

THE WALL STREET JOURNAL.

D DOW JONES | News Corp

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WSJ.com

★★★★ \$5.00

DJIA 42740.42 ▼ 324.80 0.75%

NASDAQ 18315.59 ▼ 1.0%

STOXX 600 520.57 ▼ 0.8%

10-YR. TREAS. ▲ 9/32, yield 4.037%

OIL \$70.58 ▼ \$3.25

GOLD \$2,661.40 ▲ \$13.60

EURO \$1.0892

YEN 149.22

What's News

Business & Finance

◆ **Goldman Sachs reported** a 45% increase in its third-quarter profit, a sign that lower interest rates, a stable economy and the bank's work refocusing on Wall Street are paying off. **A1**

◆ **Burning through cash**, Boeing secured a new credit line and moved to raise at least \$10 billion by selling new shares, in hopes of demonstrating that it can weather its current crisis. **A1**

◆ **Stellantis is expanding** its factory complex in northern Mexico to build Ram 1500 pickup trucks, a move that threatens to inflame its union relationship. **B1**

◆ **A sell-off in chip stocks** weighed on major U.S. indexes, with the S&P 500 and Dow both retreating 0.8% and the Nasdaq sliding 1%. **B11**

◆ **The New York Times** sent generative-AI startup Perplexity a cease-and-desist notice demanding that the firm stop accessing and using its content. **B1**

◆ **Amazon.com and startup Databricks struck** a five-year deal that could cut costs for businesses seeking to build their own AI capabilities. **B3**

◆ **LVMH reported** third-quarter revenue below market estimates amid a global slowdown in demand for luxury goods. **B3**

◆ **Regulators fined Lufthansa** \$4 million, accusing the airline of discriminating against 128 Jewish passengers by stopping them from making a connecting flight. **B3**

◆ **Ericsson said its networks unit recorded** an 80% surge in North America sales in the third quarter boosted by contracts and customer investments. **B4**

World-Wide

◆ **The Biden administration urged Israel** to improve the humanitarian situation in Gaza or risk a cut to arms sales, the starker threat by Washington since the war in the enclave began last year. **A6**

◆ **Many civilians in northern Gaza, exhausted by repeated evacuations or fearful for their safety elsewhere, are staying put despite Israeli orders to leave as the military conducts its offensive against Hamas.** **A6**

◆ **A judge blocked** a new Georgia election rule that would have required poll workers to hand-count ballots, handing a setback to allies of former President Trump. **A4**

◆ **Elon Musk poured** \$75 million into his pro-Trump super PAC in the three months through September, according to federal filings. **A3**

◆ **The Biden administration** has held talks with three firms about buying one of the largest non-Chinese cobalt producers, as the U.S. attempts to loosen Beijing's grip on a metal seen as central to the green-energy revolution. **A3**

◆ **North Carolina Lt. Gov. Roberson sued CNN for defamation** after the network reported he allegedly made antigay and racist comments on a porn site more than a decade ago. **A3**

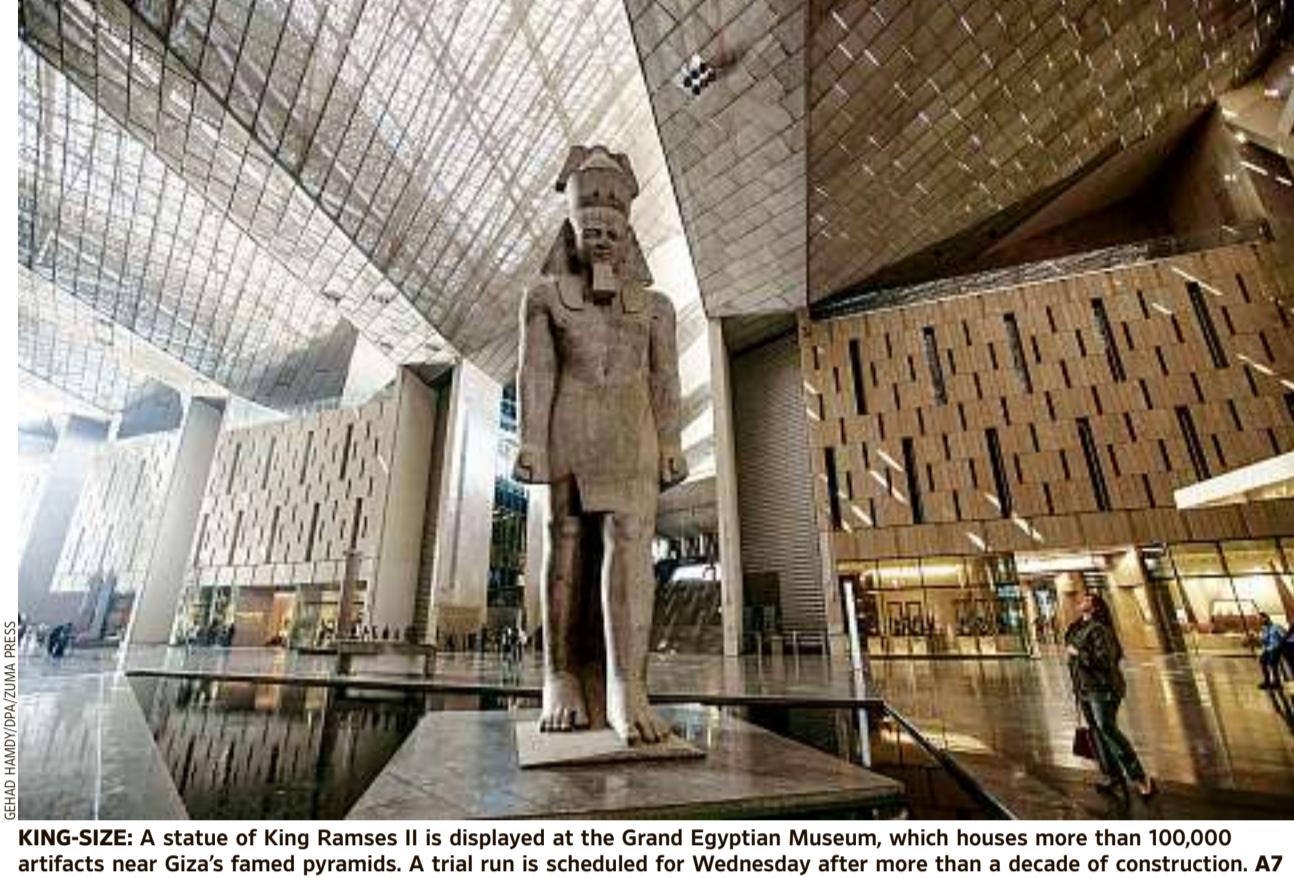
◆ **Government debts are projected** to match the annual output of the global economy by the end of this decade, and could cross that threshold much sooner, the IMF said. **A7**

◆ **The National Zoo welcomed** two giant pandas, Bao Li and Qing Bao, flown to Washington, D.C., from China under a new 10-year agreement with Beijing. **A2**

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A \$1 Billion Museum Opens in Pyramids' Shadow



KING-SIZE: A statue of King Ramses II is displayed at the Grand Egyptian Museum, which houses more than 100,000 artifacts near Giza's famed pyramids. A trial run is scheduled for Wednesday after more than a decade of construction. **A7**

Goldman's Profit Surges 45% As Wall Street Activity Picks Up

By ANNA MARIA ANDRIOTIS

Goldman Sachs reported a 45% increase in its third-quarter profit, a sign that lower interest rates, a stable economy and the bank's work refocusing on Wall Street are paying off.

Bank of America and Citigroup also posted strong results from the Wall Street operations on Tuesday.

"We see significant pent-up demand from our clients," said Goldman Chief Executive David Solomon on a conference call. "The beginning of the rate cut cycle has renewed

optimism for a soft landing, which should spur increased economic activity."

There is more room for growth, Solomon signaled, pointing out that volumes for mergers remain below 10-year averages.

Goldman has been undergoing a strategy shift, exiting consumer-lending after incurring billions of dollars in losses. The bank is instead re-focusing on its core businesses of dealmaking and trading while growing its asset and

wealth-management division.

The Federal Reserve's recent interest-rate cut is seen as a positive for dealmaking, helping awaken Wall Street from a long malaise caused by high interest rates.

But total volumes aren't at levels seen in 2021, when easy monetary policy led to a bumper year of mergers and capital markets activity.

The dynamics started to turn in banks' favor earlier this year, and most analysts now expect that investment banks'

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Boeing, Starved For Cash, Plans Sale Of Shares

Jet maker aims to sell at least \$10 billion of stock, gets new credit line

By SHARON TERLEP

Burning through cash, Boeing secured a new credit line and moved to raise at least \$10 billion by selling new shares, in hopes of demonstrating that it can weather its current crisis.

The jet manufacturer has been hobbled this year by quality problems that surfaced after a midair mishap in January on a 737 MAX and more recently by a machinist strike that has halted production of most Boeing planes.

The company, in a pair of regulatory filings on Tuesday, told investors it could issue up to \$25 billion in shares or debt during the next three years while also entering into a new \$10 billion credit agreement with lenders.

Under the shelf registration, Boeing is expected to pursue a stock offering that raises around \$10 billion, according to people familiar with the matter.

"These are two prudent steps to support the company's access to liquidity," Boeing said in a statement.

Boeing shares, which began the year around \$250, rose 2.3% on Tuesday to \$152.35.

Analysts said they were pleased that Boeing was addressing its near-term cash crunch while laying ground

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Xi Pivots on Economy, Scoffs at Full U-Turn

By LINGLING WEI

With China's economy sinking deeper into a funk in late September, Xi Jinping finally decided something had to be done.

After resisting calls to take forceful steps to prop up the economy for two years, Xi relented and ordered a barrage of interest-rate cuts and other measures to put a floor under growth.

But Xi didn't give his economic mandarins a blank check. Officials and government advisers close to decision-making said he wanted to bail out indebted Chinese municipalities on the brink of collapse and revive the stock market without veering too

far from his focus on letting the state drive China's transformation into an industrial and technological powerhouse.

For Xi, the officials and advisers said, the near-term goal isn't to massively stimulate demand but to fend off a brewing financial crisis—or "derisking," in official lingo—thereby helping to stabilize the overall economy and achieve the 5%-or-so growth target for this year.

The resulting mixed message on what exact stimulus was coming has sent investors on a roller-coaster ride. Markets were initially energized by

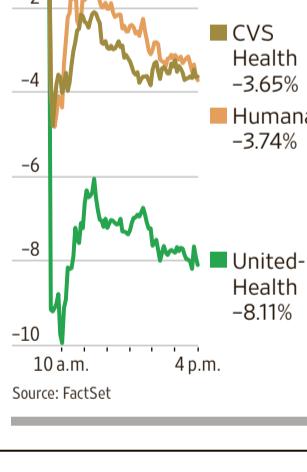
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◆ Heard on the Street: Don't chase China's rally..... B12

Insurer Warns On Earnings

UnitedHealth said its profit would fall short, triggering a drop in insurers' stocks. **B1**

Share-price performance on Tuesday



Oval Office Hopefuls: You Get a Tax Break! You Get a Tax Break!

By RICHARD RUBIN AND XAVIER MARTINEZ

Supposedly, there's no such thing as a free lunch. But there might soon be tax-free overtime pay, tax-free Social Security benefits, free home healthcare or free assistance with newborn expenses.

This presidential campaign is bringing a whole new meaning to free-market economics. Republican nominee Donald Trump, in particular, layers tax giveaway on top of tax giveaway, promising voters everything but the kitchen sink. (So far, there's no deduction for kitchen sinks, but the cam-

paign isn't over yet.)

Many of the ideas are more slogans than proposals—concepts of a plan, to borrow a Trump phrase. They are accompanied by no details, fact sheets, white papers or experts. Still, if Republicans sweep November's election, some of them might be law in six months. Some might be forgotten except by beleaguered policy analysts who have spent the campaign season trying to figure out, again and again, what Trump is ac-

Please turn to page A4

◆ Gender gap defines Trump-Harris race..... A4

Should You Be Nice To Your Bot?

* * *

ChatGPT users face an awkward ethical dilemma

By PREETIKA RANA

California couple Vikas Choudhary and Ridhi Sahni can't agree on one thing: How polite must one be with ChatGPT?

Choudhary, the founder of an artificial intelligence startup based in Palo Alto, has fawned over the chatbot from OpenAI ever since it helped him squash a massive bug in his code.

"You're a rock star," he once told the AI chatbot.

"I'm super thankful for it, and I thank it quite a bit actually—especially if I think I was rude to it earlier," said Choudhary.

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A Monkish Billionaire Draws IRS Heat

Inventor of 5-Hour Energy says he wants to give his fortune to the poor

By MARGOT PATRICK

Manoj Bhargava dropped out of Princeton University in the 1970s to find enlightenment in India. He lived as a monk and grew close to the family of a prominent guru.

When Bhargava later struck it rich selling 5-Hour Energy caffeine shots, he decided to help India's needy. He gave away hundreds of millions of dollars for the guru's family members to disburse to charity and started a lab near his home outside Detroit for do-good inventions such as a stationary bike producing electricity.

Bhargava has said he follows a "zero-profit" business model of making money from the rich to give to the poor. He branched out into medical devices, a "super water" and a media empire that briefly made him the publisher of Sports Illustrated.

Not so fast, say U.S. tax authorities. They have another take on Bhargava's Robin Hood moves: tax abuse.

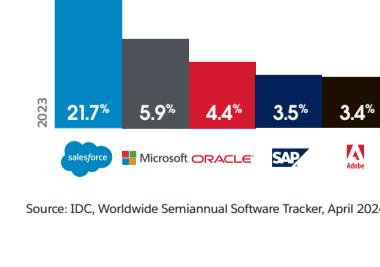
Bhargava improperly lowered his tax bill by gifting a \$624 million stake in his 5-Hour Energy partnership to charity, then buying it back with an IOU without ever giving up control of the company and its drink formula, the Internal Revenue Service alleged in civil tax court. It separately launched a criminal probe with the Justice Department into

Please turn to page A9

Salesforce.

#1 CRM.

Ranked #1 for CRM Applications based on IDC 2023 Revenue Market Share Worldwide.



salesforce.com/number1CRM

CRM market includes the following IDC-defined functional markets: Sales Force Productivity and Management, Marketing Campaign Management, Customer Service, Contact Center, Advertising, and Digital Commerce Applications. © 2024 Salesforce, Inc. All rights reserved. Various trademarks held by their respective owners.

U.S. NEWS

Data Scarce on Teen Anxiety, Social Media

Lawmakers have proposed limits for children, but would restrictions help?

BY NIDHI SUBBARAMAN

America's children and teens love social media.

But concern is growing that using it is causing more harm than good, and lawmakers and parents are calling for limits.

The problem? No one really knows how significant of a role social media plays in youths' emotional state.

Even as young people report crisis levels of depression, anxiety and suicidal thoughts, it is unclear to what extent social-media use is contributing to the trend that federal agencies have documented in teens and children during the past decade.

It doesn't help that mental health is influenced by many factors, and no single treatment works for every person. "It's not as straightforward as: What is the right antibiotic for that ear infection?" said Megan Moreno, a scientist and pediatrician at the University of Wisconsin-Madison, and co-di-

rector of the Center of Excellence on Social Media and Youth Mental Health at the American Academy of Pediatrics.

All this makes it difficult to get answers to critical questions: Who is vulnerable? What kinds of content—seen with what frequency—are harmful? And at what age?

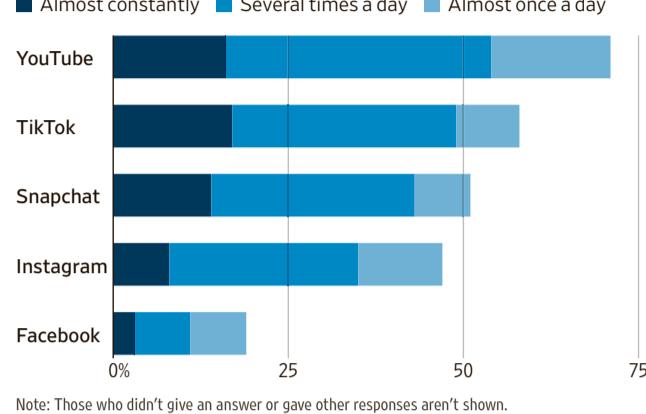
Lawmakers and parents aren't waiting around. Recent legislation takes aim at Big Tech, seeking to protect children's mental health by limiting access to social media. Some scientists worry, however, that the proposed rules aren't an effective response to the crisis.

"We're actually probably going to be cutting young people off from very needed sources of social support," said Alice Marwick, director of research at Data & Society, an independent nonprofit research institute.

Young people benefit from digital tools and making vital connections outside their ZIP Code, Marwick said. Surveys have shown that such links are especially useful for LBGTQ kids, many of whom lack support or peers close to home.

Meta Platforms, YouTube, TikTok, X and Snap all said

Percentage of U.S. teens ages 13 to 17 who say they visit or use the following apps or sites



Note: Those who didn't give an answer or gave other responses aren't shown.

Source: Pew Research Center survey conducted Sept. 26-Oct. 23, 2023

their products have features to support young people. They said they had rolled out features that add restrictions to youth accounts and increase access by parents. Snap, TikTok and Meta also pointed to external reports and studies that indicated there are benefits from being connected with friends and family through their products.

Pediatricians and psychologists have said that products made to keep people scrolling—and built for profit—don't make for healthy spaces for teens and

children. "These platforms are not necessarily designed with young people's best interests," said Jacqueline Nesi, a psychologist at Brown University who studies social media and adolescent development.

Broad restrictions on social-media use—such as cutting off access until a certain age—aren't supported by existing research, according to a report released in December by a panel of experts assembled by the National Academies of Sciences, Engineering, and Medicine. While children

and teens may benefit from connections, the report also pointed to risks of disrupted sleep and attention, and aggravated body-image issues. But the panel said that the link needed more study, more money and better data access from companies.

"The absence of that evidence is not the same thing as saying this is evidence that there is no link," said Sandro Galea, chair of the panel and dean at the Boston University School of Public Health. "The report encourages the question to be tackled."

Among the reasons that make it difficult to isolate the role of social media in kids' mental health is that the relationship between mental health and tech use is a two-way street, the panel from the National Academies of Sciences, Engineering, and Medicine said.

A person's mental state might influence how he or she uses the platform, which in turn affects his or her state of mind.

Randomized, controlled studies on whether social media caused the mental-health crisis are impractical because exposure to social media is now everywhere, researchers

say. In addition, platforms are constantly changing their features, hobbling efforts to run long-term studies, they say.

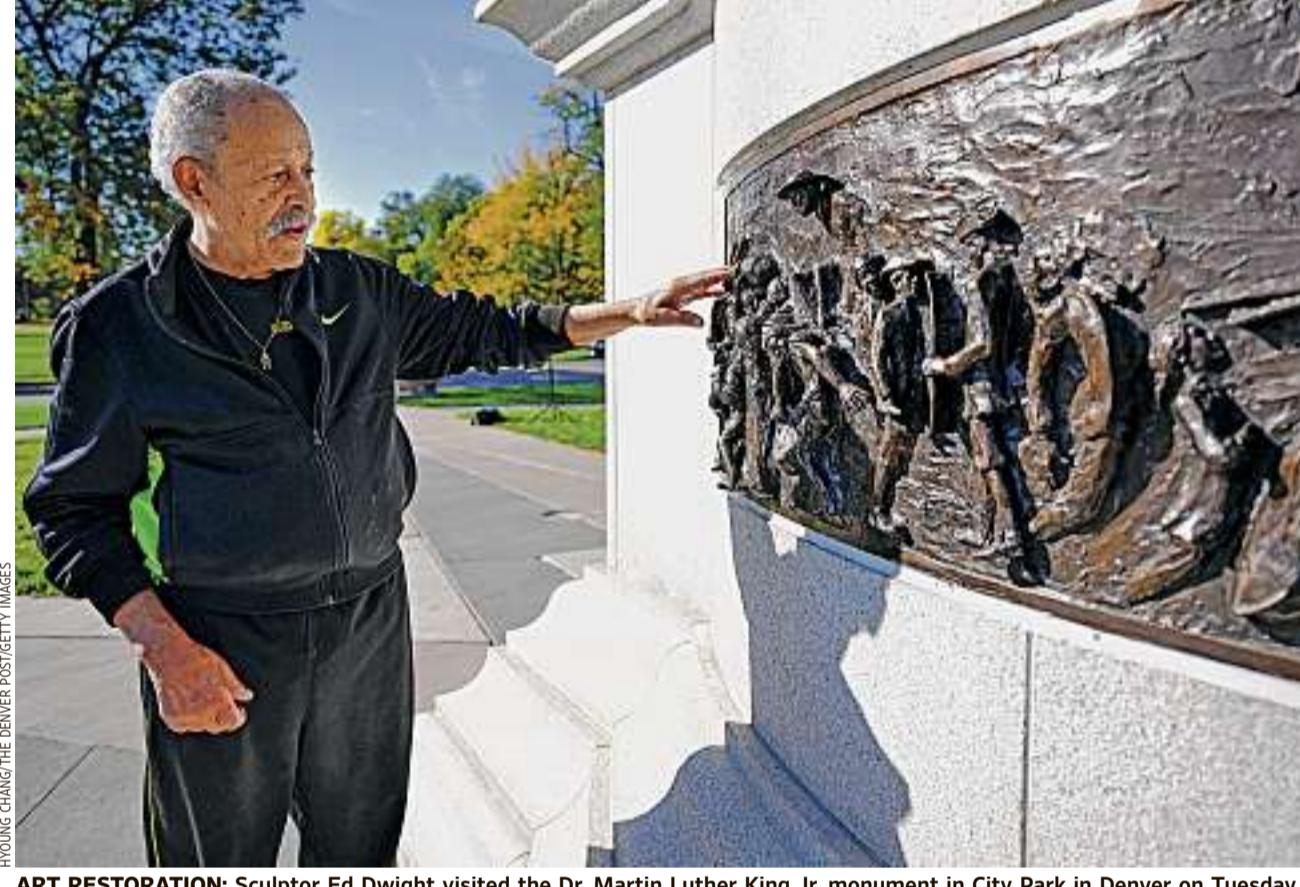
Research into the roots of distress in young people has found that other factors—bullying, or lack of family support—have stronger associations with mental-health outcomes, compared with social-media use.

Many researchers and health officials don't see the gap in current science as a reason to delay action. The Office of the Surgeon General last year raised social media's role in youth mental health as an urgent public health concern in an advisory, while acknowledging the research limits.

Nearly 30% more young people between 3 and 17 were diagnosed with depression and anxiety in 2020 compared with 2016, according to a 2022 study using data from the National Survey of Children's Health.

Almost all indicators of poor mental health and suicidal thoughts and behaviors got worse from 2013 to 2023, according to a Centers for Disease Control and Prevention survey of more than 20,000 high-school students.

U.S. WATCH



HYOUNG CHANG/THE DENVER POST/GETTY IMAGES

ART RESTORATION: Sculptor Ed Dwight visited the Dr. Martin Luther King Jr. monument in City Park in Denver on Tuesday. He primarily repaired the monument after vandals stole a bronze panel and two decorative bronze emblems.

NEW MEXICO

Migrant Deaths Near Border Soar

Ten times as many migrants died in New Mexico near the U.S.-Mexico border in each of the last two years compared with just five years ago as smuggling gangs steer them—exhausted, dehydrated and malnourished—mostly into the hot desert, canyons or mountains west of El Paso, Texas.

During the first eight months of 2024, the bodies of 108 presumed migrants mostly from Mexico and Central America were found near the border in New Mexico and often less than 10 miles from El Paso, according to the most recent data.

The remains of 113 presumed migrants were found in New Mexico in 2023, compared with nine in 2020 and 10 in 2019.

It's not clear exactly why more migrants are being found dead in that area, but many experts say smugglers are treating migrants more harshly and bringing them on paths that could be more dangerous in extreme summer temperatures.

—Associated Press

TECHNOLOGY

Chip Manufacturer Gets \$750 Million

The Biden administration announced plans Tuesday to provide up to \$750 million in direct funding to Wolfspeed, with the money supporting its new silicon carbide factory in North Carolina that makes the wafers used in advanced computer chips and its factory in Marcy, N.Y.

Wolfspeed's use of silicon carbide enables the computer chips used in electric vehicles and other advanced technologies to be more efficient. The North Carolina-based company's two projects are estimated to create 2,000 manufacturing jobs.

The new Wolfspeed facility in Siler City could be a critical symbol in this year's election, as it opened earlier this year in a swing state county that is undergoing rapid economic expansion in large part because of incentives provided by the Biden administration.

Wolfspeed CEO Gregg Lowe said the U.S. produces 70% of the world's silicon carbide—and that the investments will help the country preserve its lead over China.

—Associated Press

AGRICULTURE

Department Probes Listeria Outbreak

U.S. Agriculture Department officials have launched an internal investigation into how the agency handled reports of serious problems at a Boar's Head deli meat plant tied to a deadly listeria outbreak, a lawmaker said Tuesday.

Sen. Richard Blumenthal said that USDA Inspector General Phyllis Fong is looking into whether federal investigators and Virginia state inspectors responded appropriately to dozens of reports of problems at the factory, including mold, insects, dripping water and meat and fat residue on walls, floors and equipment. Inspection reports dating back at least two years indicated that the conditions could pose an "imminent threat" to food safety. The action came in response to a letter from Blumenthal demanding a probe, he said.

At least 10 people died and nearly 50 were hospitalized in 19 states since May after eating listeria-contaminated Boar's Head products, the U.S. Centers for Disease Control and Prevention said.

—Associated Press

WASHINGTON, D.C.

Two Pandas Arrive At National Zoo

The National Zoo's long dark panda drought has come to an end.

Eleven months after the zoo sent its three wildly popular pandas—Mei Xiang, Tian Tian and their cub Xiao Qi Ji—back to China, a new pair of bears arrived late Tuesday morning.

The three-year-old giant pandas, named Bao Li and Qing Bao, were flown from China to Dulles International Airport, with a refueling stop in Alaska. They were loaded into special FedEx trucks and arrived at the zoo just before noon.

The zoo was closed Tuesday to facilitate the arrivals. The bears will be quarantined from the public for at least 30 days. A statement from the zoo set the date for the bears' official public debut and the reopening of the renovated panda house as Jan. 24, 2025.

Bao Li (precious vigor) and Qing Bao (green treasure) arrive in Washington as part of a new 10-year agreement with Chinese authorities.

—Associated Press

Goldman Sees Rise In Profit

Continued from Page One
profits should rise. Lower rates can help motivate companies that have been on the sidelines to strike deals that previously seemed too expensive. That is especially the case for private-equity firms, which have historically accounted for a significant share of M&A.

Goldman's investment banking revenue was \$1.87 billion, up 20% from a year ago, led by big increases in debt and equity underwriting revenue. This marks the third consecutive quarter of year-over-year growth in investment banking fees following two years of mostly declines.

Goldman wasn't alone in posting big gains for dealmakers. JPMorgan Chase reported Friday its investment banking revenue jumped 31% from a year earlier to \$2.27 billion. On Tuesday, Bank of America said its investment banking fees went up 15% to \$1.44 billion while Citigroup's rose 44% to \$999 million.

The strongest gains came in debt underwriting. Many clients are taking advantage of a decline in rates to lock in lower interest rates on outstanding corporate debt. Goldman's Chief Financial Officer Denis Coleman said the bank is also seeing increased demand for financing acquisitions, which he expects will continue as M&A activity grows.

Goldman is starting to see a new phase in capital markets activity as clients move away from "plain-vanilla" refinancing of existing debt at lower yields to "more strategic" transactions from private-equity sponsors.

Global M&A volume was about \$909 billion in the third quarter, up from \$744.6 billion a year prior and still way below \$1.57 trillion in the third quarter of 2021, according to Dealogic. The volume for debt capital markets deals globally was up more than 40% from a year ago, to \$2.17 trillion, according to Dealogic.

The increased optimism also helped spur trading from clients, bankers said.

Goldman's trading revenue of \$6.46 billion was up from

\$6.35 billion, helped by an increase in equities and lending to institutional clients.

At Bank of America, trading revenue was up 12% as its markets team produced a big chunk of its total profit. At Citigroup, trading revenue was up with a big gain in equities but a decline in fixed-income revenue.

"Clients want to do more with us, and that's true in investment banking and in sales and trading," BofA's CFO Alastair Borthwick said.

Goldman's earnings also got a lift from the bank's increasing focus on gaining a greater share of its clients' business and creating a stickier relationship with them. One area of the firm where this is playing out is in lending to institutional clients.

Goldman has been pushing into this type of lending in its trading arm in search of more predictable revenue. Its so-called FICC financing group reported record revenue of \$949 million in the third quarter, up 30% from a year prior.

Revenue in asset and wealth management, a division that Goldman is relying on to diversify its results, increased 16% to \$3.75 billion. The business mostly manages investments for large institutional clients and very wealthy individuals.

Management and other fees from asset and wealth management increased 9% from a year earlier to a record \$2.62 billion.

As part of its overhaul of this division, Goldman has been focused on generating a steady stream of fees off managing client investments and money. Goldman wants those fees to help offset lulls in investment banking and trading.

Goldman continues to face several headwinds. The bank is incurring steep losses as it exits its failed foray into consumer lending. Goldman is ending its credit-card partnership with General Motors, which is moving its business to Barclays, a deal the companies announced on Monday.

