens is an artist and writer in Connecticut.*

critic, contributing for a decade to ARTnews and then for a few years in the mid-1970s to Art in America.

The artist Scott Burton described his work as “sculpture in love with furniture,” and said it was meant “to have some meaning to people who never heard of me, and who are not necessarily museumgoers at all.” In “Scott Burton: Shape Shift,” the 60-plus works by Burton, footnoted by another dozen stylistically supporting art objects by Gerrit Rietveld, Alex Katz and Philip Pearlstein, beautifully support Burton’s own description of his art and give hope for a broader appreciation of it. The exhibition is on view here at the Pulitzer Arts Foundation—whose poetically minimalist Tadao Ando building is the perfect setting—through February 2025; that fall it will travel to Wrightwood 659 in Chicago. The exhibition was organized by independent curator Jess Wilcox and Heather Alexis Smith, a curator at the Pulitzer.

Burton was a public-art sculptor of outdoor minimalist seating and tables who early on was also an art critic, curator and performance artist. Born in Greensboro, Ala., in 1939, he moved to Washington as a child, and went on to attend Goddard College in Vermont and take classes at Harvard. Originally wanting to become a playwright, he earned degrees in literature from Columbia and New York University. Burton began his professional career as a

rather than frail or discreet”—and the almost giddily colorful “Five-Part Storage Cubes” (1982), a contrapuntal stack of metal boxes with doors whose locations are a guessing game. All of this is deftly displayed in a superb installation throughout the Pulitzer, with the art, as it were, using the museum’s austere but somehow hospitable architecture simultaneously to set it off and absorb it.

Scott Burton was openly gay. In a 2022 monograph, art historian David J. Getsy observes, “Burton’s sculptures offer contact, and this openness to touch cannot be considered apart from the AIDS crisis that paralleled Burton’s turn to public sculpture after 1980. Burton lived with HIV during the time when he was designing his most ambitious public works, and their offers of bodily support, care and ongoing solicitations of contact must all be seen in relation to the AIDS crisis

and Burton’s personal experience of it.” One of his later works, “Healing Chair (Prototype),” c. 1989, is based on the Alexander Technique, which posits that chronic illness can be mitigated through proper posture. Burton died of complications from AIDS in 1989.

As to whether such abstract—or abstracted—art can do much social good, Burton remarked, in a 1980 interview, “The gay world doesn’t get enough good moral examples from visual art.” He considered his own work—combining uncomplicated aesthetics with simple utility—as filling that bill. Burton’s wonderful public sculpture, for which he’s most known but which is physically beyond the scope of a museum exhibition, includes more than two-dozen commissioned works in

## SPORTS

BY JARED DIAMOND

*Oakland, Calif.* It was another NFL Sunday at what was once the most famous sports bar in the country, and upon first glance it was like nothing had changed.

A souped-up Escalade adorned with Raiders decals and flags was parked outside. By the entrance, a man wearing a faded Raiders apron was tossing racks of ribs onto a rippling-hot grill. Patrons clad in silver and black packed the tables inside, just as they had for decades.

Here, within these walls, the Raiders still belonged to Oakland.

"They say, 'I'm not a Raiders fan anymore,'" said Ramonn Smith, the new owner of Rickey's, an East Bay institution since 1946. "But they'll still come watch the game."

A generation ago, Oakland was the center of the American sports universe, a community of just over 400,000 people where champions were made and superstars were born.

A franchise from "The Town"—locals will tell you that San Francisco is the city—won a title in five straight years in the 1970s: baseball's Athletics in '72, '73 and '74, the

NBA's Warriors in '75 and the Raiders in '76. All three teams played steps apart at two venues surrounded by parking lots and a BART station on 120 acres just off of Interstate 880.

But the lights are about to dim on major-league sports in Oakland. The A's on Thursday will play their final game at the Coliseum, the stadium they have called home since 1968. After years of saying they wanted to build a new ballpark in Oakland, the A's reversed course. Instead, they will crash for a while in a minor-league venue in West Sacramento while they try to turn their dreams of moving

# The Lights Dim On Pro Sports in Oakland

The city was titletown in the 1970s, as the A's, Raiders and Warriors delivered championships in five straight years. Now, in the same span of time, all three have abandoned the place they once called home.



Oakland Raiders head coach John Madden, center, celebrates a playoff win in 1974.

to Las Vegas into a reality.

It's the final, devastating blow for a city that has had its sports scene completely decimated. The NBA's Warriors parlayed Steph Currymania into a sparkling new arena across the bay in San Francisco after 47 seasons in Oakland. The Raiders followed them out the door a year later to move into a publicly subsidized football palace next to the Las Vegas Strip. The A's were the last team standing.

Now, in the space of just five years, an integral part of American sports history has been wiped out.

This was the place where John Madden roamed the sidelines and Al Davis elevated the phrase "Just win, baby!" from a motto into a mission statement. It was the site of indelible moments like the Sea of Hands and the "Heidi" Game. It's where Oakland native Rickey Henderson transformed the base paths into his own personal track meet and where Curry all but broke the game of basketball by draining shots from outer space. It was the cradle of baseball innovation, where Billy Beane and Moneyball changed the sport forever, and the hotbed of tal-

ent that produced the likes of Bill Russell, Jason Kidd, Marshawn Lynch and countless others.

The Warriors, Raiders and A's all have slightly different motivations for bailing on Oakland, but ultimately they all came down to money—the money other municipalities had to offer for stadiums and the money that Oakland lacks amid budgetary woes and an uptick in crime. The result of all this movement is unprecedented, with all three of Oakland's major-league sports teams abandoning the city in the span of half a decade.

It has left Oakland's sports fans heartbroken and dismayed, left to wonder what happens next.

"Oakland is a place where you may knock us down, but we're going to get up, and we won't stay down for long," native Oaklander and veteran NFL quarterback Josh Johnson said. "The people are going to do what they have to do in order for it to be the city they want to see."

Johnson, who currently plays for the Baltimore Ravens, hopes to be part of the solution. He is one of several celebrities who have invested in the Oakland Roots, a burgeoning second-division soccer club that is attempting to fill the void with what they say is a different approach to pro sports.

It isn't lost on the Roots that not long ago, the A's slogan was "Rooted in Oakland." The now-infamous advertising campaign was meant to emphasize the team's commitment to staying in Oakland, only to become a punchline when their ballpark negotiations with the city fell apart.

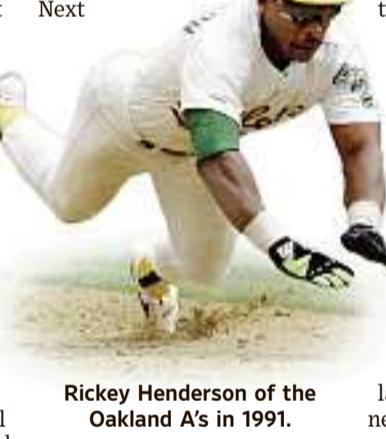
On Monday, A's owner John Fisher released a letter to fans saying, "Staying in Oakland was our goal, it was our mission, and we failed to achieve it." In the letter, "Loma Prieta," the namesake mountain of the 6.9 magnitude earthquake that dis-

rupted the Game 3 of the 1989 World Series between the A's and San Francisco Giants, was misspelled.

Oakland "has so much love for sports," Roots president Lindsay Barenz said. "It's just not been loved back by the teams who have been here."

Founded in 2018, the Roots have forged their identity around what Edreece Arghandiwal, the club's 35-year-old co-founder, describes as "the magic of Oakland." Their multicolored crest represents Oakland's status as one of the most diverse cities in the U.S. Their games are emphatically local affairs, highlighted by East Bay musicians and food purveyors.

Next



Rickey Henderson of the Oakland A's in 1991.

season, they will move into the soon-to-be vacant Coliseum and hope to have an interim stadium with a seven-to-10-year lifespan built in an adjacent parking lot by 2026.

But the biggest way they intend to distinguish themselves is in their economic model. Instead of a single billionaire signing the checks, the Roots are community owned. Kidd, Lynch and Green Day lead singer Billie Joe Armstrong are among the major benefactors. Last year, the Roots crowdfunded a community investment round offering equity in the team for as little as \$100. They raised more than \$3 million from 5,400 investors. The team is now valued at \$93 million.

After Thursday, when the A's leave Coliseum for good, the Roots and Ballers will be what's left of professional sports in Oakland, even as remnants of the past remain at places like Rickey's.

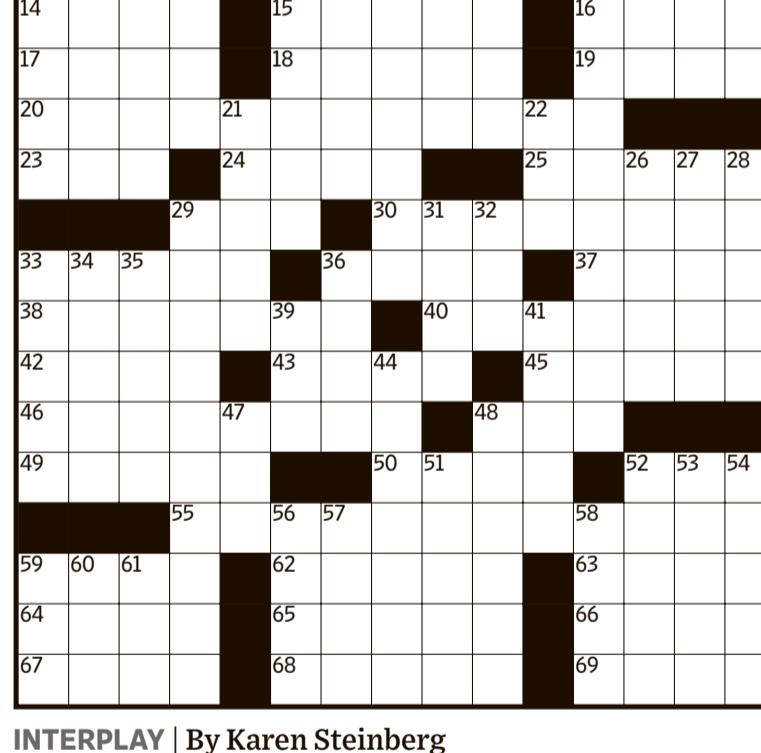
When he reopened the legendary San Leandro bar last year, Smith removed most of the Raiders memorabilia that covered nearly every square inch of the place. The Raiders don't play in Oakland anymore, and Smith needed to appeal to a wider customer base—even 49ers fans.

But on autumn Sundays, the Raiders still reign, or at least the memory of them does. The people who come aren't wearing merchandise that acknowledges Las Vegas. That includes regular James Johnson, who was at Rickey's recently wearing an Oakland Raiders T-shirt and bucket hat, cheering for the team that broke his heart.

It's sad, he said. Johnson compared his love of the Raiders to having his girlfriend dump him, only for him to keep buying her dinner every weekend. That's the story of professional sports in Oakland—a tale of unrequited love.

"I would never root for another team," Johnson said. "I might as well just root for the Raiders."

## The WSJ Daily Crossword | Edited by Mike Shenk



## INTERPLAY | By Karen Steinberg

Across													
1	Stinging blow	33	Pump up	62	Braves	9	Social media	63	Estate unit	10	Alles	11	Barbie
5	New Yorker cartoonist Roz	37	— bene	36	Mark indelibly	15	post's lack,	12	Moo — pork	16	Orales	17	Liaise
10	Okays	40	*Airstream occupant, in brief	63	Parasite's place	18	Pointy part of pliers	22	Uriah Heep claimed his was "umble"	19	Continental capital	20	Goodfats
14	View from Karnak	42	Sign	64	Parker of "A Mighty Wind"	21	Out of the ordinary	25	Sick toddler's caregiver, informally	26	Park of	27	Egg
15	Popular yoga type	43	View from Presque Isle	65	Hoarder's house	27	Performed	28	Luna of "Andor"	29	Capital	30	Emulsion
16	Shorten a sentence, say	45	Calculating ones	66	Apple for a teacher, once?	31	Out of luck, slantly	32	To be, in Paris	33	Options	34	Out of luck, slantly
17	Ready and willing partner?	46	*Depressing person, slangily	67	Like many U.S. senators	35	Pointing pronoun	36	Is it — so? Then I defy you, stars!:	37	Saloon	38	Roméo
18	Templo Mayor worshiper	48	Ruby in films	68	Idyllic spots	39	Summer suit makeup	40	To, in	41	Senators	42	España
19	Wee whirlpool	49	Act dramatically	69	Ordered	43	Imitate Eeyore	44	Be, in	45	Competitor	46	Early Spanish territory in the Americas
20	*Distributed appropriately	50	Mtn. sign figure	70	21	50	Polo competitor	51	Wit	52	Mountain	53	Spanish
23	Utter	52	"Got it!"	71	Apple for a teacher, once?	51	53	54	pair?"	55	Mountain	56	territory in the Americas
24	Banjo great Fleck	55	What's caused a mismatch between the starred clues and their answers	72	22	52	54	55	Turns to compost	56	Mountain	57	territory in the Americas
25	Braves first baseman Matt	57	starred clues and their answers	73	23	53	55	56	57	58	Mountain	59	territory in the Americas
29	Siri's home	59	"Beat it!"	74	24	54	56	57	58	59	Mountain	60	territory in the Americas
30	*Social stratum	60		75	25	55	56	57	58	59	Mountain	61	territory in the Americas

**Previous Puzzle's Solution**

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



Rick Barry in action for the Golden State Warriors. He was the NBA Finals MVP in 1975.

FROM TOP: ASSOCIATED PRESS; ERIC RISBERG/ASSOCIATED PRESS; FOCUS ON SPORT/GETTY IMAGES

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](http://WSJ.com/Puzzles).

"I look at the biggest clubs in the world as competition because I believe that Oakland can be that world-recognized," Arghandiwal said. "It is a big, lofty goal. But when has Oakland ever thought small?"

The Roots aren't alone. With the A's flirting with leaving Oakland last year, childhood friends Paul Freedman and Bryan Carmel devised what at first sounded like a crazy plan: They should start a baseball team to replace them.

"The idea is nobody can tell us that we can't have baseball here," Carmel said. "It felt like the world was trying to tell Oakland, 'You are not a pro sports city.'"

Enter the Oakland Ballers, who just finished their first season in the independent Pioneer League, 14 months after Freedman and Carmel began working on the project. In some ways, their very existence is a form of protest. The Ballers adopted the same green and gold color scheme as the A's. They call themselves the B's.

One season in, however, the Ballers insist they are moving past their obvious connection to the A's. After all, Freedman said, "trolling is not a long-term business model."

The Ballers play their home games at Raimondi Park, the training ground for players like Frank Robinson, Curt Flood and Vada Pinson. In recent years, the field had fallen into disrepair. The Ballers rebuilt it, quickly adding dugouts, a press box, bleachers, a padded wall and a scoreboard to make it suitable for pro baseball.

To Oakland Mayor Sheng Thao, that alone is a sign of rebellion.

"The A's have said, 'You can't work with this city,'" she said. "What we have done here with the Ballers has proven them wrong. We're showing that actually Oakland can get things done if we have a good partner."

After Thursday, when the A's leave Coliseum for good, the Roots and Ballers will be what's left of professional sports in Oakland, even as remnants

## OPINION

# Biden Fades but Bureaucrats Don't

WONDER LAND  
By Daniel Henninger

Conventional wisdom holds that Joe Biden has faded to irrelevance since his abrupt displacement as the Democratic Party's candidate by Kamala Harris. No one should forget: Mr. Biden remains president of the United States. With a mere remark, the president can put the vastness of the U.S. government in motion. Mr. Biden made that clear during his cabinet meeting last week.

As a Biden adviser described that meeting with the government's overseers: "He will direct his cabinet to get as much work done as possible, whether that is moving funding out the door, announcing new programs or policies, or delivering on programs and policies we have already announced." Mr. Biden may have evaporated, but the federal bureaucracy he directs has not.

"Regulation" is the word for what cabinet and agency officials appointed by the president do. Regulation is an ineffectual word, likely invented by a bureaucrat at the dawn of organized life to induce sleep so people don't notice what the bureaucracies are doing.

Along with protecting the integrity of the Supreme Court, one of this campaign's most important issues is what either candidate would do with the vast power and authority of the regulatory bureaucracy.

The Democratic left's recent assault on the high court's legitimacy arguably is more about regulation than abor-

tion. The *Dobbs* decision affected one admittedly significant thing, abortion. But the *Loper Bright* decision this June was about virtually everything else.

It overruled a 40-year-old Supreme Court precedent called *Chevron*, which asserted that federal judges generally should defer to the expertise of bureaucracies. *Chevron* was the most powerful federal tool the left had to reorganize society according to its social and policy preferences.

The Harris campaign knows that aggressive regulation has become unpopular. Since evolving into her party's presidential candidate, Ms. Harris has said she won't ban hydraulic fracturing, reversing a pledge she made in her 2019 presidential campaign; and that she doesn't support a mandate forcing the country to adopt electric vehicles. A fracking ban and EV mandate are regulation on steroids, rules that directly affect myriad voters.

Mr. Biden hasn't banned fracking, but it remains Democratic dogma. Several blue states have forbidden fracking, led by then-New York Gov. Andrew Cuomo's 2015 ban on gas drilling along the state's border with Pennsylvania, an order bitterly opposed by the depressed towns in Western New York. The big-city climate-control lobby defeated those communities.

Suddenly in 2024 we have a Democratic candidate insisting that she won't carry out her progressive party's most sought-after regulatory goals. The reason of course is that significant numbers of people don't want these rules dumped on them, most pointedly in must-win Pennsylvania. Frack-

ing has been an economic boon for Western Pennsylvania and Eastern Ohio, areas once left for dead.

The Biden EV mandate is unpopular because electric cars are expensive in an economy filled with people upset about the price of eggs. Last week eight House Democrats joined Republicans in a vote overturning the Biden administration's regulatory rule on vehicle emissions, whose intent is to drive doubtful consumers toward buying EVs.

## One of the campaign's most important issues is the vast power of the government.

Ms. Harris's abandonment of her party's regulation priorities is transparent opportunism, and surely temporary. A President Harris standing up to the congressional left will never happen.

Donald Trump has made reducing federal regulation a central element of his campaign, as it was in practice during his first term.

In his recent speech to the Economic Club of New York, Mr. Trump noted his first term's one-in, two-out rule, which required any new regulation to be offset by eliminating the expenses associated with two existing regulations. He says he'll push deregulation further in a second term.

As president, Ronald Reagan made the intelligent case for controlling bureaucratic bloat: "Government regulates how we make, price, sell, transport, use and discard the products of everyday

American life. This pervasive government power can be used for good or ill. And as regulation grew over the past five decades, government 'red tape' became a great burden on our free enterprise system."