On Tuesday, Goldman disclosed a \$415 million pretax hit in the quarter from its consumer-lending business.

The last major remaining piece of Goldman's consumer-lending business is its Apple partnership, where credit-card balances total around \$17 billion. Goldman could be facing a bigger loss when it sells this credit-card program to a new issuer than the GM deal.

—Alexander Saeedy contributed to this article.

Investment banking fees, quarterly



CORRECTIONS & AMPLIFICATIONS

U.S. refinery capacity use for the week ended Sept. 27 fell to 87.6%. An Oct. 3 Markets article about crude-oil inventories incorrectly omitted the word "to."

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

Source: the companies

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U.S. NEWS

Musk Put \$75 Million Into Trump Super PAC

BY DANA MATTIOLI

Elon Musk poured \$75 million into his pro-Trump super political action committee in the three months through September, according to federal filings made public Tuesday.

Musk founded America PAC in the spring to register voters in swing states and persuade them to get to the polls for former President Donald Trump.

At the time, the Tesla CEO didn't want his name to be publicly attached to the super PAC, and his name didn't show up in the group's first quarterly filing. But Musk told associates that he would be willing to give as much as \$45 million a month to funding the group's work, *The Wall Street Journal* reported in July. Musk later said publicly that he was donating far less than that, although he also has sharply stepped up his broader efforts to get Trump elected.

Musk was the sole donor for the latest quarter, the new Federal Election Commission filings show. Previous donors include Palantir Technologies co-founder Joe Lonsdale, the Winklevoss twins, and former U.S. Ambassador to Canada Kelly Craft and her husband, Joe Craft, who is CEO of Alliance Resource Partners.

Musk has had lofty goals for America PAC involving vast amounts of financial support, but it has run into several problems that have created internal turmoil at the group since its launch. America PAC has fired a number of vendors for door knocking, canvassing and digital operations at least twice in the past few months, requiring the committee to quickly rehire and retrain replacements for those positions.

U.S. Targets China's Cobalt Chokehold

The Biden administration has held talks with three firms about purchasing one of the world's largest non-Chinese cobalt producers, according to people familiar with the matter, as the U.S. attempts to loosen Beijing's grip on a metal seen as central to the green-energy revolution.

By Alexandra Wexler
in Johannesburg
and Julie Steinberg
in London

The talks over Chemaf, a mining company based in the Democratic Republic of Congo, are part of a push by the administration to secure global supplies of a metal used in everything from jet fighters and drones to electric-vehicle batteries.

For more than a decade, Chinese companies have spent billions of dollars buying out U.S. and European miners in Congo, which produces nearly 75% of the world's cobalt supply. That has put China in a dominant position in both the production and processing of the mineral.

The Biden administration has pledged billions of dollars in investments in infrastructure projects across Africa, including a railroad intended to carry Congolese minerals such as copper and cobalt across Angola to the Atlantic Ocean port of Lobito. But it has been difficult for the U.S. government to interest American investors in any sector in Congo because of the country's poor infrastructure, limited skilled labor, resource nationalism and reputation for government corruption.

"Things are getting better, but it's still one hell of a place to operate," said Daniel van Dalen, a senior analyst at Signal Risk, an Africa-focused political-risk consulting firm.

Chemaf, which says its mines could produce 20,000 tons of cobalt annually, was put up for sale last year by its founder, Shiraz Virji.

In Arizona, Lake's Fraud Claims Cost Her

Conspiracy-pushing Senate candidate is running well behind Trump in the state

BY MOLLY BALL

SCOTTSDALE, Ariz.—Kari Lake emerged from the Indian Bend Wash Visitor Center to announce she had just done something deeply subversive: cast her ballot early.

It wouldn't have been her preference, the Republican Senate candidate said, standing in front of her campaign bus in the 100-degree heat—but she wanted to send a message, and set an example. "I personally like to vote in person on election day," she said, but she had changed her stance in recognition of the longer period over which voting is allowed. "As long as we have election season, we've got to bank the vote."

Lake's awkward new message epitomizes the delicate dance her party is doing as it labors to get out the vote in the face of GOP voters' widespread distrust of elections.

Few besides former President Donald Trump have done more to seed that distrust than Lake, a former TV newscaster who won Trump's favor by going all-in on his false claims about the 2020 election and then refused to concede her own narrow loss in Arizona's 2022 gubernatorial race. But now both of their electoral hopes hinge on driving Republicans to the polls by any means necessary, including the early and mail-in voting they have depicted as untrustworthy.

The situation is especially acute for Lake, who public polls consistently show running several points behind Trump in Arizona. In the polling average maintained by 538, Trump was ahead in the state by nearly 2 percentage points, while Lake was behind her Democratic opponent, Rep. Ruben Gallego, by an average of nearly eight points. Local political observers say that Arizonans are fatigued by the past few years of election controversies, and that Lake's association with them has damaged her credibility.

In an interview aboard her campaign bus—decorated with a giant photo of Lake with her arm around the former president—Lake said Republican voters were right to be concerned about whether their votes would be counted accurately. "I can only tell them that we have to vote in this system that's not fixed, that's not perfect," she said. "We've shown ways that they have used the system in an inappropriate way, and I think we will prevent that from happening again."

Lake's many lawsuits after



Republican Kari Lake, above, in a debate pivoted to water rights when her Senate opponent, Democrat Ruben Gallego, below center, pressed her to admit she lost the 2022 governor's race.



her 2022 loss failed, as did Trump's challenges to his narrow 2020 loss in Arizona, and there was no evidence of widespread voter fraud in either contest. Yet in the interview, she continued to maintain that both votes were stolen, saying that she would have won by a "massive" margin had there not been election-day voting problems, and that "Joe Biden did not get 81 million votes" four years ago.

Since 2020, Arizona has been consumed by Republicans' election-related infighting. A 2021 private audit led by the Cyber Ninjas firm of the vote in Maricopa County turned up no proof of fraud and concluded that Biden's margin of victory in the county was actually some 360 votes higher than originally recorded. In the 2022 midterms, Lake lost by less than 20,000 votes, while election-denying Republicans also lost the secretary of state, attorney gen-

eral and U.S. Senate races.

The battles over elections have badly divided the GOP. Rusty Bowers, a Trump-supporting former state House speaker, lost his 2022 primary for re-election after he resisted attempts to overturn the 2020 vote and testified before the House Jan. 6 Committee. Stephen Richer, the elected Republican recorder of Maricopa County, has successfully sued Lake for defamation based on her attacks on his conduct of

elections. Richer lost his primary to a Trump-supporting election denier earlier this year.

Attacks on the life and family of one Republican Maricopa County supervisor who defended the 2020 election, Bill Gates, were so intense he was diagnosed with post-traumatic stress disorder and opted not to run for re-election. In an interview, Gates said that the election fights have undermined people's belief in the very legitimacy of government, and that he fears violence will be the result. "A lot of these folks who have been pushing these election conspiracies, I'm not even sure they're trying to get people elected. It seems more like a gift," Gates said.

Some Arizona Republicans say Lake's false election claims have hurt her and the party's electoral prospects. "The MAGA folks, starting with El Jefe, have been sowing distrust in elections ever since 2020, and [Lake] doubled down on it when she lost statewide and filed a multitude of lawsuits," said former GOP Rep. Matt Salmon, who briefly sought the 2022 gubernatorial nomination that Lake won but withdrew before the primary. "The lies and the storytelling play well in the primaries because Republicans still believe this nonsense. But when you put gooballs up in the general election, they're going to lose."

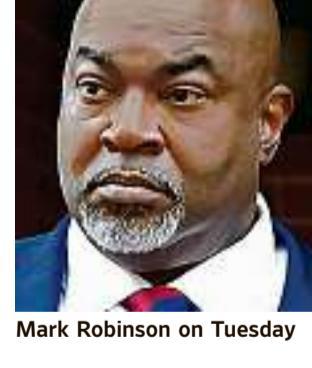
Jan Brewer, the state's former Republican governor, echoed the idea that Arizona wouldn't be a purple state but for some Republicans' obsession with pursuing claims at odds with reality.

"We're attempting to get out there and educate the public and assure them our elections are fair and square and they can have trust that their vote will count," said Brewer, who formerly oversaw elections as a Maricopa supervisor and Arizona secretary of state. Alluding to Trump and Lake without naming names, Brewer, who declined to say who she plans to vote for, said, "Some people just have egos where they can't comprehend the fact that they didn't win the election."

For his part, Gallego made Lake's election lies central to his argument that she can't be trusted. In the debate, he described her as "somebody who has really failed the basic test of honesty. She's lied to Arizonans about the 2022 election. She has said that she still is the rightful governor of Arizona. She lied about fellow Republicans to the point where they have to go get bodyguards because of all the threats that she created." Later in the debate, he challenged her to admit she'd lost in 2022; rather than answer the question, she pivoted to talk about water rights.

N.C. Gubernatorial Candidate Sues CNN Over Porn-Site Report

BY JOSEPH DE AVILA



Mark Robinson on Tuesday

North Carolina Lt. Gov. Mark Robinson, the state's Republican gubernatorial candidate, sued CNN for defamation after the network reported he allegedly made antigay and racist comments made on a porn site more than a decade ago.

A 16-page lawsuit filed Tuesday in Wake County, N.C., Superior Court alleges CNN carried out a "coordinated attack aimed at derailing his campaign for governor."

CNN last month published an article alleging that Robinson called himself a "black NAZI" and said he supported reinstating slavery. Robinson also used antisemitic and racist slurs, according to CNN's story.

CNN declined to comment on the lawsuit. The Wall Street Journal hasn't verified the claims in the CNN article.

Robinson was linked to a screen name used on a pornography website between 2008 and 2012, when he wasn't running for or holding office, according to CNN's report. Robinson said his email address, passwords and other information were compromised by multiple data breaches, the lawsuit said, and any person could have used

Robinson's data to create accounts on the internet.

In a statement Tuesday, Robinson called CNN's report "salacious tabloid trash." He has vowed to stay in the gubernatorial race despite the article.

Robinson is seeking at least \$50 million in damages.

The North Carolina governor's race to replace Democratic Gov. Roy Cooper has been one of the most expensive and closely watched gubernatorial elections this year, one that could also have broader implications for the presidential race. The state has become a place where many forces of a polarized nation intersect, from the divide between rural and urban interests, to hardened opinions about abortion.

The Robinson campaign was already struggling against Democratic gubernatorial candidate Josh Stein. An Elon University poll released before the CNN report showed Robinson trailing Stein by 14 points.

A more recent survey by Emerson College and The Hill, released Thursday, found Stein up 16 points.

Several top Robinson campaign staffers resigned after CNN published the article. Many Republicans, including Sen. Thom Tillis of North Carolina and Georgia Gov. Brian Kemp, have withdrawn support for Robinson.

The scandal also risks dragging down former President Donald Trump's campaign in North Carolina, a pivotal swing state in the upcoming presidential election. Trump once called Robinson "Martin Luther King on steroids."

Trump didn't mention Robinson or the scandal during his Wilmington, N.C., rally last month.

Vice President Kamala Harris and Trump were virtually tied in North Carolina in a Wall Street Journal poll released last week. Trump led Harris by one point, which was within the survey's margin of error.

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U.S. NEWS

Gender Gap Defines Trump-Harris Race

Kamala Harris is struggling to win support from men. Donald Trump has the same problem with women.

*By Catherine Lucey,
Aaron Zitner
and Xavier Martinez*

The gender gap has become a defining feature in a deadlocked presidential election that features a man and a woman competing for the White House, a galvanized group of women voting for Harris on abortion rights and Trump wooing men with macho, uber-masculine rhetoric. The split has affected both candidates' media strategies and how they frame the issues most important to voters in the final weeks of the election.

While a divide between the sexes has become a fixture of modern elections, it appears to have widened since 2020, cutting across many racial, educational and economic groups. Trump's 5-point advantage among men in the 2020 election has widened to 10 points in The Wall Street Journal's most recent national poll, in late August. President Biden's 12-point edge among women in 2020 has become a 13-point lead for Harris.

Sarah Longwell, executive director of Republicans Against Trump, called this the most gendered election she had

seen, particularly among younger voters. "You don't want it to become boys vs girls," she said. "You don't want to be in a political environment where your gender is the No. 1 factor you are voting on."

Trump will tape a town hall before an all female audience on Fox News this week, and Harris on Monday rolled out an "opportunity agenda" for Black men, including business loans, job training and health initiatives. She did a town hall Tuesday with radio host Charlamagne tha God, who is popular with young Black men.

But polls show little evidence those kinds of overtures are working. In fact, with Black and Latino men moving toward Trump, polls suggest that America is becoming a bit less divided politically by race and more divided by gender. "I think men are very heavily economy-focused," said David Lee, lead pollster for the pro-Trump MAGA Inc. super PAC. "It all has to do with the economy and inflation." And while women also care about the economy, abortion weighs equally heavy as an issue in their voting calculations.

In a recent Journal poll of the seven battleground states, for example, 27% of women but 8% of men listed abortion as the top issue motivating their vote for president—reflecting the emphasis women

voters have placed on abortion since the Supreme Court overturned Roe v. Wade in 2022. One third of women said they can't back a candidate who disagrees with them on abortion—making it a "deal-breaker issue"—compared with 18% of men who said so.

The second woman to be a major party's nominee—and the first woman of color—Harris mostly avoids making overt references to her gender or race, in contrast with her lone female predecessor Hillary Clinton, who d o n e d suffragist white in big m o m n t s . Still, Harris's embrace of music and dancing is p o p u l a r

with the women who flock to her rallies, and she has leaned into an issue set that connects with women, emphasizing her support for the "care economy" and abortion rights.

Harris has excoriated Trump for appointing three of the justices that overturned Roe. "It's clear that they just don't trust women," Harris said of Trump and Republicans during remarks on abortion rights last month in Atlanta.

"Well, we trust women."

Those priorities appeal to voters such as Bri Ortega, 27, of Glendale, Ariz., who said she was supporting Harris in part because of abortion rights. She said she also appreciated the family policies Harris has laid out, because "I really like people having open avenues to living their life how they want, either having a family or not having a family, and being able to plan out when they would like to have one."

Harris's recent efforts to connect with men have included talking repeatedly about owning a Glock and locking people up as district attorney of San Francisco, and she drank a beer on late night TV with Stephen Colbert.

But Harris's efforts haven't moved Bill Lloyd, 48, of Chandler, Ariz. A Republican who co-owns and runs operations for a landscaping company, he said: "The whole Colbert thing where Harris had the beer, that looked about as cringe as you could get."

For his part, Trump—who has long prized tough-guy talk—has spoken about fighting enemies and suggested that there would be a "bloodbath" if he loses. During the Republican convention, he

strode into the arena one night to James Brown's "It's A Man's Man's World" and was praised on stage by celebrity wrestler Hulk Hogan and musician Kid Rock.

Lloyd said he appreciated Trump's tough rhetoric. "It doesn't make me want to run out and buy a gun and fight for my life and all this weird extreme stuff. But I do understand it, because I come from a long line of people that stand up for what they believe in. And if you don't then you're just going to get run over by the mob."

Trump has a history of making derogatory comments about women. In 2023, a federal jury found him liable for sexually abusing and defaming advice columnist E. Jean Carroll over an alleged incident in a Manhattan department store 30 years ago. He has denied the allegations.

Trump's choice of Ohio Sen. JD Vance as his running mate was also seen as a nod to young male supporters. Vance has upset women with comments about "childless cat ladies."

Trump recently told women that he would be their "protector." Ortega was unmoved. "I don't feel as though I need a protector as a president, I just want someone to make decisions in the best interest of America," she said.

ELECTION 2024

Court Blocks Hand-Count Rule in Georgia

A judge on Tuesday blocked a new Georgia election rule that would have required poll workers to hand-count ballots, handing another setback to allies of former President Donald Trump.

The rule, passed by the Republican-majority state election board last month, would have required workers to count by hand the total number of ballots at the polling site after machine tallies, likely adding a lengthy delay before releasing results on Election Day. Democrats challenged the rule in state court.

Fulton County Superior Court Judge Robert McBurney foreshadowed his ruling during a court hearing earlier in the day, saying the hand-count rule appeared to be already causing confusion.

"Why wouldn't we just pause, especially on the hand-count rule, given what looks like a fairly robust record of chaos that it is sowing?" McBurney asked lawyers in his courtroom.

McBurney said the rule was passed too close to the election. He has paused the hand-count rule indefinitely while the case continues.

Georgia's postelection laws already require election officials to compare the number of votes and ballot tallies.

A joint statement from Kamala Harris's campaign, the Democratic National Committee and the Georgia state Democratic Party said the ruling was a win for voters.

"From the beginning, this rule was an effort to delay election results to sow doubt in the outcome, and our democracy is stronger thanks to this decision to block it," the statement said.

—Mariah Timms and Jan Wolfe

Harris Tells Radio Host, 'I'm Gonna Win'

Vice President Kamala Harris said she feels "the weight of the moment" as she seeks the presidency, telling radio host Charlamagne tha God, "I'm gonna win."

In an interview in Detroit, Harris said when she goes to bed at night, she says her prayers and asks herself, "Have I done everything I can today?" Harris said the race is within the margin of error and "it's tight" but predicted she will win.

—Ken Thomas

Trump Event Concludes On Odd Note

Donald Trump is known for the iconic and sometimes controversial music played at his events. Still, Monday night's town hall was a first.

After two medical emergencies stalled the discussion, held in a Philadelphia suburb and moderated by South Dakota Gov. Kristi Noem, the pair stood silently on stage as "Ave Maria" and other tunes played.

The two joked about the economy during the impromptu intermission, but never fully returned to the question-and-answer setup.

"Let's not do any more questions," Trump said after the emergencies were resolved. "Let's just listen to music."

After more than 40 minutes, the former president left the stage to "Memory" from the musical "Cats."

Trump has long relished playing DJ but mostly in private settings, including at his Mar-a-Lago club in Florida.

"So different, but it ended up being a GREAT EVENING!" he wrote.

"Hope he's okay," tweeted Vice President Kamala Harris, who has increasingly tried to raise doubts about her opponent's mental capacity.

Trump's team spent the morning highlighting positive coverage of the event.

—Xavier Martinez and Alex Leary



Early Voting Begins In a Battleground State

POLL POSITION: Georgia's start of early voting Tuesday saw a historic day for turnout, as the 2020 record of 136,000 first-day early ballots was nearly doubled. Voters lined up outside an Atlanta library, top, and at an Atlanta church, right.



Candidates Promise The Moon

Continued from Page One
tually suggesting.

"We seem to be having an arms race," said Alan Auerbach, an economist at the University of California, Berkeley. "It's emblematic of the complete breakdown of any kind of responsibility about the budget."

It wasn't always this way. Weeks of the 2012 presidential campaign were consumed by a debate over whether Republican nominee Mitt Romney's tax proposals added up. The 2020 Democratic primary featured campaigns topping each other with 14-point Medicare-for-All plans and multitrillion-dollar tax increases to pay for them. None of the ideas had any chance of making it through Congress but were intended to at least suggest the awareness of trade-offs.

In 2024, Trump and Vice President Kamala Harris, the Democrats' presidential nominee, are piling on the promises, though with contrasting approaches. His pitch: You can pay less, and there aren't really costs, but even if there are, you won't pay them. Her pitch: You will get something, and someone else will pay.

Trump favors tax breaks, and the former president

tends to announce them based on where he is speaking—tax-free tips in Nevada, tax-deductible car-loan interest in Detroit, tax-free generators after a hurricane. He typically doesn't pair the giveaways with any way to pay for them. Instead, he promises that economic growth, cutting government waste or collecting revenue from tariffs can make up the difference, while claiming that tariffs will be paid by foreign countries rather than the American consumers who would feel the burden.

"To me, the most beautiful word in the dictionary is 'tariff,'" Trump told Bloomberg News on Tuesday at the Economic Club of Chicago.

Harris, meanwhile, tends to pull proposals—largely spending programs and refundable tax credits—from the long established Democratic agenda. This week, she said she wanted to offer one million forgivable business loans for Black entrepreneurs.

Harris typically does identify a way to pay for her proposals, and those also come from Democrats' wishlist of tax increases on corporations and high-earning households. She has offered enough tax increases to cover the cost of many of her proposals, though she might have trouble getting everything through Congress.

Trump's policy plans would widen budget deficits by an estimated \$7.5 trillion over a decade, according to the nonpartisan Committee for a Responsible Federal Budget.

Meanwhile, Harris's plans would increase deficits by \$3.5 trillion, the group said.

Trump's tax-cut promises get reliable applause, and voters don't seem to punish candidates who offer free stuff.

"The reward for rigor—inernal rigor, almost, a clear demonstration of a policy process, a grappling with trade-offs—like a dam, burst at some point," said Gordon Gray, who helped develop policy for Republican Sen. John McCain's 2008 presidential campaign. "There's just not an apparent reward for that."

Trump's plan to end income

of the urgency of preventing the pandemic from wrecking the economy.

Sam DiObilda, a Coatesville, Pa., Republican who said he voted for President Biden in 2020 but plans to vote for Trump this time, is concerned about the budgetary implications of some of the Republican's proposed tax cuts. But he hopes the policies go hand-in-hand with ones designed to boost the economy and make up for the lost revenue.

"Donald Trump cuts regulations and, when you cut regulations, you stimulate business," said DiObilda, a 61-year-old retired teacher. "When you stimulate business, you stimulate the tax base."

Nathalie Morales, a Comstock Park, Mich., server, said the no-tax-on-tips promise has caused a stir among her co-workers.

"It feels like a lot of empty promises," said Morales, 26, a Democrat who plans to back Harris. "I just think it's a ploy to get the people to come to his side."

Republicans have long charged Democrats with courting voters with handouts, saying there is a difference between government spending programs and tax cuts. The latter, many argue, just let people keep their own money and can encourage economic growth.

If anything, economists said, the U.S. fiscal situation should be driving candidates to grapple even more with trade-offs. The budget deficit hit \$1.8 trillion, or more than 6% of gross domestic product, last fiscal year. That raises the risk of economic problems,

said Gray, who now runs the Pinpoint Policy Institute focused on maintaining prosperity. The clear doctor's advice, he said, would be prudence. That might go unheeded.

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Voters don't seem to punish candidates who are offering free stuff.

—Xavier Martinez and Alex Leary

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WORLD NEWS

U.S. Warns Israel It Must Boost Gaza Aid

BY ALEXANDER WARD
AND NANCY A. YOUSSEF

The Biden administration is urging Israel to improve the humanitarian situation in Gaza or risk a cut to arms sales, the starker threat by the U.S. since the war began last year.

In a letter to senior Israeli officials, dated Oct. 13 and signed by Secretary of State Antony Blinken and Defense Secretary Lloyd Austin, the U.S. blamed Israel for a drastic drop in humanitarian aid into Gaza that contributed to starvation

and widespread suffering. They gave Israel 30 days to "reverse the downward humanitarian trajectory" or else it "may have implications" for future weapons transfers and funding.

Blinken and Austin cite part of the Foreign Assistance Act that bars the U.S. from providing security aid to any nation that impedes "the transport or delivery of United States humanitarian assistance."

State Department officials said they want Israel to enable significant increases in humanitarian aid getting into Gaza.

The letter is an implicit admission that the U.S. assesses Israel's actions in Gaza violate American law, say analysts and former officials.

A senior administration official said Monday that Israel in September severely restricted aid into Gaza but that "U.S. pressure led to the restart" of deliveries. The official didn't mention the letter to Israeli Defense Minister Yoav Gallant and Minister of Strategic Affairs Ron Dermer.

Michael DiMino, a former CIA official who worked on

the Middle East, said threats aren't necessary to shape Israel's policy in Gaza. "If the Biden administration wants to stop providing weapons, they could do just that. They don't need to wind up some massive legal pretext," he said. "President Biden's policy has been to support Israel in conducting the war, so I'm not sure I believe an arms embargo is right around the corner."

The Israeli military said Tuesday that "humanitarian efforts in northern Gaza continue," such as the accompaniment of 33 patients to hospitals and fuel deliveries.

Since Hamas's Oct. 7, 2023, attack on Israel, the U.S. has mostly avoided withholding weapons for Israel, which Biden believes helps Israel defend itself against Iran and its proxies.

It stopped only one shipment of 2,000-pound bombs ahead of Israel's military operation in Rafah. In several instances, the U.S. has rushed shipments of bombs, ammunition and other munitions.

The politics of an election year have made such a move

more difficult, especially as Vice President Kamala Harris aims to prove her pro-Israel bona fides, while trying to avoid alienating voters sympathetic to Palestinians.

Annelle Sheline, who resigned from the State Department this year over the administration's Israel policy, said she suspects the letter was written to persuade Muslim and Arab-American voters in swing states to side with the Democrats. "It's very convenient that the deadline is after the election," she said.

Devastated Gazans Are Defying Evacuation Orders

Israel's military is ordering civilians to leave large parts of northern Gaza as it conducts an offensive against Hamas militants in the Jabalia refugee

By Omar Abdel-Baqi,
Abeer Ayyoub
and Dov Lieber

camp. But many Palestinians are staying put because they are trapped by fighting, exhausted by a year of repeated evacuations or fearful that nowhere in the strip is safe.

The evacuation demands, affecting parts of Gaza City, Jabalia and the northernmost swath of the strip, are the most sweeping since Israel's operation in May to take the Rafah area in southern Gaza.

The orders come as the Israeli military says it aims to stop Hamas from regrouping in the north, particularly in Gaza City and the densely built Jabalia camp.

Samah Al-Haddad, a 30-year-old English teacher from Gaza City, said she is determined to stay in her family home despite the intensity of airstrikes and ground fire. She said she has heard of people being killed while trying to flee south. Some of her relatives



A man was rescued from the rubble of a building in Gaza on Tuesday after an Israeli attack.

OMAR AL-QAHTANI/AGENCE FRANCE PRESSE/GETTY IMAGES

made it but haven't found shelter or safety, she said.

"They're living in tents, and the situation there isn't any better" than in the north, she said.

Israel's war on Hamas in Gaza rumbles on with little indication that it is close to its declared goal of destroying the militant Palestinian group.

With political plans for Gaza still on the drawing board, the

continued lack of clarity over who should govern Gaza after Hamas has left a vacuum that the U.S.-designated terrorist group has sought to exploit, seeking to reassert its authority and recruit new members in areas that Israeli forces have left.

Israel's military "is operating with great force against the terrorist organizations and will continue to do so for

a long time," Israel's Arabic-language spokesman said recently, urging civilians in the north to head south.

The latest Israeli offensive in Gaza is raising alarms among humanitarian groups, which say it has become harder to feed and treat the population remaining in the north.

About 50,000 people have moved from the areas under Is-

raeli evacuation orders to other parts of Gaza City, according to the United Nations. Only about 100 people have headed south so far, crossing the Israeli military road that divides the strip south of Gaza City, said Sam Rose, a senior official at the U.N. Relief and Works Agency.

"There have been evacuation orders for places that people just evacuated to," he said.

For the past two weeks, Israel closed the crossings used by aid trucks to reach northern Gaza, humanitarian groups say. On Monday, a World Food Program delivery of 30 trucks was permitted to enter.

Lt. Col. Elad Goren, the Israeli officer in charge of civil affairs in Gaza, said the military closed the crossings to facilitate troop movement. Israel is allowing more aid deliveries to use the crossings this week, he said.

Mahmoud Basal, spokesman for Gaza's first-responder agency, said Israeli forces have besieged the Jabalia camp for more than a week. Many of the dead are in the streets and the wounded are trapped under rubble, with first responders unable to reach them amid the fighting, he said.

Doctors at hospitals in the north say they have received

calls from the Israeli military ordering them to leave, and noted that fuel deliveries have been blocked.

"We believe that Israel wants to empty hospitals in the north to force everyone here to leave to the south," said Hussam Abu Safiya, director of the Kamal Adwan Hospital in the north. "We are not leaving, as long as people here need us."

Israeli officials deny that the military wants to forcefully evacuate all of northern Gaza or shut its hospitals. The military says its latest operation against Hamas in the area, including the accompanying evacuation effort, is in keeping with other raids this year.

Israel's military said Tuesday that it helped oversee the transfer of some patients and staff from the Kamal Adwan Hospital to other hospitals in the strip. The army also said that fuel and blood supplies donated by Unicef were delivered to hospitals in northern Gaza.

The U.N. says southern Gaza already is inundated with refugees and aid groups can't cope with another large influx of displaced civilians.

—Summer Said
and Alexander Ward
contributed to this article.

Thousands of Troops Hunt Hezbollah in South Lebanon

BY DOV LIEBER

Near the point where Israel, Lebanon and the Mediterranean Sea meet, Israeli soldiers were patrolling a forest when they spotted something strange—a small patch of green paint on a tree.

It was a tipoff that led troops to find what Israeli officers said was one of hundreds of hide-outs that Hezbollah had built along the border to prepare for an incursion into Israel. Inside the shallow bunker were combat boots, fatigues, a small device for getting solar electricity and an explosive comprising eight interconnected mines that Israeli officers said could be used to blow up the border wall for militants to go through.

In the two weeks since Israel sent troops *en masse* into Lebanon for the first time in 18 years, soldiers are scouting hilly forests and often-deserted villages, engaging in close combat with Hezbollah, and occasionally walking into ambushes.