Reagan appointed the Grace Commission in 1982, to "drain the swamp," in his words, of bureaucratic inefficiency. Mr. Trump says he'll assign Elon Musk to a similar mission impossible.

Mr. Trump has been doing some Harris-like flopping around on his own economic policy, now rebranded as the "new American industrialism."

His tax proposals would revive Gucci Gulch, the term for the Beltway lawyers who specialized decades ago in carve-outs and exceptions to an arcane tax system. The ever-expanding Trump tariff regime is flirting with the closed economic system known as autarky.

Rather than focus on that, Ms. Harris constantly, and falsely, accuses Mr. Trump of planning to implement a 900-page document called Project 2025. But her boss has already completed his own version of that project.

According to calculations by the American Action Forum, which monitors federal regulations, the projected costs of the Biden administration's finalized rules so far is a record \$1.68 trillion, compared with total costs in the Obama years of \$327.3 billion.

In her speech on economic policy Wednesday, Ms. Harris promised to "cut red tape." But there was no credible evidence she would reverse the massive growth in regulatory costs during the Biden, and Harris, years.

*Write henninger@wsj.com*

## How Biden Keeps Helping Trump

By Karl Rove

**W**hat does Joe Biden think he's doing? More important, what do the geniuses running his White House communications shop think they're doing?

According to Politico, the president will spend the fall on the road doing a tour "that will focus largely on the administration's accomplishments" in "substantive, higher-payoff events."

"The schedule will be robust and he plans to leave it all on the field," White House communications director Ben LaBolt promises. Axios reports that the president plans to "communicate directly" with Americans "on how the Biden-Harris Agenda will pay dividends now and 10, 20 and 30 years into the future."

This strategy may sound smart to West Wing staffers spit-balling how to occupy Mr. Biden's time. But the Harris-Walz campaign team has to be less than thrilled about the possibility of a Biden valedictory tour in the months before the election.

One reason it's a bad idea is that Mr. Biden has become, to put it mildly, a terrible communicator. Remember the debate? He hasn't magically gotten better since then. His presence on the road might remind Americans why they're grateful he stepped aside. It certainly won't make them feel better about his handling of the economy, inflation, border security or world events.

Another reason Democrats

can't want Mr. Biden to be more visible is that Vice President Kamala Harris has been working overtime to convince voters she'd be a fresh start rather than a continuation of the Biden presidency.

Forty-seven percent of respondents to a Sept. 17 NBC poll said they think she represents change, compared with 38% who believe Donald Trump does. That 9-point difference is important in a race in which many voters are unhappy with the country's current trajectory. In the same poll, 65% of respondents said they think "things are off on the wrong track."

**The president plans to annoy voters by touring the nation to tout his record.**

By hitting the road, Mr. Biden will also be competing for attention with his party's current presidential ticket. Voters don't have an unlimited attention span. Nor does the media have an infinite amount of space to cover every campaign pronouncement. A senior Biden adviser argues that "we can help strengthen the argument" for Ms. Harris. How does that track with the president's remarkable unpopularity? Fifty-four percent of the NBC poll respondents disapprove of the job Mr. Biden is doing, and 44% disapprove "strongly." This tour sounds like a cry for attention by an

unpopular incumbent.

Mr. Biden's choice of topic repeats the mistake his campaign made last year with its Bidenomics Is Working Tour. All that happy talk annoyed the public, which was already in a foul mood about the economy and prices. In a pre-election farewell tour focused on his accomplishments, Mr. Biden won't be able to control himself. He'll vastly oversell his record—aggravating voters all over again.

Even as the president pats himself on the back, the country is still grappling with inflation and a softening labor market. The latter caused a 7-point drop in the September Conference Board's Consumer Confidence index—the biggest decline in three years. And the board's Expectations Index declined 5 points to just above the level that would suggest a recession is coming.

If Mr. Biden goes through with this plan, he'll be making his economic record even more central to the election. Though Ms. Harris has worked hard to close the gap, she trails Mr. Trump in the NBC poll on who's better at "dealing with the economy" by 41% to 50% and "dealing with inflation and the cost of living" by 40% to 48%. Mr. Biden's insistence on being involved could widen that spread a bit.

The reasons the president is contemplating this bad idea are complicated. As veteran Democratic campaigner Bob Shrum observed in 2021, Mr. Biden was elected because "people thought he was going

to be a transitional president," who would bring the country back to normalcy. But in office, he acted like "a transformational" president, someone fueled by a strong mandate to remake the country. Think LBJ or perhaps even FDR, a comparison the White House itself promoted.

That line wasn't motivated only by vanity. Portraying Mr. Biden as the most transformational president since the 1940s was likely a slap at Barack Obama after he passed over his vice president in 2015 and backed Hillary Clinton for the Democratic nomination. It was perhaps even a rebuke of Mrs. Clinton for her taking the prize Mr. Biden had chased for more than a half century. Mr. Obama and the Clintons didn't give him the respect he felt he was due, so as payback now Mr. Biden casts himself as the next FDR.

There is one person who would welcome Mr. Biden's getting out in front of voters: Donald Trump. He knows the president would reinforce the sense that if voters want change, the only way to get it is to send Mr. Trump back to the Oval Office. This near the election, the contenders are fighting for inches. Mr. Biden may give Mr. Trump a couple. At this point, take it where you can get it.

*Mr. Rove helped organize the political-action committee American Crossroads and is author of "The Triumph of William McKinley" (Simon & Schuster, 2015).*

## Protect Kids From Social Media

By Suzanne S. Youngkin

**W**hen data reinforce lived realities, we need to pay attention. Jonathan Haidt's "The Anxious Generation: How the Great Rewiring of Childhood Is Causing an Epidemic of Mental Illness" demonstrates that social media and digital technology are contributing to rising mental-health issues among today's youth.

As parents of four Generation Z children who grew up during the rise of the internet, Glenn and I found Mr. Haidt's insights particularly harrowing. He argues that parents tend to overprotect children in the real world, where they need free play and independence, while underprotecting them in an increasingly predatory and toxic online world.

Mr. Haidt shows that childhood was "rewired" between 2010 and 2015. Products such as Instagram, iPhones and Snapchat became entwined with adolescent development. In 2011 only 35% of American households owned smartphones. By 2015 that figure

grew to over 70%. The percentage of high-schoolers using social media "nearly every day" jumped from 51% in 2008 to 82% in 2015. Covid increased this overreliance on screens. Teens spend an aver-

age of 4.8 hours a day on social media.

The consequences were disastrous, according to Centers for Disease Control and Prevention statistics. The adolescent suicide rate has risen 167% for girls and 91% for boys since 2010. Depression diagnoses were up 145% for girls and 161% for boys.

We can't accept this as the new normal. Mr. Haidt offers a plan for change with four simple norms: No smartphones before high school, no social media before age 16, no phones in school, and more independence and free play in the real world.

My husband's Executive Order 33, which establishes "bell to bell" cellphone-free education in Virginia, directly enacts the third norm. But we can't mandate cultural change.

We need to encourage it by studying the data, fostering conversations and taking action together.

Last week, Mr. Haidt and I hosted a discussion at a Virginia elementary school on protecting childhood. He emphasized that it isn't too late to reverse these trends. His hope-filled message is available for viewing on the Virginia Department of Education's YouTube page.

As a mother, I understand the pressures young people face. Changing the culture will take a collective effort and be challenging. Parents, teachers and school administrators are making that effort. Let's come together in our communities and reclaim childhood.

*Mrs. Youngkin is first lady of Virginia.*

BOOKSHELF | By Diane Cole

## Musical Healing

### I Heard There Was a Secret Chord

By Daniel J. Levitin

*Norton, 416 pages, \$32.50*

**I**n March 2015, the singer-songwriter Joni Mitchell, then in her early 70s, was rendered speechless—and songless—when an aneurysm burst in her brain. After months in the hospital followed by a stay in a nursing facility, she returned home with the aid of 24-hour care. The possibility of a full recovery remained uncertain.

Seeking advice, her nurses turned to Ms. Mitchell's long-time friend Daniel Levitin, who is a neuroscientist, cognitive psychologist and musician. As Mr. Levitin recounts in *I Heard There Was a Secret Chord: Music as Medicine*, the nurses told him that only music seemed to raise Ms. Mitchell's spirits. Could he suggest specific selections that might help her heal?

Mr. Levitin, a professor emeritus at McGill University, has spent decades researching and demystifying how music wends its way through the human brain to affect emotions, spark memories, and help mend what ails our bodies and minds. In this book he mixes—as he did in his first, *This Is Your Brain on Music* (2006)—complex scientific explanations with lively anecdotes from his own music career and the careers of the many performers he has met and worked with.

Mr. Levitin responded to the nurses' request by recommending a CD that Ms. Mitchell herself had previously put together, consisting of 18 of her favorite pieces—ranging from classical to jazz, pop and rock, as well as "Harlem in Havana," one of Ms. Mitchell's own compositions. "We are all budding music therapists," Mr. Levitin writes. Most of us know "what music to reach for" when we want to "maintain or alter" our mood. That Ms. Mitchell had personalized this list was essential: Having music we dislike imposed upon us feels intrusive—which is why Mr. Levitin further advised the nurses to always ask Ms. Mitchell in advance if she wanted to listen to the CD.

Upon hearing the music, Ms. Mitchell responded with her first smile since returning home. Mr. Levitin continued suggesting titles of albums and songs for which he knew Ms. Mitchell held special affection and was happy to see her soon begin to walk and talk again. She also started to appear in public again, and in 2023 sang "Summertime" when she was awarded the Library of Congress Gershwin Prize.

"Recovery from brain trauma is not an exact science," Mr. Levitin admits. He reminds us that "there is no such thing as a one-size-fits-all playlist for 'focus music' or 'serotonin music' or 'exercise music.'" It had been a long haul for Ms. Mitchell, filled with intensive speech and physical therapy and learning all over again how to play the guitar. She didn't receive music-therapy sessions per se, but, as Mr. Levitin explains, music can stimulate "neurogenesis and neuroplasticity, enhancing brain recovery, and normalizing the stress response." That is why, if he had to guess, it was music itself that provided "the catalyst, if not the very instrument, of Joni's remarkable recovery."

From ancient times onward, Mr. Levitin reminds us, people have believed that music and healing are linked. Until recently, however, empirical proof was missing. The author presents the ever-expanding body of research with a guided tour of the brain and the many "overwhelmingly complex, interconnected, and overlapping circuits" that have been found to respond to music. His detailed explanations can have the feel of a textbook, but they are essential to our understanding. These multifaceted music networks are not dormant, we learn, but active—crossing over, intersecting and interacting with any number of other memory networks in the brain. That creates endless numbers of possible "entry points," or prompts, to cue a musical memory. These can be "sensory, emotional, autobiographical, factual, geographic, associational, a lyric, a piece of melody," Mr. Levitin writes. "The list goes on."

**A neuroscientist explores music's ability to enhance brain connections and help reduce symptoms in a broad range of disorders.**

Such accessibility may be the reason behind music's seemingly uncanny ability to worm its way into the consciousness of, and affect the mood or trigger a memory in, just about everyone. Music has been shown to enhance the brain's ability to modify and create new neural connections, helping to reduce symptoms in a broad range of disorders, from memory impairment and dementia to depression, post-traumatic stress disorder, brain trauma (like Ms. Mitchell's aneurysm), stroke, neurodevelopmental disorders and even chronic pain.

All these, Mr. Levitin writes most affectingly about the relationship between music therapy and Parkinson's disease. A progressive condition that affects the nervous system, Parkinson's manifests in unintended, uncontrollable movements like hand tremors, stiffness and coordination problems. But many people don't realize they have it at first. "I noticed I was having trouble getting my voice to do some of the things it usually did," Bobby McFerrin tells Mr. Levitin—a troubling development for someone whose performance depends on rhythmic precision, coordination and vocal control. Linda Ronstadt had noticed the same symptoms before she was diagnosed. She'd "start to take the note and then it would stop," she said. "What you can't do with Parkinsonism is repetitive motions, and singing is a repetitive motion."

And yet, Mr. Levitin explains, "it's precisely because music is based on repetitive motions" that therapies based on music and dance can be particularly suited for movement disorders. Therapies that use the rhythms of everyday activities—such as walking, clapping or swaying—can help patients relearn how to synchronize and balance their movements. Singing, too, it turns out, can help many people improve speech and breath control.

If there is a theme that resounds loudest throughout Mr. Levitin's book, it is to never underestimate music's sheer power to engage us in the myriad, mysterious chords that make up our existence. To which we all might respond, as in the Leonard Cohen anthem that gives Mr. Levitin's book its title, *Hallelujah*.

*Mrs. Cole is the author of the memoir "After Great Pain: A New Life Emerges."*

## OPINION

## REVIEW &amp; OUTLOOK

## Higher Health Premiums for All

Lina Khan claims she's trying to lower prices, but the Federal Trade Commission Chair's attacks on business often do the opposite. Consider her new charge against pharmacy benefit managers (PBMs), which could result in higher healthcare premiums for all Americans.

Democratic commissioners on Friday voted 3-0 to bring a complaint against PBMs for extracting rebates from drug makers in return for preferential placement on insurer formularies. The agency filed the charges in its administrative tribunal where it nearly always wins. (The two Republican commissioners were recused.)

Congress has been debating how to regulate PBMs, but Ms. Khan isn't waiting. She's seeking to effectively ban PBM rebates by deeming them an "unfair method of competition" under the Federal Trade Commission Act. You have to smile at Ms. Khan portraying big drug makers as victims in her suit.

The FTC's essential charge is that PBMs play insulin manufacturers Novo Nordisk, Eli Lilly and Sanofi against each other to obtain higher rebates, which their clients use to reduce premiums for all patients. The complaint says PBMs' "insatiable demand for larger rebates" has led to "artificially inflated list prices that are disconnected from the actual cost of the drugs to insurers," and "many patients' out-of-pocket expenses are directly or indirectly tied to these inflated prices."

Yet even the FTC admits that net insulin prices after rebates have declined over time. This suggests competition fueled by the PBMs is working. But patients who pay co-insurance on medicines—which is set as a percentage of a drug's list price—or who have high deductibles can get slammed by high list prices.

As the FTC complaint notes, health plans can mitigate high list prices "by applying drug rebates directly at the pharmacy counter when the patient purchases the drug"—known as a point-of-sale rebate. It says employers aren't doing this, but why is that the PBMs' fault?

The FTC says PBMs use rebates to inflate their profits, but this is contradicted by the

## Lina Khan piles on the anti-PBM bandwagon, to ill effect for consumers.

complaint's admission that they pass on 90% to 98% of rebate dollars to their clients—i.e., employer, union and Medicare Part D plans.

A recent study by the healthcare research firm Nephron Research found that rebates accounted for only 13% of PBM profits in 2022.

In any case, plans have increasingly moved to point-of-sale rebates. This is one reason average insulin out-of-pocket costs fell to \$21.19 from \$31.52 between 2018 and 2022. Nearly 80% of insulin prescriptions cost less than \$35 a month out of pocket in 2022.

The FTC complaint also points out that the three insulin makers last year slashed list prices on their most popular products by 65% to 78%. They also capped out-of-pocket costs at \$25 to \$35 a month for patients regardless of insurance.

Yet the complaint says that even though insulin has become more affordable, PBMs still extract large rebates for other drugs that result in higher list prices. True, but those drugs aren't the focus of the complaint. Generic competition has resulted in prescription drug prices rising at a third of the rate of overall consumer prices over the last five years.

If rebates are a problem, why does Congress require them for government plans? Drug makers must pay Medicaid rebates that start at 23.1% of a medicine's average price and can exceed 100%. The Trump Administration tried to ban rebates in Medicare, but the Congressional Budget Office estimated it would substantially raise senior premiums and increase government spending by \$170 billion over 10 years. Congress blocked the rule. Yet now Ms. Khan wants to ban rebates in private insurance.

The political irony is that PBMs have grown in size and power owing to government policies. Their vertical integration is a byproduct of ObamaCare's insurance regulation, including its cap on profits. No less than ObamaCare architect Peter Orszag recently lamented that "the stance of the antitrust authorities is directly and problematically opposed to the thrust of other policies."

Government has made a mess of healthcare financing, and Ms. Khan would make it worse.

## From Russia to the Houthis With Love

President Biden devoted his farewell address at the United Nations on Tuesday to the virtues of diplomacy and celebrating his work on behalf of global democracy. It was impossible to listen to his words and not wonder what world he is living in. It's certainly not the real one of growing disorder, and the latest evidence is the news that Iran is helping to broker the delivery of Russian antiship missiles to the Houthis in Yemen.

Reuters reported this week that Iran is engaging in secret talks to help the Houthis obtain advanced Yakhont missiles, known as P-800 Oniks, from Moscow. These would help the terrorist group more precisely target commercial ships in the Red Sea, complementing the large ballistic and cruise-missile inventory the group has fielded from Iran.

The Journal reported earlier this year that the Kremlin was pondering an antiship missile shipment in retaliation for the U.S. decision to let Ukraine use U.S.-supplied weapons to strike inside Russian territory.

The news highlights the utter failure of American deterrence against the Houthis and Iran. The Houthis keep firing at merchant ships in the Red Sea, even tankers carrying oil that could spill into the ocean. The Biden Adminis-

## The threat to global shipping grows on Biden's watch.

tration made a show of assembling a coalition called Operation Prosperity Guardian to defend the shipping lanes.

But in practice the U.S. has responded with the military equivalent of strongly worded letters—small missile strikes on Houthi launchers that do no lasting damage to the group's ability to hold shipping hostage. The Administration feared a more forceful response would lead to a regional war. The irony is that U.S. passivity has now led to a growing regional conflict.

The Iran-Russia cooperation underscores the extent to which these regional powers are becoming a global menace. China, Russia, Iran and North Korea are working as a de facto axis, arming and assisting each other to threaten their neighbors and spread mayhem. NATO has called China a "decisive enabler" of Russia's war in Ukraine, and Russia is helping Iran sow chaos in the Middle East.

This is President Biden's real foreign-policy legacy, rather than his sunshine and lollipops view that "the center has held" against this threat. The disorder is growing. Neither of the two presidential candidates has offered the American public a realistic vision of how to deal with this new reality. The vandals will continue to march until America wakes up.

## The Schumer Permitting Exception

Wonder of wonders, miracle of miracles. Democrats in Congress have finally conceded that the U.S. economy needs permitting reform—at least if you make computer chips. Herewith a tale of political favoritism and industrial policy.

The House on Monday passed the Building Chips in America Act, which is a cleanup job for the 2022 Chips and Science Act. While the previous law doled out \$39 billion to build semiconductors, the new bill will help projects shorten the path to approval under the National Environmental Policy Act (NEPA). The bill passed the Senate in December and President Biden is eager to sign it.

Chip makers will get several ways to skip environmental reviews. They can earn an exemption by starting construction before the end of this year, which several have already done. NEPA rules will also be waived for companies that receive loans rather than grants through the Chips Act, or use federal grants for less than 10% of their total project cost.

More House Republicans than Democrats voted for the bill, and the GOP support is easier to explain. Most Republicans have sought for years to streamline permitting across all industries. Even Republicans against chip subsidies would prefer projects to move quickly once the funds are appropriated.

But Democrats are breaking their usual NEPA habit. Senate Majority Leader Chuck Schumer has blocked multiple attempts at per-

mitting reform, including a House proposal in May to speed up energy production and transmission. The green lobby sues and sues some more under NEPA to slow projects for years. The average wait is 4½ years, according to a 2020 review by the White House Council on Environmental Quality.

Without the exemptions, chip makers would likely face similar delays. A large fabrication plant can consume as much water each day as 300,000 people, and only 15% to 20% of it is recyclable, according to a study by the research firm Interface. That's catnip for endless bureaucratic review and lawsuits. The climate lobby opposed the Building Chips act, and 112 Democrats voted no in the House.

So why did the chip exception pass? Local and election politics. Democrats have made manufacturing a main theme of this year's campaigns and want to promote more projects before Election Day. Mr. Schumer is also crucial to this NEPA override. The new bill will likely speed construction for Micron Technology's plant near Syracuse, N.Y., which was set to break ground this year but has been tied up by the environmental review process. It's good to be the Majority Leader.

The chip exception shows how much NEPA permitting reform is needed for the entire economy. Companies shouldn't need a Majority Leader in their pocket to get permission to build the plants and products that drive American prosperity.

## Computer chips get a NEPA reprieve, but not the rest of the economy.

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## LETTERS TO THE EDITOR

## Rubio Responds on Trade Policy With China

Jason Furman's argument that

"Harris Is the Safer Economic Choice" (op-ed, Sept. 17) showcases the economic thinking that prompted America's populist wave in the first place. When our leaders established so-called free trade with state-subsidized Chinese companies, 2.4 million Americans lost their jobs. Various Chinese entities went further and stole trillions of dollars in American intellectual property. It took policy makers over a decade to catch up with reality, but their efforts to stem Beijing's anti-market onslaught are now accepted as common sense.

Mr. Furman hearkens to a different era. He asserts that the Biden administration "was wrong to keep and add to the tariffs Mr. Trump placed on China" and celebrates how Vice President Kamala Harris "doesn't seem enthusiastic" about tough trade policies. Does Mr. Furman mean for us to

ignore the past 25 years?

Allowing China to acquire supply-chain dominance clearly threatens U.S. national security. The Chinese regime hasn't been shy about this: Last year Beijing curbed U.S. access to semiconductor inputs. Last month it began cutting America off from antimony, a metal crucial to the construction of bullets, missiles and nuclear weapons. Mr. Furman offers no solution to this threat.

Those who favor re-establishing so-called free trade with China are welcome to make their case. But the burden is on them to show it is in America's interest to let a communist dictatorship run rampant over the U.S. economy. The more they take their conclusions for granted, the more common-sense Americans will reject their expertise.

SEN. MARCO RUBIO (R., Fla.)  
Miami

## Too Soon to Say That Crime Is Rising in 2024

Jeffrey Anderson is right to caution against overreliance on Federal Bureau of Investigation data due to its revised counting method ("Contrary to Media Myth, U.S. Urban Crime Rates Are Up," op-ed, Sept. 23). But his use of the National Crime Victimization Survey also has a problem: It doesn't count murder victims, as they can't participate in the survey.

A good source for murder counts, AH Data Analytics, provides year-to-date murder figures for several hundred cities, based on official counts. They show an 18% drop in murder from

January to September compared with the same period last year. This decline is across-the-board; cities of a million or more people saw an 18% fall, as did cities of over 250,000.

Since murder is also a good indicator of violent-crime trends in general, it is premature to claim that crime is rising in 2024.

EM. PROF. BARRY LATZER  
John Jay College of Criminal Justice  
New York

Mr. Latzer is author of "The Myth of Overpunishment" and "The Rise and Fall of Violent Crime in America."

## Why Is It So Hard to Figure Out Harris's Plan?

I was struck by a deep sense of irony reading Connecticut Gov. Ned Lamont's argument that Vice President Kamala Harris isn't an empty vessel (Letters, Sept. 23). Here we get another Harris oracle enlightening us on her supposed policy positions and character. Meanwhile, from the candidate herself: Crickets. Peggy Noonan frames the choice perfectly.

Mr. Lamont is correct in one respect: "Let's vote." November can't come soon enough.

ROSS APPLEYARD  
Denver

With all due respect to my governor, Mr. Lamont should hop into his SUV and drive to the local grocery store, then fill up the tank of his vehicle. When he returns home, let him

## Between the Road to Serfdom And the Two Big Candidates

On the 80th anniversary of the U.S. publication of Friedrich Hayek's "The Road to Serfdom," Rainer Zitelmann warns that the socialists and fascists in the 1940s and 2024 share a philosophical underpinning that stresses a need for all-encompassing economic planning by the state ("'80 Years Later, Are We Still on 'The Road to Serfdom'?" op-ed, Sept. 18).

Hayek feared that the loss of economic freedom in state-managed systems eventually leads to the loss of other individual freedoms.

Former President Donald Trump is no libertarian, but he can't hold a candle to Democrats, including Vice President Kamala Harris, when it comes to increasing Washington's power. Central planners in the swamp hate Mr. Trump, a feeling that is mutual.

Bureaucrats on a mission to achieve social justice and end climate change undermined Mr. Trump in his first term and will do the same in a second term. For all the talk of Mr. Trump as a wannabe dictator, would the bureaucracy, courts, states, media and corporations stand down while he seizes control of the economy? Many Republicans also would stand in his way.

DANA DAVIS  
St. Augustine, Fla.

## The Harris Record on Israel

Actions speak louder than words ("The Debate's Inadvertent Israel Lesson" by Elliot Kaufman, op-ed, Sept. 13). As president of the Senate, Vice President Harris chose to attend a sorority conference rather than host Israeli Prime Minister Benjamin Netanyahu in wartime. As the "last person in the room," Ms. Harris agreed to hand Iran billions of dollars. As President Biden's partner, the veep withheld and delayed sending precision munitions to Israel, so it could finish off Hamas.

When former President Donald Trump said, "She hates Israel," it wasn't coming from nowhere.

JAMES MICHAEL GORDON  
Skokie, Ill.

Would Mr. Lamont please share the Rosetta Stone to interpret Ms. Harris's statements? All I hear is "I grew up in a middle-class home full of aspirations, unburdened by what was."

CYNTHIA MILLEN  
Toledo, Ohio

As I read Mr. Lamont's letter, I am struck by its wording and style. It sounded like Ms. Harris—empty points punctuated by Trump terribles. I learned little about Ms. Harris's opinions and policies, just that they weren't Donald Trump's.

THOMAS CARLSTROM  
Hopkins, Minn.

## Not So Easy to Read Markets

I'm a simple bone setter, but even I can sense something is off with Richard McKenzie's argument in "Why the Fed Cut Sent Stocks Soaring" (op-ed, Sept. 20). Nobel laureate Robert Shiller has shown that stock-market volatility far exceeds what changes in economic fundamentals would predict. Accordingly, the idea that clear cause-and-effect lines can be drawn is likely flawed.

Then there's the escape hatch built into the op-ed's final claim that "Fed rate cut will lead to a jump in stock prices by more than otherwise." The final four words make the thesis immune to contradiction. If stock prices were to drop after a rate cut, the author could still claim victory, arguing that prices would have dropped even more without the cut. Any argument that can't be disproved lacks the predictive power needed to turn academic musings into useful investment advice.

JOSEPH BERNSTEIN, M.D.  
Haverford, Pa.

## Pepper ... And Salt

THE WALL STREET JOURNAL



"Reality is great for the day to day stuff. But for the really important things you need to look elsewhere."

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## OPINION

# Harris's Uncertainty and the Risk of Recession

By Kevin Hassett  
And Cale Clingenpeel

The Federal Reserve's interest-rate cut comes as the unemployment rate is signaling a recession may be near—or even under way. If so, policy uncertainty will be a key factor driving the economy south. Economists have found that elections heighten market uncertainty dramatically when the proposals of opposing parties are especially divergent. That's the case this time around, so expect the economy to struggle beneath the weight of uncertainty in the short term.

**The vice president is a question mark. Markets understand what to expect from Trump's policies.**

Kamala Harris's evolving agenda has contributed to the uncertainty. President Trump's first term gave markets a good idea of what he might do if re-elected. Ms. Harris, on the other hand, is anything but an open book. In the past she endorsed myriad policies that, while popular among Democrats, would be extremely disruptive to the global economy. These include bans on fracking and offshore drilling, going carbon neutral by 2030, and killing the filibuster to pass the Green New Deal and pack the Supreme Court. She has also at one time or another expressed support

for Medicare for All, a financial-transactions tax and a new form of wealth tax. Lately, however, she has reversed course on these and other progressive proposals, leaving policy analysts wondering which Ms. Harris the economy is going to get if she wins.

Among the easiest of her proposals to evaluate is her plan to raise the corporate tax rate from 21% to 28%, and to allow the 199A deduction—which grants pass-through entities the right to exclude 20% of their income from taxation—to expire. For C corporations, the corporate-rate hike would be the largest increase enacted for any major advanced economy in at least 45 years. A recent review by Aaron Hedlund and Michael Faulkender of the academic consensus that has emerged notes that the Tax Cuts and Jobs Act of 2017 lifted domestic investment by 20%. This coincided with a record \$5,420 annual increase in real median household income in 2019. Since the original act was designed to be almost revenue neutral because of growth and the expansion of the tax base, the Harris proposal would lift the effective tax rate above what it was prior to the Trump tax reform for many forms of investment. The consequence would be a negative investment shock that would more than reverse the positive effects found in the literature.

The harm wouldn't be limited to corporate investment. A large share of the burden of this new tax would fall directly on workers and consumers, exacerbating the affordability



ysis of Ms. Harris's agenda should account for this. According to surveys that ask people if they have been victims of crime, there has been a collapse in the rule of law under the Biden-Harris administration. While violent crime fell by 17% during Mr. Trump's four-year term, violent crime increased by 43% during the first two years of the Biden-Harris administration. This trend will likely grow worse if a Harris administration keeps faith with Biden administration policies.

Nobody knows what the future holds, but most everyone can remember what their lives were like four years ago. Mr. Trump is thus running on policies he once successfully enacted. A lively and mostly supportive academic record suggests those same policies would advance prosperity. Ms. Harris's policies promise the opposite, causing identifiable and quantifiable harm to the economy, especially through higher taxation and heavier regulation. If the more radical policies she has supported in the past end up becoming law, the consequences would likely be a downside scenario too deep for economists' models even to begin to simulate.

*Mr. Hassett is a distinguished fellow in Economics at the Hoover Institution. He served as chairman of the White House Council of Economic Advisers, 2017-19. Mr. Clingenpeel was an economist and then senior adviser to the chairman of the council, 2018-21.*

crisis by raising retail prices while wages decline. Firms' demand for labor has dropped sharply and remains anemic. A tax hike would present a notable headwind to the labor market at an unusually bad time.

The second tax proposal concerns the 199A deduction, which is set to expire in 2025. According to Internal Revenue Service data, 25.9 million small businesses took advantage of this tax break in 2021. The elimination of the exclusion would add to the investment carnage of the higher corporate rate and affect every small business, not only the new startups that might benefit from Ms. Harris's new startup incentives.

On regulatory policy, the records

of the two candidates couldn't be more different. According to a study by the University of Chicago's Casey Mulligan, the Trump administration reduced regulatory lifetime costs by roughly \$11,000 a household. New Biden-Harris administration regulations, on the other hand, have increased regulatory lifetime costs by an average of \$47,000 a household. On trade, Mr. Trump and Ms. Harris are singing from the same hymnal. He relied heavily on tariffs during his first term, and the Biden-Harris team has kept most of those policies in place.

Considerable economic literature has shown that a strong rule of law is essential for a vibrant economy. Any complete economic anal-

## How Yale Plans to Commemorate the Oct. 7 Massacre

By Netanel Crispe  
And Sahar Tartak

New Haven, Conn. Yale University is preparing to mark a year since Hamas's Oct. 7 massacre in familiar fashion. The Chaplain's Office will hold a silent vigil on Oct. 6 "to remember and mourn all Israeli and Palestinian lives lost and shattered over the past year." The event is consistent with our university's track record of handling antisemitism on campus.

In the weeks after Hamas's atrocities, Yale was awash in anti-Jewish hate. Once-unacceptable calls for an "intifada" became ubiquitous, as students chanted for a "free Palestine" "from the river to the sea." Yale's President Peter Salovey responded with a Dec. 7 statement, "Against Hatred," in which he addressed "rising intolerance and hate toward Arab, Jewish, Muslim, and Middle Eastern and North African (MENA) individuals."

The university threw the Jewish community a series of uncontroversial promises, including increased security for our Hillel. Yet in the same statement it also promised to address "Islamophobia" and to "re-

spond to the needs of the Arab, MENA, and Muslim communities, including Palestinian students." The university promised staffing and space and a second Muslim chaplain.

The "Against Hate" initiative did little for Jewish students. Its promises didn't prevent the dropping of photocopies of \$100 bills with red ink representing blood onto Jewish students eating lunch in a university dining hall on Jan. 29. They didn't stop the midnight occupation of the Yale quad, which included a shrine to terrorist Walid Daqa and a physical attack on one of us (Ms. Tartak). Nor did they prevent the plastering of signs across campus accusing Jews of being "drunk off the blood of the oppressed." Nothing of this sort has happened to Muslim students on campus.

Yale has consistently addressed calls for Jewish death by condemning both "antisemitism and Islamophobia." By our count, every related statement the university has released since Oct. 7 has included references to Muslims, Palestinians or Islamophobia. The implicit message is that Jewish and Arab students are both victimized. Yet only one group reaps the benefits of that op-

pressed status and uses it against the other.

Take the new "cultural suite" that the university opened for MENA students. Though Mr. Salovey noted that the "MENA community includes Israelis and Palestinians," there appear to be no Israelis among the cultural suite's leadership. At least one member is Muslim, as is its assistant director. During an April 14 MENA Cultural

**The university expects Jews to attend a vigil with students who celebrated 'the resistance's success.'**

Festival, a board member called an international student from Iran a "genocide supporter" for holding a bag with a Starbucks logo. When the same student asked for an Islamic Republic flag to be taken down, the organizers refused. In February, MENA co-sponsored a Muslim Students Association talk by Linda Sarsour, a prominent anti-Israel activist.

Or consider Leenah Safi, the uni-

versity's new assistant Muslim chaplain. In May Ms. Safi signed "Standing With Gaza," a letter that championed the "Palestinian right to resist" what it described as the "brutal Israeli occupation and genocide that commenced well before October 7th." The letter denounced "any Muslim countries establishing diplomatic relations with the Zionist entity" and called for a boycott and divestment from Israel. Ms. Safi has effectively given a non-apology—the university says she's "deeply sorry for the pain her signing the petition has caused"—and retains her post, despite some Jewish faculty's expressions of concern.

She isn't alone. In April Mr. Crispe saw Omer Bajwa—the university's director of "Muslim Life"—lay prayer mats at Yale's encampments, which blocked students from walking through campus. On Sept. 12, Mr. Bajwa attended a Yalies4Palestine vigil for the "Martyrs of Gaza" donning what appeared to be a red-and-white kaffiyeh.

Yale either doesn't understand or chooses to ignore that prejudice against Muslim students on campus doesn't compare to the repeated instances of blood libel and calls for

genocide against Jews. Instead, it consistently draws false equivalencies between antisemitism and Islamophobia. On Sept. 24, the university hosted an event titled, "Belonging At Yale Event: Facing Anti-Arab Racism, Antisemitism, and Islamophobia on Our Campus." Contrast this with its clear stances on such issues as Russia's invasion of Ukraine or the death of George Floyd.

This brings us to the upcoming silent vigil, so far as we can tell the university's only commemoration of Oct. 7. By making the event one for both Palestinians and Israelis, Yale is asking Jewish students to mourn alongside the classmates who on Oct. 9 urged their peers to "celebrate the resistance's success." Yale dishonors the victims of Oct. 7 by equating Israel's self-defense with Hamas's horrific massacre.

At this rate we wonder if we'll soon be commemorating the Holocaust at a shared vigil for Nazi lives lost in World War II. More likely, it'll be an event to remember all victims of genocide, with Palestinians front and center.

*Mr. Crispe is a senior and Ms. Tartak a junior at Yale.*

## If Green Energy Is the Future, Bring a Fire Extinguisher

By Steve Goreham

Alternative energy is exploding—literally. Lithium battery fires are breaking out on highways and in factories, home garages and storage rooms. The rise in these fires is caused by government efforts to force the adoption of "green" energy.

Lithium batteries have high energy density, making them valuable for phones and portable appliances. But when they catch fire, they burn with high heat and can even blow up. That's why airlines prohibit lithium batteries in checked baggage.

On June 24 a battery factory in Hwaseong, South Korea, caught fire, triggering explosions and killing 22 workers. Experts estimate that most were killed by toxic gases emitted by the burning batteries.

Scotland has suffered two major fires in battery-recycling centers this year. On April 8 a large fire broke out at Fenix Battery Recycling in Kilwinning. More than 40 firefighters and

personnel from six different stations responded to the blaze, which burned for several days. The Scottish Fire and Rescue Service urged nearby residents to remain indoors with windows closed as long as two days after the fire started.

On June 23 a large fire broke out at the battery-recycling facility of WEEE Solutions in Glasgow. Eyewitnesses reported explosions, noises like gunshots, "steel flying everywhere" and a huge plume of black smoke. Ten fire trucks were needed, and the blaze lasted four days.

E-bike battery fires are a leading cause of fires in New York City, causing 270 blazes last year and killing 18 people. These have become a serious problem in Australia, Canada and other nations as well. E-bicyclists often store their bikes in first-floor storerooms, where they can self-ignite and destroy the buildings.

Even high-quality batteries are prone to self-ignition after damage or when connected to a faulty charging system.

Lithium batteries have been used for the past 30 years in phones and small appliances. But the introduction of electric cars led to a massive increase in battery size—and potential destructiveness. On Aug. 19 a Tesla semi truck crashed into trees along Interstate 80 in California. The crash ignited the truck's large lithium battery. Firefighters required 50,000 gallons of water to extinguish the flames, and the highway was closed for 15 hours. The California Advanced Clean Fleets regulation passed last year requires all new semi trucks to be zero-emissions vehicles by 2036, which in practice means electric trucks with batteries prone to fire.