Their goal, Israeli officials said, is to find and destroy bunkers and other military infrastructure that Hezbollah developed over years to facilitate its own ground maneuver into northern Israel. Israeli officials describe their operation as limited to removing the border threat, allowing the tens of thousands of Israelis evacuated from northern Israel to return to their homes.

"It's about a sense of security," an Israeli official said. "We need to show our citizens that we're destroying infrastructure close to the border."

In the process, they are reshaping the swath of southern Lebanon, cutting new roads into the mountainsides for troops and bulldozing homes they say were used by Hezbollah. Tens of thousands of people have been displaced from southern Lebanon and more than 2,100 killed since Israel and Hezbollah began trading blows after the Oct. 7, 2023, attack by Palestinian militant group, Hamas, sparked the war.

Israel's Lebanon ground of-

fensive is a much different and more dangerous operation than the exploding pagers and walkie-talkies, targeted killings and air campaign that preceded it—direct contact with a foe in a mountainous battlefield that Hezbollah has spent years preparing.

Israeli troops were ambushed on the second day of the incursion. A group of commandos had crossed the border in the dark and swept through the village of Kfar Kila looking for Hezbollah hideouts and weapons.

As the sun rose, they were hit by an explosion. Hezbollah fighters opened fire from several directions. A 60-millimeter mortar dropped into the middle of the team.

Israeli drones and artillery provided support as the soldiers fought to recover the dead and carry out the injured.

At least six soldiers were dead, the first Israeli deaths in the ground offensive.

Twenty-five soldiers were injured in another ambush Sunday, the military said. The troops were entering Ramya, a village in the central border area where Israel began operating last week, when Hezbollah hit them with an explosive device followed by a volley of

gunfire and midrange weapons such as antitank missiles, the militant group said.

A tank fleeing the attack reversed into a United Nations peacekeeping base before firing off rounds to help evacuate soldiers, an Israeli military spokesperson said, an incident that drew criticism from the peacekeepers.

Israel claims to have killed hundreds of Hezbollah fighters. Hezbollah didn't reply to a request for comment on the figures. The militant group has announced the deaths of more than 500 fighters in the past year but stopped giving updates around the time Israel invaded.

Israel has brought more divisions into the fight every few days to expand the front along the frontier. Thousands of soldiers are taking part in the campaign, said Israeli military officials.

Israel says it has taken truckloads of weapons back to Israel, including many advanced Russian and Chinese antitank missiles used to attack Israel.

Israel's military says it has destroyed several tunnels, including a cross-border tunnel from Lebanon into Israel.



Smoke billows over Arnoun in southern Lebanon near the Israeli border amid hostilities between Hezbollah and Israel.

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WORLD NEWS

IMF Warns Government Debt to Spike

Large increases in borrowing will boost the number to \$100 trillion this year

By PAUL HANNON

Government debts are set to match the annual output of the global economy by the end of this decade, and could cross that threshold much sooner if economic growth is weaker or interest payments are higher than expected, the International Monetary Fund said Tuesday.

In its twice-yearly report on government finances, the Fund said spending cuts and tax rises of an unprecedented size would be needed over the coming five to seven years to stabilize or reduce debt.

"It's time for governments to get their house in order," said Era Dabla-Norris, deputy director for fiscal affairs at the IMF. "For all countries, a strategic pivot is needed to reduce debt risks."

If budget policies are unchanged, the IMF estimates that large increases in borrowing by the U.S., China and others will drive a rise in government debt to \$100 trillion this year, equivalent to roughly 93% of the world's annual production of goods and services. The Fund expects government debt to rise further, and almost match annual world output by the end of the decade.

But that could happen sooner if government projections underestimate the rise in debt, as they have done in the past. The IMF said government debts tend to be 6 percentage points of economic output higher than anticipated

after three years.

"There are sizable upside risks," said Dabla-Norris. "Debt could be higher than we expect."

In an extreme scenario, government debt could hit 115% of global output in 2026, while U.S. government debt could reach 150% of the country's gross domestic product. According to the Fund's calculations, U.S. government debt started the century at less than 60% of GDP, a proportion that has more than doubled already.

Borrowing surged during the Covid-19 pandemic, while Russia's invasion of Ukraine spurred a further rise in debt as many European helped households and businesses pay sharply higher energy bills.

But debt is set to continue rising in a number of large economies. In addition to the U.S. and China, the IMF expects to see increases in government debt in Brazil, France, Italy, South Africa and the U.K. It said delaying action in those countries will make the cuts in spending and tax rises needed to stabilize borrowing even larger.

The new French government on Thursday unveiled a budget that aims at narrowing France's deficit to 5% of economic output by the end of 2025, and 3% by 2029 from 5.5% in 2023.

As it is, the IMF estimates that average cuts in spending and tax rises of between 3% and 4.5% of gross domestic product will be needed to stop the rise in debt at "high probability." Those adjustments are larger than planned, and also larger than previous adjustments.



NATION GRIEVES: Mourners gather for the funeral for 19 victims of a landslide caused by recent floods in Jablanica, Bosnia.

NORTH KOREA

Old Road, Rail Lines To South Blown Up

In a symbolic display of anger, North Korea on Tuesday blew up the northern sections of unused road and rail routes that once linked it with South Korea, with the rivals exchanging threats days after the North claimed that the South flew drones over its capital Pyongyang.

The choreographed demolition underlines North Korea's growing anger against South Korea's conservative government. North Korean leader Kim Jong Un has vowed to sever relations with South Korea and abandon the goal of achieving peaceful Korean unification.

In response to the explosions, South Korea's Joint Chiefs of Staff said its military fired warning shots within southern sections of the border as it bolstered its readiness and surveillance posture.

—Associated Press

SOUTHERN AFRICA

El Niño Is Blamed For Hunger Crisis

Months of drought in southern Africa triggered by the El Niño weather phenomenon have had a devastating impact on more than 27 million people and caused the region's worst hunger crisis in decades, the United Nations' food agency said on Tuesday.

The World Food Program warned it could become a "full-scale human catastrophe." Five countries—Lesotho, Malawi, Namibia, Zambia and Zimbabwe—have declared national disasters over the drought and resultant hunger. It estimates 21 million children in are now malnourished as crops have failed.

"This is the worst food crisis in decades," WFP spokesperson Tomson Phiri said. "Crops have failed, livestock have perished and children are lucky to receive one meal a day."

—Associated Press

QATAR

Vote Could End Council Elections

Qatar's ruling emir said Tuesday his small, energy-rich nation will hold a referendum on ending a short-lived experiment in electing members of the country's advisory Shura Council.

Sheikh Tamim bin Hamad al-Thani offered no immediate timeline for the referendum in an annual address to the Shura Council, which drafts laws, approves state budgets, debates major issues and provides advice to the ruler. The body doesn't have sway over matters of defense, security and the economy.

Qatar saw the one-time 2021 vote likely as increasing tensions between tribes and families in the country just months after a diplomatic crisis between Doha and four Arab nations ended.

—Associated Press

EGYPT

Mega-Museum Opens Galleries

The Grand Egyptian Museum will open 12 halls with exhibits about ancient Egypt in its main galleries starting this week in a trial run ahead of the still-unannounced official opening, officials said Tuesday.

The museum, a mega-project near the famed Giza Pyramids which has cost well over \$1 billion so far, will open the halls for 4,000 visitors a day starting Wednesday, said Al-Tayeb Abbas, assistant to the minister of antiquities.

The museum has been under construction for more than a decade, and an overall opening date hasn't been set.

More than 100,000 artifacts of Egypt's ancient treasures will be displayed in the world's largest archaeological museum, according to the Egyptian state information website.

—Associated Press

Indian Women Feel Unsafe

By VIBHUTI AGARWAL AND TRIPTI LAHIRI

When Ajita Topo, a cook in an affluent neighborhood in Delhi, leaves work in the evening, she holds her bag like a shield against her chest, keeps her fists clenched, and carries a black umbrella with a very sharp end to ward off a possible attack.

She makes sure to wear lots of layers—no matter how hot it is—to deter someone from trying to grope her chest, and secures her bun with a sharp metal stick as an additional weapon.

Topo isn't being paranoid. Last year, she was followed by two men when she left work after 10 p.m. She managed to scare them away by shouting as she passed homes with guards outside.

"Workplace, public transport, public places, we feel safe nowhere," said Topo, the sole breadwinner for her two children. "The only solution is to stay alert at all times."

For many women in India, taking steps to ward off a violent attack—and reassuring their families they are safe while at work and on their commutes—is an invisible form of labor that is a central element of their work life.

The killing and rape of a trainee doctor in the city of Kolkata in August was a fresh reminder for Indian women who work in the dangers lurking in public spaces where women are far less visible than men, from the deserted corners of a hospital or corporate park, in public transport or on city streets.

The 31-year-old was found dead in a seminar hall of the state-run hospital after she went on break during a night shift. A volunteer at the hospital has been arrested as a suspect. The killing prompted protests by women across the country.

Only 30% of women in India aged 15 to 64 were in the labor force in 2022, according to the International Labor Organization, as conservative values lead many families to discourage women working outside the home. In the U.S., the corresponding rate is 68%.

A decade ago, Indian laws dealing with crimes against



The killing of a trainee doctor prompted protests in Kolkata.

women were overhauled in the wake of the gang rape of a 23-year-old woman on a moving bus. But women's rights advocates say entrenched patriarchal attitudes haven't budged significantly, and are at the root of frequent violence against women, both in the home and outside of it.

In other widely publicized incidents, female call-center workers have been assaulted and killed as they commuted to or from night shifts. Last year, a receptionist disappeared from the hotel where she worked and was found dead days later. Each time such a crime takes place, women experience another jolt of fear for their safety.

Piyali Maiti, clinical director for counseling operations at Itohelp, which manages corporate-assistance programs for employees, said worries sparked by the Kolkata attack have cropped up in conversations with employees and their family members.

Vidhi Pandey, a digital-marketing professional, has an almost 90-minute commute between her home in Gurgaon and her office in the Indian capital, and frequently attends evening events. If an international client is involved, her day can end at 2 a.m.

"Although my husband and mother have grown accustomed to my unconventional working hours, announcing a

A big part of their work lives is taking steps to ward off violent attacks.

late night at the office still makes them lose their sleep," said the 43-year-old.

Her mother frequently lobbies her to look for something closer to home even if it means earning less. But she has resisted the pressure. Instead, she reminds her mom of her extensive safety checklist.

When she books a cab, she makes sure to look at the driver's performance rating and reads riders' feedback regarding his behavior. If she is wearing a skirt, she changes into

something more covered up before getting into a taxi for her ride home.

On her phone, she keeps the Delhi Police panic button app open throughout the ride. The app, developed after the 2012 bus attack, allows the user to quickly send an alert to the Delhi Police, with a link to the user's location on Google Maps, as well as notifications to family and friends.

She makes sure to share her live location and trip status with her husband and at least one friend. Sometimes she keeps a phone call going with her mother or a friend throughout the car ride.

"I keep thinking about how to escape if something goes wrong," Pandey said. "I dream of a day when our society is safe enough for me to travel alone anytime, anywhere without any fear or worry."



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FROM PAGE ONE

Xi Pivots on Economy, To a Point

Continued from Page One

interest-rate cuts and other easing measures by the central bank only to be deflated by lackluster news conferences from other economic agencies.

Investors, who had been hoping for a massive stimulus package similar to what Beijing rolled out during the global financial crisis, were unsure what to make of what Beijing depicted as a "package of incremental policies."

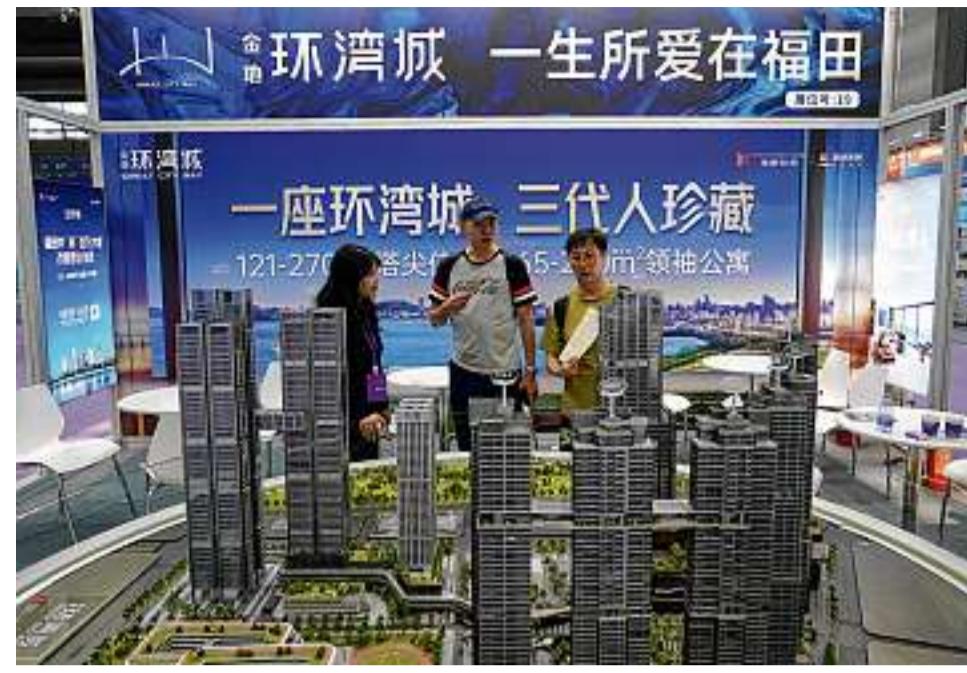
That means little change to Xi's overarching agenda of directing state resources toward fortifying China's industries against perceived foreign threats. Calls from economists and investors inside and outside China for rebalancing the economy to household consumption from manufacturing haven't gained much traction.

The shift, tactical rather than strategic, is centered on the central bank and the state coffers providing liquidity support for local governments and big banks, the backbone of funding for the economy.

Another focus of the policies is to rescue China's stock market, which has been on a losing streak for nearly four years. The People's Bank of China is taking the unprecedented step of encouraging brokerage firms, insurers, and listed companies to tap central-bank or commercial-bank funding to buy stocks.

Support for household consumption has mainly come from a reduction in mortgage rates, part of a new push to arrest the multiyear downturn in the property market. Analysts estimate that the cut can save homeowners about 150 billion yuan, about \$21 billion, in interest payments, a meager relief given the trillions of dollars in annual household consumption in China.

Xi's centralization of decision-making, which has time and again led to abrupt policy



Customers viewed a model of residential buildings at a property fair in Shenzhen on Friday.

from Beijing.

An Oct. 8 briefing by Beijing's top economic-planning agency disappointed the market with some vague growth pledges but few specifics. It also laid bare the leadership's resolve to continue aiding high-end manufacturing such as electric cars even though such industry-centric policy has led to wasteful overproduction at home and heightened trade tensions with the West.

The Finance Ministry's briefing on Saturday reignited hopes that some sizable fiscal support is in the offing.

"The unprecedented series of press conferences by Xi's team demonstrates that Xi now recognizes that China's economy is on the wrong track," said Andy Rothman, China strategist at Matthews Asia, a U.S.-based fund manager, "and that a pragmatic course correction is urgently needed."

The officials and advisers close to Beijing's decision-making said the central government is putting budget constraints on some heavily indebted localities in exchange

for them getting funding support from the center. While the move shows an attempt at much-needed financial discipline from Beijing, it could also lead to those localities reducing spending, potentially worsening the nation's deflationary problems.

But a pivot is a pivot. For many analysts and investors, Beijing's plan to rescue local governments and stabilize the financial sector is one positive step toward steadyng the economy.

However, China still has a way to go before the economy stages a meaningful recovery. First and foremost, many economists have said, the power center needs to do a big U-turn on the focus of state support—from factories to households.

"China's leadership isn't prepared to unleash the 'bazooka' necessary to power a strong recovery in demand and to end deflation," said Michael Hirson, head of China Research at New York-based consulting firm 22V Research, "but is taking important steps to stabilize growth and lower tail risks."

twists and turns, is adding to the opacity and unpredictability of Beijing's economic policy, potentially increasing rather than decreasing risks associated with investing in China.

Since Beijing said in late September that it would do more to prop up the economy, many investors have found themselves on edge, fearing they might either miss out on a rally or get sucked into a short-term pop. Some have been anxiously waiting for government briefings for any signs of additional stimulus or lack thereof.

"Investing in China used to never be like this," said Eric Wong, founder of Stillpoint Investments, a New York-based asset manager specializing in Chinese equities. "In the past, you could just invest based on company fundamentals. Now we're getting into such a bind guessing what they will say."

For the past couple of years, after China abruptly dropped its self-imposed Covid isolation in late 2022, economists and investors have called on Beijing to take forceful action to prop up growth—a mission more urgent after previous government intervention sapped energy out of a vast private sector and turned a property boom into a bust.

Officials in charge of day-to-day economic affairs held in-

creasingly urgent meetings to discuss ways to address the real-estate meltdown and the immense strain on local governments running out of money.

Yet despite all that prodding, Xi had appeared determined to stay his hand. As recently as late June, his handpicked premier, Li Qiang, who had likened China's post-Covid economy to a patient in recovery, stressed the need to avoid using "strong medicine" to support growth.

Chinese stocks tanked following these remarks.

Then, by mid-September, it became clear that the economy had taken a turn for the worse. Real-estate woes were deepening, further pushing

down consumption weakened by a gloomy economic outlook.

The jobless rate among people ages 16 to 24 kept climbing, posing a challenge to the leadership's much-prized social and political stability. And the benchmark of mainland-traded stocks, the CSI 300 Index, was headed for an unprecedented fourth straight year of losses.

What is more, reports were flowing into the power center in Beijing of a festering liquidity crisis across China, the officials and government advisers close to Beijing's decision-making said. In particular,

financially strained local governments have been strug-

Some Investors Take a Wait-and-See Attitude

Some investors have decided not to pounce yet.

Idanna Appio, a portfolio manager at First Eagle Investments, said the New York asset-management firm, which specializes in long-term holdings, hasn't changed its allocation to Chinese assets despite the flurry of policy moves.

"Without measures to address the oversupply of

real estate, the related debt risks and local government's heavy reliance on the property market," Appio said, "these recent easing efforts may not be sufficient to tackle China's deeper economic challenges."

For now, many of the new policy measures are less about providing direct stimulus to the economy and more about stabilizing

local finances and, by extension, the overall financial system and the economy.

The central bank has set up a swap facility to allow eligible brokerage firms, insurers and fund managers to access highly liquid government bonds by pledging certain assets as collateral. Here, Beijing took a page from what the U.S. did during the 2008 global financial crisis.

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American Lung Association

ad COUNCIL

FROM PAGE ONE

Boeing Plans to Sell New Shares

Continued from Page One
work to raise more money in the next few years.

The machinists' strike, which began last month, is exacerbating financial woes at the jet maker, which last turned a profit in 2018. The company's operations had been burning through about \$1 billion a month before the

strike. Boeing ended September with \$10.3 billion in cash and securities, close to the minimum amount the company has said it needs to operate.

Analysts estimate the strike is costing the manufacturer at least \$1 billion a month.

The new \$10 billion credit agreement is in addition to about \$10 billion in existing, untapped revolving credit agreements. Boeing has \$45 billion in net debt.

Credit-rating firms have warned that the company needed to raise capital and that its debt could be downgraded to junk status.

The company said on Friday it would cut about 17,000 jobs and warned of deeper losses amid the machinists' strike, which has halted production of most of Boeing's planes, including its best-selling 737.

Negotiations between the company and union leaders broke down last week, dimming hopes of a quick end to the strike.

"Our business is in a difficult position, and it is hard to overstate the challenges we face together," Boeing Chief Executive Kelly Orberg said in a message to employees last week about the layoff plan. "We need to be clear-

eyed about the work we face and realistic about the time it will take to achieve key milestones."

Boeing slowed production of 737 jets after the Jan. 5 door-plug blowout on an Alaska Airlines flight, amid scrutiny from regulators and airlines about the company's quality controls. An investigation found that workers at Boeing's factory failed to replace critical bolts on the door plug panel.

The company has been struggling with production slowdowns on other models because of supplier shortages and other issues. Its defense business, which makes F-15 jet

fighters and Chinook helicopters for the Pentagon, is also unprofitable. Boeing's Starliner spacecraft faces an uncertain future after technical issues left two astronauts stuck on the International Space Station.

The plane maker's 33,000-member machinists union walked out on Sept. 13 after rejecting a labor deal that would have offered 25% wage increases over four years, bolstered retirement pay and guaranteed that Boeing would build its next airplane in the unionized Pacific Northwest. The agreement fell short of the 40% pay increase the union had sought.



Source: FactSet

Billionaire Draws Heat From IRS

Continued from Page One
whether Bhargava used a daughter-in-law of the Indian guru, a Canadian citizen named Indu Rawat who heads his charitable giving, as a figurehead to shield additional wealth from U.S. taxes, according to people familiar with the matter and tax court filings.

Bhargava, through a spokesman, said he is focused on running his businesses and philanthropy, and endeavors to comply with laws, tax regulations and IRS guidance. The spokesman said Bhargava doesn't know if the criminal probe is still open.

'Giving Pledge'

The tax allegations contrast with Bhargava's public image as one of India's biggest philanthropists, who came to the U.S. as a teenager and leapt onto the Forbes billionaire list after inventing his brand of caffeinated beverage shots. Plain speaking and disdainful of so-called experts, Bhargava, 71 years old, eschews many usual billionaire trappings and zips on cardigans for business meetings. A member of the "Giving Pledge" sponsored by Warren Buffett and Bill Gates, he has vowed to donate 99% of his wealth to helping the poor.

The Senate Finance Committee additionally alleged Bhargava hid Swiss bank accounts through Rawat, who helps channel his charitable donations to millions in India with healthcare, education and training. In a redacted March letter, Chairman Ron Wyden said Bhargava could face some of the largest tax penalties in U.S. history. CNBC previously reported Bhargava was a target of the Senate committee investigation.

In an email after this article was published online, Bhargava said: "We feed almost a million poor kids a day, pay all expenses for the poor in a dozen hospitals and are creating water and energy solutions for the bottom third of the world. I am fully aware of the rule that 'no good deed goes unpunished.'"

Broad crackdown

The allegations are the latest by authorities in a broader crackdown on billionaires who use front people or bogus charitable donations to get out of paying taxes. The activities, once easier to keep secret, broke into the open in recent years because of pressure on banks in Switzerland and other wealth havens to share customer data.

Americans' hidden overseas assets are a perennial bugbear for tax collectors. In 2020, authorities struck a record \$140 million settlement with private-equity boss Robert Smith over undeclared profits and bank accounts, and charged one of his investors, Texas software billionaire Robert Brockman, with hiding around \$2 billion income from tax. Brockman died in 2022 before trial.

Recently, Douglas Edelman, a military contractor, was charged with his French wife for allegedly pretending she owned his companies. He pleaded not guilty and she hasn't entered a plea.

One of the main banks Bhargava used, Geneva-based Pictet, settled a decade-long U.S. criminal probe into its handling of American customers last year. It admitted helping hide around \$5.6 billion and shared reams of information about its superrich clientele.



Manoj Bhargava has said his business goal is to make money from the rich to give to the poor.

charity in India, which in turn said it has helped millions of people. Most of the money has gone to general healthcare and specialist clinics and surgery, according to the Indian charity's annual reports.

"If the government gives me a choice of whether to give my money to a charity and help those in this world who are truly poor, or give it to the government, which is rich, I'm going to give it to the poor," Bhargava told Crain's Detroit Business in 2012.

In another interview, he said he'd be known as a stupid rich man if he didn't try to save on his taxes.

Bhargava's growing wealth attracted the attention of Geneva-based Pictet, serving the global rich since 1805. Bankers flew regularly to visit him outside Detroit, where he had settled with his wife and son.

Early in 2013, 5-Hour paid a \$255 million dividend to Bhargava at Pictet, where Indu Rawat also maintained accounts.

Pictet treated the Bhargava and Rawat accounts as members of the same client group, according to people familiar with the matter. So, few questions were asked when Bhargava deposited the \$255 million the next day into the account of a Bahamas investment company nominally owned by Rawat, people familiar with the matter said.

For Bhargava, the financial upside was potentially enormous. The promissory note had a so-called earnout provision that grew with the assessed value of the underlying 5-Hour interest. As his patented energy drink flew off the shelves, that \$624 million IOU swelled to \$1.32 billion in just the first two years. By his calculation, that allowed him or his companies to take half a billion dollars in tax breaks over five years — well over what he could have claimed had he just stuck with the initial donation.

All of this was a bridge too far for the IRS, which argued that the value of the charitable gift was inflated, since the partnership relied on Bhargava licensing the 5-Hour formula, and that no independent investor would have paid so much without that assurance. It also disputed the treatment of the earnout provisions.

Bhargava's lawyers said he wanted his charitable gifts to have maximum impact. The Michigan charity said it has granted \$125 million since 2015, mostly to Bhargava's

5-Hour's corporate partnership to the Michigan charity in 2009. What caught the IRS's attention is that Bhargava repurchased the stake with a promissory note due in 20 years, signing as a representative of a separate company.

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charity in India, which in turn said it has helped millions of people. Most of the money has gone to general healthcare and specialist clinics and surgery, according to the Indian charity's annual reports.

Bhargava was also pouring money into new inventions to deliver clean water and energy, and narrated a documentary about them in 2015, "Billionaires in Change."

They included bikes for pedaling a family's daily electricity in an hour, and plans to desalinate seawater on barges and flow it to land in floating pipes.

"The more wealth you get, the bigger your duty becomes. Which is to help those who have less, who are suffering," Bhargava said.

In 2018, the IRS issued Bhargava a notice disqualifying hundreds of millions of dollars in deductions.

Bhargava challenged the IRS, eliciting fresh allegations from the agency that the purpose of the deals was tax relief. Before trial, the case got put on hold in late 2019.

That was because a criminal probe was picking up steam, according to people familiar with the matter.

Grand jury

A federal grand jury convened, and in April 2021 requested 12 years of financial records from the firm handling Bhargava's accounting. The accounting firm declined to comment.

Around the same time, Indu Rawat became a permanent resident in Singapore, and Bhargava relocated some business operations there. The Michigan charity transferred nearly \$1.4 billion to the city-state, into a private trust there that, unlike the Michigan charity, doesn't disclose what it does with its money or file U.S. tax returns.

In the summer of 2023, Bhargava pounced on the troubled publisher of Sports Illustrated, to combine with his next venture: a media group that would report unbiased news and give advertisers more power over their spending. A Singapore medical devices company in Bhargava's business group, owned by Rawat through the Bahamas investment company, backed the combination with \$111 million.

Bhargava flew some of the magazine's famous swimsuit models to his business compound to discuss selling products on a television shopping channel. But he lost the publishing rights in a cash crunch, sparking a back-and-forth of lawsuits. He abruptly shuttered a news station in August.

The inventions in the 2015 documentary didn't pan out.

The bikes were expensive and inefficient, and caught women's saris. Converting ocean water proved cumbersome too. The lab is working on new products, Bhargava's spokesman said, and that they are proud of the Hans Premium water filtration system named after the guru.

The Indian charity said it is working toward Indu and Mahipal Rawat's grand vision for humanity.

"My choice was to ruin my son's life by giving him money or giving 90% to charity," Bhargava wrote in announcing his participation in the Giving Pledge in 2012. "Not much of a choice."

His son, who has said on social media he is working on a project in India training farmers how to fertilize soil with leaves and cow dung, didn't respond to requests for comment.

—Krishna Pokharel in New Delhi contributed to this article.



Followers greeted the Guru Maharaj Ji in 1973, when a festival was held in the Houston Astrodome.

JENNIFER RISHER
SAM C. PIERSON JR./HOUSTON CHRONICLE/GETTY

PERSONAL JOURNAL.

A10 | Wednesday, October 16, 2024

THE WALL STREET JOURNAL.

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BY ANNA WILDE MATHEWS

Buckle up, seniors. The enrollment period for picking 2025 Medicare health-insurance coverage starts Tuesday, and it could be tough to navigate. Insurers are making changes that could leave you stuck with more costs and skinnier benefits. But you can still find good deals.

Specifically, some insurers are dumping plans, trimming popular offerings like dental coverage and increasing charges such as deductibles in response to new federal government requirements and to improve profits.

Because of the changes, about 1.5 million people will see their Medicare Advantage plans eliminated next year, while a further 3.5 million are losing their current Medicare drug policies, known as Part D plans, estimates **Healthpilot**, which offers a website to help people choose Medicare coverage. "This is the largest disruption we've experienced in a decade," says Healthpilot Chief Executive Seth Teich.

Among the people shopping around for a new plan is Peggy Watts Gup, a 70-year-old retiree who lives near Charlottesville, Va. Gup had liked the Aetna Medicare Advantage plan that she had been using the past four years, but it won't be sold in 2025.

"I was like, darn, because I thought I could just do nothing and roll over the same plan," she says.

Instead, she is finding that selecting a new plan is a challenge. Her first priority is to make sure that her preferred local hospital system and doctors are included. She also wants to limit out-of-pocket charges and make sure she can still fill her prescriptions.

With all the shifts, patient advocates say, seniors have to pay even closer attention than usual during this year's Medicare open-enrollment period, which lasts until Dec. 7. Here's what to watch for:

Changing costs

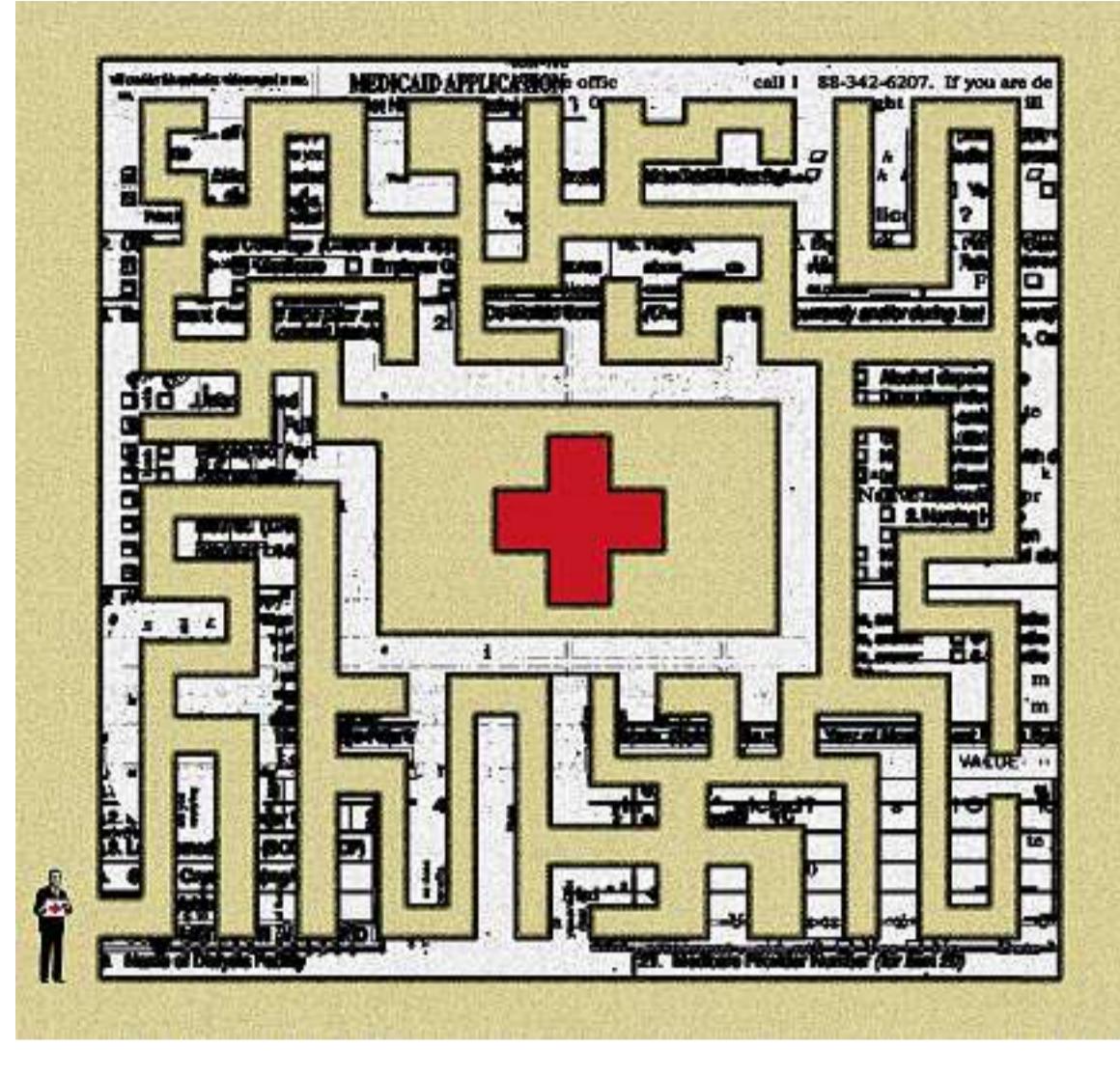
Average Medicare Advantage premiums are expected to decline next year, with many plans promising no monthly bill. But other types of costs might be rising.

Watch for the maximum out-of-pocket cost, in particular. It is the total amount you could pay toward your medical care, including copayments and other charges. Healthpilot estimates the overall average is going up by a little over \$450 next year in Medicare Advantage plans, to about \$5,929.

(The figure is for in-network care and excludes special-needs plans.)

Some companies are leaning harder on the charges than others. Wall Street analysts at Leerink Partners found that

Humana will have, on average, the largest increases in maximum out-of-pockets among the big Medicare insurers, followed by Aetna and **United Healthcare**.



How to Navigate Medicare Plan Changes

An estimated five million people will either have to get a new health plan or Part D drug plan as a result of the shifts

A spokesman for Aetna parent **CVS Health** said the insurer "remains laser-focused on delivering the exceptional service that keeps our Medicare Advantage members healthy," and nearly 90% of its members are in plans with high quality ratings.

A UnitedHealthcare spokesman referred to an earlier release that said its plans for 2025 will deliver "a simpler member experience with enhanced benefits, broad network access and cost-savings."

A Humana spokeswoman said its maximum out-of-pocket remains lower than other major insurers on a member-weighted basis.

The term "maximum out-of-pocket" can be a bit misleading. The commonly used numbers often only include charges from doctors and

► Retiree Peggy Watts Gup must find a new health-insurance plan and wants to limit out-of-pocket charges.

other healthcare providers that are in your plan's network. If you go to others, your totals could breach that cap.

Out-of-pocket charges related to your drug plan or other types of care, such as dental, are also likely not included in that in-network medical "maximum."

Drug benefits

The biggest changes for next year's Medicare plans are in the drug benefit.

The number of stand-alone Part D plans is dropping by about a quarter, to the lowest number ever. And many of the remaining plans are raising drug deductibles and making other changes that can increase your out-of-pocket costs.

On the bright side, out-of-pocket costs for Part D medications will top out at \$2,000 in 2025, a new limit set by federal law. Also, you will have a new option to pay off your total drug bill in monthly installments over the course of the year.

But the plan changes could cost you. Drug deductibles, or the amount you pay before coverage

of your medication kicks in, are rising sharply in a lot of plans. The biggest increases in the drug deductibles among Medicare Advantage plans, on average, were at UnitedHealthcare and Aetna, according to Leerink.

You can use Medicare.gov to see whether your prescriptions are included in a plan, and how much they are likely to cost. For more detail, you can go to the insurer's website and look for a formulary, or the full list of covered drugs.

Hospitals networks

More hospital systems are leaving Medicare Advantage plan networks. A survey of hospital CFOs found more than half were considering or planning to leave a Medicare Advantage network.

If you care about having access to your doctor and local hospitals, you should look at the plan's network directory and make sure they are included. You should also call the healthcare providers to check.

If unfettered access to healthcare providers matters a lot to you, you might want to consider opting for traditional Medicare

from the government, rather than a privately run Medicare Advantage plan, because nearly all hospitals and doctors participate in the federal program.

"Medicare is basically like an open door," says Susan Keating, who runs Honora Care Management, which works with older adults and their families on healthcare and other needs. "You can go to almost any facility."

Keep in mind, however, that traditional Medicare comes with its own downsides. For instance, out-of-pocket charges aren't capped, so you will want a special policy called a Medigap, or Medicare supplement, to limit your exposure. But those can be pricey or even impossible to get. You can learn more at Medicare.gov.

States also have Medigap protections. You can check on your state's rules, but it is best to call your state department of insurance—check the website NAIC.org for contacts.

Additional features

Some of the most appealing features of Medicare Advantage plans are the extra benefits they promise, from dental and vision coverage to fitness classes.

Those extras are also getting trimmed in some cases. Check a plan's full description, known as an "evidence of coverage" document, for details. The most popular benefits are still widely available, but they might be a bit less generous than they were last year.

Plans might make less-obvious adjustments, such as adding requirements to get permission before accessing care, a process known as prior authorization.

To get the full picture, you should delve into the documents for that plan, which you can find on the insurer's website, such as the "evidence of coverage" description. "Anytime you see 'limits apply,' or 'prior authorization necessary,' I would dig more deeply into the plan's materials," says Sarah Murdoch, director of client services at the nonprofit Medicare Rights Center.

Analysts at Evercore ISI found that Aetna will be trimming the average value of its vision and dental benefits in 2025, while other companies are imposing more limits on health-related trip benefits and hearing-aid coverage. Still, the approaches vary from plan to plan.

Unbiased advice

Picking a plan isn't simple, and it is important to get unbiased advice. Insurers and agents, who are often paid commissions, can have financial motivations for steering you toward certain products.

To find impartial information, it is best to start with Medicare's own website. The State Health Insurance Assistance Program has counselors in every state. The nonprofit Medicare Rights Center maintains a national helpline.

KFF, a health-research nonprofit, offers helpful background, as does the Center for Medicare Advocacy. Local agents and patient advocates with whom you have a relationship can also be helpful.

FROM TOP: ALEXANDRA CITRIN-SAFADI/WJS; PEGGY WATTS GUP

Chef Travis Lett Returns With a New Spot

By HILLARY EATON

After a five-year hiatus, Travis Lett, the chef who founded **Gjelina** in 2008 and left suddenly, is back in the kitchen.

In the mid-2000s, Lett turned **Gjelina**, a dark moody enclave on Abbot Kinney Boulevard in Los Angeles, into a destination for foodies worldwide, writers and directors like Larry David and Jon Favreau and celebrities including Beyoncé, Leonardo DiCaprio and Prince Harry.

To the crowds enduring long waits in an alley strewn with milk crates, he served a new kind of California cuisine: blistered pizzas covered in smoked mozzarella, arugula and bottarga alongside Japanese eggplant doused in tahini, mint and sweet-and-sour agrodolce.

Then, in 2019, Lett announced he was selling his share of the business. He disappeared, fueling the same kind of gossip speculation the town would give to a movie star vanishing overnight.

Now, he's returned with a new restaurant and a new attitude about how to run a business. **RVR** (pronounced "river"), a Japanese izakaya, which is similar to a pub, opened this month down the street from **Gjelina**.

He's ending his infamous "no

substitutions" policy. "As a young chef there was a little more, like, 'This is my food, take it or leave it. Kiss my a— if you don't like it!'" he says. "That doesn't quite feel natural to me at this stage in the game."

He's also opening up more, sharing himself and his vision for his new restaurant. During **Gjelina's** heyday, Lett rarely gave interviews or attended awards ceremonies.

He recalls a moment at the James Beard Awards one year when, Lett says, "I was talking to someone

I hadn't met before, and he was, like, 'You're not an a-hole?' It occurred to me over time that sometimes, not speaking, people are going to assume you think you're too good to speak to them."

At **RVR**, the menu focuses on nuanced,

lighter-style ramen and complex broths with housemade noodles.

In America, "ramen has turned into this really heavy melted pork fat tonkotsu and there's been this one-upmanship of who can make it the grossest and saltiest," Lett says. "Clearly there is that style in Japan, but there's that whole sort of spectrum of offering there, so we're going



to try to show a different side of it." Diners will eat in dark-wood booths, designed by Matt Winter of M. Winter Design, with vines hanging above them, accompanied by a DJ spinning tracks from André 3000 producer Carlos Niño's collection.

Despite rumors at the time that he was forced to leave **Gjelina**, Lett says he wasn't and the sale was his idea. "I realized that our best work was behind us and that I was ready for change," he says.

The remaining owners of **Gjelina** declined to comment about his exit.

Lett says quitting **Gjelina** left him feeling lost. "It totally f—ked with my head at first and it still does sometimes," he explains. "I sold this restaurant and they're all still here and I'm living here, too. It's like breaking up with someone and living in the same apartment block and you've got to see them every morning. I felt like, am I supposed

to leave town now?"

He did. In 2020, Lett and his partner, photographer and designer Helen Nishi, had their first child and went to stay at a friend's home in Big Sur.

"I thought maybe I will buy a piece of property and start farming," Lett says. "Maybe I'll get some goats and start raising animals and making some cheese. [I needed] time to re-prioritize what's important to me and honestly, rest."

Lett spent his days baking bread, surfing and practicing mixed martial arts. He worked on a handful of consulting jobs, but eventually he found himself wanting to return to his own kitchen.

At **RVR**, Lett hired Canadian Ian Robinson, formerly of Skippa in Toronto, as executive chef. He was chosen in part for his experience making soba noodles and katsubushi, a traditional smoked and fermented fish, in Fukuoka, Japan. This frees Lett to focus on the restaurant's finances, team culture, guest experience and marketing, as well as the food.

Lett isn't Japanese, but his parents taught him to love Japanese food. His childhood home was filled with misos, brown-rice hand rolls and other Japanese-leaning staples.

"I guess I just have to, at the end of the day, just pursue what I love," he says about making Japanese food as a white man. "If I really love it and I'm sincere about it, people will feel it. They'll also feel it if that's not the case. You can play in another culture's sandbox, but you have to be sincere, modest, humble. But also don't apologize for doing what you're doing."

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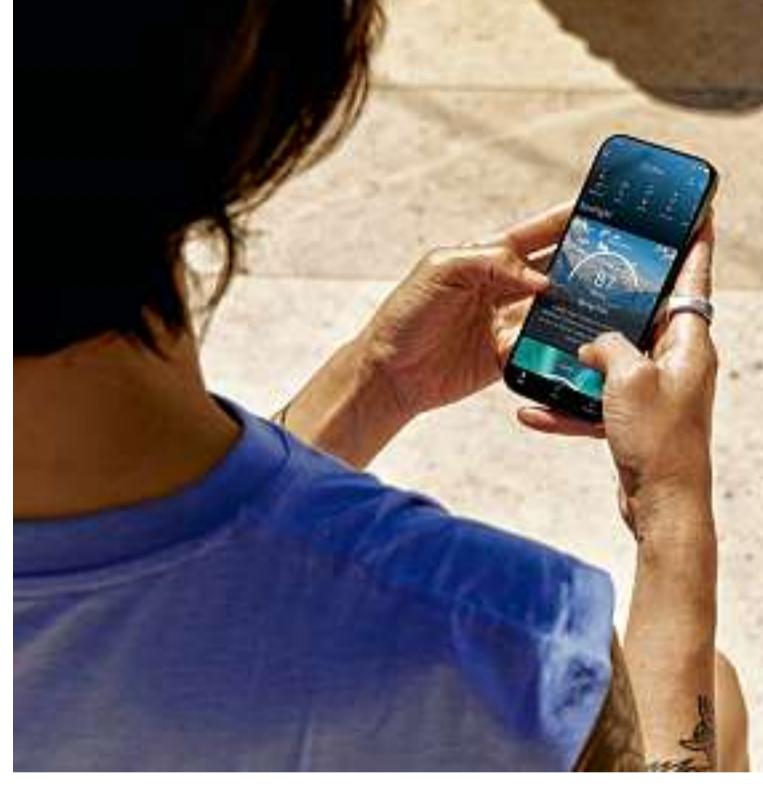


DrinkAG1.com

PERSONAL JOURNAL.

The Smart Ring With a Cult Following

A review of the latest Oura and other rings, which can help with health and fitness goals but have some limitations



◀ The \$349 Oura Ring 4 is sleeker and has a longer battery life than its third-generation model. Recent smart rings include, pictured from left, the Evie Ring, the Oura Ring 4 and the Samsung Galaxy Ring.

control app, Natural Cycles. The app requires a \$120 annual subscription that can be covered by insurance. (Natural Cycles also works with the Apple Watch.)

Even without a Natural Cycles subscription, Oura can predict your period based on signals such as temperature and heart-rate variability. Samsung's Galaxy Ring has a similar capability.

Auto-tracking: The Oura, Galaxy Ring and Ultrahuman's Ring Air can automatically detect workouts. You can log activities manually in the app, but it's much easier to let the ring figure it out.

Long battery life: Most smartwatches, except for Garmins, need to be charged daily. Many smart

rings can last a week. Oura's new Ring 4 can go up to eight days on a single charge. The Galaxy Ring runs seven days, and includes a handy portable charging case.

Where a ring might go wrong

A smart ring isn't ideal for everyone. Alone, it's not enough for hardcore athletes.

Sports with grip: Weightlifting will likely scratch your ring and could cause serious injury to your ring-wearing finger. The ring can also interfere with activities such as golf or rock climbing.

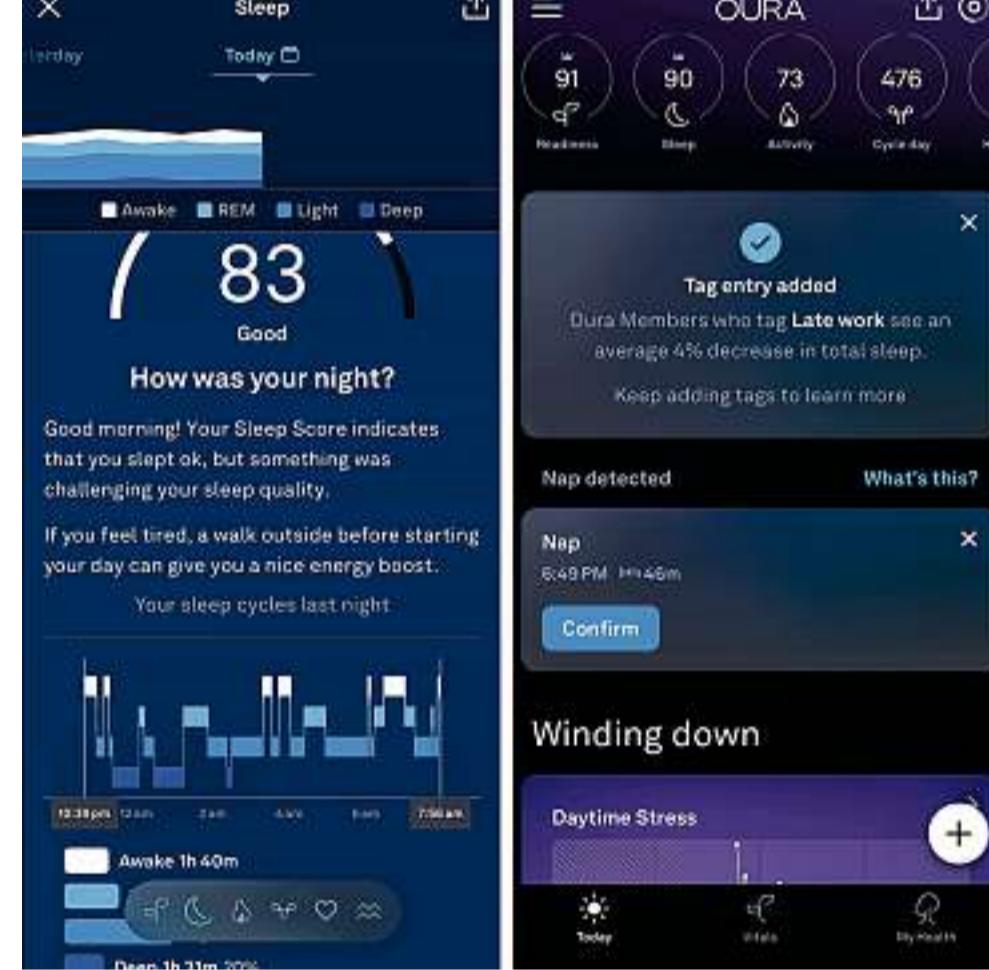
Workout metrics: If you want to see live data from your workout, or record location data from your route, a smartwatch is better. Many people wear both a ring and a watch—one for sleeping and one for workout tracking.

Membership required: Oura requires a \$6 monthly subscription. Samsung, Ultrahuman and Movano don't charge a subscription to access device data.

The recurring charge is my biggest beef with the Oura, but I'm too reliant on its insights. The membership, as well as the ring itself (and other smart rings), are eligible for reimbursement from pretax health-savings and flexible-spending accounts. November means health-coverage open enrollment for many people.

Free would be better, but the subscription does motivate you to actually look at your data—and do something about it.

FROM LEFT: OURA; NICOLE NGUYEN



▲ Oura's app offers a good balance of data deep dives and approachable, helpful insights to improve sleep and fitness.

Oura has the best presentation. The app scores each day's sleep, activity and "readiness," which refers to whether your body is primed for intense exercise. It offers the raw data for vitals alongside helpful insights. After a sleepless night, for example, the app told me, "A walk outside before

starting your day can give you a nice energy boost." It was right!

Women's health: During a menstrual cycle, there is a specific window when body temperature rises slightly and you're most likely to get pregnant. Rings with temperature sensors can pinpoint this increase, helping with conception and contraception.

All four rings I mentioned have these sensors, but only Oura works with a Food and Drug Administration-cleared digital birth-



▲ Ridhi Sahni and Vikas Choudhary can't agree on AI etiquette.

sponses were 11% longer when offered a \$200 tip and 6% longer for a \$20 tip. No real tips were paid during the experiment.

"The litmus test for how good a person you are is if you are nice to a waiter," said Alana O'Grady, an executive at a tech startup based in San Mateo, Calif. "In the future, it'll be how kind you are to your AI companion."

O'Grady has used ChatGPT for a host of activities—from summarizing reams of documents at work to recommendations for a family vacation to Lake Tahoe.

Her interactions start with a "Could you please" and end with "Great job," or "That's perfect!"

"People will think I'm crazy if they see how I talk to a computer," she said.

Now O'Grady is training her children on the right etiquette by being polite to Apple's virtual assistant, Siri, around them. Her 4-year-old daughter recently said "I love you" to Siri.

Judith Martin—the author behind decades of "Miss Manners" books and columns on etiquette—suggests people be polite. She even thinks getting Siri or Amazon Alexa's attention with a "Hey" is unacceptable.

"When it is one's constant companion—and particularly in the presence of children—such devices should be treated with civility," she wrote in one column.

Others disagreed, saying there should be a distinction between how people talk with people vs. bots.

Some humans are now turning to AI for help with etiquette. Frankfurt-based software developer Laszlo Deak uses a chatbot to vent and translate his work frustrations into polite prose.

He asked ChatGPT how to constructively tell another team that their product was bad. It suggested using kinder phrases to say it wasn't working as well as expected.

"When you're in the moment and angry, it takes extra effort to rephrase the whole thing," said Deak. Reading ChatGPT's iteration "helps me to calm down."

He has also used ChatGPT to draft Slack messages to colleagues when they're being difficult.

Mazen Lahham, a Dubai-based tech executive, said his company's AI was better at satisfying angry and aggressive callers than its human call-center workers.

"The AI learned to absorb and react in a calm, professional manner, something that can be very challenging for a human," he wrote in a LinkedIn post.

Choudhary, the Palo Alto-based startup founder, is betting his good behavior might pay off someday. "In the future if the AI overlords take over, I just want them to remember that I was polite."

Should You Be Polite To Your Bot?

Continued from Page One

His wife couldn't care less. "If I'm using a microwave, I don't go like: 'Dear LG, Please heat this up.' I just press a button and get on with my day," said Sahni, who also works at a tech company.

She uses ChatGPT to generate cute greeting cards for friends' babies.

"I think of this as purely transactional," she said.

As talking to chatbots is now becoming more like normal conversations, AI users face an awkward ethical dilemma: Bots are programmed to be polite, but do we have to reciprocate? Is it wrong to speak harshly to them?

The debate has spilled onto social media where many people say one should practice politeness even with bots. Others think wasting kind words conversing with code is inefficient.

"I know AI isn't real but it feels so rude if I don't greet and thank it," one user wrote on Reddit, prompting hundreds of comments and a lively debate over whether bots are keeping tabs on who is nice to them.

Some shot back with sarcasm. "AI will want to extinguish human race but not that one, he said 'please and

thank you' 30 years ago to my 4.0 version," one user wrote.

"I treat chatgpt like it's my servant," another said.

A recent survey showed Americans are split on being polite to AI. About 48% of 2,000 Americans surveyed by Talker Research thought it was important, with Gen Z respondents being the friendliest to bots. Around 27% of people agreed it was OK to be rude with or shout at bots.

One study out of Japan—a place where rules of etiquette are iron-clad—concluded that being nice to ChatGPT can pay off. Impolite prompts "may lead to increased bias, incorrect answers, or refusal of answers," the researchers found.

They found that the thesis held true across English, Japanese and Chinese.

Microsoft, which has added chatbots to its top products, says AI may not react well to bad behavior as it is built to mimic human reactions.

"If you speak to the model rudely, you can expect it to be difficult with you too," said Microsoft's Chief Scientist Jaime Teevan.

"Just like humans, AI can't always be the bigger person," Microsoft said in a blog post.

Engineers say it helps to add phrases like "take a deep breath" to make models produce better answers. They joke that generative AI has a "praise kink" for its apparent need for positive affirmations and potential rewards.

In one experiment, ChatGPT gave longer answers when lured with a tip. The results indicated that re-



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ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

Indie-Rock Intensity

Porridge Radio returns with an album that balances visceral vocals and surreal arrangements

Over the past five years, we've gotten used to indie rockers who are relatable and don't embarrass themselves by over-emoting. It's been a time for folky singer-songwriters who favor diaristic craft over psychic bloodletting—they may well sing about pain and trauma, but they tend to do so from a remove after a certain amount of healing has taken place. English band Porridge Radio, led by singer and guitarist Dana Margolin, is taking a different path.

Ever since the project formed in Brighton and issued its 2016 debut album, "Rice, Pasta and Other Fillers," Ms. Margolin has been on a mission to deliver music with poetic intensity, without worrying about overdoing it. One highlight of that record is a cover of "Walking the Cow" by Daniel Johnston, whose music, informed by his bouts with mental illness, was unusually expressive and emotionally naked.

On later albums "Every Bad" (2020) and "Waterslide, Diving Board, Ladder to the Sky" (2022), Porridge Radio ratcheted up the tension further, propelled by increasingly inventive arrangements. The group's fourth album, "Clouds in the Sky They Will Always Be There for Me" (Secretly Canadian), out Friday, is its most varied, and serves as an excellent starting point for those new to the band.

Ms. Margolin's voice is the most striking element of Porridge Radio. At times, she delivers her lyrics in the conversational deadpan so common to groups worshipful of '80s post-punk (see Dry Cleaning, Fontaines D.C.). But she breaks into a screamed register when a song needs it, a bracing effect that sounds channeled from somewhere beyond. When her snarling voice takes over, at moments it seems to be breaking apart as she sings, as if her very body has some kind of distortion pedal. This fearsome howl is balanced by a melodic acumen that grows more pronounced with each record.

On the opening "Anybody," the bouncing tune and layered voices on the chorus are the first things you notice. The song has the building force and spiritual need of an anthem by Simple Minds, as

Ms. Margolin seems to be singing about the devastation following a breakup—a thread through most of these tracks. Much of the album appears to take place inside a disturbing dream,

with lyrics that transmit a feeling of instability. On the second track, "A Hole in the Ground," Ms. Margolin sings of running naked and seeing the titular void instead of a house's front door.

Keyboardist Geor-

gie Stott renders this desperate scene over a circus-like organ sound, while drummer Sam Yardley plays a rhythm that recalls the dark theatricality of Kurt Weill.

The combination of Ms. Margolin's visceral phrasing, surreal imagery, and instrumentation with hints of cabaret evokes the '80s work of Tom Waits and PJ Harvey's later grunged-up version of the sound—an approach that



Porridge Radio, above; the band's new album is *'Clouds in the Sky They Will Always Be There for Me'*

makes these songs seem like high-contrast black-and-white films. "I wake up choking on dreams of you," she sings on the drone-heavy number "God of Everything Else." Elsewhere on the track, she acknowledges a lover's complaint with a self-aware admission: "You always said that I'm too intense."

It's a sentiment anyone who doesn't click with this record is likely to share. Porridge Radio has no desire to merely set a mood or serve as a soundtrack to another activity. You're either listening to this music intently or you're turn-

ing it off. Every part of these arrangements is designed to touch a nerve. On "Wednesday," there's a terrifically simple and effective line by the group's bassist, Dan Hutchins, that brings to mind Modest Mouse in its early days, when an instrumental refrain would take a song to a place where words couldn't go.

Another animating force on "Clouds in the Sky" is that art can set you free in times of trouble—that the creative act is the only way to stay alive in a debased world. On the haunting "In a Dream I'm a Painting," Ms. Margolin escapes into a hallucinatory world where she's no longer alone, and nothing makes her sad.

In the final moments of the

closing track, "Sick of the Blues," a trumpet appears out of nowhere and toots a cheery melody. In context, it's rather funny, as if all the concerns that have overwhelmed the album to that point had dissolved into air. But this rare moment of levity is surely a temporary respite. For all the musical twists and turns, there's not a lot of emotional range on display in this record. But if you are in the kind of headspace Ms. Margolin understands so well, angry at a world that can seem so ugly, there aren't many bands right now who will understand you better.

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

TELEVISION REVIEW | JOHN ANDERSON

New Couple, Old Sitcom Setup

Like the guy who refers to "my current wife," the title of "Georgie & Mandy's First Marriage" is pretty funny in a back-handed kind of way. But hardcore grammarians might raise a point: If Georgie and Mandy are destined to find other mates, wouldn't the title be "Georgie's and Mandy's First Marriage?" Or are they going to remarry each other in some sitcom down the road on the way to "Old Sheldon"? Or am I giving it too much thought? And the show too much credit?

Probably. What does make sense is that in a world of entertainment universes (Marvel, DC, CSI) one would be spawned by "The Big Bang Theory." Montana Jordan and Emily Osment are the title twosome of "Georgie & Mandy," which was spun off "Young Sheldon," which was itself spun off "Big Bang" and concerned the schoolboy adventures of annoying wunderkind Sheldon Cooper (ain

Armitage as the kid version of the savantish adult played by Jim Parsons). Georgie was and is Sheldon's older brother and the "dumb one" in the family; Missy (Raegan Revord, who reappears here) is Sheldon's twin and the sarcastic one. I was a late convert to "Sheldon," but found it more than palatable, thanks in great part to Annie Potts, whose

Mame was a gingersnap foil to the general sweetness of the show and a counterbalance to screen daughter Mary (Zoe Perry), whose disquieting mix of hotness and evangelism was also an asset.