Automakers have contended with lithium-battery fires for more than a decade. Alfa Romeo, BMW, Ford, General Motors, Hyundai, Porsche, Tesla and other manufacturers have recalled millions of EVs because of battery-fire problems. Batteries can self-ignite while the vehicle is in motion, when connected to a charger, or

even when sitting in a parking lot. EVs prone to self-ignition have been banned from parking lots in China, South Korea and across the U.S.

On Aug. 24 a fire broke out in the parking lot of EV manufacturer Rivian in Normal, Ill. More than 50 vehicles were destroyed. The same plant also reportedly suffered three other battery fires in the last year and three more in 2021-22.

**Lithium batteries are supposed to make the world safer. Instead they keep bursting into flames.**

On July 26 a truck containing several large lithium batteries ignited after a crash on Interstate 15 near Baker, Calif. The road was shut down for 44 hours as firefighters worked to put out the blaze. Hundreds of motorists were stranded in the des-

ert in 100-degree heat. Ambulances and medical teams with fuel and water were dispatched to the site to help stranded motorists.

How are governments responding to the rash of battery fires? They are doubling down, promoting the use of even larger high-density lithium batteries as part of their efforts to phase out coal, oil and natural gas in favor of wind and solar energy.

Grid-scale batteries are viewed as the solution to wind and solar intermittency. They store excess electricity when wind and solar output is high and release it when wind and solar output is low. The number of grid battery fires is growing, and grid batteries are hundreds of times the size of EV batteries.

On May 15 a Gateway Energy Storage facility using lithium-battery storage caught fire near San Diego. Firefighters managed to get the blaze under control in 24 hours, but it reignited twice more and burned for a total of 11 days. Evacuation orders to residents were issued and reissued. The Gateway facility was the largest of its kind when constructed in 2020.

As a result of the fire, San Diego County residents called for a moratorium on new battery storage facilities. But the county's Board of Supervisors voted the proposal down.

Vice President Kamala Harris in 2022 announced \$1 billion in grants for electric school buses. If a diesel bus engine catches fire, the driver can usually put it out with a fire extinguisher. But this isn't possible with electric buses, which explode when they catch fire. Policymakers need to pay more attention to the dangers of the green-energy transition.

*Mr. Goreham is author of "Green Breakdown: The Coming Renewable Energy Failure."*

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## Notable & Quotable: Meloni

Italian Prime Minister Giorgia Meloni speaking at the Atlantic Council Global Citizen Awards, Sept. 23:

As the West, I think we have two risks to counter. The first is what one of the greatest contemporary European philosophers, Roger Scruton, called oikophobia, from the Greek words *oikos*, which means home, and *phobia*, which means fear. . . . Oikophobia is the aversion to one's home. A mounting contempt, which leads us to want to violently erase the symbols of our civilization, in the U.S. as in Europe.

The second risk is the paradox that, while on the one hand the West looks down on itself, on the other hand it often claims to be superior to the others.

The result? The result is that the West is in danger of becoming a less credible interlocutor. The so-called Global South is demanding more influence. Developing nations that are by now largely established are autonomously collaborating among themselves. Autocracies are gaining ground on democracies, and we risk looking more and more like a closed and self-referential fortress.

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By EVERNORTH

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## Stellantis Profit Engine Needs a Fix

CEO Tavares faces pressure to revive sales at Jeep amid dealer, worker angst

By BEN GLICKMAN

Carlos Tavares, head of Jeep's and Chrysler's parent company, has made a career of swooping in to save struggling European car brands. His latest project is to revive U.S. sales at the company he created.

Tavares orchestrated a \$52 billion trans-Atlantic megadeal to form Stellantis nearly four years ago, bringing together staple European car brands like Peugeot and Opel under the same company as popular American names like Ram, Jeep and Dodge.

Just nine months ago, strong North American profits were fueling results that delighted investors and blew away competitors. Today, Tavares is under pressure from all sides: Investors grappling with the declining share price; dealers exasperated as cars pile up on lots; the union protesting a delayed plant reopening; and parts suppliers bristling at the company's moves to cut expenses.

Some U.S. dealers and recently departed Stellantis executives claim Tavares's team failed to adjust as pandemic-



Stellantis's Carlos Tavares has urged caution on slashing prices and deepening discounts.

era pricing muscle began to fade, leaving Jeeps and Rams priced too high relative to competitors.

Stellantis's U.S. market share slid to 8.4% this year through August from 9.6% last year and 11.6% in 2021, according to research firm Wards Intelligence.

That marks a sharp drop in an industry where sales executives battle over fractions of a percentage point.

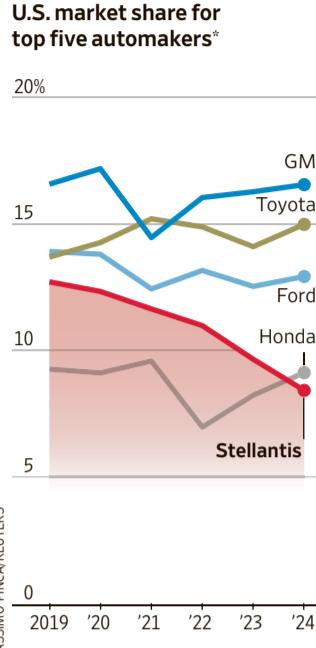
Tavares has urged caution on slashing prices and deepening

discounts for vehicles, arguing the company must preserve the value of its brands. He has said the company aims to price models at the upper end of a given vehicle category, while adjusting relative to competitors.

This summer, he acknowledged missteps in the U.S. market that have cost Stellantis market share and said he would spend more time in North America to fix the problems.

"There is no dogmatism in our approach," Tavares told investors in July, referring to changes in prices. "There is just a sense that we need to take care of spending your money in the appropriate way."

On Monday, Stellantis Chief Financial Officer Natalie Knight said the company had cut prices and offered discounts on some models to clear jampacked dealership lots. The moves came after months of dealer acrimony over bloated



\*Figures for 2024 are through August.  
Source: Wards Intelligence

inventory and declining sales, including in a sharply worded letter from influential dealers to Tavares this month, a rare public rebuke from retailers urging the CEO to take action.

This week, following a Bloomberg report that said Stellantis was searching for Tavares's successor, the company said it is normal for a board to consider succession ahead of a CEO's contract expiring. Tavares's contract is up in 2026.

Please turn to page B2

## Microsoft Hit With Antitrust Complaint By Google

By SAM SCHECHNER

Google said it has filed a formal complaint against Microsoft with the European Union's top antitrust regulator, escalating a long-running dispute over the cloud-computing business.

In the complaint, the search giant accuses Microsoft of abusing its market power in enterprise software to push businesses to use its Azure cloud platform and keep them locked in there.

The antitrust complaint is a turnaround for Google, which nearly two decades ago became a sustained target of EU antitrust action in part stemming from complaints supported by Microsoft. The two companies for a time made peace, but that accord has unraveled in recent years. This is the latest broadside.

Microsoft didn't respond to a request for comment.

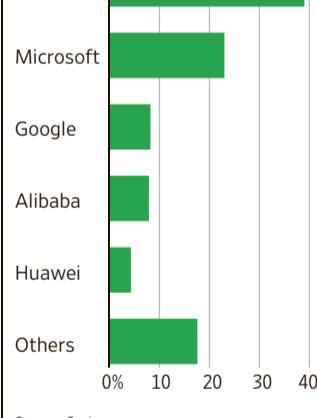
Google, owned by Alphabet, has long trailed Microsoft and Amazon.com's Amazon Web Services in the cloud business. Google executives say its complaint is important now because many companies will be moving more of their work to the cloud in the coming years.

Any practical impact of Google's complaint could take years to be felt. EU competition enforcers will have to decide whether to pursue the complaint, then whether to file charges and then decide on any potential infringements, fines and remedies—which themselves can be challenged in court. The process normally takes years.

For instance, it took the EU four years before filing charges in July against Microsoft over allegations stemming from Google's search results.

Please turn to page B2

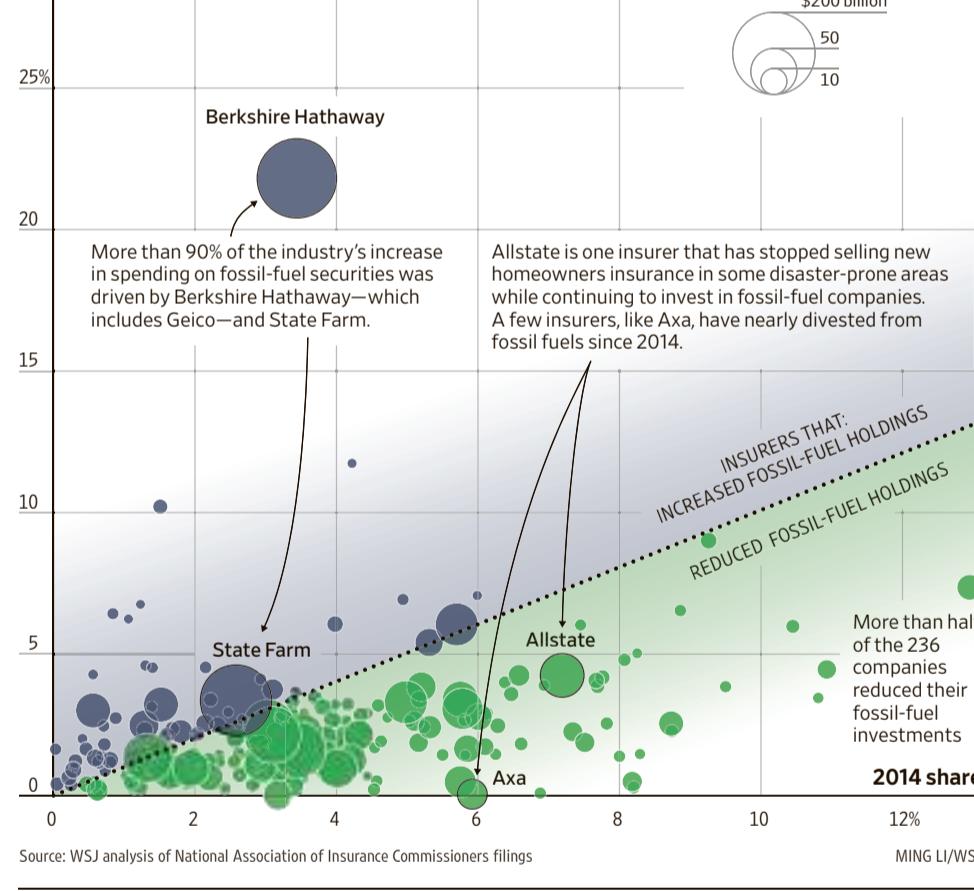
## Worldwide public cloud services market share, 2023



Source: Gartner

## Fossil Fuels Still Have Fans Among Insurers

Fossil-fuel holdings as a percentage of property-and-casualty insurers' securities, 2023 vs. 2014



Source: WSJ analysis of National Association of Insurance Commissioners filings

By SHANE SHIFFLETT AND JEAN EAGLESHAM

A deep divide is emerging among insurers over their investments in fossil fuels. The overall industry has significantly cut its exposure, but two huge players have made multi-billion-dollar bets on major oil companies.

The buying by State Farm and Berkshire Hathaway's insurance companies was so big that it helped offset a decline in the rest of the industry, according to an analysis by The Wall Street Journal of data from the National Association of Insurance Commissioners, a group of state regulators.

Property-and-casualty insurers overall reduced the proportion of their portfolios dedicated to fossil fuels to a median 1.8% last year from 3.4% in 2014, according to the Journal's analysis.

The increases from State Farm and Berkshire drove the industry's overall exposure to fossil fuels higher, pushing it to 4.4% of their portfolios from 3.8%, the analysis found.

The energy sector accounts for 3.5% of the S&P 500's market capitalization.

The value of fossil-fuel holdings by the property-and-casualty industry rose to \$84.6 billion last year from \$57 billion in 2014, driven by market appreciation and the buying by the two insurers.

The insurance industry plays an outsized role in addressing climate change. Insurers are already pricing in the risks of storms, wildfires and the like and passing the costs on to their customers.

The industry also invests customers' premiums in stocks and bonds, which provide funding for companies, including producers of the fossil fuels that are the main cause of climate change. Insurers also provide coverage for projects such as coal mines and pipelines that couldn't be built without it.

State Farm, the nation's biggest home and auto insurer, has stopped selling new home insurance in California and aggressively raised rates after big losses. Insurers owned by Berkshire, including Geico and General Reinsurance, an industry giant, also have raised rates.

State Farm invested nearly \$4.8 billion in stocks and bonds of companies such as Chevron, Diamondback Energy and Exxon Mobil. The insurer in-

Please return to page B2

## Bond Investing Strategy Changes as Rates Fall

By VICKY GE HUANG AND HEATHER GILLERS

Falling rates have Wall Street recommending bonds again.

Once considered a boring safe play, bonds have lately felt like anything but. Rising interest rates drove returns to their worst year on record in 2022.

Now, with rates coming down, many investors have had gains instead.

But buying bonds can confront investors with a bewildering array of options: Treasurys, company bonds or municipal debt? Individual bonds or funds?

Here are some things to consider:

### ♦ Why bonds now?

Interest rates are a key factor in any bond's value. When rates fall, prices for existing bonds tend to rise, because they carry higher interest payments than newer bonds.

That has some financial advisers trying to talk their clients into bonds and out of

money markets, where bruised investors parked a record \$6.3 trillion over the past few years. Those pay interest income that rises and falls with short-term rates.

Glen Smith, chief investment officer of GDS Wealth Management, said his firm helped clients move into longer-term bonds to lock in higher yields in recent months.

While some new clients still held a significant amount of their assets in money-market funds, he said there is still time to redeploy into a balanced portfolio of stocks and bonds.

"In the perfect world, they should have done this six months ago," said Smith, whose Flower Mound, Texas-based firm manages about \$1.2 billion. "But it's not too late because even though Treasurys have already dropped by 1%, you can still get close to 3.5% now."

### ♦ Buying à la carte

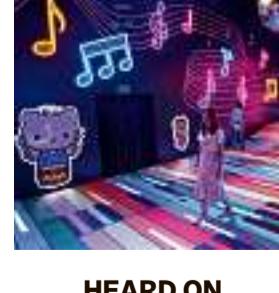
Bonds are effectively a loan from investors to a com-

## INSIDE



### TECHNOLOGY

Meta Platforms recruits Judi Dench and other celebrities for AI tool. B4



### HEARD ON THE STREET

Hello Kitty takes over the world, to investors' delight. B12

## Search Giant Pays \$2.7 Billion, Partly to Rehire an AI Expert

By MILES KRUPPA AND LAUREN THOMAS

At a time tech companies are paying eye-popping sums to hire the best minds in artificial intelligence, Google's deal to rehire Noam Shazeer has left others in the dust.

A co-author of a seminal research paper that kicked off the AI boom, Shazeer quit Google in 2021 to start his own company after the search giant refused to release a chatbot he developed. When that startup, CharacterAI, began to flounder, his old employer swooped in.

Google wrote Character a check for around \$2.7 billion, according to people with knowledge of the deal. The official reason for the payment was to license Character's technology. But the deal included another component: Shazeer agreed to work for Google again.

Within Google, Shazeer's return is widely viewed as the primary reason the company agreed to pay the multibillion-dollar licensing fee.

The arrangement has thrust him into the middle of a debate in Silicon Valley about whether tech giants are overspending in the race to develop cutting-edge AI, which some believe will define the future of computing.

Noam Shazeer's return was the primary reason for the big fee. It is a remarkable turn of events after Shazeer publicly said the search giant had become too risk-averse in developing AI. The 48-year-old engineer is one of three people leading Google's efforts to build the next version of its most-powerful AI technology, Gemini. Shazeer made hundreds of millions of dollars at CharacterAI before Google's offer.

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WINN WINTERMEYER/THE WASHINGTON POST/GETTY IMAGES

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Stellantis  
Needs to Fix  
U.S. Sales

Continued from page B1

Stellantis said it worked with dealers on a plan for the U.S. that included increased marketing, helping lift vehicle sales 21% in August from a year earlier. The company said it reduced U.S. inventory by about 10% in July and August and was aiming to trim further by year's end.

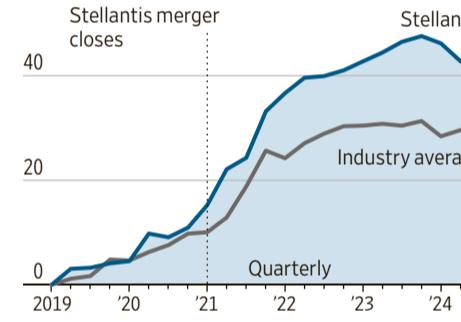
Still, the troubles in the U.S. market have pressured financial results and Stellantis's stock price. Since reaching a record in March, U.S.-traded shares have been cut in half, the worst performer among traditional automakers globally, according to Dow Jones Market Data. The retreat follows a 64% increase in 2023, and the stock is still up about 6.2% from when Stellantis was formed.

## Executive turnover

The 66-year-old Portugal native rose through the ranks at France's Renault before moving to Nissan, where he eventually led operations in North and South America and boosted the company's market share.

Later, as chief executive of Peugeot parent PSA Group, Tavares oversaw a rapid turnaround, swinging the company from a multibillion-dollar loss when he took over in 2014 to a

Change in average amount paid for a new vehicle in the U.S., compared to 2019\*



\*3Q 2024 figure only includes July and August transactions. †Results for 2021 are on a pro-forma basis.

Sources: Edmunds (price); the company (profits)

profit in a few years. He impressed investors again when he turned Opel, a long-unprofitable General Motors brand, into a moneymaker after PSA acquired it in 2017.

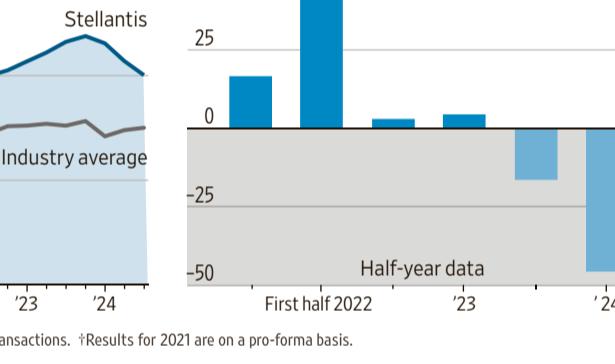
The 2021 combination of Fiat Chrysler Automobiles and PSA, negotiated by Tavares, created a car-making behemoth to compete with large rivals. Tavares touted \$6 billion in potential cost savings from combining parts of the two manufacturers.