The "Sheldon" vets pay a call during "G&M," which finds the "Young Sheldon" lovers married with a baby, not in that order, and living with Mandy's parents. Watching a "Frasier" rerun together, Georgie notes that it is a "laughing show." Huh? "Some shows you can hear people laughing and some you can't. 'Wonder Years.' No one's laughin' Is



it funny? We'll never know." His in-laws, Jim and Audrey (Will Sasso, Rachel Bay Jones), study him with a great deal of concern.

That the show makes fun of its own laugh track is clever—the creators include "Big Bang" producers Steve Holland and Steve Molaro along with sitcom titan Chuck Lorre ("Roseanne," among others). But that is about as good as it gets, at least during the two episodes made available for review. Per TV's law of diminishing returns, "Georgie & Mandy's First Marriage" marks a

Will Sasso, Rachel Bay Jones, Montana Jordan and Emily Osment in the CBS series.

of "Harry Potter," but his dimness and literal-mindedness are his gifts and something best enjoyed in small doses. He is indefinitely cheery, though. Which can be exhausting.

Ms. Osment, whose Mandy is as quick to grouse as Georgie is to smile, doesn't provide balance as much as conflict: While the bearish Jim is as good-natured as a middle-aged man with adult housemates could be, Audrey thinks Georgie ruined her daughter's life, makes it clear she thinks Mandy married

down, and can't resist an opportunity to trash her son-in-law. Such is the principal device in this comedy machine. Mandy, loyal as she is, wants to move out. Which they do. And then move back in again. They say moving is among the most traumatic events in one's life. Watching others do it is no picnic either.

Georgie & Mandy's First Marriage
Thursday, 8 p.m., CBS

Mr. Anderson is the Journal's TV critic.

OPINION

The Silly Rhetoric Cancels Out

**BUSINESS WORLD**
By Holman W. Jenkins, Jr.

Vladimir Putin since leaving office is so thinly based as to command little confidence.

An aide to Mr. Trump who goes unnamed is apparently the source of such speculation, based on a single instance of having been shooed from Mr. Trump's presence so Mr. Trump could—or so he claimed—take a call from the Russian president.

But if Mr. Trump is talking to Mr. Putin, hooray.

If U.S. intelligence is listening in on the Trump calls to deepen its own understanding of Mr. Putin's motives and thinking, hooray.

As Mr. Trump would have appreciated, if the U.S. wasn't listening, it was an oversight. The Mike Flynn and "unmasking" controversies early in his presidency would have left him in no doubt that U.S. agencies embrace carte blanche to monitor calls that terminate outside the U.S.

In his own highly analytical book about U.S. dealings with Saddam Hussein, reporter Steve Coll quotes Bill Clinton cursing the domestic politics that stopped him from phoning up the Iraqi dictator to

hash out their standoff over weapons inspections.

Mr. Coll returns to the subject in his epilogue, calling it a missed opportunity to resolve crossed signals that left Saddam believing that the U.S. knew he had disposed of his banned weapons. A private phone call might have clarified what certain acts of Iraqi noncooperation were meant to hide. It wasn't WMD but elaborate arrangements by his staff directed at maintaining Saddam's personal security.

OK, I understand: An all-of-establishment effort is under way to prevent Mr. Trump's return to the White House. Leon Panetta, last seen lying about the Hunter Biden laptop, is back telling a podcaster, not with captivating diction, that "Trump has turned into a source for Putin, and somebody who can help him manipulate what he wants to get done."

Retired Gen. Mark Milley, living down his service in the Trump administration, exclaims to Mr. Woodward that Mr. Trump is "fascist to the core," never mind that he and Mr. Trump likely have in common an inability to define the term except as a synonym for "bad."

Christopher Steele is back too. His new book is accorded respect in the press because his famous dossier said Russia was meddling in the 2016 election. The problem: Everybody knew Russia was meddling in 2016 (I've pointed to my own email to colleagues in

August 2015). Mr. Steele was a Joe McCarthy of his time, embellishing what everybody knew about Russia with invented facts about certain Americans.

By now, you would be unlikely to assume any action out of the Labor Department or Federal Reserve, much less the Justice Department or FBI, is uninflamed with the

If the latest charges of 'collusion' were real, they wouldn't wait till October.

priority to stop Mr. Trump. Millions of voters might even agree in this case that abuse of office is warranted. California has blocked SpaceX launches from Vandenberg Air Force Base because Elon Musk supports Mr. Trump.

Yet if Mr. Trump is as bad as his enemies say, isn't a come-to-Jesus realization due concerning how much their own lying has empowered and legitimized him? And shouldn't Democrats be giving us somebody to vote for? I mean, instead of using Mr. Trump to shove down America's throat a senile Joe Biden and now a last-minute stand-in whom the White House previously leaked wasn't presidential material?

The lying propensities of Mr. Trump are now weighed against the lying propensities prioritizing of a second term.

of the entire establishment. What an election. I have confidence at least in the federal establishment under Jill Biden to contain any MAGA revolt if Mr. Trump loses. But what if Democrats lose? If riots ensue, will James Carville return to MSNBC and eat his recent words claiming, among other things, that a Trump speech planned for Madison Square Garden is a sequel to a pro-Hitler German American Bund rally in 1939 (rather than, say, 150 Billy Joel concerts or the 1992 Democratic convention)?

We can anticipate Mr. Carville's likely rejoinder: Professional partisans are entitled to say over-the-top things in the final days of a close election. (An irony of democracy: If a race isn't close, both sides pay more attention to their dignity.)

Then there's this year's most important issue. Still missing is any cogent argument (apart from attempts to revive the collusion canard) that Kamala Harris would be any more successful at facing down the free world's global enemies than Mr. Trump would be.

Ms. Harris has insisted on being a cipher for purposes of the present campaign because she sees no positives in the Trump phenomenon and figures voters don't either. (She's wrong about this.) Call it one more maddening aspect of a race whose many maddening aspects can be laid at the feet of Joe Biden for his selfish prioritizing of a second term.

BOOKSHELF | By Jonathan Marks

A Symbolic Ideology

We Have Never Been Woke

By Musa al-Gharbi

Princeton, 432 pages, \$35

In the fall of 2015, student protesters seemed suddenly to be everywhere. From the University of Missouri to Yale, they called on universities to deploy their educational programs and resources to fight racial injustice. Videos of their protests had observers opining that something was either very wrong or very right with the kids. Attention turned to Generation Z, whose first cohort had recently matriculated: Perhaps their coddled childhoods made them fragile; perhaps their diversity made them wise.

In "We Have Never Been Woke: The Cultural Contradictions of a New Elite," Musa al-Gharbi tells us that our focus on Generation Z is a distraction. Nothing new was arriving on campus; by 2015, we were years into the Fourth Great

Awakening.

Mr. al-Gharbi, a sociologist and assistant professor at Stony Brook University, uses "Great Awakening" to refer to dramatic, rapid shifts in the attitudes and activities of knowledge workers—or, as he calls them, "symbolic capitalists." These are the people who produce and interpret data, images and words and work in fields like education, media, law and finance.

The most recent awakening, Mr. al-Gharbi tells us, began not in 2015 but around 2011. After 2011, the use of "terms referring to various forms of prejudice and discrimination" surged in popular media outlets. Related shifts in focus occurred in academic research, advertising and entertainment. Meanwhile, affluent, well-educated white liberals—symbolic capitalists are mostly that—began to adopt attitudes we now call woke. For example, they came to perceive "much more racism against minorities than most minorities . . . reported experiencing." Increasingly, they joined the Democratic Party and became "more militant."

Those who consider Generation Z the source of our troubles will be hard-pressed to explain why shifts across knowledge industries started when the oldest Gen Zers were in their midteens. Those who think wokeness arose in equal and opposite response to Trumpism will be hard-pressed to explain why well-educated white liberals shifted so early and, as Mr. al-Gharbi details, much more than other groups.

Mr. al-Gharbi's analysis ties the current awakening to three earlier moments. The lineage of symbolic capitalists goes back to the early 20th century, when the sciences, college teaching, journalism and other fields professionalized. Their claim to influence was founded on their expertise and willingness to use it for the common good. The professions that emerged have since justified themselves with the potent combination of moral and intellectual authority, as implied in the Covid-era phrase "follow the science." If being woke means thinking that one knows and cares more than others about our social ills, especially the plight of the powerless, then symbolic capitalists have always been woke. From the late 1920s to the late '30s, then again from the mid-'60s to the mid-'70s, symbolic capitalists led protests on multiple fronts, including civil rights, war and economic inequality. The late '80s and early '90s produced a mania for "political correctness." Mr. al-Gharbi argues that the present, fourth, great awakening "is not particularly novel." It's a "case of something."

But not a case of being woke, if that means really understanding and combating injustice. Awakenings happen, according to Mr. al-Gharbi, when the symbolic capitalists' expectations for a good life are disappointed. Campus antiwar protests took off only after colleges ceased to be a reliable refuge from the draft. Protests also coincided with "a stall in the growth of symbolic capitalist jobs." In the '60s, as during earlier great awakenings, symbolic-capitalist protesters sincerely believed they were making common cause with non-elites, whose discontent is also needed to spur a great awakening. But the protesters fought mostly for themselves and stopped fighting when their prospects improved.

Believers in their own reasonableness, the woke ignore evidence that they are more prone than others to rationalize away inconvenient facts.

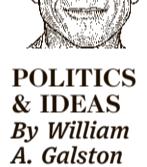
Symbolic capitalists can be sincere only because they are unwoke, or lacking self-awareness. When, in 2011, they chanted "we are the 99%," they ignored, Mr. al-Gharbi reminds us, their own top-income quintile, "the primary driver of rising inequality." Today, when they categorize rural white people about "privilege," they don't notice that their own noisy apologies for their larger advantages change nothing for the genuinely disadvantaged. Believers in their own reasonableness, they ignore evidence that they are more prone than others to rationalize away inconvenient facts. Mr. al-Gharbi isn't antiwoke; antiwoke conservatives, he believes, are themselves symbolic capitalists who think that emancipation starts with denouncing woke Manhattan private schools. Rather, Mr. al-Gharbi compares what symbolic capitalists say to what they do and finds a pronounced, lamentable gap.

As social science, "We Have Never Been Woke" sometimes overreaches. When Mr. al-Gharbi confidently discusses what "tends" to happen during awakenings, he is working with too little evidence. Most of the data available to characterize recent awakenings don't cover the awakening of the 1930s. Even for the awakening that started in the mid-'60s, the evidence doesn't neatly fit the thesis that elite economic dissatisfaction helped launch it. For example, Mr. al-Gharbi observes, citing the economist Richard Freeman, that only 6% of doctorate students graduated in 1958 "without specific career prospects," compared to 26% in 1974. That could suggest that the labor market for college graduates worsened in the run-up to the second awakening. However, Mr. Freeman's comparison isn't between 1958 and 1974. It's between 1968 and 1974. That's consistent with Mr. Freeman's analysis, which finds a bust for college graduates starting around 1969. But that bust came too late to ignite Mr. al-Gharbi's second awakening.

Mr. al-Gharbi's effort to move proudly analytic symbolic capitalists to analyze themselves is important. He is mainly in the business of describing, not moralizing, but the self-serving blindness of woke symbolic capitalists seems like a moral failing. The idea that moral progress depends on attending to social science is a signature of the knowledge professions. It is, for better or worse, wokeness rightly understood.

Mr. Marks, a professor of politics at Ursinus College, is the author of "Let's Be Reasonable: A Conservative Case for Liberal Education."

The Known Unknowns of Election 2024

**POLITICS & IDEAS**
By William A. Galston

With only three weeks remaining in the presidential election, the contest is close by any measure. Kamala Harris leads by about 2 percent.

points in national poll averages. In nearly every swing state, the leading candidate is ahead by less than 1 percentage point.

Ms. Harris's national support peaked in the week following her Sept. 10 debate with Donald Trump but has since fallen back. Polling aggregates from RealClearPolling, 538 and the New York Times now agree that the former president is leading in Arizona, Georgia and North Carolina. If they're right, the odds are rising that Ms. Harris must sweep the "blue wall" states—Michigan, Pennsylvania and Wisconsin—to score a narrow victory. During the past few weeks, however, Mr. Trump has cut into Ms. Harris's lead in all these states.

Pennsylvania, the key to both candidates' electoral strategies, is about dead even, which explains why the campaigns are pouring more time and money into the Keystone State than any other. Combined, they're poised to spend \$350 million on television ads alone in Pennsylvania, more than they're spending on Michigan and Wisconsin combined. Mr. Trump has done

nine events in the state since Ms. Harris entered the race. JD Vance has made more stops in Pennsylvania than in any other state. Joe Biden beat Mr. Trump in the state by 1.2 percentage points (about 80,000 votes) in 2020, and the Democratic advantage in voter registration during the past four years has fallen by half, from 686,000 to 343,000.

Third-party and independent candidates complicate the calculus. Chase Oliver, the Libertarian candidate, will be on the ballot in every swing state. Jill Stein, the Green Party candidate, will be on the ballot in all except Nevada. Cornel West is on the ballot in Georgia, Michigan, North Carolina and Wisconsin, although votes for him in Georgia won't count because a court ruling disqualifies him. Although Robert F. Kennedy Jr. has withdrawn and endorsed Mr. Trump, he remains on the ballot in Michigan and Wisconsin.

In a presidential race this close, these contestants could make a difference. In the past six presidential elections, third-party and independent candidates have averaged 2.5% of the national popular vote. In four of these contests, the aggregate was under 2%. This year is likely to look more like 2020, when such candidates received 1.8% of the popular vote, than 2016, when dissatisfaction with both major-party candidates drove this figure to 5.7%.

Ms. Harris's campaign has raised substantially more money than Mr. Trump's and

has parlayed this advantage into a better-developed field operation. Team Trump is getting door-knocking help from outside groups, but the results are difficult to assess.

Party identification, meantime, has shifted toward the Republicans. For decades, with few exceptions, more Americans have identified themselves as Democrats than as Republicans. Democrats'

The gender gap seems wider than ever, while Hispanics and black men shift to Trump.

party-identification advantage disappeared in 2004, the only time in the past three decades that the Republican presidential candidate received the greatest share of the popular vote. But this year surveys show Republicans leading in party identification—which should work to Mr. Trump's advantage.

Gender-related trends may also influence the election. According to Pew's validated voter study, the gender gap was massive in 2016, with Hillary Clinton prevailing among women by 15 percentage points while Donald Trump won men by 11 percentage points. Mr. Biden held on to most of Mrs. Clinton's advantage among women in 2020 but cut Mr. Trump's edge among men to a mere 2 percentage points. This year

seems likely to resemble 2016 rather than 2020. Ms. Harris has focused on abortion, which is of greater concern to women than men, while Mr. Trump has reached out to disaffected men, and the polls reveal a large gender gap among both.

The education gap has also intensified: Voters with college degrees have been shifting toward the Democratic Party, while white voters without college degrees have been moving toward the Republican Party.

There's evidence that Hispanics will continue the move toward the Republican Party that began at least four years ago and that black voters may join them. In 2020 Mr. Trump received only 8% of the black vote, but a recent New York Times/Siena poll places his share this year at 15% overall, and at 20% among men. A newly released New York Times survey shows Mr. Trump in a dead heat with Ms. Harris among Hispanic men while trailing her 2 to 1 among Hispanic women.

Even if there aren't any more October surprises, many factors could influence the outcome. These include turnout, a possible undercount of Trump supporters, the effect of the Trump campaign's advertising blitz against Ms. Harris on the transgender issue, and the movements of last-minute swing voters. Any of these known unknowns could prove decisive—a reminder that voters, not pundits, decide elections.

European Regulators Make a Power Grab

By Bill Hagerty and French Hill

Europe's economy is falling behind. In 2008 the U.S. and Europe had nearly equal gross domestic products; by 2023 America's GDP was roughly 75% larger than Europe's. Years of slow growth haven't inspired Europeans to roll back regulations, and instead the European Union is trying to narrow the GDP gap by imposing its growth-killing rules on U.S. businesses.

In May the EU adopted the Corporate Sustainability Due Diligence Directive, which converts a range of international conventions into binding law enforceable on American companies. Don't be fooled by the benign branding—these "corporate sustainability" measures include extreme policies that will hamstring U.S. firms.

The new regulation forces U.S. companies to adhere to the EU's "net zero" carbon emissions target and to com-

ply with onerous labor-related standards—even when they exceed the requirements of U.S. law. In addition to imposing severe financial penalties for violations, the rule establishes a private right of action that gives activists an incentive to bombard companies with frivolous lawsuits.

And the Biden-Harris administration fails to resist, despite the cost to U.S. companies.

Though the regulation directly targets U.S. companies with European market revenue exceeding €450 million (about \$500 million), it indirectly harms small and medium-size businesses too. It requires big companies to police their subsidiaries and supply chains for compliance with environmental, social and governance standards, even if these smaller firms otherwise wouldn't be

covered by the rule. This approach is even more aggressive than the Securities and Exchange Commission's abandoned Scope 3 carbon-emissions proposal. It could pile on compliance costs for industries that rely on complex global supply chains.

Besides its economic effects, the regulation's extraterritorial reach is an affront to U.S. sovereignty. Major policies should be openly debated and decided by our elected representatives—not dictated by unaccountable foreign lawmakers. European leaders may choose to self-immolate their economies on the altar of climate and social justice, but Americans shouldn't be dragged along without a say.

The Biden-Harris administration has done little to challenge the EU's overreach. Given the administration's expansive view of its regulatory powers, its willingness to cede authority to Europe should raise concerns. Its inaction could be interpreted as tacit approval of the EU's

Mr. Hagerty, a Republican, is a U.S. senator from Tennessee. Mr. Hill, a Republican, represents Arkansas's Second Congressional District.

OPINION

REVIEW & OUTLOOK

The Mail-Ballot Panic Is Back for 2024

With three weeks to go until Election Day, advocates of mass mail voting are again worrying about the reliability of mass mail voting. During the 2022 midterms, 23,393 mail ballots were rejected in Pennsylvania (1.9% of those returned), according to the U.S. Election Assistance Commission. It was 24,141 (or 1.4%) in Michigan and 10,355 (or 2%) in Nevada.

The nightmare scenario after Nov. 5 is that Kamala Harris or Donald Trump might be leading by a few thousand votes or less, in which case ballot errors, and how they're resolved, could affect the outcome. The litigation could wind up at the Supreme Court, and given the tenor of today's political times, that dispute could make *Bush v. Gore* (2000) seem like a bad-minton scrimmage.

* * *

Pennsylvania is the likeliest culprit, in part because the divided government in Harrisburg hasn't substantially updated its voting laws. As of Tuesday, according to official data, 1.7 million mail-ballot applications were approved, 59.6% for voters registered as Democrats and 28.5% for Republicans. Many GOP voters prefer going to the polls in person, whether as a civic rite or to avoid the problems that cause mail-ballot invalidation.

This gap in voting preferences can produce a "red mirage," as it did four years ago, when Mr. Trump won 65.1% of Pennsylvania's in-person votes, while Joe Biden won 76.3% of mail ballots. The latter took longer to count, and by 2:30 a.m. after Election Day, Mr. Trump was saying he'd won. Other states tell election officials to pre-process incoming mail ballots, to speed the reporting of results. Pennsylvania doesn't permit mail votes to be handled until the morning of Election Day.

The partisan divide in voting methods also drives litigation incentives. The fewer mail ballots that get invalidated, the more Democrats stand to gain, no matter how much bending of the law is needed. Pennsylvania's election code tells voters to "fill out, date and sign" the official ballot declaration. That requirement of a handwritten date has been litigated for four years, and more to follow. At the moment, the status quo is that undated or obviously misdated ballots are set aside.

"Thousands of voters face imminent disenfranchisement in violation of the Pennsylvania Constitution," said a recent filing to the Pennsylvania Supreme Court, on behalf of groups in-

cluding the state NAACP and League of Women Voters. On Oct. 5 the Justices refused to take up this argument in the shadow of Nov. 5.

A similar set of parties has filed a separate petition at the U.S. Supreme Court, arguing that Pennsylvania's date mandate violates federal civil-rights law. In a March decision, the Third Circuit Appeals Court

disagreed. Yet two years ago a different Third Circuit panel went the other direction, before that case was finally declared moot. Chief Justice John Roberts might want to start praying that this question doesn't show up on the High Court's emergency docket after Nov. 5.

Meantime, local officials are fretting about possible delivery delays by the U.S. Postal Service. This summer the USPS's inspector general released an audit of election mail from December 2023 through this April. During that period, 10.3 million ballots mailed to boards of elections were trackable using bar codes. Of those, 98.2% were processed on time (which "does not include final delivery"). The inspector general also visited 14 processing sites on primary days. Eight of them had "between one and 82 ballots" that would miss the deadline.

"Election officials in multiple states report receiving anywhere from dozens to hundreds of ballots 10 or more days after postmark," the National Association of Secretaries of State said in a letter to the USPS last month. Postmaster General Louis DeJoy said in response that USPS is ready for November and will take extraordinary measures to deliver ballots on time.

commendable as that is, expecting perfection from the USPS isn't realistic. The bigger question is the wisdom of continuing pandemic voting habits in the absence of a pandemic. During the plague year of 2020, the U.S. narrowly avoided a real disputed election because Mr. Biden's margin of victory (in Pennsylvania, 80,555) was above plausible reversal. That didn't stop Mr. Trump from denying the result. But what if it's closer this time?

Absentee voting is a necessity for those who are ill or truly absent, but there's a reason that casting a ballot in person is the traditional way. At the polling place, the order of operations is to validate and then vote. With mail ballots the procedure is reversed, vote then validate. Inevitably, some are thrown out. Thankfully, this wasn't a decisive factor in 2020, and let's hope America's luck holds again in 2024. After that, however, the smart move would be for states to pull back on these lax voting rules.

Everyone Is Under Investigation

No one in business can escape the tentacles of the federal government these days, and it's worse than even we imagined. That's the lesson of a revealing fact turned up by our friend Dan Clifton of Strategic Research Partners.

Mr. Clifton follows the intersection of business and government, a growth industry. He calculates that companies representing about 40% of the market capitalization of the S&P 500 are under investigation by the Justice Department for something.

Mr. Clifton lists 41 companies with a wide range of business and market caps. What they have in common is that the Justice Department is reportedly investigating them for various and sundry regulatory or other matters. This doesn't mean any of them are guilty, only that the vast legal bureaucracy is hunting for

Firms with 40% of the S&P market cap are under federal scrutiny.

something to hold against them.

Antitrust is a booming business for Justice, with such firms as Alphabet (Google), Visa, Apple, Live Nation, Nvidia and UnitedHealth under scrutiny. Southwest Airlines is getting the twice-over for 2022 holiday travel chaos. Justice claims Regeneron Pharmaceuticals manipulated Medicare reimbursement. Regeneron denies it.

If you didn't know anything about modern government, you might conclude corporate America is a giant crime syndicate. Instead Mr. Clifton's list shows the degree to which the Biden Administration has unleashed the state against successful companies. Democrats need villains to run against, and the public mood these days is anti-business. Make money, or build a better mousetrap, and sooner or later Uncle Sam is coming after you.

Who's Really Cutting Medicare?

Medicare's open enrollment period began Tuesday, and seniors may be in for a shock when they discover that their health plans next year will come with fewer benefits and higher costs. Call it the Biden Administration's October surprise.

About half of seniors are enrolled in Medicare Advantage plans that are administered by private insurers with government funding. These have become increasingly popular because they cost less than traditional Medicare and provide added benefits like dental and vision care. They do a better job of controlling costs and keeping seniors out of the hospital.

The flip side is that insurers limit provider networks and can throw up bureaucratic obstacles to procedures and treatments that they deem not medically necessary. Democrats have long sought to undermine the program because they dislike private competition.

For the past two years the Administration has slashed payments to Advantage plans even as costs and utilization have been increasing. Baby boomers need more joint replacements and other procedures as they get older. Hospitals and physicians are passing on their rising costs to insurers in new contracts.

Berkeley Research Group projected that Medicare Advantage medical costs will climb 4% to 6% next year. This is creating a financial squeeze for insurers. The Administration says its Advantage cuts are nothing to worry about because plan premiums are expected to remain stable next year. This ignores that insurers are scaling back offerings and benefits.

Two of the largest Advantage insurers, CVS and Humana, have announced they are canceling

Advantage plans are reducing benefits after Biden cut payments.

plans that are losing money. About 7.1% of Advantage enrollees will have to find another plan next year because theirs is being terminated, up from 0.4% to 1.5% during the past four years. Most plans will also be skimpier.

An estimated 78% of plans next year will offer assistance with over-the-counter drug spending compared to 87% this

year. Nearly all plans will still cover dental and vision care, but typically at lower levels.

Deductibles and out-of-pocket spending limits are also rising, which will smack sicker seniors. Drug deductibles will on average be 167% higher next year. Two-thirds of Advantage enrollees will see their drug deductibles climb by at least \$200 next year. The median out-of-pocket spending maximum for Advantage plans will increase to \$5,400 from \$5,000.

A big draw of Advantage plans is they have out-of-pocket maximums unlike traditional Medicare. But the Administration's cuts are spurring insurers to increase seniors' out-of-pocket costs and scale back benefits, thereby making the plans less attractive. That's the Democrats' political goal.

As a distraction, they are boasting about the Inflation Reduction Act's \$2,000 cap on Medicare out-of-pocket drug spending. But there's no such thing as a free benefit, and the cap is one reason Advantage plans are raising drug deductibles next year.

Kamala Harris is campaigning on "strengthening" traditional Medicare by extending coverage to home health, dental and vision care. But at the same time the Administration is curtailing benefits by squeezing Advantage plans. Democrats say Donald Trump wants to slash Medicare, but who's really cutting the program?

LETTERS TO THE EDITOR

Is the Robot Economy to Be Feared or Feted?

While the number of robots ordered has declined recently after record sales in 2021 and 2022, people aren't lining up to go back to dull, dirty and dangerous factory jobs ("Demand for Industrial Robots Loses Steam," Business & Finance, Oct. 8).

U.S. factories faced labor shortages long before the pandemic, and as boomers still in those jobs retire, labor numbers will drop quickly.

Robots aren't going away. They drive economic resilience and growth, ensuring that the U.S. remains competitive and employees prosperous. Companies that automate, especially when unable to find and keep human workers, stay productive and grow, creating even more jobs. The automotive industry has long experienced this, and now, so are many others.

While we are still in the early stages of automation, we expect that as more companies automate, we'll see safer, better and higher paying jobs and fewer of the dull, dirty and dangerous jobs people don't want to do.

JEFF BURNSTEIN
Association for Advancing Automation
Ann Arbor, Mich.

Over the past five decades, entrepreneurs and owners of corporate

America have profited tremendously from the exportation of millions of jobs to places where labor is cheap. This has created a vast expansion of global wealth, but few have seriously wrestled with what it means for average Americans.

Americans now see another source of job losses and declining livelihoods: artificial intelligence and intelligent automation ("At U.S. Ports, the Battle Over Robots Is On," Page One, Oct. 9). AI and automation are increasing wealth and efficiency, as capitalism has in the past, but they aren't increasing jobs. The distribution of wealth is skewing ever more. As billionaires proliferate, average Americans are priced out of homeownership, financial opportunity and security and meaningful work.

In a democratic republic, lack of a productive role is a recipe for cynicism, despair and class warfare. Meaningful work is the single most important factor for a chance at a happy life. If capitalism can't address this deficit, the authoritarian ideologies lie in wait to address the failure. Far better to control AI and automation, yet create work.

HENRY WALTHER
Granite Bay, Calif.

Not the Best Way to Combat 'Disinformation'

I intended to read Randy Manner's op-ed "Emergencies Bring Out The Worst in Trump" (Oct. 11), as I enjoy learning from different perspectives. I got no further than the beginning of the second sentence: "Donald Trump's Project 2025 . . ."

The irony of an article focusing on former President Trump's habit of distorting facts for political gain itself relying on a distortion of facts isn't lost on me or, I suspect, on most readers of the Journal.

NEAL SOSDAN
Spring, Texas

ALLEN KAPLAN
Benicia, Calif.

Mr. Manner observes that emergencies bring out the worst in Mr. Trump. He might add that with Mr. Trump, everything is an emergency.

WAYNE S. KREGER
New York

Many residents of Florida and the South have expressed frustration with the emergency response. That's true irrespective of Project 2025, that bored conservatives' manifesto that Mr. Trump says he has never even read.

Mr. Manner observes that emergencies bring out the worst in Mr. Trump. He might add that with Mr. Trump, everything is an emergency.

Mr. Kaplan observes that emergencies bring out the worst in Mr. Trump. He might add that with Mr. Trump, everything is an emergency.

Allen Kaplan
Benicia, Calif.

Walz Talks Moderate, Acts Radical on Climate

Holman Jenkins, Jr. may be right that "The Veeps Were Sane on Climate" (Business World, Oct. 9) at their debate, but actions speak louder than words. While Tim Walz sounded the notes of a soft-spoken moderate, his record as Minnesota's governor shows that he's actually a climate radical.

As governor, Mr. Walz took the "bold action" of imposing California's electric-vehicle mandate and carbon-emissions rules on Minnesota. While Vice President Kamala Harris and Senate Democrats are now trying to run away from these policies, Mr. Walz is staying the course. Minnesota's electric-vehicle mandate remains in force. His goal is to eliminate

gas-powered cars and "decrease vehicle miles traveled by 20% per capita by 2050." Drive up costs, so the plebs must ride the bus.

Mr. Walz is also weakening the electrical grid that is supposed to charge all these vehicles, requiring "100% carbon-free electricity" in the state by 2040. Short of a Copernican revolution in battery technology, that is impossible. The attempt will destabilize the grid, meaning many Minnesotans may be left out in the cold.

What about a carbon tax? Mr. Walz didn't utter the phrase, but his attorney general, Keith Ellison, is trying to impose one in all but name through a lawsuit alleging that the fossil-fuel industry is liable to the state for billions of dollars in damages for supposedly hoodwinking consumers into buying gasoline. Missing from the suit are foreign, state-owned oil companies like the China National Petroleum Corporation, which are protected from prosecution under the principles of sovereign immunity.

While Mr. Walz and Ms. Harris may try to spin their words in the coming weeks, voters should look more closely at their deeds.

MICHAEL BUSCHBACHER
Washington

Mr. Buschbacher is a partner at Boyden Gray PLLC and represents fuel and service-station groups challenging Minnesota's electric-vehicle mandate.

High Stakes and Small Fries

Daniel Henninger is right: The world order is in peril, and all the U.S. voting public reads or hears is that the candidates want to give more breaks to this or that interest group ("Election 2024: The Big Meh," Wonder Land, Oct. 10). If we, as a nation, can't maintain our status as a strong leader, we will have more to worry about than providing an extra \$3,000 refundable child tax credit.

All we know is that one candidate has nothing to say about our future in world affairs, and the other says only to look at his past record as president. The voting public should be clamoring for this information.

HARRY RUFFALO
Phoenix

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OPINION

Trump Should Fire the U.N. Forces in Lebanon

By Eugene Kontorovich

Over the past year, Israel has found itself in the extraordinary position of confronting Iranian proxy groups on seven fronts—ranging from the Hamas terror groups in Gaza to the far-off Houthis in Yemen. Now, as Israel fights Hezbollah's army in Lebanon, it has found a new foe: the United Nations Interim Force in Lebanon. Having failed at its mission of neutralizing the Hezbollah threat, Unifil is now actively interfering with Israel doing the job.

This week Prime Minister Benjamin Netanyahu demanded that the U.N. withdraw its personnel from the area, as Israeli forces discovered Hezbollah tunnel entrances abutting Unifil posts. The U.N. secretary-general refused to move the body's forces from harm's way and instead accused Israel of war crimes.

Unifil has long enabled Hezbollah's aggression and is now obstructing Israel's efforts to defend itself.

Created in 1978 to monitor an Israeli withdrawal in a long-forgotten skirmish with the Palestine Liberation Organization, the U.N. "interim" force has remained and grown, with a mission creep inversely related to its record of success. Unifil failed to prevent or ameliorate the Second Lebanon War in 2006, which Hezbollah began with a cross-border raid to take Israeli hostages and continued with a heavy rain of rockets on Israel.

In response, the U.N. Security Council further expanded Unifil's

mandate to ensuring that no "armed groups" operate in southern Lebanon—that is, to disarm and push out Hezbollah. Instead, the terrorist group has dug in, taking over entire villages and hiding caches of weapons in private homes. Hezbollah has built a massive arsenal of more than 200,000 rockets and missiles, including as many as 40,000 ballistic missiles. Hezbollah has placed its armed positions within sight of Unifil observation posts. Yet the U.N. peacekeepers have done nothing to stop Hezbollah as it has turned southern Lebanon into an armed camp from which to attack Israel.

U.N. peacekeepers come from dozens of countries, places like Ghana and Bangladesh. These troops have little motive or incentive to risk their lives to protect Jews from Islamist Shiites. Most contingents participate in peacekeeping because the U.N. pays contributing nations a fixed sum (about \$17,000 a year) for each peacekeeper, far above military salaries in most countries.

To make matters worse, this boondoggle seems to have undergone a sort of regulatory capture by the terrorists it was supposed to police. After failing to fulfill its mandate, Unifil branched off into social services, building solar power facilities and providing veterinary services for what it called "local communities." It may in the process have inadvertently provided utilities and social services for Hezbollah. The terrorist group uses private homes in Shiite villages as weapons warehouses and rocket-launching facilities, even paying rent to civilians who host them. Any assistance efforts in south Lebanon that don't screen for terrorist affiliation would end up aiding Hezbollah.

At the same time, Unifil's budget has expanded steadily. It is the only U.N. peacekeeping operation with its own navy—six warships tasked with



coming enmeshed with Hamas. The agency itself acknowledged that staff may have been involved in the Oct. 7 attacks. Unwra aid also frequently ends up in the hands of Hamas, though Unwra denies that it is diverted to the terrorist group. Unifil was created to keep peace in Lebanon, but has instead enabled Hezbollah's aggression. Both failures are made possible by an institutional culture and diplomatic assumptions that U.N. agencies should continue to function in perpetuity, regardless of the magnitude of their failures or even misdeeds.

U.S. taxpayers pay nearly 30% of Unifil's \$550 million budget—essentially subsidizing indirect assistance to Hezbollah. But unlike other dysfunctional U.N. organizations, which are structured to be unaccountable and weather reform, Unifil is easy to fix. Its mandate must be reauthorized every year, or it simply ends.

In August 2020, President Trump threatened to veto reauthorization, but the U.N. mollified the State Department with promises of reform. Unifil's defenders claimed that the force simply needed a stronger mandate, which it received. The results are appalling.

Unifil's current mandate expires in August 2025, and there is no rational basis for reauthorizing it. But Donald Trump can save lives today by declaring that if he is elected, Unifil is fired. Clearly the organization sees itself as the defenders of Hezbollah's southern Lebanon, not enforcers of U.N. resolutions. Maybe when they have a good chance of losing their salaries, they will be less enthusiastic about this self-appointed mission.

Mr. Kontorovich is a professor at George Mason University Scalia Law School and a scholar at the Jerusalem-based Kohelet Policy Forum.

Unifil peacekeepers stand guard in Tyre, Lebanon, July 5.

"preventing the unauthorized entry of arms or related materiel by sea into Lebanon," at which they have failed.

On Oct. 8, 2023, the magnitude of Unifil's failure became clear when Hezbollah joined Hamas's attack on Israel. Hezbollah's missile fire has continued all year, killed dozens of Israeli civilians, and made much of the tiny country's north uninhabitable.

Now that Israel has finally moved into Lebanon to clear out Hezbollah, Unifil is getting in the way—knowingly providing the terrorist group cover.

Hezbollah is operating from within 100 yards of Unifil posts. If the Israel Defense Forces fight back against positions that are shelling Israeli civilians, it could hit U.N. forces. Yet Unifil, with the backing of Turtle Bay, has refused to move out of the way. This week an Israeli tank backed into a Unifil post while trying to maneuver out of a Hezbollah ambush that wounded many soldiers. Instead of apologizing, the U.N. blamed Israel for the damage.

In the same incident, Unifil says Israeli forces under fire asked the peacekeepers to turn off the lights in their posts, leading the U.N. to accuse the Jewish state of "shocking violations." That is far harsher rhetoric than it has ever had for Hezbollah attacks on Israeli civilians. Consider the force's cool response on Oct. 7, 2023, to the horrors of that day: "UNIFIL is closely monitoring the unfolding dramatic events in Israel." A few days later, after Hezbollah had joined Hamas in rocketing Israeli towns, Unifil commented,

"Despite concerning events in the past days, the situation in Unifil's area of operations remains stable, but volatile." As long as Israel isn't moving to disarm Hezbollah, Unifil seems to consider things all quiet on the Western front.

This is part of a systemic rot in the U.N. The United Nations Relief and Works Agency was founded more than 70 years ago to help solve what was then a Palestinian refugee problem. Instead Unwra perpetuated and institutionalized it, ultimately be-

What Can Trump Deliver on Illegal Migration?



UPWARD MOBILITY
By Jason L. Riley

We know Donald Trump can talk the talk on illegal migration. The question is what he would be able to deliver in a second term. In 2016 he vowed to wall off the southern border and send the bill to Mexico. It didn't happen. Now Mr. Trump is promising to "carry out the largest domestic deportation operation in American history."

Daniel Di Martino, a native of Venezuela who follows the economics of migration at the Manhattan Institute, is skeptical. "The labor market in the U.S. has been booming, and there's a high correlation between job openings in the U.S. and illegal immigration," he says in an interview. The U.S. Chamber of Commerce reported last month that there are still a million more jobs than unemployed workers, and nominal wages have been rising.

Another complication for Mr. Trump is who has been coming. "Twenty years ago, 90% of the people

arriving were Mexican," Mr. Di Martino says. "Today, maybe two-thirds are not Mexican. It's easier to send back Mexicans. It's not so easy to send back others. You can't send to Mexico people who are not Mexican. Mexico is a sovereign country, too, and doesn't want them."

Mr. Trump is eager to expel the millions of foreign nationals who have arrived at the border under President Biden and were allowed to enter the country without being vetted. Most are economic migrants in search of employment. Others are violent criminals who are preying on U.S. residents, even if mainstream media outlets are reluctant to acknowledge that. And some have legitimate asylum claims. Regardless of which category they occupy, however, the latest arrivals would be among the most difficult to remove right away.

"Nobody who has a pending immigration court date can be deported until their case is resolved through the immigration courts," Mr. Di Martino says. "And the people who have dates are the recent people who came under Biden." Which means

that if Mr. Trump deports anybody, it's likely to be the far more sympathetic cases who arrived decades ago, stayed out of trouble, put down roots and may now have American spouses and children.

Mr. Trump might have designs on reviving "Remain in Mexico" protocols, under which some non-Mexican asylum seekers were forced back across the border and housed in

His proposals would face challenges from the U.S. Senate and American courtrooms to Mexico City.

makeshift encampments while their claims were adjudicated. But Mexico has taken a more authoritarian turn since Mr. Trump left office, and it's uncertain whether the new government's judicial reforms would accommodate such a policy. Mr. Trump likewise may try to reinstate Title 42, which prevented migrants from applying for asylum during Covid.

But that was an emergency measure, and bringing it back might not survive a court challenge now that the health scare has ended.

Mr. Di Martino thinks that the former president would do better to focus on processing current asylum claims more quickly, which would reduce incentives to come in the first place. The Biden administration has spent four years effectively handing out work permits to almost anyone who arrives at the border and seeks asylum, credibly or not. Why not build more detention centers along the border, hire 1,000 more immigration judges to handle the backlog, and reduce the wait time for processing a claim from years to a few months, or even a few weeks?

"People come illegally because they know they will be released until their court date, which could be years away," Mr. Di Martino says. "If we could adjudicate the cases more quickly, people would stop coming at such high rates."

Mr. Trump wants the asylum system reformed to make it harder to game, but he's up against left-wing Democrats who would just as soon

erase the border and have America take all comers, no questions asked. Mr. Trump's instincts are correct, but reforming asylum law is impractical in the short term given the partisan divisions in Congress. It would require either ending the filibuster, which is a terrible idea in general, or securing 60 votes in the Senate, which Republicans won't have. By contrast, expanding the number of detention centers in border states and hiring more immigration judges simply requires allocating more money, something that could be done with only 51 votes in the Senate.

The border is a priority for voters this year, and polling consistently has shown that they trust Donald Trump far more than Kamala Harris to handle the issue. If Mr. Trump is elected to a second term, the current administration's disastrous migrant policies will have played an outsize role. No one expects Mr. Trump to dial down his grandiose deportation rhetoric between now and the election, but if he wins, reality will set in at some point. Voters deserve to know what is and isn't doable on day one.

Election 2024: The Salesman vs. the HR Exec

By Richard J. Shinder

America isn't a company, but the 2024 presidential election is reminiscent of one. The race between Kamala Harris and Donald Trump boils down to a choice between human resources and sales.

Ms. Harris's manner is that of a typical head of human resources, the corporate department responsible for many administrative duties: hiring and firing, personnel-related regulatory compliance, performance reviews and countless other thankless tasks necessary to an organization's functioning. A well-run HR team secures talent and gives employees important feedback.

Notwithstanding HR's contributions, employees often perceive it as officious and hectoring. They associate the department with the delivery of bad news. Given its regulatory responsibilities, HR often plays

a surveillance and reporting role, breeding employee resentment. HR departments can be inscrutable, fostering mistrust.

Ms. Harris, to borrow a term from her campaign, gives off HR "vibes." Her airy, nonspecific statements sound high-minded but

A business analogy helps explain why neither Trump nor Harris is ideally suited to run the 'company.'

empty: "My values haven't changed," she's replied when asked about her flip-flops on policy. Her association with the administrative state—obscured from view yet powerful—mirrors how HR is often seen. She is viewed as detracting from the administration and per-

haps having attained her status without earning it.

Mr. Trump, meantime, is the archetypal head of sales. His department brings in revenue and ensures a company can sell its products. An effective and well-managed sales team drives growth.

The office is essential but frequently seen as bombastic. Sometimes it lacks sufficient attention to detail and can be undisciplined with respect to profitability. A sales team's single-minded focus on the "top line"—ignoring such considerations as profit and product quality—can run a company into a ditch.

Mr. Trump's rallies often seem like corporate retreats led by an overcaffeinated sales manager. The messages are aspirational. He deploys the shoot-for-the-moon rhetoric of a promoter: "You'll get tired of winning" and "Biden is the worst president in history." As with revenue targets, his promises are typi-

cally general. When he offers specifics, it is usually without full consideration of their broader consequences—as with sweeping tariffs or new tax deductions.

Voters can appreciate that HR and sales add value, but we aren't sure we want either of them running the place. Too much HR influence and a company may lose sight of its reason for being, which is to sell products and generate profits. Sales is closer to the core mission, but a sales-first mindset detached from operational and profit considerations also imperils the enterprise. Without competitive products and services sold profitably, a company will fail.

What to do given this less-than-ideal choice? One can certainly make the case for HR. Our government is run badly, and an HR sensibility could restore accountability. It's unclear, though, whether Ms. Harris is up to this task—especially

given her widely reported challenges with high staff turnover since 2019. And the American public may not tolerate the tone of an HR presidency, which can come across as scolding: Barack Obama's recent dressing-down of black male voters, accusing them of not supporting Ms. Harris due to sexism, is one example of how that might backfire. It's difficult to make an affirmative case for the HR department.

I'd go with sales. Like Ronald Reagan's "Morning in America," "Make America Great Again" is an inspirational objective. It's a banner behind which one can rally, provided that the details—to come from operations, finance, accounting, information technology and, yes, HR—can be appropriately filled in.

Mr. Shinder is founder and managing partner of Theatine Partners, a financial consultancy.

Notable & Quotable: Kubrick for Trump

From an Oct. 13 tweet by Vivian Kubrick, composer of the score for "Full Metal Jacket" (1987). Her father, Stanley, directed the film, clips of which appear in a video shown at Donald Trump campaign rallies:

I agree in principle that an anti-war movie is incongruous with promoting the idea of a tough non-woke US military and thus war itself. . . .

I'm sure the irony of using FMJ footage is not lost on Trump or his team—Trump is always seeking to end wars and use peaceful methods.

However, that's primarily what FMJ is about, the shocking and compli-

cated paradoxes of human nature.

And thus, on this tooth and claw planet, you need a very strong military—so I'm going to stick with the idea that FMJ footage was used primarily because of its powerful, realistic portrayal of boot camp, juxtaposed with the entirely demoralizing and inappropriate injection of WOKE ideology into the USA military. . . .

Truthfully, I believe my father (who supported Reagan), would very much approve of saving America, indeed the world, from the highly destructive Globalist forces threatening to take over this planet. And if that footage from FMJ helps Trump make

the point that the US military needs properly trained, super tough, focused, dedicated warriors, and not introduce the demoralizing effects of woke-ism, and attracting people to join up simply to have their sexual reassignments paid for, then Trump has my blessing. . . .

My father had a great respect for life—his movies being unimpeachable evidence of his love for life, liberty and the pursuit of happiness! So on that basis, I feel very confident he would be a Trump supporter and would forgive using FMJ incongruously, if it helps the cause of freedom!

Capisce?

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A Van Cleef & Arpels Poetic Complications Lady Jour Nuit watch is the central focus against a dark blue, star-filled background. The watch features a round case with a diamond-set bezel, a dark dial with a grid pattern, and a small moon phase window at 12 o'clock. The brand name "Van Cleef & Arpels" is inscribed at the bottom of the dial. The watch is attached to a dark leather strap with visible stitching. In the bottom right corner, a bright yellow sun or moon is partially visible. The overall aesthetic is celestial and sophisticated.

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THE WALL STREET JOURNAL.

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Stellantis to Add Mexican Output

Move to build more Rams in country comes amid union criticism of job cuts

By BEN GLICKMAN

Ram's parent company is taking steps to build its best-selling truck in Mexico, a move that threatens to inflame the automaker's frayed relationship with its workers union.

Stellantis, which also houses Jeep, Dodge and Chrysler brands, is expanding its factory complex in northern Mexico to build Ram 1500 pickup

trucks, according to people familiar with the matter. The company in recent years has made nearly all of its light-duty Ram pickups at a factory near Detroit.

The company said Tuesday that the Ram trucks would continue to be made at its Sterling Heights assembly plant north of Detroit, and that "no other announcements have been made about production of the Ram 1500."

The automaker also noted that it recently disclosed plans to invest \$235 million at the Michigan factory to build future electric versions of the pickup. "The investment will

bring innovations to the plant to support a multienergy approach that is laser-focused on meeting customer demand," it said.

The Mexico plans come about a year after Stellantis signed a landmark labor agreement with the United Auto Workers, granting union members a substantial pay hike and promising billions in U.S.-based investment. Analysts have said the contract, which the union called the richest in its history, would increase labor costs for Stellantis and its rivals and could compel the companies to shift some factory work outside of the country.

A UAW spokeswoman didn't reply to a request for comment on the company's Mexico plans.

Stellantis has been building additional factory space next to its existing plant in Saltillo, Mexico, the people said. Satellite images reviewed by The Wall Street Journal show that two roughly half-kilometer-long buildings have been constructed in the past several months.

The plans to produce Ram pickups in the space could still change, the people said.

It couldn't be learned whether the planned factory space in Saltillo would be used to make battery- or gasoline-

powered versions of Ram trucks. Electric Ram trucks are set to hit dealer lots before the end of the year, among other new battery-powered offerings.

Former President Donald Trump has criticized U.S.-based automakers for producing vehicles in Mexico. Locked in a tight race with Vice President Kamala Harris in the swing state of Michigan, Trump has promised to save American auto manufacturing jobs with harsh penalties on companies making cars south of the border.

Trump in a recent visit to Detroit, the historic center of the Please turn to page B2

Big Health Insurer Warns of Earnings Shortfall

By ANNA WILDE MATHEWS AND DEAN SEAL

UnitedHealth said its earnings for 2025 will likely fall short of Wall Street's early expectations, a projection that disappointed investors and underscored worries about the insurance industry's core Medicare business.

The move by bellwether UnitedHealth led to an 8.1% drop in its shares Tuesday, and pushed down other companies in the sector, including **CVS Health** and **Humana**, as it appeared to firm up investors' concerns about Medicare as well as Medicaid. The shares of CVS and Humana have already been falling this year largely because of Medicare issues.

UnitedHealth estimated that its formal guidance for 2025 will top out at about \$30 in earnings per share, which is well below analysts' current expectation of \$31.17, according to FactSet.

UnitedHealth Chief Executive Andrew Witty said Tuesday that the company was choosing to be conservative in its initial views, and hoped to raise its outlook over the course of next year, a pattern that has been common for UnitedHealth.

UnitedHealth pointed to a number of factors that will impact its earnings next year, continuing issues that also hit the results it reported for the third quarter, which showed higher-than-expected medical expenses along with profits that beat analysts' expectations.

In its 2025 projection, UnitedHealth flagged its Medicare business. The company said that federal payment changes that it described as rate cuts and a mandated redesign of the Medicare drug benefit will squeeze its results. UnitedHealth said it has been seeing higher-than-expected use of some pricey specialty drugs for cardiovascular disease, immune disorders and cancer among Medicare members, as new federal policies reduce their out-of-pocket costs for medications. Please turn to page B2

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Universal Plans Early Summer Park Launch

By ROBBIE WHELAN AND JACOB PASSY

Universal is readying its attack on **Walt Disney's** theme-park stronghold in Florida.

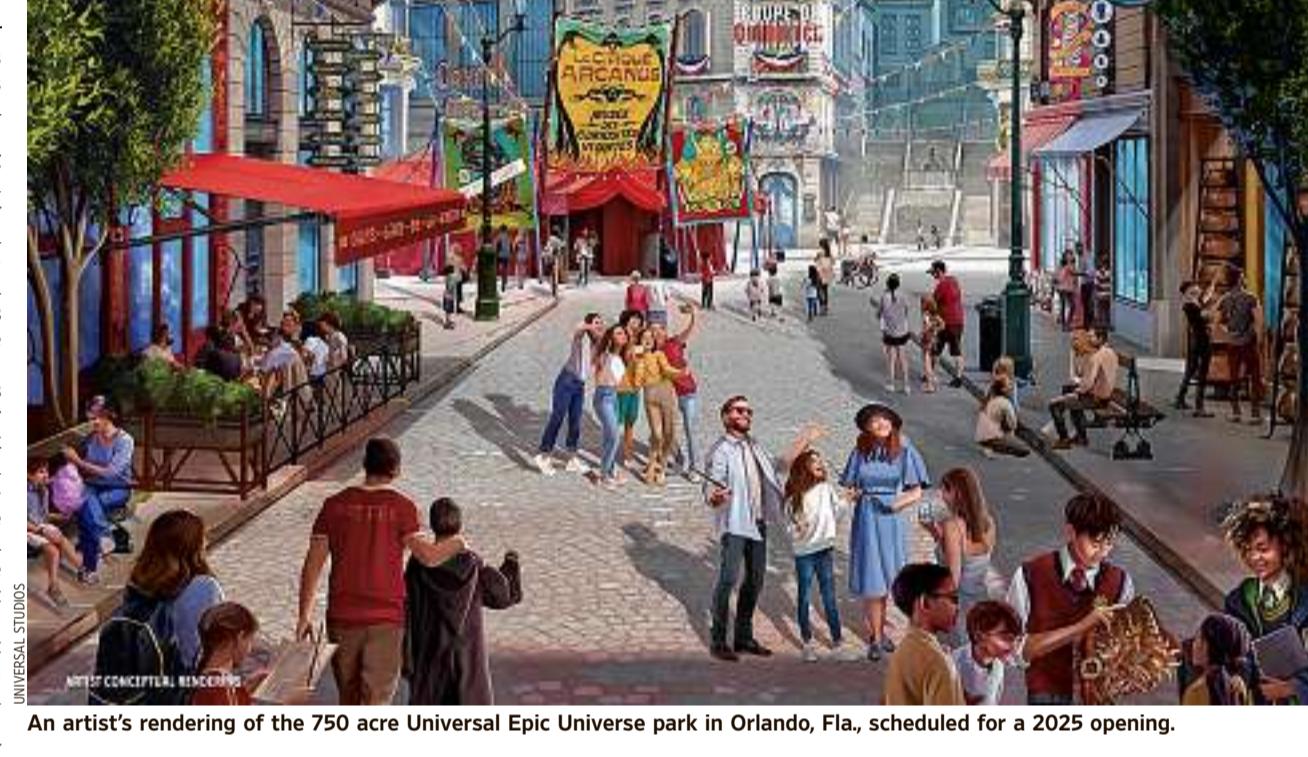
The company is planning for its 750-acre Universal Epic Universe park to be fully opened as early as Memorial Day weekend of next year—earlier than expected—with tickets on sale as soon as this month, according to people familiar with the matter.

If successful, Universal's new park could be a major broadside in the theme-park wars, which have intensified in recent years as live entertainment has become more central to generating growth at big media companies like **Comcast**—Universal's parent company—and Disney.

Universal said it hasn't yet confirmed an opening date. The timing of the planned opening could change.

Meeting that Memorial Day target would enable Universal to take advantage of a full summer-vacation season and would be a coup in the company's long-running rivalry with nearby Walt Disney World. Universal had long said the park was likely to open in summer 2025, though fans and theme-park-industry watchers grew worried earlier this year when the company rolled out a series of updates that listed the opening date as simply 2025.

In the early stages of the park's opening, Universal plans to require that visitors purchase multiday passes in order to enter Epic Universe, travel agents briefed on the

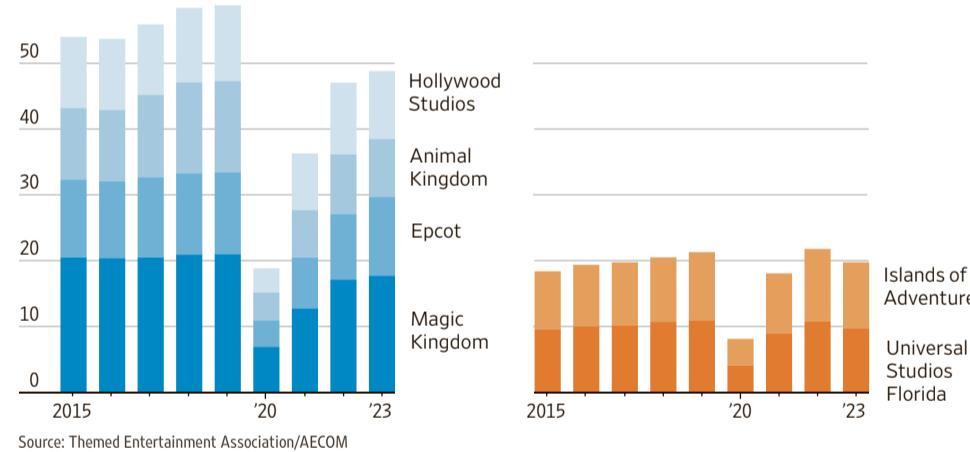


An artist's rendering of the 750 acre Universal Epic Universe park in Orlando, Fla., scheduled for a 2025 opening.

plans said. Those passes also would include admission to Universal's other Orlando parks, including Universal Studios Florida, these agents said. Ticket holders would be able to spend only one of the days at Epic Universe, in part because demand is anticipated to be high and the company wants to avoid overcrowding, they said.

The approach could prod visitors into spending multiple days at Universal's properties and make it harder for some visitors to justify buying passes to Disney's parks during the same Florida trip, which is a common move for Please turn to page B6

Theme park annual attendance in Florida



NYT to AI Startup: Stop Using Our Content

By ALEXANDRA BRUELL

The **New York Times** is picking another fight in the AI world.

The publisher has sent generative-AI startup Perplexity a "cease and desist" notice demanding that the firm stop accessing and using its content, according to a copy of the letter reviewed by The Wall Street Journal.

The Times is already taking on another AI firm, ChatGPT creator OpenAI, with a lawsuit that is pending. It joins other publishers, including Forbes and Condé Nast, that have accused Perplexity of using their

material without permission to generate AI search results.

Perplexity, which was launched two years ago and is backed by Jeff Bezos, is trying to mount a challenge against search behemoth Google. When users type questions or words into the search box on its website, it responds with AI-generated summaries, along with some featured sources and links.

The letter from the Times, sent through its law firm, said the way that Perplexity is using material without permission to generate AI search results.

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As Rates Fall, Builders Push Generous Deals on New Homes

By GINA HEEB

Daniel Garcia Parra is the kind of home buyer that builders are aggressively courting.

With mortgage rates at the highest level in decades last year, the 35-year-old found little he could afford when touring for-sale houses in Dallas, Ga., outside Atlanta. He had about given up when he passed through a neighborhood of newly built homes that caught his eye. Months later, Garcia Parra was the owner of a new two-story, five-bedroom house.

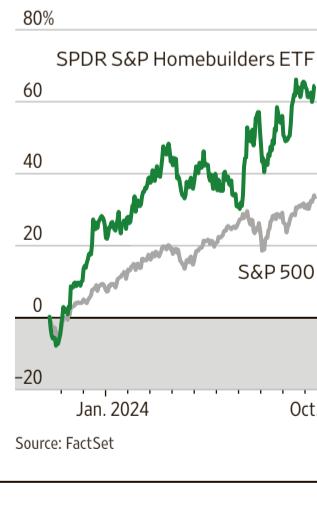
The builder offered him a mortgage product that low-

ered his payment by hundreds of dollars a month. His mortgage rate was just below 4% for the first year and 5% for the rest of the 30-year loan, compared with a market rate of more than 7%. The home builder agreed to cover the difference.

"With their promotional rates, it was the best option, I guess the only option, I could afford," he said.

Home builders have been able to defy high mortgage rates for much of the past two years with generous rate buy-downs like this. Sales of new homes rose in 2023 and were Please turn to page B6

Performance over the past 12 months



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Ram Trucks To Be Built In Mexico

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American auto industry, threatening tariffs of 10% or more on all vehicles made in Mexico.

The expansion around the northern Mexico city of Saltillo risks ratcheting up tensions with the UAW and its president, Shawn Fain. The union in recent weeks threatened to strike at Stellantis's U.S. plants over planned factory investments that Fain claims the company is slow-walking. The automaker has denied this characterization, arguing it has flexibility in the timing of its plans.