Now Tavares has to fix the company he created—and without some veteran leaders in North America. A number of U.S. executives who predate Tavares's tenure have exited in recent months, including operations chief Mark Stewart, who left to become CEO of GoodYear Tire & Rubber.

Stellantis said that executive turnover is common in the auto industry.

Dave Kelleher, who has served on Stellantis and its predecessors' dealer-advisory councils since 2007, said lead-

Stellantis adjusted profits from North America, change from a year earlier†



A Jeep Wrangler 4xe Rubicon plug-in hybrid SUV.

ership has slashed marketing budgets for dealers and limited model offerings, while also failing to give regional managers the necessary tools to turn things around.

Tavares seems to blame the North American management team," Kelleher said. "But they're handing them a shotgun, putting one bullet in it and asking them to come home

with six deer."

Decision-making about some of Stellantis's regional operations has increasingly been centralized in Europe, one of the company's other major markets, according to people familiar with the matter.

Marketing moves across regions, including spending on promotional deals, are now approved by Knight, the CFO, the people said. That marks a departure from past practice, where executives in the region had discretion, they said.

"Each region has autonomy and importantly enjoys the benefit of a strong network of global leaders with varied experiences unlike domestic competitors," Stellantis said, adding that each region has "full responsibility" for its business and financial results.

Dealers have said the company balked at offering deals directly to car buyers or cutting sticker prices, instead opting for complex and unorthodox incentive programs that dealers say have been ineffective.

"When times are tough, you get friction everywhere," she said.

tive at boosting sales.

The company has said a selection of new models hitting dealer lots before the end of the year will help drum up sales. Those offerings include multiple brands' first fully battery-powered models.

## Union unrest

Meanwhile, the United Auto Workers has threatened to strike Stellantis's U.S. factories, as union leaders express anger over factory layoffs and the company's decision to delay the reopening of a plant in Illinois.

Stellantis said it has honored all commitments made in last year's labor contract with the UAW, arguing it has the right to adjust the timing of investments based on market conditions.

Also in recent months, some of Stellantis's parts suppliers have criticized the company for changes the automaker has made in its contract terms.

In June, the company imposed and retroactively applied a new policy on how much warranty costs suppliers must pay, which supplier attorneys say is a breach of contract that will unfairly increase expenses.

Stellantis said the company had the right to debit suppliers for warranty costs, and that it has worked with them to offset inflation in recent years.

At the investor conference Monday, Knight acknowledged that the company has work to do to quell criticism from many corners, including dealers, unions and suppliers.

"When times are tough, you get friction everywhere," she said.

said the company has more than 20 million monthly active users and is on a good trajectory toward building a consumer business.

## Cashing in

In addition to Shazeer's payout, Google's payment was used to buy shares from Character's investors and employees and to fund the startup's continued operations—minus Shazeer, De Freitas and about 30 colleagues who have joined Google.

Google isn't the first tech giant to license a smaller company's technology in large part to hire its senior staff. Microsoft and Amazon.com have made similar deals this year. The unusual structure allows them to bring in coveted AI researchers whose startups are struggling without waiting for the regulatory approvals needed for formal acquisitions.

People who work on AI at Google said they don't know what the company will do with the technology it licensed from Character.

Shazeer, however, is already back to work at Google with the title of vice president. He has gone from running a company with hundreds of employees to focusing on research and supervising a handful of people, including De Freitas.

Google co-founder Sergey Brin, who played a key role in the deal to bring Shazeer back, said at a recent conference that the company was previously too timid in deploying AI applications. Now, he said, Google is developing and launching AI technology as fast as it can.

"Noam, by the way, is back at Google, which is awesome," he added.

—Tom Dotan, Berber Jin and Deepa Seetharaman contributed to this article.

## BUSINESS &amp; FINANCE

## Google Spends Big On AI Ace

Continued from page B1 millions of dollars from his stake in Character as part of the deal, according to one of the knowledgeable people. The payout is unusually large for a founder who didn't sell his company or take it public.

Google declined to make Shazeer available for an interview, and he didn't respond to requests for comment.

## Frustration, fallout

Shazeer joined Google in 2000 as one of its first few hundred employees. His first major project was building a system to improve the search engine's spelling-correction function. Shortly into his tenure, he asked then-CEO Eric Schmidt for access to thousands of computer chips.

"I'm going to solve general knowledge by the weekend," Shazeer told Schmidt, the CEO recalled during a 2015 Stanford University talk. The early effort failed, but Schmidt grew confident Shazeer had what it took to build AI with human-level intelligence.

"If there's anybody I can think of in the world who's likely to do it, it's going to be him," Schmidt said during the talk.

In 2017, Shazeer published a paper with seven other Google researchers titled "Attention Is All You Need," detailing a computer system that could reliably predict the next word in a sequence when prompted by humans. It became the underpin-



GABBY JONES/BLOOMBERG NEWS

ning of the generative AI technology that followed.

Shazeer teamed with a Google colleague, Daniel De Freitas, to build a chatbot originally named Meena that could banter confidently on a range of topics. In a widely circulated memo, "Meena Eats the World," Shazeer predicted it could replace Google's search engine and produce trillions of dollars in revenue, said people familiar with the document.

Google executives declined to release the chatbot to the public, citing concerns around safety and fairness. Shazeer and De Freitas quit in 2021 to launch Character.

## A Musk chatbot

One year later, OpenAI unveiled ChatGPT, demonstrating the massive public appetite for AI-powered chatbots. The following March, Character raised \$150 million in an investment round valuing it at \$1 billion.

Shazeer and his team hoped people would pay to interact with chatbots that can provide practical advice or mimic celebrities like Elon Musk and fic-

tional characters like Percy Jackson.

"It's going to be super, super helpful to a lot of people who are lonely or depressed," Shazeer said on "The Aarthi and Sriram Show" podcast last year.

As the company grew, staffers increasingly had to try to block customers from engaging in romantic role play, a use case that didn't fit Shazeer's and De Freitas's vision. Like other AI startups trying to compete with giants including OpenAI and Microsoft, Character also struggled to cover the high costs of developing its technology before it had a robust source of revenue.

Shazeer looked into raising more money for Character earlier this year and sounded out potential buyers including Facebook owner Meta Platforms, the Wall Street Journal previously reported. Character announced the deal with Google parent Alphabet last month, writing in a blog post that "the landscape has shifted" in the AI business since the company's founding.

A Character spokeswoman

## Microsoft Hit With Complaint

Continued from page B1 from a complaint workplace-messaging app Slack filed in 2020. A decision and any possible remedies in that case are pending.

Google's complaint, which the company says it filed late Tuesday, comes after Microsoft in July settled a separate complaint from a trade group representing European cloud services providers over similar issues. Under the deal, the trade group withdrew its complaint and Microsoft agreed to change some of its licensing practices while reimbursing the group for its costs.

On Wednesday, Google criticized that deal, arguing it does little to lift what it says are barriers to customer choice, which it alleged has been restricted and worsening since Microsoft made changes in 2019 to its licensing practices. Google argues that customers using Windows Server that want to switch to the cloud are unfairly penalized if they want to use competing cloud services.

Google has also made similar arguments to the U.K.'s competition regulator, as part of that body's market investigation into cloud services, saying that Microsoft's restrictions keep it and others from competing for much of the enterprise cloud market.

## Fossil Fuels Still Have Some Fans

Continued from page B1

increased the share of fossil-fuel companies in its \$142.7 billion portfolio to 3.6%, up from 2.6% a decade earlier, according to the Journal's analysis. A core reason for State Farm's Golden State pullback was its "rapidly growing catastrophe exposure" from wildfires, State Farm said. The National Oceanic and Atmospheric Administration says climate change makes wildfires bigger and riskier.

State Farm is one of many insurers to say climate change is having a significant impact on their company. "Being a good steward of our planet just makes sense," State Farm says on its website. A State Farm spokesman declined to comment.

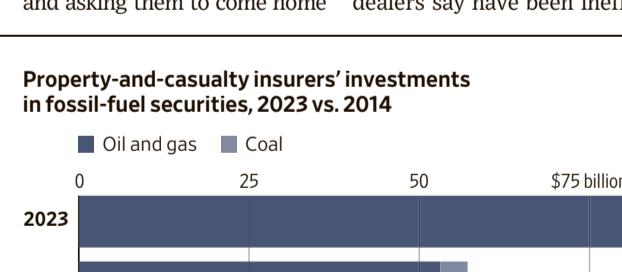
More than half of 236 insurers with fossil-fuel holdings in 2014 cut their investments in fossil-fuel producers. Some nearly eliminated the holdings. French insurer Axa cut its investments in oil, gas and coal stocks and bonds from 6% of its portfolio in 2014 to 0.05% last year, the Journal's analysis found.

The insurer's chief executive, Thomas Buberl, said the higher claims caused by fossil fuels outweighed any financial benefit from investing in them. "Every insurer should look at that equation," he said. It is irresponsible for insurers to still invest in fossil fuels, he added. "The issue is if one of us does it and everybody else doesn't, the industry as a whole remains in a bad spot," he said.

Berkshire's insurers reported spending \$39.9 billion on oil, gas and coal securities last year, increasing fossil fuels to more than one-fifth of their overall \$183 billion in holdings, the analysis found.

The main reason behind the

## Property-and-casualty insurers' investments in fossil-fuel securities, 2023 vs. 2014



## BUSINESS NEWS

# Rightmove Weighs REA's Sweetened Bid

The real-estate listing site receives a third proposal valued at \$8 billion

By MIKE CHERNEY  
AND DOMINIC CHOPPING

**Rightmove** said it would consider a sweetened £6 billion, equivalent to \$7.99 billion, bid from **News Corp**-controlled **REA Group**, having already knocked back two bids from the Australian real-estate advertiser in recent weeks.

REA announced the third

bid Monday, offering 341 pence in cash and 0.0422 new REA shares for each Rightmove share. The offer valued each Rightmove share at 770 pence based on REA's closing share price on Friday.

Based on its closing price on Monday, the offer represents 761 pence for each Rightmove share, to give an overall valuation of £6 million.

REA has a large presence in its home market of Australia and has expanded into India and the U.S. while also having a foothold in Malaysia, Singapore, Thailand and Vietnam.

A deal with Rightmove would see it enter the U.K. market and combine two of the English-speaking world's dominant real-estate listing websites, with REA saying Rightmove shareholders would receive a significant premium with immediate value in cash as well as an opportunity to benefit from its core digital property.

"We live in a world of intensifying competition and this proposed transaction would bring together two highly complementary digital property businesses for investment and growth," REA said on Monday.

U.K. rival OnTheMarket was acquired by U.S. real-estate company CoStar late last year and investors were concerned that with the deal and subsequent marketing investment, Rightmove's margin could decline or its growth could slow, according to analysts at Panmure Liberum.

However, the analysts say these concerns are probably overdone and they expect Rightmove earnings growth to accelerate and the stock to re-rate.

"This is the investment thesis which shareholders should require compensation to forgo—and at a 15% premium to our spot valuation, we do not believe this [third] offer does that," the analysts said.

Andrew Fisher, said the board was confident in the company's prospects and its continued shareholder value creation.

Rightmove shares fell 1.6% to 672.40 pence in Wednesday's trading, having risen 17% so far this year.

REA had until Sept. 30 to either make a formal offer for Rightmove or walk away under U.K. Takeover Panel rules.

News Corp also owns Dow Jones & Co., the publisher of Dow Jones Newswires and The Wall Street Journal.

—Anthony O. Gorainoff contributed to this article.

## Shein Faces Italian Antitrust Scrutiny Over Green Claims

By MAURO ORRU  
AND HELENA SMOLAK

Italian antitrust officials opened an investigation into Shein, saying the online fast-fashion giant might be making misleading claims about the sustainability of the clothing it sells.

The Singapore-based group stormed the fashion industry with its ultracheap clothes and a business model that created fierce competition for the likes of Sweden's **H&M** and Spain's Zara owner **Inditex**.

Shein works with thousands of factories, mostly in China, through an on-demand business model: It places small orders with suppliers and replenishes its stock as needed based on demand, resulting in lower inventory costs compared to its peers.

However, the sustainability of its business practices came under intense scrutiny in recent months. Critics argue that fast-fashion companies

like Shein promote excessive consumption, hurting the environment.

The Italian Competition Authority said it launched a probe into Infinite Styles Services Co., Shein's Italian website operator, over what officials said were potentially misleading environmental claims.

This comes at a time of growing awareness among consumers of the impact their clothing choices can have.

The watchdog said Shein might be seeking to portray itself as a sustainable maker and seller of garments through generic, vague and even misleading claims about product quality and responsible consumption.

A Shein spokeswoman said the group was ready to cooperate openly with Italian authorities and provide the necessary support and information to address any inquiries.

"We would also like to take this opportunity to reaffirm our commitment to complying

with the laws and regulations in the markets where we operate and to maintaining transparency with our customers," she said.

Italian officials said the investigation would focus on Shein's environmental claims in the "#SHEINTHEKNOW," "evoluSHEIN" and "Social Responsibility" sections of its website. The company's self-declared sustainable apparel collection "evoluSHEIN" might have misled consumers about recyclability and the use of green fibers—organic fibers that come from natural sources and are considered environmentally friendly—the watchdog said.

Officials also said the company's website included what it called contradictory decarbonization goals in the face of higher greenhouse-gas emissions in Shein's latest sustainability report.

Shein's absolute emissions grew to 16.68 million metric tons of carbon-dioxide equivalent last year from 9.17 million metric tons in 2022, according to the group's 2023 sustainability and social impact report.

Shein's absolute emissions grew to 16.68 million metric tons of carbon-dioxide equivalent last year from 9.17 million

lion metric tons in 2022, according to the group's 2023 sustainability and social impact report.

Shein has come under intensifying scrutiny on both sides of the Atlantic over its supply chain as its popularity soared. Western lawmakers have pressed Shein to address whether it sources cotton from China's Xinjiang region, where the U.S. has accused Chinese authorities of using forced labor.

That scrutiny has already prompted the company to take action as it prepares for a potential London listing.

The Wall Street Journal reported that Shein filed its application confidentially to the U.K.'s Financial Conduct Authority earlier in June for a possible listing on the London Stock Exchange.

The fashion heavyweight said in July that it would invest €250 million, equivalent to about \$279.5 million, in the U.K. and elsewhere in Europe over the next five years to combat industry waste.

Shein also filed to go public in New York last year, but its application has been stymied by tensions between the U.S. and China, where the company was founded, as well as concerns about sustainability and the transparency of the company's supply chain.



Shein has come under intensifying scrutiny on both sides of the Atlantic over its supply chain.

GILES SABRI FOR WSJ

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## TECHNOLOGY

WSJ.com/Tech

# Meta Enlists Actors to Draw Users to AI Tool

Tech giant will use voices of celebrities with its new artificial-intelligence assistant

BY SARAH KROUSE  
AND MEGHAN BOBROWSKY

**Meta Platforms** is splashing out on celebrity star power to persuade users to embrace new artificial-intelligence tools.

The tech company announced deals with actors Awkwafina, John Cena, Judi Dench, Kristen Bell and Keegan-Michael Key on Wednesday that will allow it to use their voices in a new AI assistant. Meta is paying stars millions of dollars for use of their likeness, people familiar with the negotiations said.

The new chatbots, which were unveiled at Meta's annual developer and hardware conference, follow months of negotiations between the Facebook parent, celebrities and their representatives that raised novel questions about privacy, compensation and the scope of how their likeness is used. Many celebrities want to take advantage of opportunities linked to generative AI's advance while maintaining control over how their voice and appearance are used and what they are paid.

Meta and other tech compa-

nies are spending billions of dollars to launch new AI products, hoping that they will deepen user engagement and make their social media and other tools more compelling.

At the conference, called Meta Connect, Meta also unveiled a prototype of its first ever augmented-reality glasses, a new mixed-reality Quest headset that will go on sale in October and new features for its Ray-Ban smart glasses.

Meta's shares rose nearly 1% Wednesday.

The tech industry has been racing to develop such glasses for nearly a decade, with the goal to eventually overlay images or text onto the real world. Some enthusiasts hope the glasses will one day be capable of replacing smartphones. The prototype Meta Chief Executive Mark Zuckerberg showed off Wednesday is the first one the company has shared and was highly anticipated.

The AR glasses, dubbed Orion, look like a pair of black Ray-Bans with thicker frames and lenses. Zuckerberg said during his keynote speech that the glasses are still a work in progress and will mostly be used internally for the time being. "They are a glimpse of a future that I think is going to be pretty exciting," he said.

The new mixed-reality Quest 3S headset—a cross between Meta's Quest 2 and 3—will re-



Awkwafina, left, and Judi Dench are among the actors that have signed deals with the company.

tail for \$299, one of the lowest price points for such devices. Apple's mixed-reality Vision Pro headset retails for \$3,499.

Among the new features Meta launched for its Ray-Ban smart glasses: the ability for the glasses to remember visuals and information, and live translation between languages. The glasses have become a surprise hit for the company, as interest in the metaverse remains muted. Zuckerberg also said Meta's AI assistant—which the company launched at last year's conference—had reached 500 million monthly active users, up from 400 million about a month ago. The Meta chief didn't share an update on weekly active users.

In August, Meta said it had 185 million weekly active users, just short of the figure ChatGPT has disclosed of 200 million weekly users. Zuckerberg has said Meta's goal is for its AI to be the most-used assistant by the end of the year—and hopes celebrities will help get the

company closer to that.

David Gene Oh, a scout at Venture Reality Fund who previously worked on virtual reality at Meta, said using celebrities to try to engage users might help raise awareness about the company's AI products but isn't going to drastically change usage overnight.

"Those are the things that I think are small little notches on the belt," he said. "But will it drive mainstream adoption tomorrow? No it doesn't win that fast."

Artificial-intelligence advances were among actors' concerns in last year's Hollywood labor strike, with the Screen Actors Guild-American Federation of Television and Radio Artists securing some protections in their new contract.

It isn't the first time Meta has tried to leverage household names to get people interested in using its new technology, and some past efforts have stumbled. Last year at Meta Connect, Zuckerberg announced that the

company had partnered with celebrities including Snoop Dogg and Paris Hilton to release AI chatbots with distinct personalities. The chatbots didn't catch on, and the company discontinued them over the summer.

Other media companies are also experimenting with generative AI for a range of social-media and entertainment offerings. Ahead of the Paris Olympics, NBC cut a deal with sportscaster Al Michaels to use an AI-generated version of his voice for daily recaps.