Stellantis Chief Executive Carlos Tavares has been under pressure to reverse a steep slide in U.S. market share this year, which in part triggered a recent profit warning. Shares have fallen 45% this year, among the worst performing automotive stocks.

Stellantis has been making vehicles in Saltillo since the mid-1990s, including a heavy-duty version of the Ram pickup and some 1,500 trucks in past years. At a separate plant in the area, the company makes Ram ProMaster vans.

Ram trucks are Stellantis's bestselling vehicles in the U.S. and have been a major contributor to the trans-Atlantic carmaker's surging profits in years past.

The UAW has pushed Stel-

lantis and other carmakers to safeguard manufacturing jobs in the U.S. As part of a historic contract with the UAW, Stellantis agreed to max out its truck-building capacity in Sterling Heights before making Ram pickups in Mexico—meaning the additions in Mexico aren't meant to result in a decline at the U.S. factory.

The UAW has raised concerns that the company would move Ram pickup-truck production out of the U.S. at the expense of union workers.

"There's fear across the board," said Kevin Gotinsky, UAW's lead bargainer for Stellantis, at a union rally in suburban Detroit last week. "The shift is everything out of this country."

Stellantis said in a statement that it would continue to abide by last year's union contract as it manages the transition to electric vehicles.

Automakers have shifted manufacturing to Mexico for decades in a push to lower costs, helped by free-trade agreements established between Mexico and the U.S. Tesla more recently has said it would invest in a new facility in the country, though some manufacturers' plans have been put on pause until after the U.S. election.

Some Chinese car manufacturers have also set their sights on production in Mexico, which could allow them to circumvent tariffs on future shipments to the U.S.

Stellantis in recent years has grown increasingly reliant on Mexican facilities to make vehicles sold in North America.

About 27% of Stellantis vehicles made in the region this year were built in Mexico.

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The

BUSINESS NEWS

LVMH Misses Expectations on Revenue

Revenue fell 3% organically on year to €19.08 billion, below forecasts

By ANDREA FIGUERAS

LVMH, the world's largest luxury-goods company, reported third-quarter revenue below market estimates, amid a global slowdown in demand for luxury goods that is plaguing the sector.

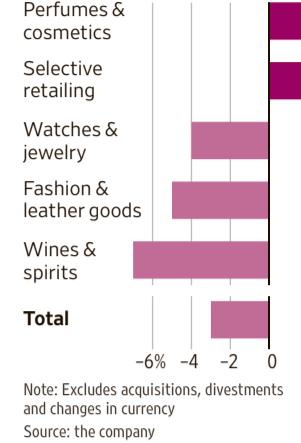
Revenue at the French luxury empire led by billionaire Bernard Arnault fell 3% organically on year to 19.08 billion euros, or \$20.82 billion, it said Tuesday.

Analysts had forecast revenue of €19.94 billion, and expected the luxury giant to post organic growth of 0.9%, according to a poll of estimates compiled by Visible Alpha.

The group's core fashion and leather-goods division—home to high-end brands including Louis Vuitton and Dior—posted revenue of €9.15 billion, missing analyst's forecasts of €9.67 billion, according to the same consensus.

The luxury behemoth said the decline in revenue during the quarter was mainly due to lower growth in Japan, largely

LVMH 3Q sales by segment, change from a year earlier



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IK ALDAMA/DPA/ZUMA PRESS

Lufthansa Fined for Alleged Bias

By JOSEPH PISANI

Lufthansa was fined \$4 million by U.S. regulators, who accused the German airline of discriminating against 128 Jewish passengers by stopping them from making a connecting flight due to the alleged misbehavior of a few fliers.

The passengers, who were going from New York City to Budapest in May 2022 for an annual memorial event in honor of an Orthodox rabbi, weren't allowed to board a connecting flight in Frankfurt, the U.S. Transportation Department said.

On the first leg of the flight, some passengers said they were told by the crew to wear face masks and not to stand in the aisles. The passengers said they didn't see anyone that didn't comply. Lufthansa at the time required passengers to

wear a face mask, while U.S. and German law prohibit passengers from assembling in aisles or galley areas during a flight.

The captain of the flight informed a Lufthansa security manager of misbehavior by passengers traveling on to Budapest. No specific passengers were identified, according to the Transportation Department. Still, the airline put a hold on more than 100 passengers' tickets.

In Frankfurt, the gate staff called the names of passengers allowed to board and left the 128 travelers waiting at the gate "confused and upset" as the plane left, the Transportation Department said.

Most of the 128 passengers were wearing clothing worn by Orthodox Jews, such as black hats, pants and jackets. They told the Transportation Department.

ment that they were treated like they were a group of one, even though many didn't know each other, "because they were openly and visibly Jewish."

In a video posted to social media a few days after the flight, a Lufthansa employee talking to an upset man at the Frankfurt airport says, "It was Jewish people who were the mess." The man replies, "Jewish people on the plane made a problem, so all Jews are banned from Lufthansa for today?" She answers, "Just for this flight." The video was verified by Storyful, which is owned by News Corp., the parent company of The Wall Street Journal.

Lufthansa tweeted an apology several days after the flight, saying it regretted that "the large group was denied boarding rather than limiting it to the non-compliant guests."

The Transportation Department said the \$4 million fine is the largest it has issued against an airline for civil-rights violations. Half of the fine must be paid within 30 days. The other \$2 million was credited to Lufthansa for paying back the affected passengers.

Penalties for civil-rights violations by airlines are somewhat uncommon, as proving discrimination can be difficult. Airlines are more commonly fined for customer-service violations such as not providing required refunds.

Lufthansa said Tuesday it has cooperated with the Transportation Department and will continue to have a dialogue with Jewish organizations and advocacy groups. It said it has created antisemitism and discrimination training.

—Alison Sider and Tali Arbel contributed to this article.

TotalEnergies Warns Of Refining Weakness

By ADAM WHITTAKER

TotalEnergies said continued pressure on refining margins would take a toll on its downstream results for the third quarter, while hydrocarbon production would decline slightly from the previous quarter.

The French energy company joined U.K. peers **Shell** and **BP** in warning of lower refining margins for the third quarter as the industry grapples with concerns about a global slowdown in demand for refined oil products.

TotalEnergies' update came as the International Energy Agency on Tuesday trimmed its forecast for this year's oil-demand growth for the third month in a row, a day after the Organization of the Petroleum Exporting Countries cut its own demand projection. An economic slowdown in China—the world's top crude importer—stoked concerns.

Shares in TotalEnergies' downstream division are expected to fall sharply on lower refining margins, it said. TotalEnergies reported an adjusted net operating income

of \$1 billion for its downstream division in the second quarter, down 30% on year, and cautioned refining margins would remain under pressure due to low diesel demand in Europe and market normalization after the disruption in Russian supply.

In early October, BP said a drop in its refining margins would see it take a \$400 million to \$600 million hit to its profits in the third quarter, while Shell said it expects its refining margin to continue to drag on its third-quarter results.

Ahead of the companies' trading updates, analysts at Barclays said they expected refining to be a key source of weakness for oil companies this earnings season.

Shares in TotalEnergies fell 4.8% in Europe as oil prices plunged, dragging down oil stocks on reports that Israel seeks to avoid targeting Iranian oil facilities and concerns about the global demand outlook.

TotalEnergies said it expects third-quarter hydrocarbon output of 2.4 million barrels of oil equivalent a day, having guided for production of 2.4 million to 2.45 million.

Amazon, Databricks Reach Deal on AI

By BELLE LIN

Amazon.com and startup **Databricks** struck a five-year deal that could cut costs for businesses seeking to build their own artificial-intelligence capabilities.

Databricks will use Amazon's Trainium AI chips to power a service that helps companies customize an AI model or build their own. Amazon says customers pay less to use its homegrown chips compared with the competition, such as Nvidia's graphics processing units, or GPUs, which dominate the AI chip market.

Amazon and Databricks declined to share financial terms of the pact.

The deal comes as Databricks, Amazon and other enterprise technology companies like Microsoft, Salesforce and Snowflake, a rival of Databricks, aggressively court businesses for their AI dollars. Meanwhile, corporate-technology executives say it is time to show AI investment is generating returns.

Databricks bought AI startup MosaicML last year for roughly \$1.3 billion and is expanding the acquired company's services to get a piece of corporate AI deals. Its partnership with Amazon ultimately makes AI faster and cheaper for businesses because it can pass on the savings it gets from using Amazon's AI chips, said Naveen Rao, Databricks' vice president of generative AI.

Early AI successes have relied on using a company's private data to customize AI. For instance, building a bespoke customer service chatbot can help lower staffing costs.

For Amazon, that means continuing to position itself as a neutral provider of AI technology, offering businesses the capabilities to use and custom-



Databricks's Naveen Rao touted the cost savings of the deal.

said Dave Brown, vice president of AWS compute and networking services.

"No customer is going to move if they're not going to save any money, and if their existing solution is working well for them," Brown said. "So it's important to deliver those cost savings."

Brown declined to say how many Amazon customers use its custom chips rather than Nvidia's GPUs.

The car-shopping site Edmunds.com is using Databricks to build an AI tool that helps customers figure out which incentives they are eligible for when purchasing electric vehicles, said Greg Rokita, its vice president of technology. Any decrease in the cost of building AI systems is a benefit, especially because built-to-own AI is preferred over renting a vendor's private models, Rokita said.

NinjaTech AI, a startup building AI agents to perform tasks, has said that by using Trainium chips it spends about \$250,000 a month on computing rather than \$750,000 to \$1.2 million on Nvidia's GPUs.

Other customers that use Amazon's custom AI chips include Anthropic, Airbnb, Pinterest and Snap.

But Amazon isn't the only alternative to Nvidia. Longtime Nvidia rival AMD has its own line of GPUs, Google makes in-house chips called Tensor Processing Units, and startups like Groq and Cerebras have developed their own single-purpose AI chips.

"For enterprises, it is less about the underlying technology and more about the value the technology delivers," said Chirag Dekate, an analyst at market research and information-technology consulting firm Gartner. "If it's Trainium, fine. If it's CPUs, fine. If it's GPUs, fine. It doesn't really matter for end users."

Some business leaders say Amazon needs to step up in AI innovation.

Google. Part of Amazon's AI reboot involves its AI chips, Trainium and Inferentia, which are designed specifically for building and using AI models. Compared with Nvidia's more general-purpose GPUs, such custom chips can be more efficient because they were designed for just one thing.

Amazon's pitch for its custom AI chips: lower cost. Customers can expect to pay about 40% less than they would using other hardware,

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Ericsson Sales Rise in North America

Shares soar as the company says it expects its market to stabilize soon

By DOMINIC CHOPPING

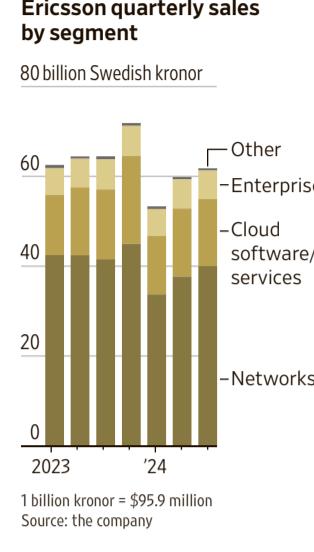
Ericsson said it sees signs of market stabilization as customer spending accelerates in North America.

The Swedish telecommunications-equipment company said Tuesday that its key networks unit recorded an 80% surge in North America sales in the third quarter after winning contracts and as some large customers made selective network investments.

Ericsson's American depositary receipts soared 13% in Tuesday's trading.

Overall network sales slipped 4% in the quarter though following a sharp decline across Southeast Asia, Oceania and India.

Network vendors such as Ericsson enjoyed early success with new 5G networks as operators in North America rushed to be the first to roll out the latest technology. As the first phase of network deployments began to dry up in



An Ericsson networking cabinet at an event this year.



47% and 49% in the fourth quarter.

Fourth-quarter network sales are expected to grow at a slower pace than is usual for the time of year and analysts at JPMorgan said in a note to clients that sales estimates will probably need to fall by 1% to 2% as a result.

Despite this, the third-quarter performance was good, and with the company's new networks gross margin guidance landing above the 46% many had expected, JPMorgan thinks analysts will need to lift their earnings expectations for this year as a whole by over 10%.

Net profit attributable to shareholders in the quarter was 3.81 billion Swedish kronor, or about \$365.3 million, compared with a loss of 30.67 billion kronor in the same period a year earlier, as sales fell 4.2% to 61.79 billion kronor.

Analysts polled by FactSet had expected a net profit attributable to shareholders of 3.15 billion kronor on sales of 61.61 billion kronor.

Last year's net loss was a result of an impairment charge of 32 billion kronor tied to its Vonage cloud-communications subsidiary.

ASML Expects Slower Semiconductor Recovery

By MAURO ORRU

ASML Holding warned of a slower-than-expected recovery for some areas of the semiconductor industry after orders came in below analysts' expectations as chip makers held back spending on key production equipment.

The Dutch company, which supplies semiconductor-making machinery to chip makers, booked €2.63 billion, or roughly \$2.87 billion, in orders in the third quarter, up from €2.60 billion a year earlier but well below analysts' forecast

of €5.59 billion, according to consensus estimates by Visible Alpha.

"While there continue to be strong developments and upside potential in AI, other market segments are taking longer to recover," Chief Executive Christophe Fouquet said. "It now appears the recovery is more gradual than previously expected. This is expected to continue in 2025, which is leading to customer cautiousness."

The company expects between €30 billion and €35 billion in sales next year, below a previous forecast of up to €40

billion.

Chip makers need highly complex production equipment as they race to build more advanced semiconductors to power artificial-intelligence features in everything from smartphones and laptops to data centers, putting suppliers like ASML at the forefront of the AI-spending bonanza.

Taiwan Semiconductor Manufacturing Co., the world's largest contract chip maker, and South Korean memory-chip maker **Samsung Electronics** are among ASML's largest clients. The two com-

panies face added pressure from their customers to churn out more capable chips that tech giants like **Microsoft** and Google owner **Alphabet** need to upgrade their data centers.

But while demand for AI semiconductors keeps booming, chip makers are still confronting an inventory glut as makers of consumer devices, electric vehicles and industrial equipment stockpiled the chips they needed years back and aren't placing as many orders now.

ASML's announcement came a day earlier than its scheduled release because of a

technical error, it said. ASML's comments weighed on global chip stocks including **Nvidia** and **Intel**. ASML's shares in Amsterdam closed more than 15% lower on Tuesday.

The company said €1.4 billion in orders were for its high-end extreme ultraviolet tools that are used to print the most-intricate layers on chips used in the latest gaming consoles, smartwatches and phones. Analysts forecast €2.82 billion in EUV orders.

◆ **Slump for chip makers drags down indexes..... B11**

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Chip Maker Parent Draws Eye Of Activist

By CAITLIN McCABE

Activist investor **Palliser Capital** has built a stake in the holding company of highflying artificial-intelligence chip maker **SK Hynix** and is pushing for changes to boost its share value, according to people familiar with the matter.

Palliser, a hedge-fund firm based in London, owns more than 1% of **SK Square**, the people said, having built a position in the South Korean investment company over the past two years. That makes Palliser among the company's top 10 shareholders. The company's market capitalization is around \$8.5 billion.

SK Square is an arm of the sprawling conglomerate **SK Group**, which is chaired by Chey Tae-won, one of South Korea's richest men. Inside it lies a crown jewel, a roughly 20% stake in **SK Hynix** which is worth even more than **SK Square** itself. The chip maker has become a key supplier of semiconductors used in AI.

SK Hynix dominates in the "high-bandwidth memory" market, and the company supplies chips to Nvidia's most-advanced graphic-processor units. The two types of chips get bundled together to enable the faster speeds needed for generative AI.

SK Square is **SK Hynix**'s largest shareholder, which has helped pull the investment arm's shares up 64% this year.

Even so, the company trades at a yawning discount to the value of its underlying holdings, especially its stake in **SK Hynix**, which is worth around \$20 billion, more than twice the market value of **SK Square**.

Palliser has had discussions with **SK Square** about accelerating the company's share buyback program.



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THE WALL STREET JOURNAL.

THE PROPERTY REPORT

Builders Push Deals On Homes

Continued from page B1

up 10% year over year for August. Sales of previously owned homes, meanwhile, dropped by nearly a fifth and are on pace for another sluggish year in 2024.

Now, with mortgage rates down nearly a percentage point from earlier this year, the math around mortgage-rate buydowns looks more complicated and threatens to erode the advantage that home builders have enjoyed for the past two years.

Home builders might have to turn to other strategies in addition to buydowns, such as further price reductions, said Rick Palacios Jr., director of research at John Burns Research & Consulting.

"The playbook for home builders is going to have to slowly shift, at least from our perspective, from buydowns, buydowns, buydowns to OK—wait a second here," he said. "It's going to be a tougher

market."

Around three-quarters of builders recently used rate buydowns that covered entire 30-year mortgages, according to a September survey conducted by John Burns. More than a third of home builders used temporary rate buydowns that covered only a portion of the mortgage.

Earnings results at some of the largest home builders pointed to potential challenges ahead. Both Lennar and KB Home missed estimates in the latest quarter when it came to new-home orders. Lennar also said it expects fourth-quarter gross margins on home sales to be flat.

Incentives are costly for the home builders who foot the bill—and can eat into profits. A rate buydown on a single home can cost a home builder tens of thousands of dollars on average, according to company securities filings. The trade-off is worth it for them when it props up overall volumes by enough.

On the one hand, lower rates could bring back buyers who have been sidelined. But mortgage rates have moved higher since the recent rate cut and likely won't go back to where they were before the



MIKE BLAKE/REUTERS

Home builders have sought to lure buyers through rate buydowns. A development in San Diego.

Fed started to raise rates. (Mortgage rates aren't directly tied to those moves, though they tend to loosely follow the 10-year Treasury yield.)

But the rate cut could also pressure margins if it were to

bring back to the market sellers who had previously felt locked in place. Home builders had benefited from that dynamic, since it meant fewer previously owned homes were on the market to compete with, which has

helped margins.

"My expectation is you're going to continue to see the largest builders act aggressively on price to continue to keep their volumes going," said Carl Reichardt, a home-building analyst at BTIG.

New-home prices already had been on the decline, in part as home builders have reduced the square footage of floor plans—another way to lure buyers. Median new-home prices were down on a monthly basis for much of the past year. The most recent decline of nearly 5% in August brought them to roughly \$420,000. Prices for previously owned homes, meanwhile, have hit record highs.

"I'd call it a time of transition," said Tom Hennessy, CEO at Colorado Springs, Colo.-based Challenger Homes, which has leaned on rate buydowns in recent years.

Home-builder share prices have been on a roll. The SPDR S&P Homebuilders ETF has jumped nearly 67% over the past 12 months, compared with a roughly 35% rise for the S&P 500. Home-builder sentiment rose in August, before the Fed cut rates.

There will be ups and downs for home builders "despite the fact that we're clearly moving into a credit-easing cycle," said Robert Dietz, chief economist for the National Association of Home Builders.

"It's been a more challenging outlook," he said. "But there are some bright spots."

Universal Plans Early Opening

Continued from page B1

many families.

Universal Epic Universe could snatch about one million visitors from Disney during 2025 and 2026 and boost overall attendance at Universal's three parks in the area by more than eight million, according to estimates made this year by MoffettNathanson.

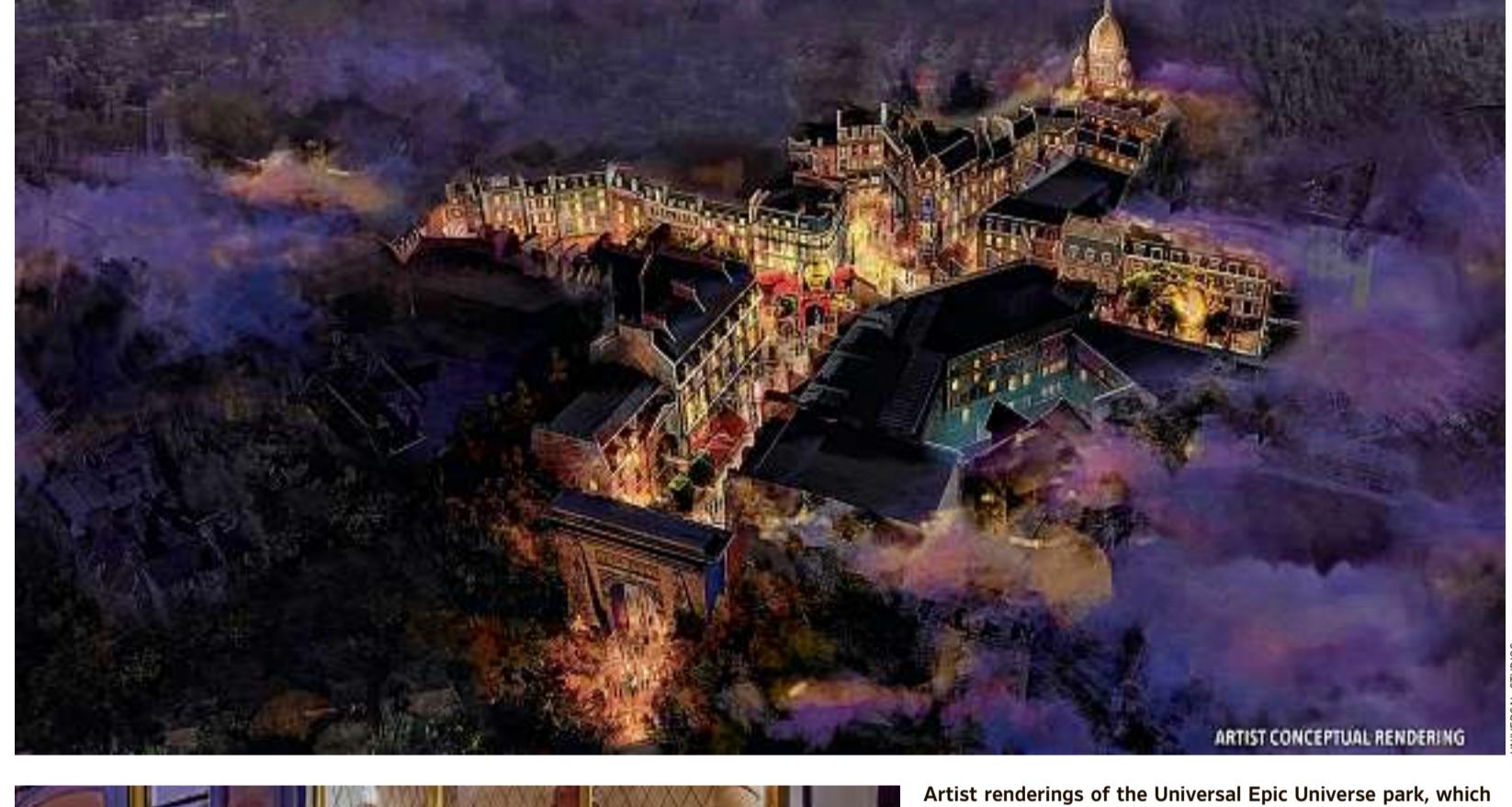
"They want people there for more than a weekend," said Jennifer St.Gelais, owner of Practically Perfect Vacations, a Massachusetts-based travel agency that has received updates from Universal about ticketing plans.

Both Universal and Disney have reported slowing growth in their theme-park divisions after an explosion of pent-up demand following the Covid-19 pandemic.

Revenue and income at Universal's theme parks fell in the second quarter from a year earlier, as many tourists were choosing to travel internationally or go on cruises instead of to theme parks, said Michael Cavanagh, president of Comcast.

One of the most-ambitious elements of Universal Epic Universe is a new Harry Potter themed area set in the 1920s Paris of the Fantastic Beasts movies. The area is slated to include full-scale replicas of street facades.

The section is anchored by a new attraction based on the Ministry of Magic from the Harry Potter movies—a Capitol building of sorts for the wizarding world. Guests visiting the attraction, known as Harry Potter and the Battle at the Ministry, will ride in multidirectional elevator cars and



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watch as Potter and his wizard pals battle villain Dolores Umbridge and her allies, the Death Eaters, according to preview videos released by Universal and some of the people familiar with the

plans.

The attraction is one of the most technically complex Universal has ever built, and seeks to compete on quality with the best rides in the world.

The Ministry of Magic ride is aimed to be what is known in the industry as an "intend-to-visit" attraction—a ride that visitors consider to be worth the price of admission just on its own—said Jim Hill,

who runs a theme-park-industry publication and hosts several theme-park podcasts. "It's a moonshot," Hill said.

Epic Universe, which Comcast announced in 2019 and was delayed more than a year by the pandemic, is set to include Super Mario Bros. and How to Train Your Dragon themed areas in addition to Harry Potter. Two other areas will include attractions based on new characters and story lines: Celestial Universe—which has an outer-space theme—and Dark Universe, based on monsters from classic movies like "Frankenstein" and "The Wolf Man."

Universal is hoping that tourists at Epic Universe will be drawn in by large-scale,

marquee attractions, like the Donkey Kong roller coaster in Super Nintendo World.

That area builds on the success of Universal Pictures' and Illumination's "The Super Mario Bros. Movie," which was last year's highest-grossing animated film, earning \$1.36 billion at the global box office.

In August, Disney announced new rides and expansions to its Florida theme parks that theme park chief Josh D'Amaro described as finalized ideas that would all eventually be built, rather than "blue sky" ideas that are still in the conceptual stage. He described one such expansion as the biggest "in the park's entire history."

BUSINESS & FINANCE

Adidas Lifts Guidance for Full Year

By ADRIÀ CALATAYUD

Adidas raised its full-year guidance for the third time in as many quarters, as the company seeks to push ahead with a revamp that has boosted its sales at a challenging time for rival Nike.

The German sportswear company cited better-than-expected results for the third quarter and brand momentum as the reasons behind its higher expectations for sales and profit in 2024.

The company has been trying to turn around its fortunes since Björn Gulden became chief executive at the start of 2023. In recent quarters, Adidas benefited from a firm pace in sneaker sales that lifted earnings.

Adidas said Tuesday that it now expects operating profit for 2024 to be at around \$1.2 billion, or around \$1.31 billion,



The sportswear company cited brand momentum as a factor.

up from its previous forecast of \$1 billion.

The company projects revenue to grow by around 10% at constant currency, against previous expectations of an increase in the high-single-digit percentage range.

Adidas's guidance increase came just weeks after Nike declined to provide a forecast for the fiscal year ending in May and posted a drop in sales.

For the third quarter, Adidas reported an operating profit of €598 million, up from

€409 million in the same prior-year period, on revenue that grew 7%, to €6.44 billion.

Analysts expected an operating profit of €592.1 million on sales of €6.43 billion, according to consensus estimates provided by Visible Alpha.

Quarterly sales rose 10% at constant currency, and jumped 14% when excluding sales of products from its now defunct Yeezy collaboration with musician Kanye West, who now goes by the name Ye. Sales of remaining Yeezy products resulted in a contribution to profit of around €50 million, the company said.

Adidas said its new guidance assumes the remainder of Yeezy inventory during the rest of the year would be sold on average at cost, resulting in about €50 million in extra sales and no contribution to profit.

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JENNY KANE/ASSOCIATED PRESS

The average credit-card interest rate was 21.5% in May, hovering around its highest level in Federal Reserve data going back to 1994. Scan this code to listen to a podcast on why the rates remain so high.



COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract						Open
	Open	High	Low	Settle	Chg	Interest	Open
Copper-High (CMX)-25,000 lbs.; \$ per lb.							
Oct 4,3645	4,3645	4,2930	4,3005	-0,0630	962		
Dec 4,4035	4,4115	4,3295	4,3375	-0,0685	132,961		
Gold (CMX)-100 troy oz.; \$ per troy oz.							
Oct 2655,00	2655,30	2655,00	2661,40	13,60	84		
Nov 2654,60	2673,80	2642,70	2667,00	13,30	1,555		
Dec 2663,50	2685,90	2654,40	2678,90	13,30	436,434		
Feb'25 2688,90	2708,00	2678,00	2702,40	13,40	52,221		
April 2708,60	2728,70	2697,60	2722,00	13,10	26,301		
June 2728,30	2747,80	2719,20	2742,00	13,00	13,335		
Palladium (NYM)-50 troy oz.; \$ per troy oz.							
Oct 1041,00	1049,50	1041,00	1040,20	-18,90	3		
Dec 1030,50	1034,50	1001,00	1011,90	-20,00	16,818		
Platinum (NYM)-50 troy oz.; \$ per troy oz.							
Oct 948,00	952,20	948,00	987,70	-7,20	10		
Jan'25 1003,30	1009,30	983,70	996,60	-7,50	66,054		
Silver (CMX)-5,000 troy oz.; \$ per troy oz.							
Oct 31,180	31,200	31,180	31,527	0,444	4		
Dec 31,400	31,890	30,950	31,756	0,440	117,496		
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.							
Nov 71,51	72,12	69,71	70,58	-3,25	158,279		
Dec 71,14	71,57	69,20	70,01	-3,23	285,211		
Jan'25 70,78	71,17	68,89	69,64	-3,17	150,598		
March 70,03	70,58	68,38	69,05	-3,05	108,885		
June 69,32	69,98	67,84	68,45	-2,85	149,599		
Dec 68,33	69,66	66,92	67,47	-2,47	153,415		
NY Harbor ULSD (NYM)-40,000 gal.; \$ per gal.							
Nov 2,2190	2,2329	2,1700	2,1877	-0,0865	87,223		
Dec 2,2294	2,2462	2,1828	2,1999	-0,0874	96,071		
Gasoline-NY RBOB (NYM)-40,000 gal.; \$ per gal.							
Nov 2,0540	2,0714	2,0085	2,0377	-0,0709	79,798		
Dec 2,0288	2,0423	1,9792	2,0074	-0,0724	102,497		
Natural Gas (NYM)-10,000 MMBtu-\$ per MMBtu.							
Nov 2,482	2,550	2,445	2,498	.004	145,593		
Dec 2,922	3,001	▼ 2,882	2,944	-.014	192,228		
Jan'25 3,184	3,263	▼ 3,144	3,205	-.013	238,831		
Feb 3,083	3,160	▼ 3,046	3,106	-.013	120,892		
March 2,845	2,915	▼ 2,814	2,874	-.013	194,758		

	Open	High	hilo	Low	Settle	Chg	Open interest
April	2,753	2,813		2,717	2,779	.019	89,482
Agriculture Futures							
Corn (CBT)-5,000 bu.; cents per bu.							
Dec 408,00	408,00		400,50	401,25	-7,00	741,732	
March'25 424,25	424,50		416,75	417,50	-7,25	368,176	
Oats (CBT)-5,000 bu.; cents per bu.							
Dec 372,00	379,75		369,50	377,00	4,25	3,190	
March'25 367,75	373,75		367,25	371,75	1,25	653	
Soybeans (CBT)-5,000 bu.; cents per bu.							
Nov 995,00	996,00		981,00	991,00	-5,00	315,440	
Jan'25 1011,00	1011,75		995,75	1003,50	-8,00	249,141	
Soybean Meal (CBT)-100 tons-\$ per ton.							
Dec 315,60	316,40		308,80	311,80	-3,50	223,274	
Jan'25 315,10	315,90		309,10	311,40	-3,70	124,336	
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
Dec 419,11	421,67		413,56	424,45	.55	212,424	
Jan'25 42,01	42,53		41,46	42,33	.37	114,201	
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.							
Nov 15,19	15,19		14,92	15,04	-.07	6,773	
Jan'25 15,32	15,34		15,09	15,21	-.04	1,989	
Wheat (CBT)-5,000 bu.; cents per bu.							
Dec 585,50	586,75		578,00	579,50	-5,75	201,233	
March'25 609,00	609,00		599,50	600,75	-6,50	102,472	
Wheat (KCI)-5,000 bu.; cents per bu.							
Dec 590,25	591,50		581,50	583,00	-.70	119,788	
March'25 608,00	608,00		597,50	598,75	-7,25	64,152	
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
Oct 249,125	249,125		246,275	246,525	-2,600	5,127	
Jan'25 247,375	247,725		243,675	244,225	-3,375	16,428	
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
Oct 188,050	188,050		186,050	186,725	-1,525	8,857	
Dec 187,750	187,800		185,550	186,525	-1,400	138,893	
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
Dec 75,800	76,275		75,100	75,225	-.575	131,726	
Feb'25 79,875	80,200		79,175	79,300	-.525	57,632	
Lumber (CME)-27,500 bd ft.; \$ per 1,000 bd ft.							
Nov 528,00	531,50		523,00	529,50	1,50	6,289	
Jan'25 551,00	558,00		551,00	557,50	1,50	2,257	
Milk (CME)-200,000 lbs.; cents per lb.							
Oct 22,52	22,58		22,47	22,54	.01	4,098	
Nov 20,76	21,20		20,30	21,04	.25	5,095	
Cocoa (ICE-US)-10 metric tons-\$ per ton.							
Dec 7,619	8,027		7,505	7,942	327	51,532	

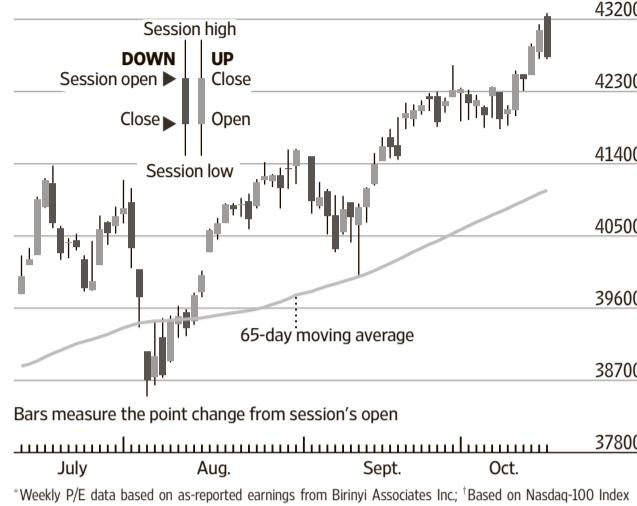
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Soybeans (CBT)-5,000 bu.; cents per bu.							
Nov 995,00	996,00		981,00	991,00	-.		

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

42740.42 ▼324.80, or 0.75%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; Based on Nasdaq-100 Index

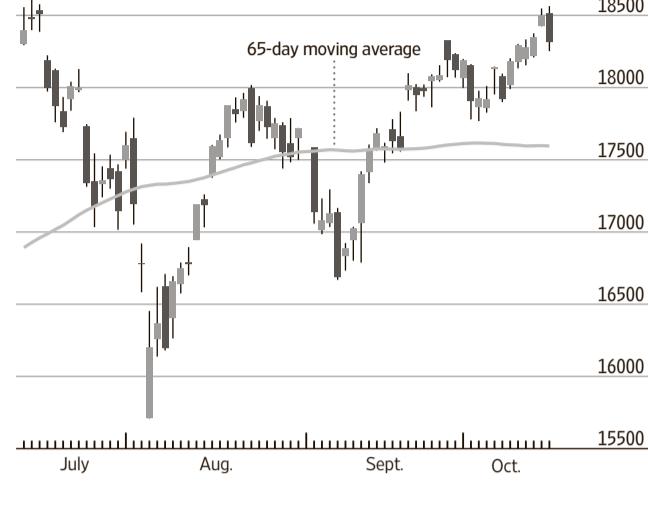
S&P 500 Index

5815.26 ▼44.59, or 0.76%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

18315.59 ▼187.10, or 1.01%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr.ann.
Dow Jones										
Industrial Average	43277.78	42703.17	42740.42	-324.80	-0.75	43065.22	32417.59	25.7	13.4	6.6
Transportation Avg	16498.86	16235.75	16248.19	-101.32	-0.62	16349.51	13556.07	7.6	2.2	2.3
Utility Average	1060.17	1045.87	1050.85	9.21	0.88	1065.16	801.98	26.3	19.2	5.4
Total Stock Market	58125.87	57559.79	57643.29	-397.13	-0.68	58040.42	40847.04	32.5	20.6	7.5
Baron's 400	1259.94	1249.25	1249.25	-3.97	-0.32	1253.22	907.97	28.5	16.5	6.3
Nasdaq Stock Market										
Nasdaq Composite	18564.25	18252.52	18315.59	-187.10	-1.01	18647.45	12595.61	35.3	22.0	7.1
Nasdaq-100	20484.31	20083.55	20159.83	-279.22	-1.37	20675.38	14109.57	33.3	19.8	10.0
S&P										
500 Index	5870.36	5804.48	5815.26	-44.59	-0.76	5859.85	4117.37	33.0	21.9	9.2
MidCap 400	3200.65	3163.91	3164.12	-8.55	-0.27	3172.67	2326.82	26.0	13.8	4.8
SmallCap 600	1439.69	1419.40	1422.54	1.61	0.11	1435.83	1068.80	24.2	7.9	1.4
Other Indexes										
Russell 2000	2272.16	2243.71	2249.82	1.18	0.05	2263.67	1636.94	27.4	11.0	-0.2
NYSE Composite	19814.55	19669.80	19678.71	-135.84	-0.69	19814.55	14675.78	26.6	16.8	5.3
Value Line	629.46	623.98	623.98	-1.73	-0.28	625.71	498.09	16.4	5.1	-2.3
NYSE Arca Biotech	5979.70	5920.67	5948.91	14.02	0.24	5949.95	4544.40	19.2	9.8	1.8
NYSE Arca Pharma	1085.67	1077.08	1079.80	-5.37	-0.49	1140.17	845.32	18.1	18.6	13.3
KBW Bank	122.73	120.59	120.71	0.33	0.28	120.71	71.71	53.5	25.7	-4.1
PHLX® Gold/Silver	160.69	158.12	160.63	1.32	0.83	167.37	102.94	37.0	27.8	6.7
PHLX® Oil Service	78.28	77.04	77.15	-3.01	-3.76	96.64	72.67	-20.1	-8.0	6.0
PHLX® Semiconductor	5441.96	5112.28	5145.21	-287.00	-5.28	5904.54	3185.18	48.1	23.2	15.8
Cboe Volatility	20.89	19.44	20.64	0.94	4.77	38.57	11.86	15.4	65.8	8.2

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours High	Low
NVIDIA	NVDA	11,228.3	130.69	-0.91	-0.69	132.00	100.45
iShares China LC ETF	FXI	10,499.0	31.14	0.04	0.13	31.61	31.03
SPDR S&P 500 ETF Trust	SPY	8,481.8	579.67	-0.12	-0.02	579.97	517.38
ZoomInfo Technologies	ZI	8,392.7	10.15	-0.01	-0.10	10.20	10.15
Ford Motor	F	7,938.9	10.85	0.01	0.05	10.87	10.83
Apple	AAPL	7,580.3	233.45	-0.40	-0.17	234.07	209.27
Van Eck Gold Miners	GDX	7,453.4	40.68	...	unch.	40.70	40.13
NextEra Energy	NEE	7,145.8	82.79	...	unch.	82.82	82.51

Percentage gainers...

Novocure	NVCR	494.8	22.23	4.45	25.03	25.25	17.50
JB Hunt Transport	JBHT	139.3	186.73	12.08	6.92	191.17	173.57
Rani Therapeutics	RANI	176.6	2.25	0.13	6.13	2.32	2.12
iShares Russell 10-Year IG Corp Bd	IGIB	523.2	55.77	2.70	5.09	55.77	53.12
iShares Russell 3000 ETF	IWV	160.0	347.13	16.74	5.07	347.13	330.39

...And losers

Penguin Solutions	PENG	91.8	17.24	-3.17	-15.53	21.03	14.00
Enerpac Tool Group	EPAC	50.8	40.00	-3.53	-8.11	43.53	38.00
Monte Rosa Therapeutics	GLUE	84.5	4.87	-0.25	-4.88	5.12	4.87
EW Scripps Co	SSP	65.8	2.45	-0.11	-4.30	2.56	2.42
Interactive Brokers	IBKR	133.4	147.05	-5.93	-3.87	153.15	144.98

Trading Diary

Volume, Advancers, Decliners

NYSE NYSE Amer.

Total volume*	924,808,705	9,762,924
Adv. volume*	424,781,059	4,243,120
Decl. volume*	489,096,858	4,630,420
Issues traded	2,869	299
Advances	1,403	139
Declines	1,393	151
Unchanged	73	9
New highs	294	11
New lows	17	8
Closing Arms*	1.29	1.38
Block trades*	4,448	127
Nasdaq NYSE Arca		

MARKETS

Slump in Chip Makers' Stocks, Oil Uncertainty Drag Down Indexes

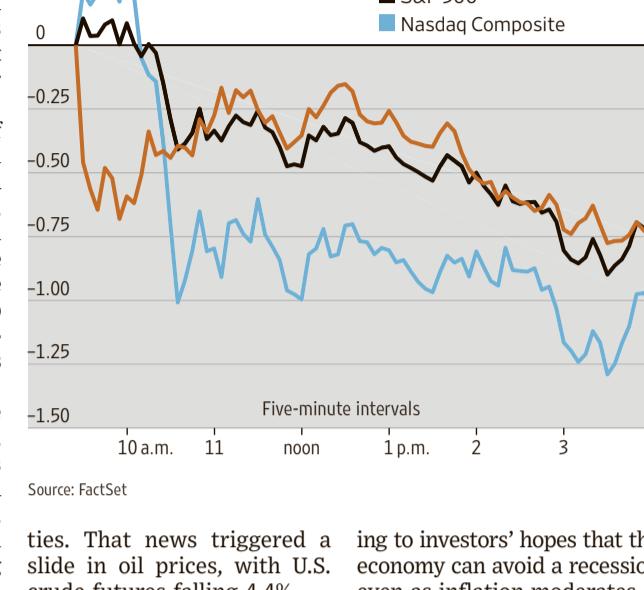
A selloff in chip stocks weighed on major indexes after the Dutch chip-equipment manufacturer **ASML** noted growing caution among its customers and said sales next year could come at the lower end of previous forecasts.

TUESDAY'S MARKETS Shares of **ASML** declined roughly 16% in Amsterdam, highlighting sluggish demand for semiconductors outside the realm of artificial-intelligence computing. Shares of chip makers including **Nvidia**, **Intel**, **Advanced Micro Devices** and **Broadcom** also declined.

Those moves dragged on the tech-heavy Nasdaq Composite, which fell 1%. The Dow Jones Industrial Average declined 0.8%, or roughly 325 points, while the S&P 500 also dropped 0.8%—both indexes retreating from records set Monday.

Also weighing on indexes were energy stocks, which fell after U.S. officials said Israel had assured the Biden administration that a planned retaliatory attack on Iran wouldn't target nuclear and oil facil-

Index performance on Tuesday



Source: FactSet

ties. That news triggered a slide in oil prices, with U.S. crude futures falling 4.4%.

Bank stocks fared better after another round of solid results from the likes of **Bank of America** and **Goldman Sachs**. Those came after **Wells Fargo** and **JPMorgan Chase** reported strong earnings last week, add-

ing to investors' hopes that the economy can avoid a recession even as inflation moderates.

Elsewhere:

◆ **UnitedHealth** shares sank 8.1% weighing on the Dow, after the health insurer cut its earnings guidance. The move

weighed on other companies in the sector, including **CVS Health** and **Humana**.

◆ Treasury yields were mixed, with the two-year yield ticking higher and the 10-year yield edging lower, settling at 4.037%.

◆ Chinese stocks fell as enthusiasm over Beijing's planned stimulus blitz waned. Hong Kong's Hang Seng Index fell 3.7%, while China's Shanghai Composite lost 2.5%.

—Sam Goldfarb and Caitlin McCabe

AUCTION RESULTS

Here are the results of Tuesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

	13-Week	26-Week
Applications	\$244,841,488,300	\$224,148,980,800
Accepted bids	\$85,875,151,300	\$76,332,932,800
"noncomp"	\$2,376,415,800	\$1,782,402,800
"foreign noncomp"	\$0	\$100,000,000
Auction price (rate)	98.858708	97.841274
	(4.51%)	(4.27%)
	4.631%	4.425%
Bids at clearing yield accepted	78.30%	18.57%
	912797LY	912797KS

Both issues are dated Oct. 17, 2024. The 13-week bills mature on Jan. 16, 2025; the 26-week bills mature on April 17, 2025.

IEA Trims Oil-Demand Outlook for a Third Month

By GIULIA PETRONI

The International Energy Agency trimmed its forecast for this year's oil-demand growth for the third month in a row, as a rapid slowdown in Chinese consumption weighs on the global outlook.

The organization forecasts global demand to grow by 862,000 barrels a day this year from 903,000 barrels a day previously, while growth estimates for next year were raised slightly to 998,000 barrels a day from 954,000 barrels a day. This marks a sharp

slowdown from the growth of roughly 2 million barrels a day growth logged over the 2022-2023 period, with total demand now expected at an average of 102.8 million and 103.8 million barrels a day in 2024 and 2025, respectively.

"Chinese oil demand continues to undershoot expectations and is the principal drag on overall growth," the IEA said, adding the country is expected to account for about 20% of global gains both this year and next, compared with almost 70% in 2023.

The IEA's projections re-

main substantially lower than those of the Organization of the Petroleum Exporting Countries. The group of oil-producing countries lowered its forecast earlier this week for the third consecutive time, but still sees demand growth at healthy levels of 1.93 million barrels a day this year and 1.64 million barrels a day next year.

Global demand rose by 680,000 barrels a day in the third quarter, at its slowest pace since the fourth quarter of 2022 when China was in full lockdown, according to the IEA. Meanwhile, Chinese de-

mand contracted by 500,000 barrels a day year over year in August after having declined by an average of 190,000 barrels a day since April.

Still, the agency said it expects the country to return to modest growth in the fourth quarter of this year and in 2025, when annual demand is projected to increase by 220,000 barrels a day.

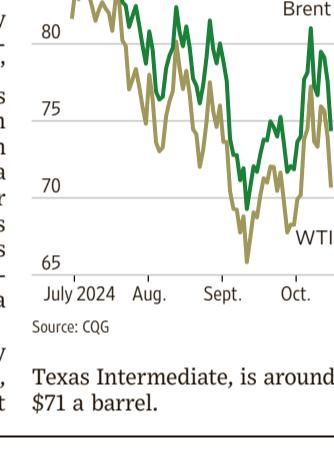
"Recently announced government stimulus packages for the economy are expected to support the resumption of an upward trajectory," the IEA said. "But the overall impact is

likely to be limited and we anticipate any increase in oil demand will be overwhelmingly dependent on growth in petrochemical feedstock products."

Tuesday's report came as crude prices plunged 4% on easing concerns over Iranian supply disruptions and a weaker demand outlook after China failed to provide details on the scope of its stimulus plan and OPEC cut its oil-demand growth forecast for a third consecutive month.

Brent crude currently trades around \$74 a barrel, while the U.S. oil gauge, West

Crude-oil futures prices



Texas Intermediate, is around \$71 a barrel.

Exchange-Traded Portfolios | wsj.com/market-data/mutualfunds-etfs

Largest 100 exchange-traded funds. Preliminary close data as of 4:30 p.m. ET									
Tuesday, October 15, 2024					Wednesday, October 16, 2024				
ETF	Symbol	Closing	Chg	% Ret	ETF	Symbol	Closing	Chg	% Ret
CnsmrDiscSel	XLY	197.87	-0.22	10.7	Int'l Inv Inst	IXUS	70.85	-1.54	9.1
DimenscCoreEq2	DCG	34.72	-0.66	18.8	IShCoreS&P50	IVV	582.49	-0.79	22.0
EnSelSectorSPDR	XLE	89.78	-0.32	7.1	IShCoreS&P50 MC	IJH	63.24	-0.25	14.1
FinSelSectorSPDR	XLF	46.90	0.21	24.7	IShCoreS&P50	SLY	117.14	0.13	8.2
HealthSelSector	XLV	152.85	-0.12	12.1	IShCoreS&P50 TotU	ITOT	127.06	-1.54	7.7
IndSelSectorSPDR	XLB	138.18	-0.77	21.2	IShCoreS&P50 Grw	IUSG	133.30	-1.02	28.0
InvsNas100	QQQ	202.02	-0.13	19.9	IShCoreTotUBD	ISB	46.48	0.37	0.9
InvsCQQQ	QQQ	490.85	-1.34	19.9	IShCoreUSAggBd	AGG	99.81	0.40	6.0
InvsCS50PEW	RSP	180.40	-0.45	14.3	IShEdgeMSCIMinUSA	USMV	92.24	-0.48	18.2
ISHBitcoin	BIT	38.17	1.60	1.60	IShEdgeMSCIUSQual	QUAL	180.94	-1.23	2.0
ISHBrdUSDHYCpBd	USHY	37.32	-0.01	2.7	IShGoldTr	MOA	50.28	0.36	28.8
IShoreDivGrowth	DGR	63.42	-0.56	17.8	IShOrbXsIGCpBd	LQD	111.36	0.49	0.6
IShoreMSCIAFE	IEFA	75.73	-1.46	1.6	IShMBS	MBB	94.47	0.32	4.0
IShoreMSCLM	IEMG	56.46	-2.03	11.6	IShMSCLACWI	ACWI	119.52	-1.04	17.4

New Highs and Lows

Continued From Page B9									
Stock	52-Wk % Hi/Lo Chg	Stock	52-Wk % Hi/Lo Chg	Stock	52-Wk % Hi/Lo Chg	Stock	52-Wk % Hi/Lo Chg	Stock	52-Wk % Hi/Lo Chg
Grainer	GWW	1106.01	-1.2	KKR	KVR	137.80	-0.6	Morgan Stanley	MS
GridDynamics	GDYN	15.45	-2.5	Monogram	MORN	116.06	-0.1	PNC	PNC
Guidewires	GWRE	10.42	-0.1	MotorolaSol	MSI	349.07	-0.5	PrairiePrecision	PLX
HCA HealthCare	HCA	411.00	-0.1	MrCooper	COOP	97.26	-0.2	Primerica	PRI
HamiltonLane	HLDN	179.18	-0.6	MuellerWater	MWA	23.10	-0.1	PrinovaMed	PRM
Hannfin	HFI	75.00	-1.2	KinderCareLearning	KLC	29.40	-0.2	PrincipalFnd	PRIFD
Hannfin	HFI	21.00	-2.9	Klaviyo	KVYO	38.10	-2.2	PriorityIncmPfd	PRIPD
Harover	THG	151.70	-1.3	LamcoTech	LHN	129.00	-1.2	ProspectCapPfd	PSECAP
HartfordFnd	HROW	54.31	-5.1	LanternAdv	LNT	138.85	-1.3	ProtagonistTher	PTG
Haworth	HIC	126.30	-0.1	LazEnd	LE	27.14	-0.1	ProvHealthCare	PHC
Hawthorn	HLC	171.87	-0.3	LazTech	LTH	27.12	-0.2	Radionet	RDN
Hbell	HUBB	46.77	-0.20	LifeTime	LTH	21.12	-0.2	RailAmerica	RAL
Hawkins	HWK	183.35	-2.1	LifeTime	LTH	21.12	-0.2	RainbowCorp	RBL
HeartlandFndUSA	HDF	61.93	-0.1	Lindberg	LITE	70.39	-0.3	RareEarth	RE
HedgeFnd	HFS	271.08	-0.1	Litewell	L				

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Don't Chase China's FOMO Rally

Chinese stocks went from ice-cold to red-hot in a matter of weeks, but gains might be driven by momentum rather than stimulus

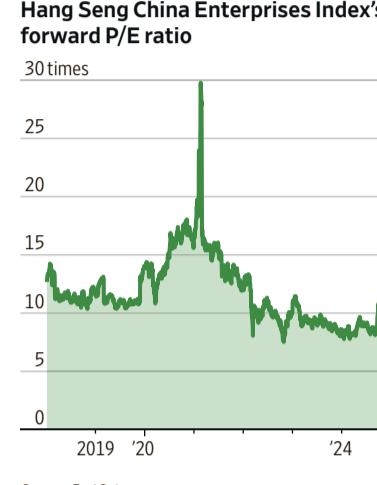
It's rare to see a major country's stock market go from the doghouse to the penthouse in a matter of weeks.

Now that China has suddenly become the best-performing market in the world, investors need to recognize how much the gains are being driven by Beijing's bolder steps to revive the nation's sluggish economy and how much is just fear of missing out. They should proceed with caution.

Despite a nearly 10% pullback in the past week or so, the MSCI China index has still gained around 20% in the past three weeks since Beijing signaled that it will roll out a slate of stimulus measures. That caught many investors by surprise after they had trimmed their positions in Chinese stocks in the past few years. The Chinese market has been beset by an implosion of the housing market and a regulatory crackdown on its leading technology companies.

Global mutual funds were underweight China by around 3.1 percentage points at the end of August, according to Goldman Sachs. They have had to rapidly add to their positions to avoid underperforming the benchmark, fueling recent gains. Turnover hit records in both Hong Kong's and mainland China's stock markets. Even after the recent rally, MSCI China is still at around half of its 2021 peak.

China is such a hot theme that U.S. individual investors paid more attention to it than a U.S. market also ripping to records. According to EFT.com, four of the 10 exchange-traded funds with the larg-



One problem China needs to tackle is millions of unsold apartments.

est inflows last week were China funds, creating a rare period when foreign stock ETFs handily topped inflows into domestic stock ETFs. Domestic individual investors have hopped on board, too, with Chinese state television reporting that there was a record number of brokerage accounts opened during the recent seven-day national holiday.

The price certainly seemed compelling: The Hang Seng China Enterprises index, a gauge of Chinese stocks listed in Hong Kong, was trading at just eight times forward earnings in early September. The ratio now stands at 9.7 times, still below the 10-year average of 11.3 times. By comparison, the U.S. benchmark S&P 500, which just touched a record, fetches nearly 24



QILAI SHEN/BLOOMBERG NEWS

times forward earnings.

Beijing is addressing some of the key issues that plague China's economy. The government said it has ample room to expand its fiscal deficit and plans to take the "boldest measure" to solve the debt issues at local governments. Those governments are starved of revenue from land sales because of the slumping housing market, which in turn has limited their ability to provide a boost to the economy. The central government will likely need to share some of the debt burden.

If the fiscal stress at the local-government level can be alleviated, they will have more room to tackle the problems of millions of unsold apartments. Beijing said in May

that it would let local governments buy these homes to use as affordable housing, but that hasn't happened on a large scale so far because of their own dire financial situation.

The exact size of the stimulus remains hard for investors to pin down, though, which is why markets have fallen back lately. Investors might indeed be getting ahead of themselves. Such big changes to the budget will need the approval of the National People's Congress, China's legislature. Its standing committee will only meet later this month, which is when specific numbers will be announced.

Even then, the package might still overwhelm investors. The process of easing the fiscal burden

of local governments to stimulate demand could take a long time to work out. Meanwhile, providing big, direct stimulus to boost consumption seems unlikely as Beijing has long preferred supply-side measures. And housing inventories might take years to digest, even if the plan for local governments to buy some of those unsold apartments works out. And there also is the not-insignificant question of what can replace the housing market as the growth engine of the economy.

There are indeed reasons to be more hopeful this time than the false dawns for Chinese stocks in the past few years, but the road to recovery will likely be gradual.

—Jacky Wong

UnitedHealth's Profit Beat Doesn't Soothe Investors

UnitedHealth Group delivered a profit beat for the latest quarter, but not the kind that investors wanted to see. Medical costs, which have become something of an industry obsession in recent quarters, are still running too hot.

The giant health insurer's stock plunged 8.1% Tuesday as investors worried that rising utilization of care in both the Medicare and Medicaid insurance books could continue to be a problem next year as well, hurting the company's earnings growth.

The worries were further exacerbated by a cut to the upper end of its previous guidance for 2024 adjusted earnings as well as an initial guidance for next year that fell short of analyst consensus.

What happens to UnitedHealth, the industry juggernaut, is usually

a sign of wider industry issues. Shares of **CVS** and **Humana**, rival insurers, both fell sharply, while hospital companies like **Tenet Healthcare** and **HCA Healthcare**, which benefit from utilization of healthcare, climbed.

For the latest quarter, UnitedHealth seemed to have done just fine on face value. Its adjusted earnings were \$7.15 a share, comfortably higher than what analysts surveyed by FactSet had expected at \$7 a share. But it matters how the company did it: mainly through higher investment income and lower taxes, which investors consider an "ugly beat," so to speak.

Investors were paying attention to the company's medical-loss ratio, or the share of premiums spent on patient care. That number jumped to 85.2%, from 82.3% a year earlier.

Importantly, it missed analyst projections for a ratio of just 84.4%.

The company said it expects about \$30 a share for the top end of its adjusted 2025 earnings outlook. That missed the \$31.17 analyst consensus, as polled by FactSet.

While the company usually guides conservatively to deliver earnings beats, investors are now concerned that it is getting harder for the industry to estimate its costs. "We anticipate stepping out for 2025 more conservatively than is typical," the company's CEO Andrew Witty, said during an analyst call.

During the call, UnitedHealth executives called out higher costs per member in their Medicaid business after millions of healthier patients were forced out of plans. During the pandemic, the federal govern-

ment provided states with additional funding while requiring, in exchange, that states keep people enrolled in Medicaid. Once that rule lapsed, many people who qualified for insurance due to having high-enough income were disenrolled,

leaving insurers with a pool of higher-cost patients. The company said it is now working with states to make sure the rates they get for the patients left behind accurately match their costs.

They also noted that some hospitals have been coding patients too intensively on Medicare. "Certain entities have been notably...upshifting their coding intensity factors by more than 20%," said John Rex, the company's president and chief financial officer. "We are actively addressing this unnecessary additional cost burden to the health

system."

Additionally, the executives noted a new culprit for higher costs: a jump in high-cost medication prescriptions thanks to changes under the Inflation Reduction Act.

One provision of the law is that it reduces patients' out-of-pocket costs once they reach the so-called catastrophic-coverage phase.

Executives noted they had prepared for this increase next year, but that it seemed to have arrived earlier due to efforts by pharmaceutical companies to promote the changes.

The surge in health costs may not be a bad thing for Americans, who are getting more bang for their insurance buck. But it clearly is bad news for investors in insurance stocks.

—David Wainer

It's always been easier for me to help others than to help myself

As a Veteran, when someone raises their hand for help, you're often one of the first ones to respond. But it's also okay to get help for yourself. Maybe you want or need assistance with employment, stress, finances, mental health or finding the right resources. No matter what it is, you earned it. And there's no better time than right now to ask for it. **Don't wait. Reach out.**

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