Some new tools have caused controversy. OpenAI got into hot water earlier this year after it released an AI assistant that had a voice that some people thought sounded like Scarlett Johansson, including the actress herself. OpenAI said its AI assistant, called Sky, was never intended to resemble Johansson. The movie star hired a legal team and put out a blistering statement. OpenAI paused use of the voice.

# Software Startup Whatfix Attracts New Funds

BY LAURA KREUTZER

Private-equity firm Warburg Pincus is leading a \$125 million growth investment in software adoption technology startup Whatfix as the company expands its product line.

The investment also includes money from **SoftBank Group** in Tokyo, which led a \$90 million growth investment in Whatfix in 2021. That deal valued the company in the ballpark of around \$600 million, Chief Executive Khadim Batti told The Wall Street Journal at the time. The company's value before the latest capital infusion had grown to nearly \$800 million, according to people familiar with the transaction.

In 2014, Batti and Varu Kumar, now head of R&D and solutions, co-founded the technology provider in India to help companies improve the adoption and implementation of enterprise software, such as products from **SAP** or **Salesforce**, and mobile applications across their own organizations.

Corporations use software adoption technology to ease the integration of new programs, monitor their use and train new workers.

Previous investment rounds have pumped at least \$140 million into Whatfix from venture and growth investors. The latest investment included new private shares issued by the company and those acquired from other backers or employees.

It is unclear how many of the earlier venture backers, if any, are selling down their stakes as part of the latest deal.

Since 2021, Whatfix has more than quadrupled its annual recurring revenue, according to Batti. It has also expanded beyond its software

**The deal reflects Warburg's bet on the steady growth in use of software adoption platforms.**

# Tech Leaders Question California AI Bill's Impact

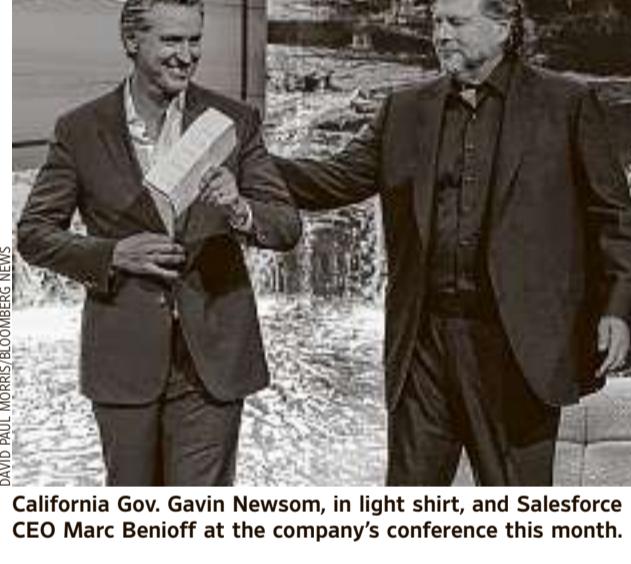
BY BELLE LIN  
AND ISABELLE BOUSQUETTE

Corporate technology leaders are concerned that California's artificial-intelligence safety bill will have a downstream impact on how they actually use the technology, even as they mostly agree that AI should be regulated in some form.

Called SB 1047, the California bill passed the state legislature in August and requires makers of large AI models to conduct safety tests to reduce the risks of "catastrophic harm" from their technology. Developers also must ensure a human can shut down their AI if it starts behaving dangerously. Gov. Gavin Newsom has until Sept. 30 to sign or veto the bill.

So far, debate around the bill—seen as a bellwether for how AI will be regulated across the country—has been dominated by AI startups and tech giants, many of which have opposed the bill.

Others such as the AI lab Anthropic have suggested amendments to the bill, about



California Gov. Gavin Newsom, in light shirt, and Salesforce CEO Marc Benioff at the company's conference this month.

speed up their deployments.

Lawrence Fitzpatrick, chief technology officer of financial services firm OneMain Financial, said "safety and fairness" of generative AI is important, but that the legislation is premature. "The world literally has less than two years of experience with this technology," he said. "In the short term, this may add a layer of friction for adopters that can only slow learning as they now may need to evaluate compliance of foundation models against the requirements of the bill."

Additionally, many enterprises are already taking a cautious approach to AI use, especially in regulated sectors, Fitzpatrick added.

Though corporate technology leaders aren't subject to those AI model tests, there will be an indirect, "downstream" impact on them if the bill passes, said Tim Crawford, a chief information officer strategic adviser at enterprise IT advisory firm AVOA.

While the AI safety act serves an important purpose, it could create confusion among tech leaders. Confusion typi-

cally leads to greater hesitation—and perceived risk—in using a technology, he said, and could cause businesses to take a more conservative approach to using AI.

On the other hand, CIOs like Aaron Gwiner of tobacco company **Reynolds American** say they are cautiously optimistic about the bill.

Although Gwiner has been holding back on fully deploying AI in areas such as compliance, marketing and finance—in part because regulation remains nebulous and unclear—bills such as SB 1047 are a step in the right direction for codifying certain standards, he said. That could give him the confidence he needs to expand the company's use of AI, he added.

"If we don't start and take a step forward, then we'll be waiting six more years for the federal government to do something," Gwiner said.

This month, Newsom told **Salesforce** Chief Executive Marc Benioff at the business software maker's annual conference that Wiener's bill could have a "chilling effect" on AI development in California.

adoption technology to add product analytics that help enterprises better understand user behavior when engaging with applications.

More recently, the company is rolling out a group of products called Mirror that lets customers simulate applications for training and bringing on new workers without the risks posed by using live programs for those purposes.

The latest investment will help Whatfix increase its research and development capabilities, particularly around applying artificial intelligence technology, as well as geographic expansion, Batti said. In recent years, the company has added personnel in Australia, Singapore and the Middle East, he added.

Whatfix's dominant position in the market for software-adoption technology and the fact that Fortune 500 companies account for a significant chunk of its annual revenue helped make it an attractive bet, said Managing Director Narendra Ostawal of New York-based Warburg Pincus.

"At this scale, how many [Indian software] companies are there which are a No. 1 or No. 2 player in its niche globally and where a substantial part of the revenue base comes from Fortune 500 [companies]?" Ostawal said. "If you [use] these two criteria, and nothing else, I don't think any other business shows up."

He added the deal also reflects Warburg's bet on the steady growth in use of software adoption platforms among corporations.

"The real call that we have taken is that the category has legs," Ostawal said. Systems designed to help large organizations apply new technology "will remain a very important overlay for enterprises as they implement transformational digital applications, be they Salesforce, Workday or SAP."

BY MAURO ORRU

**Ubisoft Entertainment** lowered its sales and profit forecasts for its fiscal year after the French videogame maker delayed the release of "Assassin's Creed Shadows," and said initial sales of "Star Wars Outlaws" proved softer than expected.

The company said it now forecasts net bookings of roughly €1.95 billion, or about \$2.18 billion, for the fiscal year to the end of March 2025, below the bookings of €2.32 billion that Ubisoft reported for fiscal 2024. The company had previously guided for solid net bookings growth in the current

fiscal year.

Ubisoft said "Assassin's Creed Shadows" would be released around mid-February, toward the end of the company's fiscal year, to give developers more time to further polish the game that was initially due to be released in mid-November. The group announced the delay after sales of its recently launched "Star Wars Outlaws" game disappointed, prompting it to mobilize its teams to update that release in hopes it will attract a larger audience during the holiday season.

"Our second-quarter performance fell short of our expectations," Ubisoft Chief Execu-

tive Yves Guillemot said in a statement. Net bookings for its fiscal second quarter ending Sept. 30 should come in at about €350 million to €370 million, below previous guidance of around €500 million.

Meanwhile, the company said it expects non-IFRS operating profit and free cash flow around break-even for the fiscal year as a whole compared with previous guidance of a slight rise in operating profit and positive free cash flow.

Ubisoft has been facing a number of setbacks in recent months. It said in July that it no longer expected to release "Rainbow Six Mobile" and "The Division Resurgence" in the current fiscal year as it sought extra time to ensure the games meet players' expectations.

Those delays came after the group ceased development of

"The Division Heartland," a decision it made to redeploy resources to bigger releases such as "XDefiant." Its share price has tumbled more than 60% over the past 12 months.

"In the light of recent challenges, we acknowledge the need for greater efficiency," Guillemot said. Ubisoft said it would provide further details when it presents half-year results on Oct. 30.

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The videogame publisher said sales of its recently released 'Star Wars Outlaws' disappointed.

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## BUSINESS &amp; FINANCE

# UniCredit Weighs Options For Commerzbank Stake

Italian bank's CEO rules out taking seat on German lender's supervisory board

BY ELENA VARDON

Italy's **UniCredit** won't seek a seat on **Commerzbank**'s supervisory board despite a recent move to become the German bank's biggest shareholder, UniCredit's chief executive said on Wednesday.

Speaking at a financial conference in London, Andrea Orcel said UniCredit's options are open regarding its stake in Commerzbank, but as a competitor it wouldn't be appropriate for UniCredit to take a seat on the board.

On Monday, UniCredit said it bought financial contracts that could take its Commerzbank stake to 21% from the 9% it recently disclosed. The move has revived speculation that UniCredit could create a cross-border bank and potentially foster more mergers and acquisitions in European finance.

UniCredit already has a presence in Germany through its subsidiary HypoVereinsbank and Orcel, who is eager to create a counterweight to U.S. megabanks, has signaled an appetite for deals.

"All scenarios are open now and there is no scenario that is predominant," Orcel said. "Commerzbank for us, at the moment, is an investment, nothing else," he said.

Among the possible scenarios, Orcel said his company could help Commerzbank unlock what he called substantial value, using the blueprint implemented for HypoVereinsbank, which the Italian bank acquired in 2005.

Another possibility is finding a way to collaborate and



**UniCredit's Andrea Orcel said his company could help Commerzbank unlock substantial value.**

"do something greater," Orcel said. "We think that is a test case for Europe demonstrating whether we can come together and create a stronger bank that can support the economy and the growth that needs to accelerate in our block."

UniCredit and Commerzbank are the second- and third-biggest banks by assets in their respective home countries. Combined, they would have ranked 10th in Europe at the end of last year with around €1.3 trillion, or \$1.5 trillion, in assets, according to S&P Global Market Intelligence data.

While the European Central Bank has long endorsed cross-border consolidation, deals have been few over the past years, with the recent exception of **UBS**'s state-supported takeover of Credit Suisse in Switzerland.

Former ECB President Mario Draghi said in a recent re-

port that Europe needs some large banks spanning the continent to fuel industry and better compete with the U.S. and China.

UniCredit's stake buildup has received a hostile reaction from some German officials and union leaders, who said a full acquisition could cut jobs, cede financial clout to Italy and deprive smaller German businesses of funding.

Germany became Commerzbank's biggest shareholder following a bailout during the financial crisis but its stake fell to 12% after it unloaded shares earlier this month, a sale UniCredit participated in.

Commerzbank has said it would weigh its options in the interests of investors, customers and employees.

Late Tuesday, it named finance chief Bettina Orlopp as its new CEO, succeeding Manfred Knof.

"While we have a strategy that is effective, significant

tasks lie ahead," Orlopp said in a statement.

UniCredit could opt to sell its stake in Commerzbank, Orcel said.

"We took some capital that was sitting to be distributed to investors, we invested it. We try to do something great with it. If it doesn't work, we sell," he said.

The investment in Commerzbank as of now has no impact

on its distribution and no significant impact on its capital, Orcel said. He confirmed the bank's targets, including the aim to distribute over €8.6 billion to shareholders this year, and accelerated its dividend payout.

The payout ratio is increasing to 50% from 2025 onward, from 40% for 2024, Orcel said.

"That puts it at benchmark and underscores the movement of a story from restructuring and transformation to more profitable sustainable growth," he said.

# German Bank's New Chief Faces A Tough Sell

BY MARGOT PATRICK

Newly named **Commerzbank** Chief Executive Bettina Orlopp has a difficult first mission: fend off an Italian raider, **UniCredit**, while somehow keeping long-suffering shareholders happy.

UniCredit's surprise purchase of 9% of the German bank this month—and a plan to own even more—put Commerzbank and the German government on the back foot.

The deputy chairman of Commerzbank's supervisory board said he wanted to vomit hearing about UniCredit's ambi-

tions to save on costs.

Orlopp, who was born in Solingen, a town in the western state of North-Rhine Westphalia, cut her teeth as a McKinsey consultant.

She joined Commerzbank in 2014

and is currently chief financial officer, where she is known

for her steely demeanor and sharp grasp of the bank's challenges.

CEO when Manfred Knof steps down, which the bank said would be soon, without naming a date.

Orlopp has been seen as a likely CEO since a prior CEO and chairman resigned in 2020 amid pressure from shareholder Cerberus, which has since exited its stake.

She told journalists last week that it is important to stay calm.

**Bettina Orlopp is known for her sharp grasp of the bank's challenges.**

While UniCredit shares trade around book value, Commerzbank's are discounted by investors by around 40%, highlighting how the German bank has struggled to

modernize.

Commerzbank is one of Germany's largest banks by assets after Deutsche Bank, and a key part of the country's economic engine, serving small and medium-size companies. A series of overhauls and an aborted effort to merge with Deutsche Bank have left investors unconvinced it can stand on its own.



**Orlopp joined Commerzbank in 2014 and is currently its CFO.**

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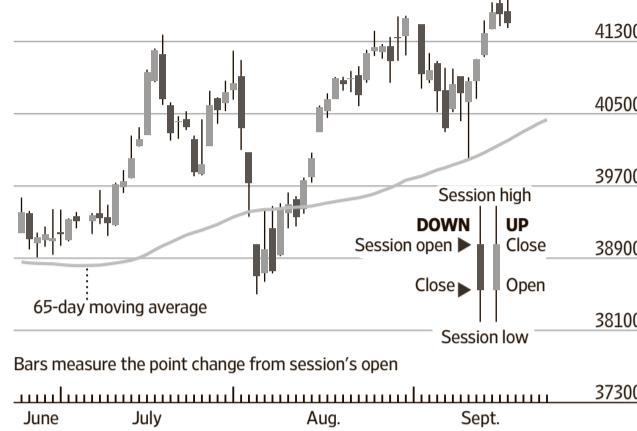
## EQUITIES

## Dow Jones Industrial Average

**41914.75** ▼293.47, or 0.70%  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 26.04 24.29  
P/E estimate \* 20.50 18.63  
Dividend yield 2.05 2.15  
All-time high 42208.22, 09/24/24

Current divisor 0.15221633137872



Bars measure the point change from session's open

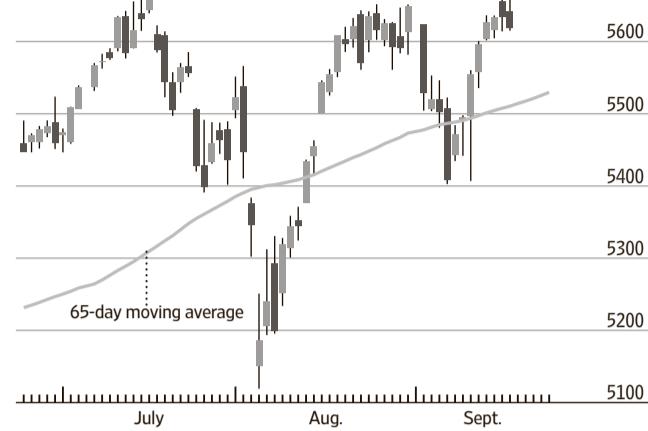
June July Aug. Sept.

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

## S&amp;P 500 Index

**5722.26** ▼10.67, or 0.19%  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio \* 23.98 21.67  
P/E estimate \* 23.05 19.86  
Dividend yield \* 1.31 1.58  
All-time high 5732.93, 09/24/24



Bars measure the point change from session's open

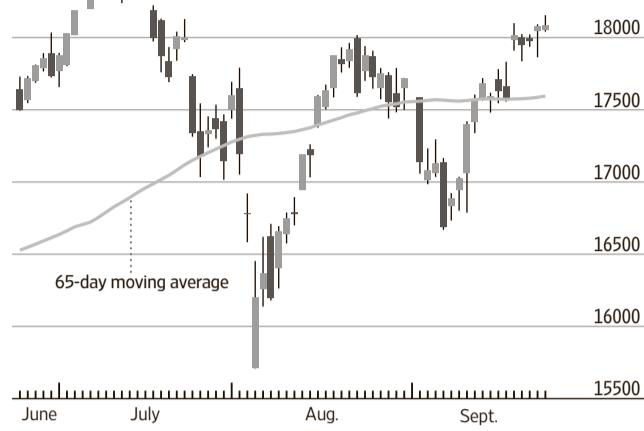
June July Aug. Sept.

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

## Nasdaq Composite Index

**18082.21** ▲7.68, or 0.04%  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio \* 30.92 29.75  
P/E estimate \* 29.17 26.75  
Dividend yield \* 0.83 0.87  
All-time high 18647.45, 07/10/24



Bars measure the point change from session's open

June July Aug. Sept.

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr.ann.
<b>Dow Jones</b>										
Industrial Average	42299.64	41859.73	<b>41914.75</b>	-293.47	-0.70	42208.22	32417.59	<b>24.9</b>	11.2	<b>6.4</b>
Transportation Avg	16202.36	15998.39	<b>16017.80</b>	-132.70	-0.82	16331.72	13556.07	<b>8.0</b>	0.7	<b>3.7</b>
Utility Average	1054.41	1043.03	<b>1049.13</b>	0.24	■ 0.02	1061.01	783.08	<b>26.1</b>	19.0	<b>5.5</b>
Total Stock Market	56845.27	56535.59	<b>56621.43</b>	-158.77	-0.28	56780.20	40847.04	<b>32.8</b>	18.5	<b>7.0</b>
Baron's 400	1224.75	1212.32	<b>1213.32</b>	-11.16	-0.91	1227.01	907.97	<b>26.5</b>	13.1	<b>5.6</b>

## Nasdaq Stock Market

Nasdaq Composite	18155.03	18040.62	<b>18082.21</b>	7.68	■ 0.04	18647.45	12595.61	<b>38.1</b>	20.5	<b>6.3</b>
Nasdaq-100	20043.43	19921.22	<b>19972.61</b>	27.76	■ 0.14	20675.38	14109.57	<b>37.0</b>	18.7	<b>9.2</b>

## S&amp;P

500 Index	5741.03	5712.06	<b>5722.26</b>	-10.67	-0.19	5732.93	4117.37	<b>33.9</b>	20.0	<b>8.7</b>
MidCap 400	3123.05	3083.31	<b>3089.02</b>	-29.92	-0.96	3124.92	2326.82	<b>24.3</b>	11.1	<b>4.6</b>
SmallCap 600	1415.71	1396.70	<b>1397.26</b>	-18.62	-1.32	1435.83	1068.80	<b>21.9</b>	6.0	<b>1.3</b>

## Other Indexes

Russell 2000	2224.09	2196.89	<b>2197.45</b>	-26.54	-1.19	2263.67	1636.94	<b>23.5</b>	8.4	<b>-0.8</b>
NYSE Composite	19528.59	19363.21	<b>19381.18</b>	-125.37	-0.64	19506.55	14675.78	<b>25.9</b>	15.0	<b>5.4</b>
Value Line	618.99	612.13	<b>612.60</b>	-6.11	-0.99	620.59	498.09	<b>14.4</b>	3.2	<b>-2.4</b>
NYSE Arca Biotech	5866.36	5761.13	<b>5770.73</b>	-74.37	-1.27	5949.95	4544.40	<b>14.0</b>	6.5	<b>-0.8</b>
NYSE Arca Pharma	1103.21	1091.51	<b>1091.75</b>	-4.30	-0.39	1140.17	845.32	<b>22.9</b>	20.0	<b>13.4</b>
KBW Bank	113.53	112.08	<b>112.30</b>	-1.13	-0.99	115.93	71.71	<b>45.1</b>	17.0	<b>-4.8</b>
PHLX® Gold/Silver	166.64	164.44	<b>164.99</b>	-0.19	-0.11	165.18	102.94	<b>53.9</b>	31.3	<b>11.3</b>
PHLX® Oil Service	79.53	76.63	<b>76.82</b>	-3.10	-3.88	97.46	72.67	<b>-21.2</b>	-8.4	<b>12.3</b>
PHLX® Semiconductor	5167.84	5078.25	<b>5123.52</b>	40.75	■ 0.80	5904.54	3185.18	<b>52.7</b>	22.9	<b>14.1</b>
Cboe Volatility	15.82	15.17	<b>15.41</b>	0.02	■ 0.13	38.57	11.86	<b>-15.4</b>	23.8	<b>-4.6</b>

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Sources: FactSet; Dow Jones Market Data

## International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
<b>World</b>	<b>MSCI ACWI</b>	<b>843.61</b>	-0.95	<b>-0.11</b>	16.0
	<b>MSCI ACWI ex-USA</b>	<b>348.38</b>	0.11	<b>■ 0.03</b>	10.0
	<b>MSCI World</b>	<b>3695.89</b>	-6.44	<b>-0.17</b>	16.6
	<b>MSCI Emerging Markets</b>	<b>1136.80</b>	4.76	<b>■ 0.42</b>	11.0

## Americas

<b>MSCI AC Americas</b>	<b>2154.16</b>	-4.28	<b>-0.20</b>	18.8	
Canada	<b>S&amp;P/TSX Comp</b>	<b>23905.88</b>	-46.34	<b>-0.19</b>	14.1
Latin Amer.	<b>MSCIEM Latin America</b>	<b>22447.72</b>	-24.17	<b>-1.07</b>	-15.7
Brazil	<b>Bovespa</b>	<b>131586.45</b>	-569.31	<b>-0.43</b>	-1.9
Chile	<b>S&amp;P IPSA</b>	<b>3488.78</b>	-5.07	<b>-0.15</b>	0.6
Mexico	<b>S&amp;P/BMV IPC</b>	<b>53190.93</b>	-463.02	<b>-0.86</b>	-7.3

## EMEA

<b>STOXX Europe 600</b>	<b>519.14</b>	-0.56	<b>-0.11</b>	8.4	
Eurozone	<b>Euro STOXX</b>	<b>509.06</b>	-0.92	<b>-0.18</b>	7.4
Belgium	<b>Bel-20</b>	<b>4258.41</b>	11.33	<b>■ 0.27</b>	14.9
Denmark	<b>OMX Copenhagen </b>				

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## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract			Open	High	Low	Settle	Chg	Interest
Copper-High (CMX)	-25,000 lbs.; \$ per lb.								
Sept	4,4530	4,4530	4,4240	4,4280	-0.0015	1,079			
Dec	4,5270	4,5535	4,4525	4,4895	-0.0020	133,463			
Gold (CMX)-100 troy oz.; \$ per troy oz.									
Sept	2656.30	2664.20	2649.30	2659.20	8.00	67			
Oct	2658.70	2670.50	2649.80	2660.70	7.70	36,132			
Nov	2671.20	2681.70	2662.70	2673.00	7.80	947			
Dec	2682.80	2694.90	2673.40	2684.70	7.70	459,624			
Feb'25	2704.70	2716.10	2670.60	2706.40	7.70	32,857			
April	2722.90	2732.40	2713.80	2724.30	7.50	20,257			
Palladium (NYM)-50 troy oz.; \$ per troy oz.									
Sept	1056.50	1056.50	1056.50	1033.30	-28.60	2			
Dec	1063.50	1065.00	1030.00	1038.40	-21.70	18,714			
Platinum (NYM)-50 troy oz.; \$ per troy oz.									
Sept	994.80	994.80	990.00	991.40	4.00	10			
Jan'25	1001.70	1010.00	990.50	1001.30	2.80	59,210			
Silver (CMX)-5,000 troy oz.; \$ per troy oz.									
Sept	31.805	31.990	31.805	31.698	-0.413	64			
Dec	32.445	32.610	31.870	32.018	-0.412	130,947			
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.									
Nov	71.54	71.72	69.23	69.69	-1.87	350,623			
Dec	70.84	71.04	68.69	69.13	-1.71	253,774			
Jan'25	70.33	70.54	68.36	68.77	-1.56	189,245			
March	69.72	69.88	67.90	68.32	-1.36	100,719			
June	69.15	69.31	67.52	67.92	-1.21	146,763			
Dec	68.16	68.29	66.76	67.10	-1.03	129,368			
NY Harbor ULSD (NYM)-42,000 gal.; \$ per gal.									
Oct	2,1859	2,1924	2,1471	2,1602	-0.0203	30,466			
Nov	2,2040	2,2107	2,1654	2,1769	-0.0222	121,443			
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.									
Oct	2,0311	2,0339	1,9767	1,9999	-0.0298	37,900			
Nov	2,0067	2,0100	1,9522	1,9742	-0.0313	122,077			
Natural Gas (NYM)-1,000 MMbtu-\$ per MMbtu.									
Oct	2,583	2,658	2,563	2,637	.086	30,459			
Nov	2,814	2,887	2,795	2,817	.026	317,556			
Dec	3,250	3,313	3,222	3,240	.010	134,077			
Jan'25	3,524	3,586	3,498	3,516	.011	191,456			
March	3,096	3,137	3,074	3,096	.024	145,505			
April	2,946	2,983	2,931	2,959	.033	84,237			

## Agriculture Futures

Corn (CBT)-5,000 bu.; cents per bu.									
Dec	411.75	415.50	408.50	415.25	3.50	787,020			
March'25	430.50	433.75	427.50	432.25	2.50	293,058			
Oats (CBT)-5,000 bu.; cents per bu.									
Dec	363.00	375.00	357.25	371.25	6.25	2,905			
March'25	362.00	373.00	357.00	369.00	4.75	584			
Soybeans (CBT)-5,000 bu.; cents per bu.									
Nov	1042.00	1054.50	1031.25	1053.25	11.00	399,393			
Jan'25	1059.75	1072.75	1057.25	1125.15	11.25	158,908			
Soybean Meal (CBT)-100 tons; \$ per ton.									
Oct	323.50	326.70	320.00	326.10	2.50	34,011			
Dec	325.50	328.80	322.10	328.20	2.30	241,766			
Soybean Oil (CBT)-60,000 lbs.; cents per lb.									
Oct	44.01	44.68	43.66	44.38	.43	23,399			
Dec	43.40	44.43	43.06	44.15	.81	255,649			
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.									
Nov	15.24	15.25	14.97	15.03	-.23	8,125			
Jan'25	15.39	15.42	15.13	15.22	-.21	970			
Wheat (CBT)-5,000 bu.; cents per bu.									
Dec	579.00	591.25	573.75	589.25	11.25	213,525			
March'25	597.75	610.00	593.50	608.25	11.00	80,250			
Wheat (KC)-5,000 bu.; cents per bu.									
Dec	571.00	582.75	566.00	581.00	10.00	155,559			
March'25	584.75	596.50	580.00	595.25	10.00	52,753			
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.									
Sept	245,000	245,525	244,725	245,375	.425	2,440			
Nov	243,000	244,600	242,950	244,050	.650	19,167			
Cattle-Live (CME)-40,000 lbs.; cents per lb.									
Oct	183,000	183,200	182,500	183,050	-.150	38,411			
Dec	184,150	184,550	183,725	184,325	-.075	132,286			
Hogs-Lean (CME)-40,000 lbs.; cents per lb.									
Oct	81.975	82.700	81.975	82.475	.350	40,810			
Dec	74,650	75,300	74,400	74,900	-.075	124,209			
Lumber (CME)-27,500 bd. ft.; \$ per 1,000 bd. ft.									
Nov	530.00	533.00	522.50	526.00	-.90	7,480			
Jan'25	546.50	548.50	538.50	542.00	-.90	717			
Milk (CME)-200,000 lbs.; cents per lb.									
Sept	23.35	23.36	23.29	23.34	... .3636	3,636			
Oct	23.29	23.48	23.20	23.45	.17	5,595			
Cocoa (ICE-US)-10 metric tons; \$ per ton.									
Dec	7,7851	8,049	7,805	7,955	88	65,132			

Source: FactSet

## Macro &amp; Market Economics

## Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended September 20. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

## Inventories, 000s barrels

	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg			





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## BIGGEST 1,000 STOCKS

## How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers, including securities exchanges, Finra, electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

**Underlined quotations** are those stocks with large changes in volume compared with the issue's average trading volume.

**Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

**Footnotes:** i-New 52-week high; 1-New 52-week low; dd—Indicates loss in the most recent four quarters.

**Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.**

Wednesday, September 25, 2024

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg				
AACN	AACN	107.30	-0.09	Apple	AAPL	226.37	-1.00	Booking	BKNG	417.70	-1.86	ElbitSystems	ESLT	194.10	-0.10	goPainGalicia	GGAL	43.13	-1.23	PTC	PTC	176.20	-1.59
AECOM	AECM	101.06	-1.18	AppliedIntlTechs	AITP	220.00	-2.26	Bailliez	BAH	159.91	-0.17	ElectronicArts	EA	141.48	-0.16	Guideewire	GWR	176.76	0.71	TD Synnex	SNX	117.29	-1.59
AES	AES	19.53	0.42	AppMaterials	AMAT	197.31	-0.10	Chubb	CHB	290.33	-0.57	EmersonElec	EMR	104.40	-1.94	HCA Healthcare	HCA	405.11	3.31	TE Connectivity	TTEL	145.78	-3.00
Aflac	AFL	106.91	0.59	Arclink	ARCM	37.26	0.01	ChurchDwight	CHD	102.94	-0.20	Enbridge	ENB	41.09	-0.23	HDFC Bank	HDB	66.16	0.08	Telus	TU	16.48	-0.20
AGNC Invn	AGNC	30.37	-0.10	Arcelormittal	MT	24.67	-0.43	ChurchillsDowns	DHDN	131.74	-1.51	Entergy	EDR	28.00	-0.25	HF Sinclair	DINO	44.92	0.06	PalantirTech	PLTR	37.12	0.22
Amrys	ANRS	319.38	-4.81	ArchCapital	ACGL	113.07	-0.28	Ciena	CIE	61.42	0.89	EncompassHealth	EHC	96.75	1.49	HillWeston	LWN	42.95	-0.07	FTI Int'l	FTI	144.15	-2.94
APA	APA	24.57	-0.77	ArborTech	APTG	157.14	-0.51	Cigna	CIGN	348.86	-0.31	EnergyTransfer	ETE	16.20	-0.01	Hotels	HTHT	31.34	-1.09	Tim	TIME	17.16	-0.15
ASE Tech	ASX	10.19	0.07	Apptgroup	ATP	157.14	-0.51	Cincom	CIN	135.22	-0.28	Entergy	ETR	129.74	-0.31	Leidos	LDOS	158.06	-0.45	TJX	TJX	118.13	0.48
ASML	ASML	818.18	-4.18	AppT	APT	70.56	-0.76	Coastal	COAS	40.59	-0.76	EnergyTransfer	ETP	16.20	-0.01	Lennar	LEN	181.86	-2.37	Parsons	PCN	102.90	1.93
ATT&T	T	21.56	-0.03	ArctisNetworks	ANET	388.21	-3.14	Comcast	CMTA	104.59	-0.76	Equifax	EFX	292.13	-2.08	Paychex	PYX	132.46	-1.17	T-MobileUS	TMUS	203.31	1.87
AbbottLabs	ABT	161.24	-0.73	ArctisNetworks	ANET	388.21	-3.14	Corning	CG	103.75	-0.04	Equinix	EQIX	890.01	2.43	Payout	PCTY	161.58	-3.83	T Rowe Price	TROW	107.46	-2.01
AbbVie	ABBV	191.24	-2.25	ArctisNetworks	ANET	388.21	-3.14	CoronadoBrands	COP	105.73	-0.18	Equinix	EQIX	890.01	2.43	TaiwanSemis	TEM	182.35	0.38	TakeTwoSoftware	TTWO	150.77	-0.13
Accenture	ACN	337.05	-2.57	ArctisNetworks	ANET	388.21	-3.14	Cosco	COS	16.00	-0.01	Equitable	EQH	40.00	-0.21	TakedaPharm	TAK	14.58	-0.22	TakedaPharm	TAK	14.58	-0.22
AcuityBrands	AYI	268.88	-4.24	ArctisNetworks	ANET	388.21	-3.14	Coupa	COPA	104.00	-0.26	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
Adobe	ADBE	517.90	-6.17	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AdyDrainageSys	WMS	152.11	-1.12	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AdMicroDevices	ADM	162.02	3.70	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
Aegon	AEG	6.29	-0.09	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AerCap	AER	95.32	-0.81	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AffirmA	AFRM	42.34	-1.38	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AiglenTechs	AQME	18.42	0.24	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
Airbnb	ABNB	130.71	-0.77	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
Allegion	ATLI	65.42	0.78	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AllianzEnergy	LNT	59.95	-0.10	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AllisonTransm	ANS	93.18	-0.20	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
Allstate	ALL	190.00	-1.32	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AllMyFinancial	ALNY	34.62	0.44	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AlynamPharm	ALYN	273.72	1.73	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
Alphabet	C	162.99	-0.65	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AlphabetC	GOOG	161.99	-0.65	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AlphabetD	GOOGL	161.64	-0.80	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AltaIREngg	ATLR	94.20	0.49	ArctisNetworks	ANET	388.21	-3.14	Craig	CRAIG	103.75	-0.04	Equitable	EQH	40.00	-0.21	Telus	TU	121.11	-0.78	Telus	TU	121.11	-0.78
AltaIREngg	ATLR	94.20	0.49	ArctisNetworks	ANET	388.21	-3																



**"My victory is removing 'can't' from my vocabulary."** Alex was hit by an IED in Afghanistan. He lost both legs, his left hand and has a traumatic brain injury. With support from DAV, Alex is taking on mountains. DAV helps veterans of all generations get the benefits they've earned—helping more than a million veterans each year. Support more victories for veterans. <sup>®</sup> [Go to DAV.org](http://Go to DAV.org).

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KEEPING OUR PROMISE TO  
AMERICA'S VETERANS

## MARKETS

## Investors Are Growing More and More Bullish

Optimism about the U.S. economy is sweeping markets from stocks to bonds and options.

The S&P 500 clinched a fresh high Tuesday before edging lower Wednesday. Bonds have been on a tear, with yields on the riskiest corporate bonds falling to some of the lowest levels since 2022.

And a measure of stock-market volatility slumped, reversing a late-summer jump that had alarmed investors across Wall Street. The Cboe Volatility Index declined to 15.39 on Tuesday—closing at the lowest level of the month, before ticking higher the next session.

It's a sign that investors are positioning for more calm ahead and backing away from options trades that would profit if market turbulence picked up.

Meanwhile, the ratio of put options relative to call options traded across stocks and exchange-traded funds slumped on Tuesday to one of the lowest levels of the year, Cboe Global Markets data show.

Many investors are expecting the recent record run in shares to continue and have adopted a sunnier outlook on stocks in recent months.

The Federal Reserve's move to reduce interest rates by half a percentage point at its latest meeting has turbocharged the enthusiasm, driving the latest leg of the stock rally.

A survey by Vanguard showed that, by one measure, individuals have rarely been this sanguine about the market.

Investors' expectations of annual stock-market returns over the next decade touched 7.9% in August, the highest level ever, according to the brokerage and fund manager's survey.

"Long-run expectations reached new heights while short-run expectations held steady, suggesting that investors are as confident as ever," wrote Xiao Xu, an analyst at Vanguard's investment strategy group.

—Gunjan Banerji

### Cboe Volatility Index over the past month



### Yield on the Bloomberg U.S. High Yield Corporate Bond Index



Source: FactSet

## Dow Falls as Chinese Stocks Rally

U.S. stocks turned weaker, erasing some recent gains in the absence of a major new catalyst to keep driving share prices higher.

Blue-chip stocks endured the brunt of the selling pressure, with the Dow Jones Industrial Average falling 0.7%, or 293 points, to snap a four-day winning streak.

**WEDNESDAY'S MARKETS** The S&P 500 slipped 0.2%, while the tech-heavy Nasdaq Composite ticked up less than 0.1%.

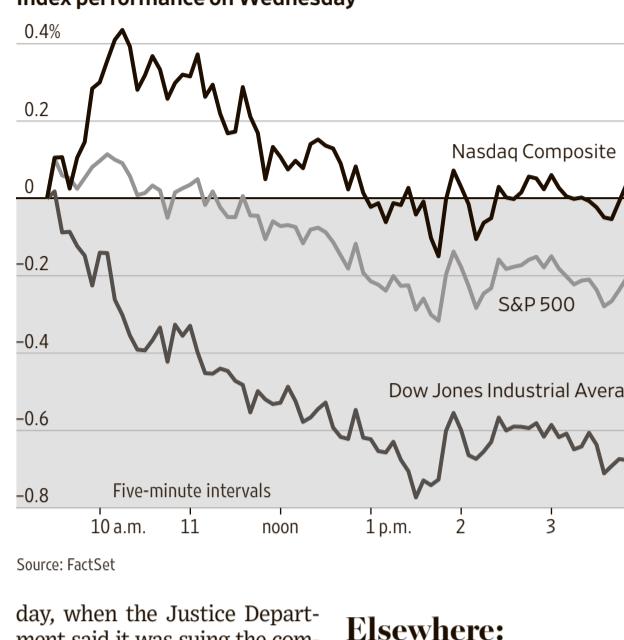
Both the Dow and the S&P 500 closed at records on Tuesday, riding lingering momentum from the Federal Reserve's rate cut last week. Stocks also got a boost on Tuesday after China's central bank unveiled stimulus measures.

No such help arrived on Wednesday. The day was light on economic data and earnings reports, and a slightly better-than-expected reading on new-home sales did little to move markets.

Weighing on the Dow, American shares fell 5.5% after analysts were underwhelmed by the results of a late-stage study of a drug that would treat a type of eczema. Visa dropped 1.2% after sliding 5.5% on Tues-

day, when the Justice Department said it was suing the company for antitrust violations.

Economic data could play a bigger role in driving markets the rest of the week. Data on weekly unemployment claims and durable goods orders will be released on Thursday. On Friday, the Commerce Department will release data on personal income and spending trends, as well as the Fed's preferred inflation gauge.



Source: FactSet

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### Elsewhere:

◆ Treasury yields extended recent gains, with the yield on the 10-year note rising to 3.781% from 3.736% on Tuesday, according to Tradeweb.

◆ Gold prices rose for the sixth straight session, with the front-month futures contract settling up 0.3% at a new high of \$2,659.20 an ounce.

◆ Other commodity prices slipped after rising on Tuesday in response to China's stimulus measures. U.S. crude oil declined 2.6% to \$69.69 a barrel, while copper prices edged down less than 0.1%.

◆ Global markets were mixed. The Stoxx Europe 600 fell 0.1%, the Nikkei 225 dropped 0.2%, while the Shanghai Composite finished up 1.2%.

—Sam Goldfarb and Caitlin McCabe

### THURSDAY'S EVENTS:

A third estimate of second-quarter GDP is due at 8:30 a.m., as is data on weekly jobless claims and durable-goods orders.

A rate decision is due from Mexico's central bank at 3 p.m. ET.

### EXPECTED EARNINGS:

Accenture  
CarMax  
TD Synnex  
Vail Resorts

Costco is due to report results after the close.

## Strategy For Bonds Changes

*Continued from page B1*

pany or government. The borrower makes interest payments, usually in twice-yearly fixed amounts, until the issuer pays back the principal.

Bonds from companies are considered a little riskier than Treasurys or municipal bonds, because the issuer might run into financial trouble, so the buyer often pays a little more.

Bond investors tend to care most about preserving the value of their investment. Many prefer to buy individual bonds and hold them until maturity. That way, it doesn't matter what happens to the price of the bond: You can lock in today's rate and get back what you put in.

You can buy most bonds from firms like Vanguard or Fidelity through an online brokerage account or, for a fee, through an investment adviser. Treasurys are also available from the government via TreasuryDirect.

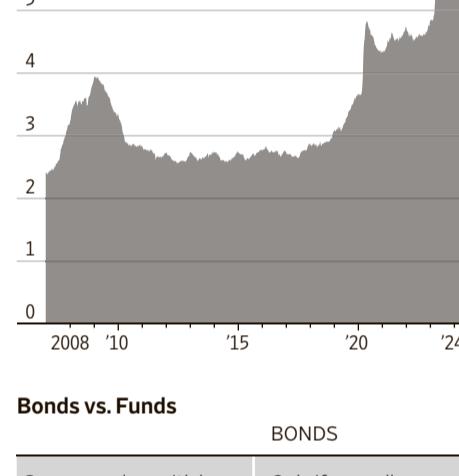
#### ◆ Climbing the ladder

To ensure regular income, many people assemble a so-called ladder of bonds, with some maturing each year: say, \$100,000 with \$10,000 maturing each year for the next decade. Then they spend the principal of the maturing bonds, or reinvest it in debt with a later maturity.

Because the bonds are held until they mature, there is no risk of losses from swings in rates.

But the strategy does have disadvantages. Investors still need to scrutinize other aspects of the bond, such as its credit rating, because companies don't always repay their debt. Even state and local governments can default. Also, ladders require effort: Investors must pick and choose bonds, assemble their ladder and reinvest the money when a bond matures. Others hire financial advisers

### Assets in money-market funds\*



### Bonds vs. Funds

BONDS		OPEN-END MUTUAL FUNDS		EXCHANGE-TRADED FUNDS	
Can you end up with less than what you put in?		Only if you sell before maturity or the bond defaults		Yes	
Income payments (generally)	Set twice-a-year interest payments	Monthly dividend based on fund performance	Monthly dividend based on fund performance		
Opportunities to cash out	Can be put up for sale any time but price depends on demand	Daily at the net asset value <sup>t</sup>	Any time at the ETF share price		
Overhead cost	Can be as low as \$1 per \$1,000 purchase	Varies widely based on manager, from around 0.05% to 1% annually	Often 0.03% to 0.1%		
Smallest amount you can buy	Usually \$5,000	Usually a few thousand dollars	One share, which can cost as little as \$50		

\*Weekly data, as of Sept. 18. <sup>t</sup>Net asset value is based on the estimated price of the fund's underlying bonds.

Sources: Investment Company Institute (assets); FactSet (index fund)

to manage their ladders, which comes with its own fees.

Cristina Guglielmetti, a financial planner in Brooklyn, N.Y., said she views the fixed-income portion of her client accounts as the money they may need soon and tries to match the maturity of their bondholdings with their spending needs.

"I like individual bonds because, for the most part, we're holding them to maturity," said Guglielmetti. "Having the fluctuations of a bond fund doesn't really get me or my clients anything."

#### ◆ Bundled for safety

Bond funds hold hundreds to thousands of bonds, with investors owning a tiny share of each, so the occasional de-

fault from a company or government isn't usually a big deal. That often makes investors more comfortable holding lower-rated bonds, which can pay more.

Some funds concentrate on bonds maturing in just a few years and others on those with payouts further down the road, which can also offer higher yields. Some funds mix corporate bonds, Treasurys and bonds sold by other countries for added diversification.

Shares of mutual or exchange-traded funds are often sold online, through a range of money managers. Mutual funds can set a minimum buy-in price, say a few thousand dollars or less.

Investors can buy an ETF

for the price of a single share, often less than \$100.

Instead of interest payments, mutual funds and ETFs generally pay regular dividends to investors.

The amount of those payments can vary from month to month depending on rates, prices and the performance of the fund.

Funds charge low fees and trade quickly: often allowing opportunities to cash out daily in an amount equivalent to the end-of-day price of the underlying bonds.

ETF holders, meanwhile, can sell shares whenever they like at current trading prices. That means you can easily capture gains from rising bond prices—or losses, as investors recently experienced.

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## STOCK SPOTLIGHT

**Hewlett Packard Enterprise** Barclays upgraded the cloud-services stock to "overweight" and said HPE would likely grow its AI server revenues. Shares closed up 5.1%.

**Nvidia and Intel** Chip stocks rallied with Nvidia climbing 2.2% and Intel increasing 3.2%. Micron Technology, which reported earnings after the market closed, rose 1.9%.

**Stitch Fix** Shares plummeted 40% after the online personal-styling services company said its revenue isn't expected to grow for two years due to a dwindling number of clients.

**Cintas** The provider of uniform-rental and other services posted higher quarterly revenue and raised its annual outlook. Shares rose 1.2%.

**SAP** Bloomberg reported that the German software developer is being investigated by the U.S. Justice Department over potential price fixing. Shares fell 2.9% in the Europe.

**Trump Media & Technology Group** Shares of Truth Social's parent advanced roughly 10%.

**Alphabet** Google filed a European Union antitrust complaint against Microsoft, accusing it of abusing its market power in enterprise software. Alphabet shares slipped 0.4% and Microsoft stock rose 0.7%.

**Commerzbank** The German lender said CEO Manfred Knof was stepping down, a move that came amid escalating tensions with Italian suitor UniCredit. Shares of Commerzbank rose 0.8% and UniCredit shares closed up 1.6% in Europe.

**Rightmove** The British property website rejected a third bid from News Corp-controlled REA. Rightmove shares fell 1.6%. News Corp is the parent of Dow Jones, publisher of The Wall Street Journal.

**Meta Platforms** The social-media company announced deals with actors including Judi Dench and Kristen Bell that will allow it to use their voices in a new AI assistant. The stock advanced 0.9%.

### AUCTION RESULTS

Here are the results of Wednesday'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.

#### 17-WEEK BILLS

Applications \$173,898,545,400  
Accepted bids \$62,190,190,400  
"noncompetitively" \$60,009,800

Auction price (rate) 98.525639 (4.40%)

Coupon equivalent 4.558%

Bids at clearing yield accepted 38.21%

Cusip number 91279M2Z

The bids, dated Oct. 1, 2024, mature on Jan. 28, 2025.

#### ONE-YEAR, 10-MONTH FRNs

Applications \$80,109,070,000  
Accepted bids \$28,000,020,000

"noncompetitively" \$5,470,000

Spread 0.182%

Bids at clearing yield accepted 16.37%

Cusip number 91282CLAT

The floating-rate notes, dated Sept. 27, 2024, mature on July 31, 2026.

#### FIVE-YEAR NOTES

Applications \$168,383,886,600

Accepted bids \$71,445,154,300

"noncompetitively" \$10,702,100

Foreign noncompetitively \$10,000,000

Auction price (rate) 99.91352 (3.19%)

Interest rate 3.500%

Bids at clearing yield accepted 17.56%

# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## How Hello Kitty Took Over the World

Investors in Sanrio have made 10 times their money as the iconic Japanese brand expands digitally

Hello Kitty is celebrating her 50th birthday this year. **Sanrio**, the Japanese company behind the iconic character, has much to cheer about, too.

Sanrio's share price is at a record after surging 10-fold from its trough in 2020. The company is delivering record profits with strong revenue growth. Operating profit last quarter rose 80% from a year earlier.

Sanrio's young chief executive, Tomokuni Tsuji—14 years younger than Hello Kitty—probably deserves some applause. He took over the helm from his grandfather in 2020. Sales and profit had been sliding for years when the pandemic arrived. Sanrio had created some of the best-known franchises around the world, but it wasn't harnessing the full potential of its large portfolio of cute characters.

Tsuji has put younger management in place and finally expanded into the digital world. That includes marketing its characters through social media and other online platforms and ramping up its e-commerce business. It also is expanding its high-margin licensing business, with Sanrio's characters now gracing products from microwave ovens to sneakers. The licensing business not only is more profitable but also allows more local designs and creates more contact points in overseas markets.

As a result, Sanrio's business outside of Japan is booming, particularly in China and the U.S. Its



SACHAI LALIT/ASSOCIATED PRESS

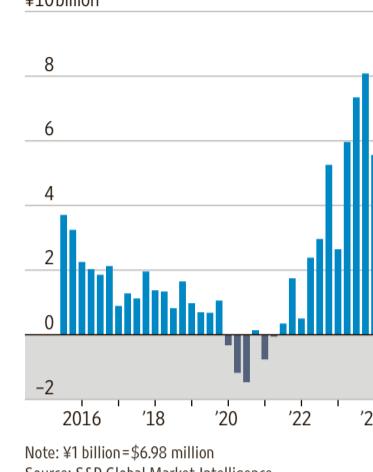
profit contribution from abroad, including royalties payment from overseas subsidiaries to the parent company, nearly doubled year on year in the June quarter. Sanrio struck a deal with China's e-commerce giant **Alibaba** in 2022 to license its characters in the country. But the U.S. is among its fastest-growing markets: Sales in the Americas grew 141% year over

year last quarter. The younger generation is increasingly familiar with Sanrio's characters given the company's strong presence on social media.

And the company also has managed to diversify itself away from reliance on Hello Kitty. She has long been Sanrio's most recognizable character, but the company has developed new characters and

done a better job of promoting some existing ones. Hello Kitty accounted for around 30% of Sanrio's gross profit in product sales and licensing in the fiscal year ended March, compared with 76% a decade earlier. Cinnamoroll, a puppy with white fluffy fur, was voted Sanrio's top character in an online poll by the company. The company also is using dif-

### Sanrio's quarterly operating profit



Note: ¥1 billion = \$6.98 million

Source: S&P Global Market Intelligence

**Sanrio's business outside of Japan is booming, particularly in China and the U.S., which is among its fastest-growing markets.**

ferent types of media to market its characters. It has a **Netflix** show called "Aggretsuko," which features an angry red panda struggling with office life, that has been airing for five seasons. A Hello Kitty movie with Warner Bros. is in the making.

Sanrio's stock now trades at 34 times forward earnings, which isn't cheap at face value. But if the company can manage to continue its overseas expansion with new characters, it could bring not just cuteness overload, but profit overload, too.

—Jacky Wong

## A Battle Brews on Predicting Global Oil Demand

What's 1.1 million barrels between adversaries?

The Organization of the Petroleum Exporting Countries and the International Energy Agency don't see eye to eye on much. The latter was basically founded as an anti-OPEC 50 years ago to represent energy consumers a year after that cartel's oil embargo quadrupled global crude prices. But now the gulf between their forecasts of how much oil the world will need in 2024 is oddly wide, especially for this late in the year.

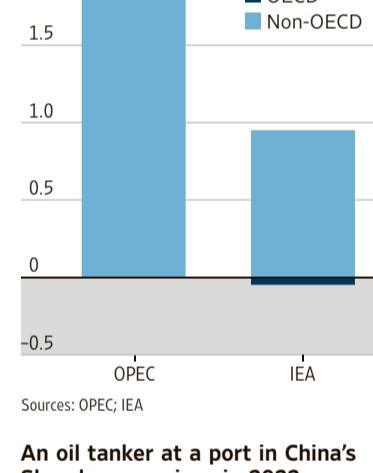
The IEA thinks an additional 900,000 barrels of oil a day will be needed by consumers in 2024. OPEC is far more bullish and expects two million extra barrels will be required.

It isn't unusual for there to be a gap between the two organizations' annual demand estimates when they are first released. But as economic data rolls in throughout the year, their forecasts have tended to converge as one side or the other concedes it has been too optimistic or pessimistic.

Other than modest adjustments, that hasn't happened in 2024. Stripping out 2020 to 2022, when pandemic lockdowns made it especially hard to forecast oil demand, the two organizations' estimates have never been more than 350,000 barrels apart by September any year since 2010.

The main sticking point seems to be how demand will evolve in China over the next three months. OPEC thinks China will need 650,000 extra barrels a day in 2024

### Oil-demand growth estimates, 2024



An oil tanker at a port in China's Shandong province in 2022.

compared with last year, while the IEA has penciled in less than one-third as much. The country consumed 315,000 additional barrels a day in the first half of the year, but demand has been shrinking year over year for four consecutive months. This suggests it would take an extraordinary economic boom for the last few months of the year to hit OPEC's punchy target.

Stimulus from China's central bank announced on Tuesday might help, but the recent slump looks structural as well as cyclical. In July, sales of electric vehicles and hybrids overtook those of internal-combustion engines there for the first time, and industrial trucks in the country increasingly run on liq-



ting it from critics in the U.S. In March, Republican lawmakers sent a letter to the agency accusing it of becoming a "cheerleader" for the shift away from fossil fuels.

But this looks like a case of shooting the messenger. An analysis by Arjun Murti, partner at energy research firm Veriten, shows that since 2016 but excluding 2020, the IEA has a slightly better record than OPEC at accurately forecasting oil demand. Most independent forecasters including S&P Global Commodity Insights are closer to the IEA's forecast than OPEC's this year. Even Saudi Arabia's state-owned oil company Aramco sees a need for only 1.5 million additional barrels a day in 2024.

If OPEC believed its own numbers, it would surely put more oil in the market. Instead, the producer group recently delayed plans to raise oil output for at least another two months due to weak global demand. Making a final call about whose prediction is most accurate won't be straightforward, though. Tallying oil barrels can take up to two years as data collection in some non-OECD countries is so spotty.

Getting it right one year doesn't necessarily mean the IEA's longer-term predictions are on track, though. The agency thinks global oil demand will peak around 2030—a controversial view that will continue to draw the ire of traditional oil producers. But this year at least, OPEC is the one indulging in wishful thinking.

—Carol Ryan

## Apple's iPhone 16 Cycle Draws More Worry

If Apple manages to report strong iPhone sales in its next quarterly report, it will be a genuine surprise to just about everyone.

Apple's share price edged lower on Wednesday after at least three analysts issued reports expressing concern about sales of the iPhone 16 family.

Apple's latest smartphone lineup hit stores on Friday, but some analysts had already issued downbeat projections before that, based on estimates of preorders that began the week before. The estimates are mostly based on shipping times for the new iPhone models that are shorter than those at comparable periods for previous iPhone launches.

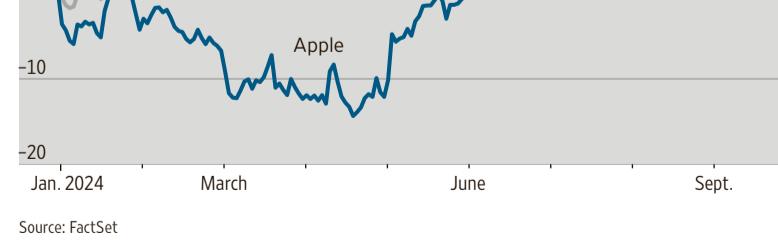
The mood hasn't improved since presales started. "Early data points suggest reception is poor, with disappointing innovation, and a late rollout of Apple Intelligence," read a report from New Street Research on Wednesday. The firm now expects 215 million iPhone unit sales in Apple's fiscal year ending next September, or 7% below the consensus estimate tabulated by FactSet. In his own report Wednesday, David Vogt of UBS said his firm's tracking of the wait times for iPhone 16 models "is increasingly concerning in our view," particularly for the new Pro models that have typically been key to Apple's ability to grow iPhone revenue over the past few years.

UBS and New Street were already lukewarm on Apple, with both rating the stock as neutral prior to the latest iPhone launch. But an even more notable note of concern came from Erik Woodring of Morgan Stanley, who wrote in a report on Wednesday that average lead times for the 16 family are shorter than the past six iPhone launches. "In totality, these data points are more negative than positive for the iPhone 16 cycle," Woodring wrote.

Woodring rates Apple's stock as a buy and maintains a price target of \$273—one of the highest on Wall Street, according to FactSet data. He added in his report such early data points "have little predictive power over the full cycle."

He still sees a chance of greater than 50% that Apple cuts its iPhone production orders in the coming weeks.

All three analysts agree that Apple could see iPhone 16 demand improve once the company launches its Apple Intelligence tool in October. That won't help



iPhone sales for Apple's fiscal fourth quarter, which ends on Saturday. And it could make the company's outlook in its next quarterly report harder to decipher, given that Apple no longer gives specific revenue forecasts. Apple's AI phone may need a Christmas miracle.

—Dan Gallagher